**Attachment B**

**FINANCIAL REQUIREMENTS**

# SECTION 1 - Expenditure Limitations

* 1. Texas Workforce Commission (TWC) is liable to [name] in an amount equal to, but not in excess of, the lesser of (a) the amount of the agreement, or (b) the actual allowable costs incurred by [name] in rendering the performance specified in the Statement of Work and any other Attachments of this Agreement. Unused balances shall revert to TWC. TWC’s liability for expenditures is also subject to the following provisions and Section 2 of this Attachment:
     1. TWC receives a verified statement of obligations and accrued expenditures that is prepared in accordance with the requirements set forth by TWC, in TWC’s Financial Manual for Grants and Contracts (FMGC), Workforce Development (WD) Letters, and other TWC issued financial reporting requirements.
     2. TWC shall not be liable for expenditures made in violation of the legal authorities cited in this Agreement or any other law or regulation applicable to a specific service performed under this Agreement.
     3. Unless approved in writing by an authorized representative of TWC, TWC shall not be liable to [name] for costs incurred or performances rendered by [name] or its subcontractors before commencement of this Agreement or after termination of this Agreement, other than allowable administrative costs.
     4. TWC shall not be liable for any costs incurred by [name] in the performance of this Agreement which have not been billed to TWC within sixty (60) days following termination or expiration of this Agreement.
  2. [Name] agrees that all funds provided through this Agreement, including any funds expended under subcontracts, shall be expended for authorized activities, and that no expenditures will have as their objective the funding of sectarian worship, instruction, or proselytization.

This provision shall not be interpreted to prohibit [name] from subcontracting for goods or services with any religious institution or entity.

* 1. Notwithstanding any other provisions of this Agreement, the Parties hereto understand and agree that TWC’s obligations for costs incurred or performances rendered by [name] under this Agreement are contingent upon receipt of adequate funds from federal and state sources to meet TWC’s liabilities hereunder. This Agreement is subject to revision upon actual receipt of funds from federal or state sources.
  2. [Name] understands and agrees that it shall repay to TWC any funds determined to be expended in violation of this Agreement, even if [name’s] contractor or subrecipient made the improper expenditure. Any repayments must be from non-federal funds.

# SECTION 2 – Obligation and Deobligation of Funds

Notwithstanding the provisions of Section 5 of the General Terms and Conditions, the following provisions apply to the obligation and deobligation of funds under this Agreement:

* 1. TWC shall not be liable to the [Name] for any excess or erroneous funding obligations and retains the right to unilaterally deobligate such funds.
  2. TWC may obligate additional funds under this Agreement or deobligate funds previously obligated under this Agreement at the sole discretion of TWC.
  3. TWC may deobligate funds if performance and/or expenditures are not meeting a detailed program plan and implementation schedule; and/or expenditure projections at the following intervals:
     1. twenty-five percent (25%) of the Agreement Period;
     2. fifty percent (50%) of the Agreement Period; and
     3. seventy-five percent (75%) of the Agreement Period.
  4. TWC shall provide written notification to [Name] in the form of either a letter of notification or an Agreement amendment in the case of an additional obligation or deobligation of funds at least ten (10) business days in advance of the revision taking effect.

# SECTION 3 - Financial Reporting

* 1. [Name] shall electronically submit an accurate monthly financial report, including accrued expenditures and obligations, no later than 11:59 p.m. Central Time on the 20th day of each month through TWC’s on-line Cash Draw and Expenditure Reporting (CDER) system. To the extent applicable, [name] will comply with the instructions specified in 40 TAC §§ 800.52 and 800.72; TWC’s FMGC; WD Letter 04-15, Change 2, including subsequent issuances; and additional TWC issuances.

If [name] does not meet established reporting deadlines, late notifications will be issued and access to funds may be disabled as specified in those issuances.

* 1. [Name] shall electronically submit a financial closeout package through the closeout module of the CDER system no later than 11:59 p.m. Central Time on the 60th calendar day from the grant end date. [Name] shall submit the financial closeout package according to the instructions specified in 40 TAC §§ 800.52 and 800.72; TWC’s FMGC; WD Letter 44-05 and 04-15, Change 2, including subsequent issuances; and additional TWC issuances.

# SECTION 4 – Administrative Requirements

* 1. All business relationships (grants and program contracts) between TWC and [name] shall conform to the administrative requirements, cost principles, and requirements found in:
     1. Special Federal Award Terms and Conditions, Preschool Development Grant Birth to Five (PDG B-5) Renewal Grant;
     2. the Office of Management and Budget (OMB) Uniform Guidance (UG), 2 C.F.R. Part 200 as adopted at 2 C.F.R. Part 300 and 45 C.F.R. Part 75, and supplemented by the Texas Grant Management Standards (TxGMS) as promulgated by the Texas Comptroller of Public Accounts;
     3. TWC's FMGC; and
     4. any directives specified by TWC issuances, including, but not limited to, directives issued by WD Letters, except as otherwise specifically authorized by TWC in writing.
  2. In the event of a conflict between such administrative requirements and cost principles and the Interagency Contract Terms and Conditions of this Agreement, precedence shall be given to such administrative requirements and cost principles.