TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 17-26
Date:	September 14, 2026
Keywords:	Child Care; ES; Financial Reporting; SNAP E&T; TAA; WIOA
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Agency Grant Recipients
Commission Executive Offices
Integrated Service Area Managers

From: Mary York, Director, Workforce Development Division

Subject: **Cash Draw and Expenditure Reporting System Instructions**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) and other Texas Workforce Commission (TWC) Recipients (Agency Grant Recipients) with updated Cash Draw and Expenditure Reporting (CDER) system instructions for grant agreements and submitting financial closeout packages.

RESCISSIONS:

WD Letter 04-15, Change 2
WD Letter 44-05

BACKGROUND:

TWC requires Boards and other Agency Grant Recipients to use the CDER system to report expenditures, draw cash, and submit financial closeout packages for grant agreements. TWC provides instructions for use of the CDER system through this WD Letter and the following:

- CDER system training, which provides instructions for system navigation
- Grant agreements, which sometimes specify cost categories or instructions that are additional to or supersede the instructions in this WD Letter
- Other TWC issuances

On September 8, 2026, TWC upgraded the CDER system from a mainframe-based application to a web-based application. The CDER system financial closeout module enables Boards and other Agency Grant Recipients to electronically submit financial closeout packages for TWC grants. Additionally, the CDER system automatically produces the financial closeout package for a particular TWC grant award once the final expenditure report for that TWC grant award is created. The following are the components of CDER system's financial closeout package:

- A schedule of unpaid liabilities and other claims outstanding
- An inventory of property
- A certification of property use
- A review of the contract closeout package
- A contract release agreement

The final expenditure report continues to be a key component of the financial closeout package. The final or revised final expenditure report is completed and certified outside of the closeout module in the reporting module of the CDER system, and the due date of the financial closeout package is set to coincide with the due date for the final or revised final expenditure report.

The financial closeout package is considered "submitted to TWC" after it has been certified by the Board or Agency Grant Recipient. The "certification of property use" and "contract release agreement" components in the financial closeout module use a certification process like expenditure reports. The financial closeout package is considered "certified" after the Board or Agency Grant Recipient certifies the "contract release agreement."

Creation of a revised final expenditure report after the financial closeout package has been certified will automatically change the financial closeout package from a "certified" or "accepted" status to a "ready to review, returned" status. The financial closeout package will continue to show a "ready to review, returned" status until the revised final expenditure report has been certified and the Board or Agency Grant Recipient has again certified the contract release agreement.

PROCEDURES:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by "must."

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by "may" or "recommend."

CDER System Use

NLF: Boards and other Agency Grant Recipients must use the CDER system to perform the following in accordance with established requirements:

- Submit financial reports
- Make cash draws
- Submit financial closeout packages

LF: Boards and other Agency Grant Recipients may obtain Assistance Listings—formerly Catalog of Federal Domestic Assistance—information using the Contract Funding Summary Report available in the CDER system.

Cash Draws

NLF: Boards and other Agency Grant Recipients must use cash drawn through the CDER system only for expenditures that are allowable under the agreement from which the funds were drawn.

Obligations and Accrued Expenditures

NLF: Boards and other Agency Grant Recipients must submit accurate monthly financial reports that include all obligations and accrued expenditures.

- "Obligation" means a debt established by a legally binding contract, letter of agreement, sub-grant award, or purchase order, which has been executed prior to the end of a TWC grant award, for goods and services provided by the end of the TWC grant award, and which will be liquidated 60 calendar days after the end of a TWC grant award.
- "Accrued expenditure" means a charge incurred during a given period for goods and tangible property received and services performed that cause decreases in net financial resources. Accrued expenditures include expenses incurred but not paid.

NLF: Boards and other Agency Grant Recipients must ensure that amounts reported as obligations meet the following conditions:

- The agreement that created the obligation is written.
- The obligating document is for allowable goods or services.
- The obligating document contains the elements of a valid contract, such as an offer, acceptance, and consideration, and is executed by legally authorized representatives.
- The obligating document contains a commitment to purchase specific goods or services.
- The associated purchase meets a bona fide need of the grant agreement from which funds are obligated.
- The goods or services associated with the amount reported as an obligation of a particular grant agreement are received during the TWC grant award, except for:
  - allowable pre-award costs;
  - allowable advance payments; and
  - allowable closeout costs.

NLF: Boards and other Agency Grant Recipients must not report any of the following as an obligation:

- Budgets and plans
- Travel authorization
- An agreement with no commitment to make a purchase
- A contract renewal option that has not been executed
- Any other amount that does not meet the definition of an obligation

NLF: Boards and other Agency Grant Recipients must ensure that not all expenditures precede a previously reported obligation. Some actions simultaneously trigger both an obligation and the associated expenditure(s), in which case Boards and other Agency Grant Recipients must ensure that only the expenditure is reported.

Examples of actions that commonly trigger an obligation and expenditure simultaneously are:

- noncontractual salaries and wages that are earned as work is performed;
- annual leave (whether charged to the contract when the leave is earned or taken);
- utilities and leases that can be terminated without a monetary penalty; and
- allowable advance payments if no legally binding debt existed prior to payment.

NLF: Boards and other Agency Grant Recipients must reasonably estimate accrued expenditures based on payments due, historical data, or some other reasonable methodology. Boards and other Agency Grant Recipients must maintain adequate documentation to support accrued expenses and the methodology used. Documentation can include actual invoices not yet paid.

NLF: Boards must comply with TEGL 28-10, issued May 27, 2011, and entitled, "Federal Financial Management and Reporting Definitions."

Administrative Cost Limits

NLF: Boards and other Agency Grant Recipients must comply with the applicable administrative cost caps for a particular grant contract, as set forth in TWC rules or TWC grant awards.

Boards and other Agency Grant Recipients must use professional judgment—as well as program statutes, regulations, rules, and guidance—to determine whether a particular cost is administrative or nonadministrative/programmatic.

Financial Report Due Dates

NLF: Boards and other Agency Grant Recipients must submit financial reports by the following due dates, even if the date falls on a holiday or weekend.

Report	Due By
Monthly Financial Report	7:00 p.m. on the 20th calendar day of the month following the month in which the costs were incurred
Final Financial Report	7:00 p.m. on the 60th calendar day following the end of the contract
Revised Financial Report	7:00 p.m. on the due date set by TWC for the revised report

NLF: If a TWC grant award has no activity during a reporting month, Boards and other Agency Grant Recipients must enter $0.00 amounts and certify those amounts as for any TWC grant award with expenditures.

NLF: Boards and other Agency Grant Recipients must ensure that creation of a final financial report automatically makes the financial contract closeout package available for completion, as described in the Closeout Process section of this WD Letter.

Late Notifications and Cash Draw Cutoff

NLF: Boards and other Agency Grant Recipients must ensure appropriate staff are informed that:

- the CDER system will automatically email late notifications, as shown below, if a financial report is not certified by the above due date;
- the CDER system will send late notification emails to the recipient indicated for that particular day, as well as recipients of the previous day's email;
- if a financial report is not submitted by 7:00 p.m. on the fourth day after the due date, cash draw access (including cash draw requests and receipts) will be turned off beginning on the fifth day;
- if cash draw access is turned off, it will remain off until the Board or Agency Grant Recipient certifies all past due reports; and
- TWC may populate expenditure amount lines on a monthly financial report with $0.00 amounts after the fifth day that a report is past due.

Past Due	Board/Agency Grant Recipient	TWC Recipient
1 day	Individuals designated by Board/Agency Grant Recipient	Financial Systems & Reporting
2–4 days	Individuals designated by Board/Agency Grant Recipient	Chief Financial Officer
5 days	Cash Draw Turned Off	

NLF: Boards and other Agency Grant Recipients must use the CDER system's "Outstanding Expenditure Reports" page to identify past due reports because late notification emails will not identify the past due report that initiated the notice.

NLF: Boards and other Agency Grant Recipients will not be notified when cash draw capabilities have been turned off as a result of past due reports or when cash draw capabilities have been restored in response to receipt of a past due report.

Note: Boards and other Agency Grant Recipients can email cashdraw.ta@twc.texas.gov to verify cash draw capabilities.

Errors and Omissions

NLF: If a Board or Agency Grant Recipient identifies an error or omission in a monthly financial report after the report due date, the Board or Agency Grant Recipient must reflect the correction in the "current month expenditures" of the next available monthly expenditure report as Expenditure Reports in "posted" status are not editable.

Policies and Procedures

NLF: Boards and other Agency Grant Recipients must maintain written policies and procedures for the classification of administrative and program expenditures that include the rationale for such classifications.

Subrecipient and Vendor Costs and Determinations

NLF: Boards and other Agency Grant Recipients must properly report costs arising from vendor and subrecipient relationships.

NLF: Boards and other Agency Grant Recipients must use the following to determine whether an entity is a subrecipient or contractor:

- 2 CFR §200.331
- Financial Manual for Grants and Contracts

Boards Only: SNAP E&T Funds Priority of Use

NLF: When drawing cash and reporting expenditures, Boards must use the following priority of use:

- **First Priority Able-Bodied Adults Without Dependents (ABAWDs) Only Funds (when available):** ABAWD participants are a subset of General Population clients served by the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) Program, and as such, when ABAWD Only Funds are fully exhausted or not available, General Population Funds are allowed to be used to fund the remaining ABAWD client expenses. Boards must report all ABAWD expenses, regardless of funding source, in ABAWD cost categories. When ABAWD Only Funding is added to the existing contract, a CDER System Business Rule in the Contract Program Budget Worksheet requires each Board to budget at least the amount of ABAWD funding in the ABAWD categories, which can be increased if eligible ABAWD activities exceed the allotment. ABAWD Only Funding may not be used for non-ABAWD expenses.
- **Second Priority General Population:** General Population expenses can be funded from three funding sources that are included in the SNAP E&T allocation to the Boards. Although the allowable General Population expenses for these three funds are the same, to maximize federal spending, Boards must completely exhaust one funding source before using the next in the following General Population priority order:
  1. Prior year State Match Funds (if available, normally in a separate contract)
  2. 100% Federal Funds
  3. 50/50% Federal and State Matching Funds

When "100% Funding" is included in the existing contract, a CDER system Business Rule in the Contract Program Budget Worksheet requires each Board to budget the amount of "100% Funding" in the "GenPop 100% Fund" categories.

Administration expenses are limited to 10 percent of expended at the contract level across all SNAP E&T funding types.

Boards Only: Trade Adjustment Assistance

NLF: Boards must use cost category 110 Operating Grant Activities, described in Attachment 2, if the Trade Adjustment Assistance (TAA) contract contains an operating grant component for space, utilities, phone, office supplies, travel, and other costs incurred to support TAA-funded merit staff.

Boards Only: Workforce Innovation and Opportunity Act Title I

NLF: The Workforce Innovation and Opportunity Act (WIOA) allows 100 percent transferability (TRF) between the adult and dislocated worker funding streams. Boards must notify their contract managers in accordance with the WIOA Guidelines for Adults, Dislocated Workers, and Youth **of their intent to** transfer funds. Following TWC approval, Boards must report the costs within the applicable category with the TRF prefix. Refer to Attachments 1 and 2 for the WIOA cost category matrix and descriptions.

Boards Only: Child Care Quality Cost Categories

NLF: Boards must use the expenditure reporting cost categories identified in WD Letter 16-24, Change 2, issued October 29, 2025, and titled "Child Care Quality Funds Expenditure Plan and Report—Update."

Boards Only: Priority Funding for Quality Expenditures

NLF: Boards must report quality expenditures by applying the order of funding identified in WD Letter 18-18, Change 3, issued August 26, 2024, and titled "Using the Child Care Formula Grant Award for Quality Improvement Activities—Update."

Boards Only: Child Care Program Integrity Activity Reporting

NLF: Boards must use the expenditure reporting cost category and allowable activities identified in WD Letter 09-26, issued April 22, 2026, and titled "Cash Draw and Expenditure Reporting Requirements for Child Care Services Program Integrity Activities."

Boards Only: Employment Services Contract Labor

NLF: Boards must report salaries, wages, benefits, and operating costs associated with **Employment Services Contract Labor** (ESCL) employees performing functions like those Employment Services (ES) functions performed by TWC ES staff.

Financial Closeout

NLF: Boards and other Agency Grant Recipients must use the closeout module to electronically submit a financial closeout package to TWC for a TWC grant award that is in the online system when one of the following conditions is met:

- The TWC grant award has expired
- All available funds for the grant award have been paid out to the Board or Agency Grant Recipient
- All accrued expenditures chargeable to the specific TWC grant award have been incurred by the Board or Agency Grant Recipient
- The period of available funds has expired or been terminated

Note: If a Board or Agency Grant Recipient contracts with another entity to serve as the fiscal agent for a TWC grant award that the Board receives from TWC, and the Board or Agency Grant Recipient changes fiscal agents, the Board or Agency Grant Recipient must submit closeout packages for all TWC grant awards for which that entity served as grant recipient. When the grant agreement is terminated in this way, new TWC grant awards will be established with the Board's or Agency Grant Recipient's new fiscal agent that must be closed out when one of the conditions above is met.

NLF: Boards and other Agency Grant Recipients must ensure that the financial closeout package for a particular TWC grant award is certified no later than the due date of the final expenditure report for that TWC grant award. Therefore, Boards and other Agency Grant Recipients must be aware of the following:

- If the final expenditure report is created after the grant ends, the final expenditure report and financial closeout package are due by 7:00 p.m. on the 60th day following the end of the contract period.
- If a monthly expenditure report is changed to a final expenditure report, the final expenditure report and financial closeout package are due by 7:00 p.m. on the 20th calendar day of the month.
  Note: The CDER system will treat the financial closeout package as late if not certified by the 20th calendar day; therefore, generating email notifications and cash draw cut-off procedures as set forth in this WD Letter.
- If a revised final expenditure report is created the revised final expenditure report and financial closeout package are due by 7:00 p.m. on the due date, generally five business days after the revised final expenditure report is created.

LF: Boards may use a "first in, first out" (FIFO) approach for charging expenditures. Attributing accrued expenditures to the earliest award or allocation period ensures prompt and orderly spending and closeout.

NLF: Boards and other Agency Grant Recipients must ensure that all of their subrecipients submit closeouts to them in accordance with a local subaward closeout process to ensure that the Board or Agency Grant Recipient provides all expenditure information by the date the financial closeout package is due to TWC.

NLF: If the financial closeout package is not certified by the due date, email notifications and cash draw cut-off procedures will be administered, as set forth in this WD Letter. The following activities must occur before the online system will activate the option to certify the financial closeout package:

- Boards and other Agency Grant Recipients must certify the final or revised final expenditure report in the CDER system's reporting module.
- Boards and other Agency Grant Recipients must answer all "review contract closeout package" component questions.
- If there are unpaid liabilities under the TWC grant award for which a Board or Agency Grant Recipient has not submitted a cash draw request, the Board or Agency Grant Recipient must submit a cash draw request for those liabilities and TWC must release the funds, ensuring amounts due from TWC are zero.
- If there are amounts due to TWC, Boards and other Agency Grant Recipients must submit a refund so that amounts due to TWC are zero.
- Boards and other Agency Grant Recipients must certify the "certification of property use" component of the financial closeout module.
- The Certification Page must be certified (contract release agreement).

LF: Boards and other Agency Grant Recipients may submit an electronic file of the property listing, instead of keying each piece of property into the online system.

NLF: Should a Board or other Agency Grant Recipient elect to submit an electronic file of the property listing, the file must be named by using the contract number plus "INV" at the end of the contract number, such as, 0923WOA000INV. The file must be emailed to closeout.propertylist@twc.texas.gov by the due date of the financial closeout package.

<u>NLF</u>: If final reported expenditures or the financial closeout package needs to be revised after TWC accepts the financial closeout package, the Board or Agency Grant Recipient must request that a revised expenditure report be created and/or that the financial closeout package be returned to the Board or Agency Grant Recipient. Direct requests to payables.cder@twc.texas.gov.

Boards and other Agency Grant Recipients ensure the following:

- Refunds, questioned/disallowed costs, errors, omissions, or other transactions that change final reported expenditures after TWC accepts the financial closeout package require the creation of a revised final expenditure report and will result in the financial closeout package being uncertified and returned to the Board or Agency Grant Recipient. The financial closeout package must be recertified after the Board or Agency Grant Recipient certifies the revised final expenditure report. The revised final expenditure report and financial closeout package are due on the same day that the revised final expenditure report is created.
- Errors or omissions that require a change to the financial closeout package, but that do not affect final reported expenditures do not require the creation of a revised final expenditure report but do require that the financial closeout package be returned to the Board or Agency Grant Recipient so that it can be corrected and recertified. The revised contract closeout package is due to TWC on the same day that it is returned to the Board or Agency Grant Recipient.

If the revised financial closeout package is not certified by the due date, email notifications and cash draw cut-off procedures will be administered by TWC as described in the Late Notifications and Cash Draw Cutoff section.

<u>LF</u>: After TWC accepts the Board's or Agency Grant Recipient's certified financial closeout package, the Board or Agency Grant Recipient may print TWC's "acceptance" from the CDER system. However, the information will be retained online for a period of at least five years from the end date of the TWC grant award.

INQUIRIES:

Send system inquiries to the technical assistance team at cashdraw.ta@twc.texas.gov.
Send other inquiries to Fiscal.TA@twc.texas.gov.

ATTACHMENTS:

Attachment 1: Cost Category Matrices
Attachment 2: Cost Category Descriptions

REFERENCES:

2 CFR Part 200
Social Security Act, Title IV, Part A, §404(b)
Workforce Innovation and Opportunity Act
Temporary Assistance for Needy Families, Final Rule, 45 CFR §§260.31, 263.0, 263.2, and 263.13
Temporary Assistance for Needy Families, preamble commentary, Federal Register, Vol. 64, No. 69, Monday, April 12, 1999, pages 17808–17814 and 17843–17844

Trade Adjustment Assistance, Final Rule, Merit Staffing of State Administration and Allocation of Training Funds to States, Federal Register, Vol. 75, No. 63, Friday, April 2, 2010, pages 16988–17002

Training and Employment Guidance Letter No. 28-10, issued May 27, 2011, and entitled "Federal Financial Management and Reporting Definitions"

U.S. Department of Labor's One-Stop Comprehensive Financial Management Technical Assistance Guide (July 2002), page II-10-14

U.S. Department of Labor's One – Stop Comprehensive Financial Management Technical Assistance Guide Part II (July 2011)

Texas Government Code §2308.253(g)(1)

Texas Grant Management Standards – Version 2.0, Appendix 2, Appendix 4, Page 5, Page 17

Title 40, Texas Administrative Code, §800.52 and §800.72

Texas Workforce Commission Integrity of the Texas Workforce System Rules: 40 TAC §802.43

Texas Workforce Commission Choices Rules: 40 TAC §§811.42, 811.43, 811.45, and 811.46

Texas Workforce Commission Supplemental Nutrition Assistance Program Employment and Training Rules: 40 TAC §813.31 and §813.32

Texas Workforce Commission Financial Manual for Grants and Contracts

WIOA Guidelines for Adults, Dislocated Workers, and Youth

WD Letter 09-26, issued April 22, 2026, and titled "Cash Draw and Expenditure Reporting Requirements for Child Care Services Program Integrity Activities."

WD Letter 16-24, Change 1, issued November 20, 2024, and entitled "Child Care Quality Funds Expenditure Plan and Report"

WD Letter 18-18, Change 3, issued August 26, 2024, and entitled "Using the Child Care Formula Grant Award for Quality Improvement Activities—Update"