

FINANCE COMMISSION OF TEXAS
AUDIT COMMITTEE MEETING

Friday, June 16, 2023
8:30 a.m.

Finance Commission Building
William F. Aldridge Hearing Room
2601 North Lamar Boulevard
Austin, Texas 78705

Public comment on any agenda item or issue under the jurisdiction of the Finance Commission of Texas agencies is allowed. Finance Commission members who are not members of the Audit Committee may be present at this committee meeting creating a quorum of the Finance Commission.

- A. Review and Approval of the Minutes of the April 21, 2023, Audit Committee Meeting
- B. Review of Agencies' Activities
 - 1. Department of Savings and Mortgage Lending
 - 2. Texas Department of Banking
 - 3. Office of Consumer Credit Commissioner
- C. Discussion of the 2024 Budget Process
- D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of the Consumer Credit Commissioner's Texas Financial Education Endowment Fund Investment Portfolio Administration Audit Report as Prepared and Presented by Garza/Gonzalez and Associates
- E. Discussion of the Activities of the Texas Financial Education Endowment (TFEE) Fund
- F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Revised Texas Financial Education Endowment Fund Grant Administration & Advisory Policy Manual and 2024-2025 Funding Priorities
- G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve an Amount for the Upcoming 2024-2025 Grant Cycle for the Texas Financial Education Endowment
- H. Discussion of the Activities of the Mortgage Grant Fund
- I. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by §§ 551.076 and 551.089, Texas Government Code

NOTE: The Audit Committee of the Finance Commission of Texas may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Accessibility: Under the Americans with Disabilities Act, the Finance Commission of Texas will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705, (512) 936-6222, as far in advance of the meeting as possible.

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**MINUTES OF THE
AUDIT COMMITTEE MEETING
Friday, April 21, 2023**

The Audit Committee of the Finance Commission of Texas convened at 8:30 a.m., on Friday, April 21, 2023, with the following members present:

Audit Committee Members in Attendance:

Debbie Scanlon, Chairman
Hector Cerna
Rosie Morris

Chairman Scanlon announced there was a quorum of the Audit Committee of the Finance Commission of Texas with three (3) members present.

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Review and Approval of the Minutes of the February 17, 2023, Audit Committee Meeting	Rosie Morris made a motion to Approve the Minutes of the February 17, 2023, Audit Committee Meeting. Hector Cerna seconded, and the motion passed.	0:13 Start of Discussion 0:27 Vote
B. Review of Agencies' Activities 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	No Action Required.	0:42 Start of Discussion
C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2023 Second Quarter Investment Officer Reports 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Hector Cerna made a motion to recommend that the Finance Commission Approve the Agencies' 2023 Second Quarter Investment Officer Reports. Rosie Morris seconded, and the motion passed.	5:17 Start of Discussion 7:48 Vote
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2023 Second Quarter Statements 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Rosie Morris made a motion to recommend that the Finance Commission Approve the Agencies' 2023 Second Quarter Statements. Hector Cerna seconded, and the motion passed.	8:06 Start of Discussion 13:05 Vote
E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Texas Department of Banking's Corporate Activities Report as Prepared and Presented by Garza/Gonzalez and Associates	Rosie Morris made a motion to recommend that the Finance Commission Approve the Texas Department of Banking's Corporate Activities Report as Prepared and Presented by Garza/Gonzalez and Associates. Hector Cerna seconded, and the motion passed.	13:23 Start of Discussion 28:23 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund	No Action Required	n/a
G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Appointment of a New Grant Advisory Committee Member Raechel Peters	Rosie Morris made a motion to recommend that the Finance Commission Approve the Appointment of a New Grant Advisory Committee Member Raechel Peters. Hector Cerna seconded, and the motion passed.	29:08 Start of discussion 30:32 Vote
H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Mortgage Grant Fund	No Action Required	n/a
I. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by §551.076 and § 551.089, Texas Government Code	No Discussion.	n/a

There being no further business of the Audit Committee of the Finance Commission of Texas, Chairman Scanlon adjourned the meeting at 9:02 a.m. (31:50 on the audio file).

Debbie Scanlon, Chairman, Audit Committee
 Finance Commission of Texas

Charles G. Cooper, Executive Director
 Finance Commission of Texas

Ruth Wright, Executive Assistant
 Finance Commission of Texas

Department of Savings and Mortgage Lending

Audit Activities Report as of May 31, 2023

Auditor: *Department of Information Resources–
AT&T Cybersecurity Consulting* **Report Date:** March 24, 2023

Audit Area: *Information Resources - Texas Cybersecurity Framework Assessment*

Recommendations: **Status Update:**
*Completed. Detailed results to be presented in Executive
Session.*

Auditor: *Garza/Gonzales* **Report Date:** *N/A*

Audit Area: *Mortgage Examinations*

Findings: **Status Update:**
N/A *In progress.*

**Texas Department of Banking
Audit Activities Report Continued
As of May 31, 2023**

Auditor: *Garza/Gonzalez & Associates* **Audit Report Date:** *Pending*

Audit Area: *Procurement/Contract Management/HUB*

Findings: *N/A* **Status Update:** *Audit commenced May 9, 2023.*

Auditor: *Department of Information Resources – AT&T* **Audit Report Date:** *Pending*

Audit Area: *Texas Cybersecurity Framework Assessment*

Findings: **Status Update:** *Assessment to commence June 19, 2023.*

**Texas Office of Consumer Credit Commissioner
Audit Activities Report
As of May 31, 2023**

Auditor: <i>Garza/Gonzalez</i>	Audit Report Date: <i>April 20, 2023</i>
Audit Area: <i>TFEE Fund Investment Portfolio Administration (Required Periodic Audit)</i>	
Findings: <i>None</i>	Status Update: <i>Complete</i>
<hr/>	
Auditor: <i>Garza/Gonzalez</i>	Audit Report Date: <i>NA</i>
Audit Area: <i>Internal Audit – Payroll & Human Resources Follow-up of Prior Year Audits</i>	
Findings: <i>NA</i>	Status Update: <i>In Progress</i>
<hr/>	
Auditor: <i>Dept of Information Resources – AT&T Consulting</i>	Audit Report Date: <i>March 6, 2023</i>
Audit Area: <i>Web Application Vulnerability Scan & Controlled Penetration Test</i>	
Findings: <i>NA</i>	Status Update: <i>Penetration test and scan completed in March 2023; rescan pending.</i>
<hr/>	
Auditor: <i>Department of Information Resources – AT&T Consulting</i>	Audit Report Date: <i>NA</i>
Audit Area: <i>Texas Cybersecurity Framework Assessment</i>	
Findings: <i>NA</i>	Status Update: <i>In Progress</i>
<hr/>	
Auditor: <i>Department of Public Safety</i>	Audit Report Date: <i>May 18, 2022</i>
Audit Area: <i>Non-Criminal Justice Audit – Licensing</i>	
Findings: <i>Evaluate IT Access. IT should be fingerprinted or access should be limited.</i>	Status Update: <i>Pending. Coordinating with DPS and awaiting clarification.</i>

Fiscal Year 2024 Tentative Budget Timeline

Date	Action
June – July 2023	Agencies develop draft 2024 budgets
August 1, 2023	Draft budgets will be posted on agencies' websites and submitted to Finance Commission members
August 10, 2023	All three agencies will conduct a public hearing to seek input from interested parties on the draft budgets.
August 18, 2023	Audit Committee and Finance Commission to review draft budgets and consider approval.

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OFFICE OF CONSUMER CREDIT COMMISSIONER
Austin, Texas

INTERNAL AUDIT REPORT

on

TFEE Fund Investment Portfolio Administration

Fiscal Year 2023

OFFICE OF CONSUMER CREDIT COMMISSION
Austin, Texas

Internal Audit Report
on
TFEE Fund Investment Portfolio Administration

Fiscal Year 2023

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Garza/Gonzalez & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Finance Commission Members and
Audit Committee Members
Office of Consumer Credit Commissioner
Austin, Texas

We performed procedures to determine the effectiveness and efficiency of the Office of Consumer Credit Commissioner's (OCCC) internal control structure over the Texas Financial Education Endowment (TFEE) Fund Investment Portfolio Administration Area (Area); and, its compliance with laws and regulations provided in the Texas Finance Code and Texas Administrative Code, and established policies and procedures, as applicable to the Area, for the 6 months ended February 28, 2023.

The results of our procedures disclosed that OCCC's internal control structure over the Area was adequate and no instances of noncompliance were noted.

This report has been prepared by Garza/Gonzalez & Associates, an independent Certified Public Accounting firm, following Generally Accepted Auditing Standards, International Standards for the Professional Practice of Internal Auditing, and the Institute of Internal Auditors' Code of Ethics contained in the Professional Practices Framework.



April 20, 2023

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San Antonio, TX 78215
210/227-1389
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OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

INTRODUCTION

The Office of Consumer Credit Commissioner (OCCC) operates pursuant to Chapter 14 of the Texas Finance Code, and under the oversight of the Texas Finance Commission, who appoints the Consumer Credit Commissioner.

The OCCC's primary functions are to:

- Regulate fairly, efficiently, and effectively, addressing both consumers and creditors by enforcing Texas credit laws and licensing qualified lenders;
- Educate consumers and credit providers about their rights, remedies, and responsibilities;
- Communicate collaboratively with and encourage communication among the credit industry, consumer public, and the agency; and,
- Protect and safeguard consumers against abusive and deceptive lending practices.

The OCCC issues several licenses and registrations necessary for various consumer credit industries. Licensed industries include those that are required to obtain operational licenses from OCCC, and that are subject to routine and periodic examination of records, processes, and compliance with statute and regulatory controls. Registered industries include those that are required to register with OCCC; and, although OCCC does not maintain examination and enforcement authority over these industries, it does maintain the right to investigate consumer concerns and complaints related to these registered entities.

Licensed industries include commercial motor vehicle sales finance companies, credit access businesses, motor vehicle sales finance companies, pawnshops/pawn employees, property tax lenders, regulated lenders, and residential mortgage loan originators. Registered industries include crafted precious metals dealers, debt management and settlement providers, manufactured housing creditors, refund anticipation loan facilitators, and registered creditors.

OCCC was granted Self-Directed, Semi-Independent (SDSI) status in the 81st Legislative Session. As an SDSI agency, OCCC is not required to have their budget approved by the Legislature; however, the Finance Commission is responsible for setting OCCC's spending authority or limits. OCCC's operating funds are generated from fees assessed to the businesses it supervises and are used to fund both direct and indirect costs. General revenue funds are not used to support OCCC's operations.

2023 Internal Audit Plan

Following are the internal audit functions to be performed, as identified in OCCC's 2023 Internal Audit Plan, dated November 28, 2022, and approved by the Audit Committee and Finance Commission on December 16, 2022:

- Risk Assessment & Preparation of the 2023 Internal Audit Plan
- TFEE Fund Investment Portfolio Administration (*Required Periodic Audit*) Audit
- Payroll and Human Resources Area Audit
- Follow-up of Prior Year Internal Audits
- Preparation of the 2023 Internal Audit Annual Report
- Other Tasks

This report contains the results of the TFEE Fund Investment Portfolio Administration Audit. The reports for the remaining internal audit area and other functions to be performed will be issued upon completion.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

EXECUTIVE SUMMARY

Background

The Texas Financial Education Endowment (TFEE) Fund was established in 2011 by the 82nd Legislature, to be administered by the Finance Commission of Texas, through OCCC, to support statewide programs that would improve consumer credit, provide financial education, and asset-building opportunities. In accordance with Texas Finance Code Sec.393.628, the TFEE Fund is funded with annual endowment fees, not to exceed \$200, assessed to each credit access business (CAB) license holder and applicant. Collected funds must be deposited in an interest-bearing deposit account with the Texas Treasury Safekeeping Trust Company (TTSTC), a corporation created by the Texas Comptroller of Public Accounts (Comptroller). The statute allows the funds to be invested and reinvested in the same manner as funds of the Employees Retirement System of Texas, as provided by Government Code Chapter 815, Subchapter D.

The Finance Commission administers all aspects of the TFEE; including, the grant program, funding, and policy decisions. The Audit Committee is responsible for reviewing and making recommendations on investment reports; and, providing oversight and administration of the TFEE; which, includes recommending actions to be taken on the investment of funds. Each Finance Commission member is required to complete training on the governing board's responsibilities over public funds investments. OCCC's Director of Licensing and Finance (Director) and Accounting staff are responsible for managing the TFEE Fund; including, the administration of the TFEE Fund's investment portfolio.

OCCC Investment Policy

The administration of the TFEE Fund investments is governed by OCCC's Investment Policy, which is reviewed and approved by the Finance Commission annually, with the last review and approval on August 21, 2022. Although the funds collected by OCCC are not subject to the Government Code Chapter 2256, known as the Public Fund Investment Act (PFIA), OCCC's Investment Policy is comparable to the PFIA investment policy requirements.

In accordance with OCCC's Investment Policy—

- 1) The Director is the agency's sole designated investment officer.
- 2) Not less than quarterly, the Investment Officer must prepare a signed, written investment report and submit it to the Finance Commission for review and approval. The investment report reflects activity of the TFEE Fund that occurred for the reporting period; to include, beginning and ending investment and cash balances, deposits, interest earned, transfers, grant payments made, and bank fees paid.
- 3) Not less than once each biennium, the Investment Officer and other agency staff who perform investment-related activities must complete investment training. The Investment Officer must report the training status to the Finance Commission, annually, at the same time the Investment Policy is submitted for review and approval.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

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TTSTC Endowment Investment Policy

OCCC's Investment Policy for the TFEE Fund adopts the TTSTC Endowment Investment Policy, by reference. The TFEE Fund accounts are currently held at TTSTC in either an interest-bearing Cash account or the Investment account. TTSTC is responsible for managing funds in the Investment account in accordance with its Endowment Investment Policy.

The TFEE Fund is one of the 11 endowment funds managed by TTSTC. The Comptroller makes investments authorized through TTSTC, with the advice of, and in consultation with, the Comptroller's Investment Advisory Board (IAB), and oversight from the TTSTC Investment Committee, consisting of TTSTC's executive management. Endowment portfolios are invested across diverse asset classes, with a goal of achieving long-term, stable returns. For every calendar quarter, the Endowment Portfolio Review prepared by TTSTC, and the Endowment Performance prepared by an independent third party, are reported to the Comptroller, the IAB, and the Investment Committee. Additionally, TTSTC's annual financial reports are audited by an independent auditor.

Each biennium, a TTSTC representative makes an investment presentation to the Finance Commission. It is at this time that the Finance Commission reviews the OCCC Investment Policy for alignment with the TTSTC Endowment Investment Policy.

TFEE Fund Cash and Investment Accounts Management

OCCC collects annual fees, which include endowment fees, from new CAB license applicants, and existing CAB license holders at annual renewal in December. The majority of CAB application and renewal payments are made through and recorded in OCCC's licensing system, the Application, Licensing, Examination, Compliance System (ALECS), with the endowment portion differentiated from other fees by the assignment of a unique object code in ALECS. OCCC staff separately processes check payments mailed to a lockbox or its headquarters from a small number of CAB licensed entities.

Collected endowment fees are initially deposited to OCCC's Operating account at TTSTC while being processed, and then periodically transferred to the TFEE Fund Cash account, also at TTSTC. The transfer of funds is made via TTSTC's online banking portal, to which 3 authorized OCCC staff, the Commissioner, the Director, and a senior accountant (as well as the backup) each have access with a unique user ID and a security token. The online banking user profiles allow the Director and the senior accountant to initiate a transfer; and, require dual approval of both the Commissioner and the Director.

On a monthly basis, the senior accountant prepares a reconciliation of the TFEE Fund Cash account and obtains TTSTC's monthly TFEE Fund financial statements to monitor account balances and activities. The senior accountant uses the same information to prepare the quarterly investment reports. These reconciliations and investment reports are reviewed and approved by the Director and Commissioner.

Additionally, the Director, not less than annually, reviews TTSTC's Endowment Performance report and Endowment Portfolio Review report to monitor performance and net asset balances. The Director also, on an annual basis, reviews the Distribution Calculation spreadsheet, which computes a 20-quarter moving-average of the TFEE Fund investment balance to determine the TFEE grants distribution for the upcoming fiscal year.

The Director periodically analyzes the TFEE Fund's Cash and Investment account balances and determines whether any excess balance in the Cash account should be invested. Target Cash account balance is computed as 10% of the total TFEE Fund balance plus grant awards to be disbursed in the fiscal year. If additional investments are to be made, the Director will present the analysis to the Commissioner, who, upon approval, will send a signed instruction letter to TTSTC authorizing them to make an investment contribution from the Cash account. During the 6 months ended February 28, 2023, there were no contributions to the Investment account made from the Cash account.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

The table below provides the TFEE Fund’s Cash and Investment account balances at the end of the 1st and 2nd quarters of fiscal year 2023. As shown in the table, the Cash account balance consists solely of repurchase agreements, and investments consist of Short-Term Investment Funds, and long-term investments in equity, alternative, fixed income, and SWAPS, which are all investments authorized by OCCC’s Endowment Policy.

TFEE FUND CASH & INVESTMENT ACCOUNT BALANCES		
Asset Type	Ending FY 2023 1st Quarter	Ending FY 2023 2nd Quarter
Cash & Cash Equivalents		
Repurchase Agreements	\$ 800,911.58	\$ 1,064,839.71
Total Cash & Cash Equivalents	\$ 800,911.58	\$ 1,064,839.71
Investments		
Cash in Bank	\$ -	\$ 31,109.27
Short-Term Investment Fund	1,810,782.92	1,785,584.04
Other Short-Term Assets	113,615.83	186,515.48
<i>Long-Term Investments</i>		
Equities	7,058.06	153,173.92
Alternatives	6,414,485.53	6,364,608.66
Fixed Income	106,805.63	112,950.96
SWAPS, at Fair Value	62,038.92	(15,549.93)
Total Investments	\$ 8,514,786.89	\$ 8,618,392.40
Total ¹	\$ (64,411.28)	\$ (25,839.99)
Investments, net	\$ 8,450,375.61	\$ 8,592,552.41
Total Endowment Fund, net	\$ 9,251,287.19	\$ 9,657,392.12

Source: Cash balance was obtained from TTSTC Portfolio Asset Summary and Investments and liabilities balances were obtained from TTSTC Statement of Fiduciary Net Position.

OCCC collected TFEE fees totaling \$305,800 during the 6-month period from September 2022 to February 2023. In January 2023, OCCC transferred \$270,000 of the TFEE fees collected, which excluded \$8,200 of refunds made in February 2023, to the TFEE Fund Cash account, and the remaining \$27,600 will be included with the next periodic transfer.

Disbursements

TFEE funds are disbursed only for the purposes specified in Finance Code Sec. 393.628, through the TFEE grant program. Upon proper approval of a semi-annual expense reimbursement request from a grantee, the senior accountant makes a request through the TTSTC portal for funds to be transferred from the TTSTC Cash account to a Private Purpose Trust Fund, as established by the Comptroller, which is used to disburse TFEE funds. The Disbursement request form is printed and retained as support along with the journal voucher. Once funds are disbursed, staff will update the Voucher Log with the grantee’s name, date, amount disbursed, warrant number, and date warrant was mailed.

For the 6 months ended February 28, 2023, a total of \$78,504 was disbursed to 8 grantees.

¹ Liabilities consist of management fees and fees related to SWAP trades.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

Audit Objective, Scope, And Methodology

Objective

The objective of the audit was to determine OCCC's compliance with applicable state laws and rules, and established policies and procedures, over the administration of the Texas Financial Education Endowment (TFEE) Fund investment portfolio (Area).

Scope

The scope of our audit was the Area's activities and transactions made during the 6-month period from September 1, 2022 through February 28, 2023 (audit period).

Methodology

The audit methodology included a review of applicable laws and regulations; OCCC's established policies and procedures, and other internal and external documentation; and, interviews and correspondence with the Director of Licensing and Finance.

We obtained and/or reviewed the following internal and external documentation:

- a. Texas Finance Code Sec. 393.628, *Texas Financial Education Endowment*; Texas Government Code Chapter 815, Subchapter D, *Management of Assets*, as it relates to the *Employees Retirement System of Texas*; and, Title 7 of Texas Administrative Code Chapter 7, *Texas Financial Education Endowment Fund*.
- b. OCCC policies and procedures, to include:
 - 1) OCCC Investment Policy, effective August 19, 2022.
 - 2) TFEE & Recovery Procedure Manual.
- c. Other policies and procedures, to include:
 - 1) TTSTC Investment Policy Statement for Texas Endowment Funds, March 2022.
 - 2) Finance Commission Policies and Procedures, December 2018.
- d. Sample worksheets utilized by the Area, to include:
 - 1) Bank Reconciliation Template
 - 2) Grant Reimbursement Voucher Log
 - 3) Investment Report Template
 - 4) Grant Reimbursement Report Template
- e. TTSTC Audits and Reports, to include:
 - 1) Fiscal year 2022 audited annual financial report and accompanying Conduct of Audit report.
 - 2) Fiscal year 2021 internal audit annual report.
 - 3) *Endowment Portfolio Review* for third quarter, 2022 calendar year.
 - 4) *Endowment Performance* report for third quarter, 2022 calendar year.
- f. OCCC Investment Report for first and second quarter, fiscal year 2023; and, supporting documentation consisting of TTSTC Statement of Fiduciary Net Position and Cash account statements.
- g. Cash account monthly reconciliations for the months of September 2022 through February 2023.
- h. Investment training certificates for applicable OCCC staff; including, the investment officer; and, *Confirmation of Training Received* for selected Finance Commission members.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

- i. Endowment fee collection reports for the audit period, evidence of funds transferred from OCCC Operating account to TFEE Cash account during to the audit period; and, TTSTC Transfer request forms.
- j. Supporting documentation for TFFE disbursements paid during the audit period, which included Grant Reimbursement Request Forms, journal vouchers, TTSTC Disbursement request forms, and the Voucher Log.

We performed various procedures to achieve the objective of our audit, to include the following:

1. Updated our understanding of state laws and regulations and OCCC's policies and procedures, as applicable to the administration of the TFEE Fund investment portfolio.
2. Reviewed OCCC's Investment Policy to ensure it was substantially comparable to what is required by the Government Code 2256, Public Funds Investment Act (PFIA), which is considered a public funds investment program best practice.
3. Reviewed the 2nd Quarter investment report presented to the Finance Commission's Audit Committee and performed the following procedures:
 - (1) Traced beginning and ending balances, additions/deletions during the reporting period, and interest rate, to source documents originated from TTSTC which included TTSTC financial statements and monthly statements.
 - (2) Assessed compliance with OCCC Investment Policy, Section 6, *Reporting*.
4. Reviewed the August 19, 2022 meeting minutes for the Audit Committee and Finance Commission to ensure OCCC's Investment Policy is reviewed and approved annually.
5. Reviewed investment training certificates for applicable OCCC staff to assess compliance with OCCC Investment Policy, Section 11, *Investment Training*.
6. Reviewed TTSTC's audited annual financial report and internal audit report for fiscal year 2022; and, Investment Advisory Board meeting minutes for 3 meetings held in fiscal year 2022 and 1 meeting held in fiscal year 2023; to assess the levels of internal controls and oversight over TTSTC's endowment investments, and whether OCCC's reliance on such controls and oversight is appropriate.
7. Obtained the TFEE Cash account monthly bank reconciliations for the months from October 2022, December 2022, January 2023, and February 2023 and performed the following procedures:
 - (1) Traced the amounts in the reconciliations to TTSTC's monthly statements.
 - (2) Agreed the beginning balance to prior-month ending balance.
 - (3) Recomputed ending balances to ensure accuracy.
 - (4) Assessed OCCC's adherence to its established bank reconciliation procedures.
8. Reviewed bank records to validate that TFEE fees collected during the audit period were transferred into the TFEE Fund Cash account, or deposited into the OCCC Operating account while being processed; and, agreed transferred amount to the TTSTC Transfer request form and journal voucher.
9. Compared actual TFEE Endowment fee collections to an expectation, based on the number of CAB licensees, to evaluate reasonableness of the collection recorded by the Area.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

10. Reviewed supporting documentation for the TFEE disbursements made in February 2023 and performed the following procedures:

- (1) Agreed amount to the February 2023 TTSTC statement, and TTSTC disbursement request form.
- (2) Ensured disbursements agreed to approved Grant Reimbursement Request Forms.
- (3) Ensured amounts were recorded on the Voucher Log.

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

**SUMMARY AND RELATED RATING OF
OBSERVATIONS/FINDINGS AND RECOMMENDATIONS**

As OCCC’s internal auditors, we used our professional judgment in rating the audit findings identified in this report. The rating system used was developed by the Texas State Auditor’s Office and is based on the degree of risk or effect of the findings in relation to the audit objective(s). The table below presents a summary of the observations/findings in this report and the related rating.

Summary of Observations/Findings & Recommendations and Related Ratings		
Finding No.	Title	Rating
-	None	-
<u>Description of Rating</u> A finding is rated <i>Priority</i> if the issues identified present risks or effects that if not addressed could critically affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity. A finding is rated <i>High</i> if the issues identified present risks or effects that if not addressed could substantially affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity. A finding is rated <i>Medium</i> if the issues identified present risks or effects that if not addressed could moderately affect the audited entity’s ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level. A finding is rated <i>Low</i> if the audit identified strengths that support the audited entity’s ability to administer the program(s)/functions(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.		

OFFICE OF CONSUMER CREDIT COMMISSIONER

TFEE Fund Investment Portfolio Administration

Internal Audit Report

OBSERVATIONS/FINDINGS AND RECOMMENDATIONS

Report No.	Report Date	Name of Report	Observations/Findings and Recommendations	Fiscal Impact/Other Impact
1	4/20/2023	TFEE Fund Investment Portfolio Administration	None.	



TFEE Report – June 16, 2023

E. ACTIVITIES OF THE TEXAS FINANCIAL EDUCATION ENDOWMENT FUND

The third semi-annual reporting period of the 2022-2023 grant cycle is underway, with semi-annual reports due on July 31, 2023. The 4th semi-annual reporting period runs from July 1- December 31, with the next grant cycle opening on January 1, 2024.

TFEE materials were reviewed in May by Grant Advisory Committee members and are being updated in anticipation of next month’s opening of the 2024-2025 grant cycle.

The timeline for the 2024-2025 TFEE Grant Cycle is:

2024-2025 TFEE Grant Projected Timeline	
June 2023	TFEE priorities and funding recommendations are presented to the Finance Commission.
July 2023	TFEE application period opens.
September 2023	TFEE application submission deadline. GAC Conflict of Interest Forms are due. GAC member application reviews and scores are due.
October 2023	GAC members will meet to discuss applications, recommendations, & awards. 2024-2025 TFEE grant recommendations will be presented to the Finance Commission.
November 2023	TFEE Award Announcements
December 2023	New Grantee Orientation Webinar
January 2024	The 2024-2025 TFEE Grant Cycle Begins

F. DISCUSSION OF AND POSSIBLE VOTE TO RECOMMEND THAT THE FINANCE COMMISSION TAKE ACTION ON THE REVISED TEXAS FINANCIAL EDUCATION ENDOWMENT FUND GRANT ADMINISTRATION & ADVISORY POLICY MANUAL AND 2024-2025 FUNDING PRIORITIES

Revisions to the TFEE Grant Administration & Advisory Manual were distributed for GAC member review and comment. These revisions were based on feedback from recipients and lessons learned during the current grant cycle. The major revisions are as follows:



Texas Financial Education Endowment (TFEE)

1. Updated section on GAC roles and responsibilities to reflect that a replacement will be appointed if a GAC member is unable to fulfill their duties.
2. Added text to clarify grant announcement and submission timeframes.
3. Updated text regarding digital submissions via secure online portal.
4. Changed text to clarify when successful applicants will be notified.
5. Deleted information regarding advance payments (TFEE is paid on a reimbursement basis only).

Additionally, there were minor edits related to grammar and formatting. Two versions of The Grant Administration & Advisory Manual are included in this packet. One version shows proposed revisions marked in red; the other version shows a draft of the document with all changes accepted.

The Finance Commission sets funding priorities for each grant cycle that supports statewide financial education and consumer credit building activities, dictating where TFEE efforts will be focused on the beginning of each grant cycle. Current grant funding priorities are as follows, and staff recommend funding priorities remain the same for the 2024-2025 cycle.

- Adult financial education, capability, and consumer counseling programs, including train-the-trainer programs that increase educational awareness for adults.
- School and youth-based financial education and capability, including teacher training programs that increase educational awareness for youth.
- Financial coaching and consumer counseling. Encourage lending institutions to offer classes on financial education. Identify and provide opportunities for individuals to participate in one-on-one financial counseling and coaching programs.

RECOMMENDED ACTION: The OCCC requests that the Audit Committee recommend that the Finance Commission approve the revised TFEE Grant Administration and Policy Manual and the 2024-2025 Funding Priorities.

RECOMMENDED MOTION: I move that the Audit Committee recommend that the Finance Commission approve the revised TFEE Grant Administration and Policy Manual and the 2024-2025 Funding Priorities.



Grant Administration
&
Advisory Policy Manual

Revised: ~~6/1/2022~~6/16/2023

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I. Purpose

The purpose of this document is to establish a guide for the administration of the Texas Financial Education Endowment (TFEE) grant program. This manual lays out the parameters for executing the administrative and management components of the TFEE.

A. Background

The Texas Financial Education Endowment Fund was established as an endowment by 82nd Legislature of the State of Texas. The Finance Commission established an investment policy to govern the endowment. The endowment is funded by dedicated assessments from credit access businesses. The endowment is designed to provide permanent sources of funding dedicated to financial education from earnings.

Under the terms of the enabling legislation and this policy funds are held in a permanent endowment account entitled the Texas Financial Education Endowment Fund. Funds distributed from the endowment shall only be used to support grants to organizations that provide financial education and capability in accordance with the Policies and Rules of the Finance Commission.

The policy of the Finance Commission is to invest funds in compliance with the following priorities:

- Preservation of principal;
- Maintenance of liquidity as appropriate to the identified need; and,
- Procurement of an appropriate yield;
- Diversification of investment portfolio; and
- Marketability of the investment if the need arises to liquidate the investment before maturity.

All investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

Investment strategies for the different funds held will consider the appropriate mix of investments to the extent that diversification of investment types and maturities assist in the achievement of the above-named priorities.

B. Administration, Investment, Payout, and Reinvestment

Funds of the endowment shall be subject to the provisions of the investment policy. If in the opinion of the Finance Commission, future circumstances change so that the purposes for which the endowment was established become illegal, impracticable, or no longer able to be carried out, the Finance Commission may designate an alternative

use for the endowment payout in accordance with applicable state law to further the objective of the Finance Commission in the spirit of the original purpose.

In connection with administration and management of the endowment funds, the Finance Commission or the Office of Consumer Credit Commissioner may charge certain expenses against the endowment funds for administration, management, and similar charges. Assets in the fund are restricted until authorized for payout by the Finance Commission. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Finance Commission, as a permanent addition to the principal of the endowment.

C. Roles and Responsibilities

1. Finance Commission (FC)
 - a) Determines the total fund amount before the start of the selection process.
 - b) Allocates endowment funds to the TFEI Grant Program each award cycle.
 - c) Reviews and approves recommendations from the Audit Committee regarding program improvements.
 - d) Develops program objectives, and identifies methods to support statewide financial education and consumer credit building activities.
 - e) Determines the final selection of grant award recipients and award amounts. The FC will award grant funds to organizations based on recommendations from the Audit Committee. The FC will approve fund allocations and amendments. The FC may request presentations from the organizations selected for final review.
2. Audit Committee (AC)
 - a) Proposes program amendments to the Finance Commission and oversees the development of the grant program.
 - b) Provides grant-funding recommendations to the FC.
3. Grant Advisory Committee (GAC)
 - a) The GAC serves in an advisory role to the Grant Coordinator (Coordinator). The GAC: recommends program improvements to the Coordinator and Audit Committee; evaluates grant proposals; and advises on the development of the grant program.
 - b) The Grant Advisory Committee shall be comprised of six members. Two Finance Commission members shall be ~~selected and approved~~appointed by the Finance Commission Chair. Four non-Finance Commission members shall be ~~appointed~~ approved by the Finance Commission.
 - c) Prospective non-Finance Commission GAC members are recommended to the Audit Committee ~~and approved by~~before presentation to the Finance Commission.

- d) Each Grant Advisory Committee Member will be appointed for a specific term. Finance Commission members shall serve at the pleasure of the Finance Commission Chair. The four non-Finance Commission members shall serve four-year terms that correspond with grant cycles. Members will serve staggered terms to balance continuity with new perspective. GAC Members may be reappointed with approval from the Finance Commission to serve more than a four-year term. GAC members take office immediately following their appointment. In the event a GAC member is not able to complete their term, a replacement will be appointed.
- e) In the event of a GAC vacancy due to a regularly expired term, the Finance Commission shall appoint new members to coincide with the beginning of the next grant cycle. In the event a GAC vacancy occurs during an unexpired term, the Finance Commission may appoint a new GAC member.
- f) The GAC ~~shall consist of no more than six~~ aims to include members with varied experience in financial education or grant administration. The list below is not all-inclusive and the FC reserves the right to include other appropriate backgrounds with the exception of the Credit Access Business representative.
- (1) Financial Education Consultant – informs the group of existing programs and advocates for the needs of the financial education community.
 - (2) Educational Consultant – understands best practices for impacting education for both youth and adults. Assesses the program proposals for effective measures of knowledge gained. Has knowledge of financial education curriculum standards (Texas Essential Knowledge & Skills “TEKS”) and helps ensure that funding school-based financial education programs cover requirements consistent with Texas Education Agency standards.
 - (3) Finance Commission Representative(s) – Ensure TFEE objectives and goals align with Finance Commission intentions. Evaluate proposed program and business structure.
 - (4) Department of Savings & Mortgage Lending (SML) Representative – Recommended by the SML to advocate for programs focused on asset building, affordable housing and preparation for home ownership.
 - (5) Grant Administrator - Objectively assesses, evaluates, and makes recommendations regarding the grant administration process.
 - (6) Consumer Advocate – Advocates for consumers based on community engagement and needs assessment.
 - (7) Credit Access Business (CAB) industry representative – Serves as a stakeholder for the CAB industry and assists in funding decisions.
- g) The GAC meets during the grant-funding cycle for the following purposes:

- (1) Provide consultation and technical assistance to the Grant Coordinator (Coordinator)
 - (2) Assist with major project management decisions associated with awarded grants, including:
 - (a) Evaluating grant applications and providing recommendations to the Audit Committee
 - (b) Monitoring grantee project's unspent funds and associated funding
 - (c) Offering input, interviewing, and recommending new GAC members to Audit Committee
 - (3) The GAC makes recommendations to the Audit Committee for consideration of specific award allocations, termination of grant agreements for noncompliance, and amendments to program policies and procedures.
4. Office of Consumer Credit Commissioner (OCCC)
- a) OCCC is responsible for:
 - (1) Collecting assessment fees, the endowment fund, and maintaining reconciliation of funds;
 - (2) Maintaining financial records of revenue and expenditures;
 - (3) Serving as investment officer and maintaining compliance with the investment policy in accordance with state of Texas regulations;
 - (4) Disbursing and tracking funds; and
 - (5) Grant coordination oversight.
5. Grant Coordinator (Coordinator)
- The Coordinator works under the direction and oversight of the OCCC Commissioner or the Commissioner's designee. The Coordinator makes presentations to the GAC and the Finance Commission regarding grant activity and serves as the liaison between grantees and the GAC.
- a) The Coordinator is responsible for monitoring the following regarding program development:
 - (1) Program objectives and goals;
 - (2) Grant administration and oversight practices; and
 - (3) Recommendations for program needs to the GAC and FC.
 - b) The Coordinator is responsible for ensuring and developing procedures to provide evidence of timely submission for required documents, including, but not limited to, applications and grant reports.
 - c) The Coordinator maintains the electronic records of all documentation submitted by grantees regardless of the delivery method. Hard copy submissions of applications, reports, and other documentation will receive a date stamp prior to being scanned and saved electronically.

- d) The Coordinator will recommend policy and procedure amendments in order to ensure successful and effective implementation of the grant program. The Coordinator will advise and assist in the maintenance of the following:
 - (1) Track, evaluate and monitor progress at each phase of the grant cycle;
 - (2) Revise official grant documentation, policies and procedures;
 - (3) Coordinate systems for tracking grant applications, awards, and major project management decisions associated with awarded grants;
 - (4) Adhere to processes for dispute resolution with grantees;
 - (5) Implement awarded grant funds according to terms and conditions of program policy;
 - (6) Maintain established operations and system to ensure objectives and goals are being met; and
 - (7) Monitor GAC process and procedures.
- e) As the liaison for the GAC, the Coordinator will monitor the need for and composition of members to the GAC. Should a vacancy need to be filled during a grant cycle, the Coordinator will work to identify suitable candidates. The Coordinator will make the recommendation to the GAC to recommend a new member to the Finance Commission.
- f) Publicizing and promoting TFEE grant application opportunities.

D. Conflict of Interest

- 1. A GAC member may not derive any personal profit or gain, directly or indirectly, by participating with the Texas Financial Education Endowment.
- 2. Each GAC member must sign a Conflict of Interest form prior to participating in the grantee selection process.
- 3. Each GAC member must disclose to the Coordinator any personal or professional interests that may pose a potential conflict and shall refrain from participation in any discussion related to the conflict of interest or funding decisions.
- 4. Each GAC member must refrain from obtaining applicant information for personal or private solicitation purposes at any time during the term of their affiliation with TFEE.

E. TFEE Funds Oversight

- 1. TFEE funds are used to support the goals and strategies for the TFEE set by the Finance Commission. The priorities of the endowment for the early funding cycles focus on school and youth based financial literacy, financial capability programs, as well as financial coaching and consumer counseling initiatives. Prohibited and permissible uses of grant funds are defined in the grant agreement.
- 2. The OCCC Commissioner, Audit Committee, or Finance Commission may request an internal or external audit to examine compliance and when deemed necessary.

3. Reimbursement requests will be executed pursuant to the grant agreement and are based upon satisfactory compliance and performance outcomes.

F. Maximum Grant Awards

1. The total estimated program funding fluctuates based on endowment fund contributions, distributions, and performance. The aggregate award amount is determined by the Finance Commission prior to each grant cycle.
2. The current maximum grant award per organization is \$45,000 for a one-year term and \$90,000 for a two-year term. Maximum grant awards are subject to change.

II. Process Overview

A. Intention

The TFEF fund may have one competitive grant cycle every two years. Announcements for grant proposals will be made in the summer, with submissions due in the fall of every odd number year.

B. Stage 1 – Administration

Grant Coordinator is responsible for the following:

1. Refines, revises and makes policy recommendations based on observed program needs.
2. Develops allocations and administrative processes.
3. Revises grantee applications, grant agreements, grant reports, and evaluation and tracking tools.
4. Create timeline for grant cycle.
5. Identify and invite qualified professionals to serve on GAC (should existing member(s) need to be replaced).
6. Publicize opportunities with a goal to increase the number of applicants each grant cycle.

C. Stage 2 – Policy Development and Implementation

1. The GAC advises on, oversees and approves program development.
2. The GAC makes recommendations to the Audit Committee to approve program development. The Audit Committee makes recommendations for the Finance Commission to approve program modifications.
3. Upon Finance Commission approval, the Coordinator ensures all administrative and grantee documentation are in place for grant announcement, such as applications, webinars, grant reports, grant agreements, and policies and procedures.
4. The Coordinator updates TFEF web page with program information and materials.

D. Stage 3 – Grantee Selection

1. The Coordinator receives and prepares applications for first phase of screening: confirms eligibility, ensures applications are complete and have been timely submitted, logs applicant information, and submits to the GAC for evaluation.
2. The GAC will score applications and provide recommendations to Audit Committee upon review of the TFEE budget, grant structure, number of awards and amounts to be funded, method of funding, and reporting requirements.
3. The Audit Committee makes recommendations to the Finance Commission based on the information presented by the GAC.
4. The Finance Commission reviews recommendations from the Audit Committee and selects award recipients.
5. After selections have been made, each applicant will be sent an award letter or letter of regret. Additionally, grant recipients will be provided (2) Grant Agreements for review and signature. Grant agreements must be fully executed by the OCCC Commissioner, or designee, and the grantee, before grant activities can commence.

E. Stage 4 – Manage Grant and Measure Progress

1. In collaboration with the GAC, the Coordinator will develop a strategy for ongoing grant management and ensure timely report submission.
2. Funding is dependent on program impact and compliance.
3. The Grantee is responsible for tracking and reporting program progress, as well as assessing and communicating program success, challenges, and impact.
4. The Coordinator provides technical assistance to grantees and offers opportunities for regular consultation.
5. The Grantees submit a final report summarizing the impact, results, and consumer follow-up surveys (six months after the program completion).
6. Program evaluation addresses issues of non-compliance, identifies risks, and recommends specific deliverables.
7. The Coordinator manages conflict honestly and directly with grantee. The GAC assists with recommendations to rectify issues of non-compliance.

III. Funding Priorities and Goals

A. Scope

This section identifies priorities that support statewide financial education and consumer credit building activities. With recommendations from the GAC to the Audit Committee, the Finance Commission will select which categories TFEE’s efforts will be focused on prior to the start of a new grant award cycle.

B. Goals

1. Produce and disseminate approved financial education materials at licensed locations.

Identify and support educational programs specific to the subprime demographic, including general information to be made available through state agency partners, financial service providers, trade organizations, and community events.

2. Public awareness campaigns to improve credit profiles and credit scores of Texas consumers.
 - a) Savings campaigns to promote employee incentives.
 - b) Identify outreach opportunities to the unbanked and encourage lending institutions to allow low- to moderate-income citizens to open accounts and waive the required minimum balance and fees.
3. Adult financial education, capability, and consumer counseling programs, including train-the-trainer programs that increase educational awareness for adults.

School and youth-based financial education and capability, including teacher training programs that increase educational awareness for youth.
4. Financial coaching and consumer counseling
 - a) Encourage lending institutions to offer classes on financial education.
 - b) Identify and provide opportunities for individuals to participate in one-on-one financial counseling and coaching programs.

IV. Pre-Award Requirements

A. Organizational Eligibility

Non-profit organizations, governmental organizations, schools, and for-profit entities are eligible to apply for grant funding. Eligibility is not open to financial service providers and entities regulated by the Finance Commission.

B. Program Criteria & Grant Application

1. The TFEE Guidelines and Instructions for application submission will be posted on the TFEE website.
2. ~~Applicants may submit applications via mail, fax, or email. Applications will be accepted via postal mail or digitally, through a secure online portal. Applicants will contact the Grant Coordinator for access to the portal. Documents submitted by email~~ Electronic submissions will receive an automatic date stamp upon receipt; this “digital” date stamp will provide sufficient and accurate evidence of timely submission.
3. Applicant’s program must:
 - a) Align with TFEE goals or strategies
 - b) Demonstrate effective evaluative tools and metrics
 - c) Predict or provide evidence of program impact
 - d) Provide longitudinal evidence of performance and outcomes
 - (1) Demonstrate adequate return-on-investment
 - (2) Document strategic goals

- (3) Demonstrate capacity to collect and report the following data: number of people served, training hours, pre-and-post survey data, demographic information, and sign-in sheets to justify amount of funds requested
 - e) Provide evidence that programming will begin when the grant is awarded
- 4. Applicants must read and follow all application instructions and guidelines. Applications that do not comply with these instructions may be delayed or not accepted for review.

C. Application Submission

- 1. Grant funding cycles commence every two years. Announcements for grant proposals will be made every two years, and selected grantees will be announced shortly thereafter.
- 2. The Coordinator confirms receipt of grant applications by email. Applications will only be accepted on, or prior to the due date. Late or incomplete applications will be rejected.

D. Application Review and Selection Process

- 1. Funding consideration will be given to organizations that promote, provide, or support financial education or financial literacy initiatives. Successful applicants must demonstrate evidence-based programming that increases financial capacity and promotes asset building. Reimbursement allocations are to be funded semi-annually, based on performance and reporting compliance.
- 2. The application review and selection process consist of four steps:
 - a) The Coordinator will collect and review each application for eligibility. Eligible applications will be submitted to the GAC for evaluation.
 - b) The GAC will score each application and recommend programs for funding consideration to the Audit Committee.
 - (1) GAC will determine recommended award amounts based on the applicant's application and demonstration to meet program eligibility criteria.
 - (2) If two or more applicants receive the same score, the GAC will select an applicant using the following criteria: (1) ability to impact the most consumers, (2) stability of the funding structure, and (3) the needs based on the target population.
 - c) The Finance Commission will make the final selections of award recipients and award amounts.
- 3. Upon completion of the competitive application and review process, successful grant applicants will be notified, in writing, no later than December of the ~~grant funding cycle year~~ year before the grant cycle begins.

E. Public Records

Texas Public Information Act: All information, documentation, and other material submitted are subject to public disclosure under the *Texas Public Information Act*.

1. A full list of individuals and organizations selected for an award will be published on the TFEE website.
2. Information may be publicly available and published online (TFEE webpage, OCCC or Finance Commission website).

V. Post Award Requirements

A. Definitions

1. “Grantee” means applicant.
2. “Grantor” means the Finance Commission of Texas and the Texas Financial Education Endowment. The Commission may authorize one or more persons, including the Grant Coordinator, to perform any action that the Commission is authorized to perform as Grantor under the Agreement.

B. Grant Agreements

1. Once a grantee has been selected, and prior to initiating any grant funded activities, grantees and the Finance Commission appointed administrator, usually the OCCC Commissioner or the Commissioner’s designee, must sign the grant agreement.
2. The terms of the Grant will be defined in the Grant Agreement, and terminate either one or two years after the grant has been awarded, unless it is terminated earlier in accordance with another provision.
3. Expenses that were incurred before the beginning or after the termination of the Agreement are not eligible for reimbursement.
4. Grantees are expected to continue to report grant funded activities until the end of the term of the agreement.

C. TFEE’s (Grantor) Obligation

1. Grantor will reimburse Grantee for actual, allowable, and allocable costs incurred by Grantee pursuant to Agreement up to the maximum amount of the grant award.
2. Grantor is not obligated to pay unauthorized costs. Prior written approval from Grantor is required if Grantee anticipates any of the following: (1) altering the scope of the Grant, (2) adding funds to previously unapproved budget categories, (3) changing funds in any awarded budget category by more than 10% of the total amount awarded, or (4) adding new line items to any awarded budget category.
3. Grantor’s maximum liability under the Agreement is the “Amount Awarded.”
4. Reimbursement of awarded funds is not an entitlement or right. Reimbursement depends, among other things, upon strict compliance with all terms, conditions, and provisions of the Grant Agreement.

D. Grantee’s Obligation

1. Grantee may use the Grant only to create, deliver, or expand Grantee’s financial education, literacy, and capability building programs within the State of Texas.

2. Grantee must use the Grant in accordance with all of the following: (1) the terms of Agreement, (2) TFEЕ Grant Administration & Advisory Policy Manual as defined in the application guidelines and instructions, and (3) Grantee's application.
3. Texas Grant Management Standards (TxGMS) provides parameters by which the Coordinator can work to ensure consistency with state practices.
4. Grantee must cooperate fully with Grantor.
5. Grantee must notify Grantor within 30 days of significant changes or events occurring during the term of Agreement that could potentially impact the progress or outcome of the Grant, including, but not limited to, the following changes: (1) Grantee's management personnel, (2) physical or mailing address, (3) loss of funding, and (4) changes to Grantee's status with the Internal Revenue Service.
6. Failure to submit the required 30-day notice of significant change or events will be grounds for termination of the Agreement.
7. The fiscal and programmatic management of the Grantee will include accountability for all funds and materials received from Grantor; compliance with Grantor's rules, policies, and procedures, as well as applicable federal and state laws and regulations; and correction of fiscal and program deficiencies identified through self-evaluation or Grantor's monitoring processes.
8. Grantee must develop, implement, and maintain all of the following: (1) financial management and control systems that include appropriate financial planning, including the development of budgets that adequately reflect all functions and resources necessary to carry out authorized activities and the adequate determination of costs; (2) financial management systems, including accurate and complete payroll, accounting, and financial reporting records; (3) cost source documentation; (4) effective internal and budgetary controls; (5) documentation regarding determination of reasonableness, allocation of costs, and timely and appropriate audits and resolution of any findings; and (6) annual financial statements, including statements of financial position, activities, and cash flows, prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) or other recognized accounting principles.
9. The format for submitting reimbursement requests will be provided in the grant report. Each reimbursement request must contain supporting documentation or back-up documentation for all amounts shown on the request, including receipts for all materials and supplies, all Grantee staff time shown by number of hours worked and hourly rate, and all contractor or sub-contractor services, which can be identifiable to reconcile expenditures.
10. Grantees must comply with all laws, regulations, requirements, and guidelines applicable to a Grantee providing services to the State of Texas, as these laws, regulations, requirements, and guidelines currently exist and as they are amended throughout the term of the Agreement.

11. If a Grantee fails to use grant funds to create, deliver, or expand financial education, literacy, and capability building programs as described in Grantee's application, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
12. If the Texas Comptroller's Office forfeits a Grantee's right to transact business in Texas due to failure to pay a franchise tax or for any other reason, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) suspend the Agreement until Grantee returns to good standing with the Comptroller's Office, or (3) take any other action described in paragraph 5.6 of the Agreement.

E. Grantee's Reporting Requirements

1. As part of a Grantee's proposed application, Grantees will provide the detailed measurable outcomes that Grantee expects to achieve through use of the grant funds during the Term of the Agreement. Grantees must submit to Grantor a report on or before each due date specified, and must use the standard TFEE grant report template. Grantee also agrees to submit a longitudinal report to assess changes in consumer behavior and program impact six months upon program completion.
2. For adult financial education programs, reimbursement reports will be considered incomplete if they do not include participant sign-in sheets and aggregate pre-and-post survey data. Grantee must retain copies of the pre-and-post surveys for a period of three years after the end of the grant cycle.
3. Grantee must provide a written explanation to Grantor for any variances on the periodic reports for any performance by Grantee that varies from projected performance. In addition to the written explanation, Grantee must promptly answer any questions by Grantor, whether in writing or otherwise, in connection with the periodic reports presented to Grantor.
4. If Grantee exhausts all funds prior to the completion of the grant term the Grantee is obligated to continue to track and report grant related activities for the remaining duration of the term outlined in the agreement.
5. If Grantee fails to comply with any of the reporting requirements, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
6. Grantee shall request disbursement of grant funds by submitting a Grant Reimbursement Report to Grantor for work performed on the project. Disbursement is contingent upon approval of the disbursement request by Grantor.

VI. Recordkeeping and Monitoring

A. Duty to Maintain Records

Grantee must maintain adequate records to support its charges, procedures, and performances for all work related to the Agreement. Grantee must also maintain records that are deemed necessary by Grantor, the State Auditor's Office, other auditors of the State of Texas, or any other persons designated by Grantor, to ensure proper accounting for all costs and performances related to the Agreement.

B. Record Retention

For a period of three years after the end of the grant cycle, or until full and final resolution of all audit or litigation matters that arise after the expiration of the term, whichever is later, Grantee must maintain any records that are necessary to fully disclose the extent of services provided under the Agreement, including but not limited to any daily activity reports, time distribution and attendance records, and other records that may show the basis of the charges made or performances delivered.

C. Access by Grantor and State Auditor's Office

1. During the Term and for at least three years thereafter, Grantee must allow Grantor and the State Auditor's Office access to and the right to examine the organization, program, premises, books, accounts, records, files, and other papers or property belonging to or in use by Grantee and pertaining to the Agreement or the use of funds pursuant to the Agreement, in order to ascertain complete compliance with the provisions of the Agreement and with TFEF program guidelines.
2. Grantee must maintain these records at a location that is readily accessible to Grantor.
3. Grantor has the right to make a visual inspection of any assets, goods, or products purchased with Grant funds.

D. Audits or Investigations

Acceptance of grant funds under the Agreement acts as acceptance of the authority of the Grantor to conduct an audit or investigation in connection with grant funds. Grantee further agrees to cooperate fully with the Grantor and the State Auditor's Office, or their successors, in the conduct of any audit or investigation, including providing all records requested. Grantee will ensure that this clause concerning the authority to audit the funds received by Grantee is included in any subcontract it awards.

E. Location

Any audit of records may be conducted at Grantee's principal place of business or a location of Grantee's operations during Grantee's normal business hours.

F. Risk Assessment

The TFEF Risk Assessment is a risk-based monitoring system used to analyze the potential risk levels of TFEF Grantees and establish effective monitoring practices. The Coordinator will perform the risk analysis for each grantee at the beginning of each grant cycle in order to identify potential risk to the grant program. Additionally, the Coordinator may reanalyze grantees after each reporting period to ensure compliance. Monitoring actions

will be taken based on the *low-risk, moderate-risk, or high-risk* assessment provided by the risk assessment.

G. Disallowance of Grant Funds

Grantee will be liable to the Grantor for any costs disallowed as a result of any audit or investigations, and must, upon demand, immediately reimburse the Grantor for disallowed costs.

VII. Use of Grant Funds and Property

A. Allowable Expenditures

1. Grantee may use the grant funds only for allowable expenditures as identified in Grantee's application and authorized pursuant to the Texas Grant Management Standards for the State of Texas, as adopted by the Governor of the State of Texas pursuant to Chapter 783 of the Texas Government Code.
2. Grant funds may not be used for capital expenditures (land or any items over \$5,000).
3. Grantee must produce proof of payment (stamped paid invoices or receipts) of all allowable expenditures.
4. All costs must be directly attributable to the project that is the subject of the Agreement.
5. Grantee may not use grant funds for any of the following: (1) entertainment or alcoholic beverages, (2) to directly fund class action suits, lawsuits against governmental entities, or lobbying for or against any candidate or issue, or (3) to sue or otherwise support a cause of action, claim, or defense against Grantor or the State of Texas.

B. Salaries

Salary costs will be reimbursed for direct program activity. Any salary charged to grant must be accurately recorded. Grantee must submit timesheets with specific duties performed in relation to grant activity in order for salary to be considered for reimbursement. This documentation must be submitted with grant reimbursement report.

C. Consultant Services

1. Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by TFEE grant. Where it is necessary for a grantee to enter into a sub-award for the services of persons who are not its officers or employees, it is expected to do so in accordance with its own written organizational standards.
2. If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual

services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).

3. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered. However, payment for a consultant's services may not exceed more than 30% of actual award.
4. In determining the allowable costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:
 - a) The nature and scope of the service rendered in relation to the service required;
 - b) The necessity of issuing a sub award for the service considering the organization's capability in the particular area;
 - c) The past pattern of such costs, particularly in the years prior to the award of grant;
 - d) The impact of government contracts and grants on the organization's total activity (e.g., what new problems have arisen);
 - e) The service can be performed more economically by employment rather than by consulting;
 - f) The qualifications of the individual or concern rendering the service and the normal/customary fees charged and received by the individual for comparable services;
 - g) The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation and termination provisions); or
 - h) Costs of legal or lobbying services are unallowable in the grant.

D. Allowable Travel Expenditures

1. Travel costs will be reimbursed for certain expenses at the rates authorized by the Agreement and limited by rules and rates promulgated by the Comptroller of Public Accounts.
2. All travel must be performed in conjunction with official TFEE business. It is the responsibility of each grantee to track and submit (with grant reports) the completed mileage log for travel reimbursement. Failure to comply with the travel guidelines will result in delay of payment or rejection of travel reimbursement. When tracking mileage grantees must use the Mileage Log included with the grant report.
3. Grantees should use online mapping tools to compare and compute point-to-point mileage. The allowable reimbursement is determined using the lower of the actual miles driven or the mileage calculated, point to point. The Grantor is not required to reimburse grantees at the maximum rate. The Grantor's maximum mileage reimbursement rate for travel by grantees is in accordance

with the Texas Comptroller of Public Accounts. Mileage to and from ordinary in-town errands will not be reimbursed.

4. Mileage is consistent with state reimbursement rates set by the State Comptroller and is subject to change. Refer to Texas Grant Management Standards (TxGMS) for conditions related to all travel, lodging, and food related reimbursement expenses. Refer to the State Comptroller for specific travel allowances, definitions, and restrictions.
5. Parking is eligible for reimbursement as long as it is incurred for official TFEE business.
6. Grantees are encouraged to compare airline costs and use the lesser amount. To be reimbursed for airline travel a Grantee must submit receipts that contain the following information: grantee (employee) name, airline, cost of airfare, travel dates, destinations, ticket number, and seating class. Grantees must also show proof of payment for airfare.

E. Disbursement of Grant Funds

1. Payments are made on a reimbursement basis after Grantor receives Grantee's Account and Report on Use of Grant Funds including receipts and invoices for all expenditures and accompanying reports.
2. Receipts and invoices must match the funds requested on Grantee's initial budget, unless otherwise approved in writing by the Grantor.
- ~~3. Advance payments that have not been used must be returned to the Grantor within 30 days of termination of grant period.~~

F. Misuse of Grant Funds

1. Grantor may require a refund of grant funds already disbursed to Grantee if one or more of the following events occur: (1) Grant funds are misused, (2) Grant funds are used in an illegal manner, (3) Grant funds are used for non-allowable expenses, (4) Grantee violates the terms or conditions of the Agreement, or (5) Grantor discovers that Grantee made any misrepresentations to Grantor in obtaining the Grant.
2. This provision is not exclusive of other grounds for withholding or refunding of funds or any other remedy, civil or criminal, which may be available to Grantor.

G. Use of Property

During the Term of Agreement, any property acquired with grant funds must be used in accordance with the Agreement, to accomplish the purposes of the grant and the program.

H. Records of Property

Grantee must maintain appropriate records of goods or property purchased with grant funds and must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of these goods or property.

I. Purchase of Equipment; Title Upon Termination

1. Grantee may not give any security interest, lien or otherwise encumber any item of equipment purchased with funds.
2. Grantee must permanently identify all equipment purchased under this contract by appropriate tags or labels affixed to the equipment.
3. Grantee must maintain a current inventory of all equipment or assets, which is available to Grantor at all times upon request. Grantee must administer a program of maintenance, repair, and protection of equipment or assets under this contract so as to ensure the full availability and usefulness of the equipment or assets.
4. If Grantee is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the assets provided under this contract, it must use the proceeds to repair or replace these equipment or assets. To the extent that Grantor reimburses Grantee for its purchase of equipment and supplies with funds from this contract. Upon termination of the contract, title to or ownership of all purchased equipment and supplies, at the sole option of Grantor, will remain with Grantor.

J. Intellectual Property

1. Where funds obtained under the Agreement may be used to produce original books, manuals, films, or other original material and intellectual property, Grantee may copyright such material subject to the royalty-free, non-exclusive, and irrevocable license that is reserved by Grantor.
2. Grantor has the unrestricted right to use, copy, modify, prepare derivative works, publish, and distribute, at no additional cost to Grantor, in any manner that Grantor deems appropriate at its sole discretion, any component of intellectual property which is the property of the grant project.

VIII. Grant Agreement Termination

A. Termination for Convenience

1. The Grantor or Grantee may terminate an Agreement before the end of the Term, without cause, by delivering a written notice of termination to the other party at least 30 days before the termination.
2. Early termination of an Agreement will not relieve Grantee from reporting requirements, recordkeeping requirements, or liability to refund Grant funds in the event of misuse.
3. If Grantee terminates the agreement after receiving reimbursements in an amount that exceeds a pro rata portion of the total awarded amount over the elapsed Term of the Agreement, then Grantee must refund the portion of the reimbursement that exceeds the pro rata portion of the total awarded amount.

B. Termination for Cause

In the event that Grantee fails to perform or comply with an obligation of the terms, conditions, and provisions of the Agreement, Grantor may, upon written notice of the breach to Grantee, immediately terminate all or any part of the Agreement.

C. No Reimbursement Upon Termination

1. In the event of termination of the Agreement, Grantor will make no further disbursement of grant funds to Grantee beyond those already approved at the time of termination, and Grantee specifically waives all rights to any of these funds.
2. Grantee must refund the Grantor any unused funds at the time of termination.

IX. Dispute Resolution

A. Mediation; Noncompliance Actions

1. To the extent authorized by law, Grantor and Grantee may use a dispute resolution process before pursuing termination or litigation.
2. Grantor and Grantee may sign an amended Grant Agreement or Noncompliance Action Plan agreeing to the amended terms.
3. The Noncompliance Action Plan may include increased communications between Grantor and Grantee, site visits, audits, and additional reports.
4. The dispute may be mediated by a mutually acceptable third party.
5. If mediation occurs, Grantor and Grantee will pay all costs of any mediation equally.
6. Grantor's participation in any mediation or nonbinding dispute resolution process will not be construed as a waiver by Grantor of any of the following: (1) any rights, privileges, defenses, remedies, or immunities available to Grantor as an agency of the State of Texas or otherwise available to Grantor, (2) Grantor's termination rights, or (3) other termination provisions or expiration dates of the Agreement.

Appendices

1. Grant Program Guidelines & Instructions
2. Grant Application & Eligibility Checklist
3. TFEF Scoring Rubric
4. Grant Agreement



Grant Administration
&
Advisory Policy Manual

Revised: 6/16/2023

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I. Purpose

The purpose of this document is to establish a guide for the administration of the Texas Financial Education Endowment (TFEE) grant program. This manual lays out the parameters for executing the administrative and management components of the TFEE.

A. Background

The Texas Financial Education Endowment Fund was established as an endowment by 82nd Legislature of the State of Texas. The Finance Commission established an investment policy to govern the endowment. The endowment is funded by dedicated assessments from credit access businesses. The endowment is designed to provide permanent sources of funding dedicated to financial education from earnings.

Under the terms of the enabling legislation and this policy funds are held in a permanent endowment account entitled the Texas Financial Education Endowment Fund. Funds distributed from the endowment shall only be used to support grants to organizations that provide financial education and capability in accordance with the Policies and Rules of the Finance Commission.

The policy of the Finance Commission is to invest funds in compliance with the following priorities:

- Preservation of principal;
- Maintenance of liquidity as appropriate to the identified need; and,
- Procurement of an appropriate yield;
- Diversification of investment portfolio; and
- Marketability of the investment if the need arises to liquidate the investment before maturity.

All investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.

Investment strategies for the different funds held will consider the appropriate mix of investments to the extent that diversification of investment types and maturities assist in the achievement of the above-named priorities.

B. Administration, Investment, Payout, and Reinvestment

Funds of the endowment shall be subject to the provisions of the investment policy. If in the opinion of the Finance Commission, future circumstances change so that the purposes for which the endowment was established become illegal, impracticable, or no longer able to be carried out, the Finance Commission may designate an alternative use for the

endowment payout in accordance with applicable state law to further the objective of the Finance Commission in the spirit of the original purpose.

In connection with administration and management of the endowment funds, the Finance Commission or the Office of Consumer Credit Commissioner may charge certain expenses against the endowment funds for administration, management, and similar charges. Assets in the fund are restricted until authorized for payout by the Finance Commission. Funds distributed from the endowment in a year may be retained and expended for the purposes of the endowment in subsequent years, or may be reinvested, at the discretion of the Finance Commission, as a permanent addition to the principal of the endowment.

C. Roles and Responsibilities

1. Finance Commission (FC)
 - a) Determines the total fund amount before the start of the selection process.
 - b) Allocates endowment funds to the TFEE Grant Program each award cycle.
 - c) Reviews and approves recommendations from the Audit Committee regarding program improvements.
 - d) Develops program objectives, and identifies methods to support statewide financial education and consumer credit building activities.
 - e) Determines the final selection of grant award recipients and award amounts. The FC will award grant funds to organizations based on recommendations from the Audit Committee. The FC will approve fund allocations and amendments. The FC may request presentations from the organizations selected for final review.
2. Audit Committee (AC)
 - a) Proposes program amendments to the Finance Commission and oversees the development of the grant program.
 - b) Provides grant-funding recommendations to the FC.
3. Grant Advisory Committee (GAC)
 - a) The GAC serves in an advisory role to the Grant Coordinator (Coordinator). The GAC: recommends program improvements to the Coordinator and Audit Committee; evaluates grant proposals; and advises on the development of the grant program.
 - b) The Grant Advisory Committee shall be comprised of six members. Two Finance Commission members shall be appointed by the Finance Commission Chair. Four non-Finance Commission members shall be approved by the Finance Commission.
 - c) Prospective non-Finance Commission GAC members are recommended to the Audit Committee before presentation to the Finance Commission.

- d) Each Grant Advisory Committee Member will be appointed for a specific term. Finance Commission members shall serve at the pleasure of the Finance Commission Chair. The four non-Finance Commission members shall serve four-year terms that correspond with grant cycles. Members will serve staggered terms to balance continuity with new perspective. GAC Members may be reappointed with approval from the Finance Commission to serve more than a four-year term. GAC members take office immediately following their appointment. In the event a GAC member is not able to complete their term, a replacement will be appointed.
- e) In the event of a GAC vacancy due to a regularly expired term, the Finance Commission shall appoint new members to coincide with the beginning of the next grant cycle. In the event a GAC vacancy occurs during an unexpired term, the Finance Commission may appoint a new GAC member.
- f) The GAC aims to include members with varied experience in financial education or grant administration. The list below is not all-inclusive and the FC reserves the right to include other appropriate backgrounds with the exception of the Credit Access Business representative.
 - (1) Financial Education Consultant – informs the group of existing programs and advocates for the needs of the financial education community.
 - (2) Educational Consultant – understands best practices for impacting education for both youth and adults. Assesses the program proposals for effective measures of knowledge gained. Has knowledge of financial education curriculum standards (Texas Essential Knowledge & Skills “TEKS”) and helps ensure that funding school-based financial education programs cover requirements consistent with Texas Education Agency standards.
 - (3) Finance Commission Representative(s) – Ensure TFEE objectives and goals align with Finance Commission intentions. Evaluate proposed program and business structure.
 - (4) Department of Savings & Mortgage Lending (SML) Representative – Recommended by the SML to advocate for programs focused on asset building, affordable housing and preparation for home ownership.
 - (5) Grant Administrator - Objectively assesses, evaluates, and makes recommendations regarding the grant administration process.
 - (6) Consumer Advocate – Advocates for consumers based on community engagement and needs assessment.
 - (7) Credit Access Business (CAB) industry representative – Serves as a stakeholder for the CAB industry and assists in funding decisions.
- g) The GAC meets during the grant-funding cycle for the following purposes:

- (1) Provide consultation and technical assistance to the Grant Coordinator (Coordinator)
 - (2) Assist with major project management decisions associated with awarded grants, including:
 - (a) Evaluating grant applications and providing recommendations to the Audit Committee
 - (b) Monitoring grantee project's unspent funds and associated funding
 - (c) Offering input, interviewing, and recommending new GAC members to Audit Committee
 - (3) The GAC makes recommendations to the Audit Committee for consideration of specific award allocations, termination of grant agreements for noncompliance, and amendments to program policies and procedures.
4. Office of Consumer Credit Commissioner (OCCC)
- a) OCCC is responsible for:
 - (1) Collecting assessment fees, the endowment fund, and maintaining reconciliation of funds;
 - (2) Maintaining financial records of revenue and expenditures;
 - (3) Serving as investment officer and maintaining compliance with the investment policy in accordance with state of Texas regulations;
 - (4) Disbursing and tracking funds; and
 - (5) Grant coordination oversight.
5. Grant Coordinator (Coordinator)
- The Coordinator works under the direction and oversight of the OCCC Commissioner or the Commissioner's designee. The Coordinator makes presentations to the GAC and the Finance Commission regarding grant activity and serves as the liaison between grantees and the GAC.
- a) The Coordinator is responsible for monitoring the following regarding program development:
 - (1) Program objectives and goals;
 - (2) Grant administration and oversight practices; and
 - (3) Recommendations for program needs to the GAC and FC.
 - b) The Coordinator is responsible for ensuring and developing procedures to provide evidence of timely submission for required documents, including, but not limited to, applications and grant reports.
 - c) The Coordinator maintains the electronic records of all documentation submitted by grantees regardless of the delivery method. Hard copy submissions of applications, reports, and other documentation will receive a date stamp prior to being scanned and saved electronically.

- d) The Coordinator will recommend policy and procedure amendments in order to ensure successful and effective implementation of the grant program. The Coordinator will advise and assist in the maintenance of the following:
 - (1) Track, evaluate and monitor progress at each phase of the grant cycle;
 - (2) Revise official grant documentation, policies and procedures;
 - (3) Coordinate systems for tracking grant applications, awards, and major project management decisions associated with awarded grants;
 - (4) Adhere to processes for dispute resolution with grantees;
 - (5) Implement awarded grant funds according to terms and conditions of program policy;
 - (6) Maintain established operations and system to ensure objectives and goals are being met; and
 - (7) Monitor GAC process and procedures.
- e) As the liaison for the GAC, the Coordinator will monitor the need for and composition of members to the GAC. Should a vacancy need to be filled during a grant cycle, the Coordinator will work to identify suitable candidates. The Coordinator will make the recommendation to the GAC to recommend a new member to the Finance Commission.
- f) Publicizing and promoting TFEE grant application opportunities.

D. Conflict of Interest

- 1. A GAC member may not derive any personal profit or gain, directly or indirectly, by participating with the Texas Financial Education Endowment.
- 2. Each GAC member must sign a Conflict of Interest form prior to participating in the grantee selection process.
- 3. Each GAC member must disclose to the Coordinator any personal or professional interests that may pose a potential conflict and shall refrain from participation in any discussion related to the conflict of interest or funding decisions.
- 4. Each GAC member must refrain from obtaining applicant information for personal or private solicitation purposes at any time during the term of their affiliation with TFEE.

E. TFEE Funds Oversight

- 1. TFEE funds are used to support the goals and strategies for the TFEE set by the Finance Commission. The priorities of the endowment for the early funding cycles focus on school and youth based financial literacy, financial capability programs, as well as financial coaching and consumer counseling initiatives. Prohibited and permissible uses of grant funds are defined in the grant agreement.
- 2. The OCCC Commissioner, Audit Committee, or Finance Commission may request an internal or external audit to examine compliance and when deemed necessary.

3. Reimbursement requests will be executed pursuant to the grant agreement and are based upon satisfactory compliance and performance outcomes.

F. Maximum Grant Awards

1. The total estimated program funding fluctuates based on endowment fund contributions, distributions, and performance. The aggregate award amount is determined by the Finance Commission prior to each grant cycle.
2. The current maximum grant award per organization is \$45,000 for a one-year term and \$90,000 for a two-year term. Maximum grant awards are subject to change.

II. Process Overview

A. Intention

The TFEF fund may have one competitive grant cycle every two years. Announcements for grant proposals will be made in the summer, with submissions due in the fall of every odd number year.

B. Stage 1 – Administration

Grant Coordinator is responsible for the following:

1. Refines, revises and makes policy recommendations based on observed program needs.
2. Develops allocations and administrative processes.
3. Revises grantee applications, grant agreements, grant reports, and evaluation and tracking tools.
4. Create timeline for grant cycle.
5. Identify and invite qualified professionals to serve on GAC (should existing member(s) need to be replaced).
6. Publicize opportunities with a goal to increase the number of applicants each grant cycle.

C. Stage 2 – Policy Development and Implementation

1. The GAC advises on, oversees and approves program development.
2. The GAC makes recommendations to the Audit Committee to approve program development. The Audit Committee makes recommendations for the Finance Commission to approve program modifications.
3. Upon Finance Commission approval, the Coordinator ensures all administrative and grantee documentation are in place for grant announcement, such as applications, webinars, grant reports, grant agreements, and policies and procedures.
4. The Coordinator updates TFEF web page with program information and materials.

D. Stage 3 – Grantee Selection

1. The Coordinator receives and prepares applications for first phase of screening: confirms eligibility, ensures applications are complete and have been timely submitted, logs applicant information, and submits to the GAC for evaluation.
2. The GAC will score applications and provide recommendations to Audit Committee upon review of the TFEE budget, grant structure, number of awards and amounts to be funded, method of funding, and reporting requirements.
3. The Audit Committee makes recommendations to the Finance Commission based on the information presented by the GAC.
4. The Finance Commission reviews recommendations from the Audit Committee and selects award recipients.
5. After selections have been made, each applicant will be sent an award letter or letter of regret. Additionally, grant recipients will be provided (2) Grant Agreements for review and signature. Grant agreements must be fully executed by the OCCC Commissioner, or designee, and the grantee, before grant activities can commence.

E. Stage 4 – Manage Grant and Measure Progress

1. In collaboration with the GAC, the Coordinator will develop a strategy for ongoing grant management and ensure timely report submission.
2. Funding is dependent on program impact and compliance.
3. The Grantee is responsible for tracking and reporting program progress, as well as assessing and communicating program success, challenges, and impact.
4. The Coordinator provides technical assistance to grantees and offers opportunities for regular consultation.
5. The Grantees submit a final report summarizing the impact, results, and consumer follow-up surveys (six months after the program completion).
6. Program evaluation addresses issues of non-compliance, identifies risks, and recommends specific deliverables.
7. The Coordinator manages conflict honestly and directly with grantee. The GAC assists with recommendations to rectify issues of non-compliance.

III. Funding Priorities and Goals

A. Scope

This section identifies priorities that support statewide financial education and consumer credit building activities. With recommendations from the GAC to the Audit Committee, the Finance Commission will select which categories TFEE's efforts will be focused on prior to the start of a new grant award cycle.

B. Goals

1. Produce and disseminate approved financial education materials at licensed locations.

Identify and support educational programs specific to the subprime demographic, including general information to be made available through state agency partners, financial service providers, trade organizations, and community events.

2. Public awareness campaigns to improve credit profiles and credit scores of Texas consumers.
 - a) Savings campaigns to promote employee incentives.
 - b) Identify outreach opportunities to the unbanked and encourage lending institutions to allow low- to moderate-income citizens to open accounts and waive the required minimum balance and fees.
3. Adult financial education, capability, and consumer counseling programs, including train-the-trainer programs that increase educational awareness for adults.

School and youth-based financial education and capability, including teacher training programs that increase educational awareness for youth.
4. Financial coaching and consumer counseling
 - a) Encourage lending institutions to offer classes on financial education.
 - b) Identify and provide opportunities for individuals to participate in one-on-one financial counseling and coaching programs.

IV. Pre-Award Requirements

A. Organizational Eligibility

Non-profit organizations, governmental organizations, schools, and for-profit entities are eligible to apply for grant funding. Eligibility is not open to financial service providers and entities regulated by the Finance Commission.

B. Program Criteria & Grant Application

1. The TFEE Guidelines and Instructions for application submission will be posted on the TFEE website.
2. Applications will be accepted via postal mail or digitally, through a secure online portal. Applicants will contact the Grant Coordinator for access to the portal. Electronic submissions will receive an automatic date stamp upon receipt; this “digital” date stamp will provide sufficient and accurate evidence of timely submission.
3. Applicant’s program must:
 - a) Align with TFEE goals or strategies
 - b) Demonstrate effective evaluative tools and metrics
 - c) Predict or provide evidence of program impact
 - d) Provide longitudinal evidence of performance and outcomes
 - (1) Demonstrate adequate return-on-investment
 - (2) Document strategic goals

- (3) Demonstrate capacity to collect and report the following data: number of people served, training hours, pre-and-post survey data, demographic information, and sign-in sheets to justify amount of funds requested
 - e) Provide evidence that programming will begin when the grant is awarded
4. Applicants must read and follow all application instructions and guidelines. Applications that do not comply with these instructions may be delayed or not accepted for review.

C. Application Submission

1. Grant funding cycles commence every two years. Announcements for grant proposals will be made every two years, and selected grantees will be announced shortly thereafter.
2. The Coordinator confirms receipt of grant applications by email. Applications will only be accepted on, or prior to the due date. Late or incomplete applications will be rejected.

D. Application Review and Selection Process

1. Funding consideration will be given to organizations that promote, provide, or support financial education or financial literacy initiatives. Successful applicants must demonstrate evidence-based programming that increases financial capacity and promotes asset building. Reimbursement allocations are to be funded semi-annually, based on performance and reporting compliance.
2. The application review and selection process consist of four steps:
 - a) The Coordinator will collect and review each application for eligibility. Eligible applications will be submitted to the GAC for evaluation.
 - b) The GAC will score each application and recommend programs for funding consideration to the Audit Committee.
 - (1) GAC will determine recommended award amounts based on the applicant's application and demonstration to meet program eligibility criteria.
 - (2) If two or more applicants receive the same score, the GAC will select an applicant using the following criteria: (1) ability to impact the most consumers, (2) stability of the funding structure, and (3) the needs based on the target population.
 - c) The Finance Commission will make the final selections of award recipients and award amounts.
3. Upon completion of the competitive application and review process, successful grant applicants will be notified, in writing, no later than December of the year before the grant cycle begins.

E. Public Records

Texas Public Information Act: All information, documentation, and other material submitted are subject to public disclosure under the *Texas Public Information Act*.

1. A full list of individuals and organizations selected for an award will be published on the TFEЕ website.
2. Information may be publicly available and published online (TFEE webpage, OCCC or Finance Commission website).

V. Post Award Requirements

A. Definitions

1. “Grantee” means applicant.
2. “Grantor” means the Finance Commission of Texas and the Texas Financial Education Endowment. The Commission may authorize one or more persons, including the Grant Coordinator, to perform any action that the Commission is authorized to perform as Grantor under the Agreement.

B. Grant Agreements

1. Once a grantee has been selected, and prior to initiating any grant funded activities, grantees and the Finance Commission appointed administrator, usually the OCCC Commissioner or the Commissioner’s designee, must sign the grant agreement.
2. The terms of the Grant will be defined in the Grant Agreement, and terminate either one or two years after the grant has been awarded, unless it is terminated earlier in accordance with another provision.
3. Expenses that were incurred before the beginning or after the termination of the Agreement are not eligible for reimbursement.
4. Grantees are expected to continue to report grant funded activities until the end of the term of the agreement.

C. TFEЕ’s (Grantor) Obligation

1. Grantor will reimburse Grantee for actual, allowable, and allocable costs incurred by Grantee pursuant to Agreement up to the maximum amount of the grant award.
2. Grantor is not obligated to pay unauthorized costs. Prior written approval from Grantor is required if Grantee anticipates any of the following: (1) altering the scope of the Grant, (2) adding funds to previously unapproved budget categories, (3) changing funds in any awarded budget category by more than 10% of the total amount awarded, or (4) adding new line items to any awarded budget category.
3. Grantor’s maximum liability under the Agreement is the “Amount Awarded.”
4. Reimbursement of awarded funds is not an entitlement or right. Reimbursement depends, among other things, upon strict compliance with all terms, conditions, and provisions of the Grant Agreement.

D. Grantee’s Obligation

1. Grantee may use the Grant only to create, deliver, or expand Grantee’s financial education, literacy, and capability building programs within the State of Texas.

2. Grantee must use the Grant in accordance with all of the following: (1) the terms of Agreement, (2) TFEЕ Grant Administration & Advisory Policy Manual as defined in the application guidelines and instructions, and (3) Grantee's application.
3. Texas Grant Management Standards (TxGMS) provides parameters by which the Coordinator can work to ensure consistency with state practices.
4. Grantee must cooperate fully with Grantor.
5. Grantee must notify Grantor within 30 days of significant changes or events occurring during the term of Agreement that could potentially impact the progress or outcome of the Grant, including, but not limited to, the following changes: (1) Grantee's management personnel, (2) physical or mailing address, (3) loss of funding, and (4) changes to Grantee's status with the Internal Revenue Service.
6. Failure to submit the required 30-day notice of significant change or events will be grounds for termination of the Agreement.
7. The fiscal and programmatic management of the Grantee will include accountability for all funds and materials received from Grantor; compliance with Grantor's rules, policies, and procedures, as well as applicable federal and state laws and regulations; and correction of fiscal and program deficiencies identified through self-evaluation or Grantor's monitoring processes.
8. Grantee must develop, implement, and maintain all of the following: (1) financial management and control systems that include appropriate financial planning, including the development of budgets that adequately reflect all functions and resources necessary to carry out authorized activities and the adequate determination of costs; (2) financial management systems, including accurate and complete payroll, accounting, and financial reporting records; (3) cost source documentation; (4) effective internal and budgetary controls; (5) documentation regarding determination of reasonableness, allocation of costs, and timely and appropriate audits and resolution of any findings; and (6) annual financial statements, including statements of financial position, activities, and cash flows, prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) or other recognized accounting principles.
9. The format for submitting reimbursement requests will be provided in the grant report. Each reimbursement request must contain supporting documentation or back-up documentation for all amounts shown on the request, including receipts for all materials and supplies, all Grantee staff time shown by number of hours worked and hourly rate, and all contractor or sub-contractor services, which can be identifiable to reconcile expenditures.
10. Grantees must comply with all laws, regulations, requirements, and guidelines applicable to a Grantee providing services to the State of Texas, as these laws, regulations, requirements, and guidelines currently exist and as they are amended throughout the term of the Agreement.

11. If a Grantee fails to use grant funds to create, deliver, or expand financial education, literacy, and capability building programs as described in Grantee's application, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
12. If the Texas Comptroller's Office forfeits a Grantee's right to transact business in Texas due to failure to pay a franchise tax or for any other reason, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) suspend the Agreement until Grantee returns to good standing with the Comptroller's Office, or (3) take any other action described in paragraph 5.6 of the Agreement.

E. Grantee's Reporting Requirements

1. As part of a Grantee's proposed application, Grantees will provide the detailed measurable outcomes that Grantee expects to achieve through use of the grant funds during the Term of the Agreement. Grantees must submit to Grantor a report on or before each due date specified, and must use the standard TFEE grant report template. Grantee also agrees to submit a longitudinal report to assess changes in consumer behavior and program impact six months upon program completion.
2. For adult financial education programs, reimbursement reports will be considered incomplete if they do not include participant sign-in sheets and aggregate pre-and-post survey data. Grantee must retain copies of the pre-and-post surveys for a period of three years after the end of the grant cycle.
3. Grantee must provide a written explanation to Grantor for any variances on the periodic reports for any performance by Grantee that varies from projected performance. In addition to the written explanation, Grantee must promptly answer any questions by Grantor, whether in writing or otherwise, in connection with the periodic reports presented to Grantor.
4. If Grantee exhausts all funds prior to the completion of the grant term the Grantee is obligated to continue to track and report grant related activities for the remaining duration of the term outlined in the agreement.
5. If Grantee fails to comply with any of the reporting requirements, then Grantor may do one or more of the following: (1) terminate the Agreement, (2) withhold the grant funds, (3) require that Grantee refund grant funds received, (4) submit an amended report to the Coordinator, and (5) determine that Grantee is ineligible for future TFEE funds.
6. Grantee shall request disbursement of grant funds by submitting a Grant Reimbursement Report to Grantor for work performed on the project. Disbursement is contingent upon approval of the disbursement request by Grantor.

VI. Recordkeeping and Monitoring

A. Duty to Maintain Records

Grantee must maintain adequate records to support its charges, procedures, and performances for all work related to the Agreement. Grantee must also maintain records that are deemed necessary by Grantor, the State Auditor's Office, other auditors of the State of Texas, or any other persons designated by Grantor, to ensure proper accounting for all costs and performances related to the Agreement.

B. Record Retention

For a period of three years after the end of the grant cycle, or until full and final resolution of all audit or litigation matters that arise after the expiration of the term, whichever is later, Grantee must maintain any records that are necessary to fully disclose the extent of services provided under the Agreement, including but not limited to any daily activity reports, time distribution and attendance records, and other records that may show the basis of the charges made or performances delivered.

C. Access by Grantor and State Auditor's Office

1. During the Term and for at least three years thereafter, Grantee must allow Grantor and the State Auditor's Office access to and the right to examine the organization, program, premises, books, accounts, records, files, and other papers or property belonging to or in use by Grantee and pertaining to the Agreement or the use of funds pursuant to the Agreement, in order to ascertain complete compliance with the provisions of the Agreement and with TFEF program guidelines.
2. Grantee must maintain these records at a location that is readily accessible to Grantor.
3. Grantor has the right to make a visual inspection of any assets, goods, or products purchased with Grant funds.

D. Audits or Investigations

Acceptance of grant funds under the Agreement acts as acceptance of the authority of the Grantor to conduct an audit or investigation in connection with grant funds. Grantee further agrees to cooperate fully with the Grantor and the State Auditor's Office, or their successors, in the conduct of any audit or investigation, including providing all records requested. Grantee will ensure that this clause concerning the authority to audit the funds received by Grantee is included in any subcontract it awards.

E. Location

Any audit of records may be conducted at Grantee's principal place of business or a location of Grantee's operations during Grantee's normal business hours.

F. Risk Assessment

The TFEF Risk Assessment is a risk-based monitoring system used to analyze the potential risk levels of TFEF Grantees and establish effective monitoring practices. The Coordinator will perform the risk analysis for each grantee at the beginning of each grant cycle in order to identify potential risk to the grant program. Additionally, the Coordinator may reanalyze grantees after each reporting period to ensure compliance. Monitoring actions

will be taken based on the *low-risk, moderate-risk, or high-risk* assessment provided by the risk assessment.

G. Disallowance of Grant Funds

Grantee will be liable to the Grantor for any costs disallowed as a result of any audit or investigations, and must, upon demand, immediately reimburse the Grantor for disallowed costs.

VII. Use of Grant Funds and Property

A. Allowable Expenditures

1. Grantee may use the grant funds only for allowable expenditures as identified in Grantee's application and authorized pursuant to the Texas Grant Management Standards for the State of Texas, as adopted by the Governor of the State of Texas pursuant to Chapter 783 of the Texas Government Code.
2. Grant funds may not be used for capital expenditures (land or any items over \$5,000).
3. Grantee must produce proof of payment (stamped paid invoices or receipts) of all allowable expenditures.
4. All costs must be directly attributable to the project that is the subject of the Agreement.
5. Grantee may not use grant funds for any of the following: (1) entertainment or alcoholic beverages, (2) to directly fund class action suits, lawsuits against governmental entities, or lobbying for or against any candidate or issue, or (3) to sue or otherwise support a cause of action, claim, or defense against Grantor or the State of Texas.

B. Salaries

Salary costs will be reimbursed for direct program activity. Any salary charged to grant must be accurately recorded. Grantee must submit timesheets with specific duties performed in relation to grant activity in order for salary to be considered for reimbursement. This documentation must be submitted with grant reimbursement report.

C. Consultant Services

1. Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by TFEE grant. Where it is necessary for a grantee to enter into a sub-award for the services of persons who are not its officers or employees, it is expected to do so in accordance with its own written organizational standards.
2. If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual

services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).

3. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered. However, payment for a consultant's services may not exceed more than 30% of actual award.
4. In determining the allowable costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:
 - a) The nature and scope of the service rendered in relation to the service required;
 - b) The necessity of issuing a sub award for the service considering the organization's capability in the particular area;
 - c) The past pattern of such costs, particularly in the years prior to the award of grant;
 - d) The impact of government contracts and grants on the organization's total activity (e.g., what new problems have arisen);
 - e) The service can be performed more economically by employment rather than by consulting;
 - f) The qualifications of the individual or concern rendering the service and the normal/customary fees charged and received by the individual for comparable services;
 - g) The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation and termination provisions); or
 - h) Costs of legal or lobbying services are unallowable in the grant.

D. Allowable Travel Expenditures

1. Travel costs will be reimbursed for certain expenses at the rates authorized by the Agreement and limited by rules and rates promulgated by the Comptroller of Public Accounts.
2. All travel must be performed in conjunction with official TFEE business. It is the responsibility of each grantee to track and submit (with grant reports) the completed mileage log for travel reimbursement. Failure to comply with the travel guidelines will result in delay of payment or rejection of travel reimbursement. When tracking mileage grantees must use the Mileage Log included with the grant report.
3. Grantees should use online mapping tools to compare and compute point-to-point mileage. The allowable reimbursement is determined using the lower of the actual miles driven or the mileage calculated, point to point. The Grantor is not required to reimburse grantees at the maximum rate. The Grantor's maximum mileage reimbursement rate for travel by grantees is in accordance

with the Texas Comptroller of Public Accounts. Mileage to and from ordinary in-town errands will not be reimbursed.

4. Mileage is consistent with state reimbursement rates set by the State Comptroller and is subject to change. Refer to Texas Grant Management Standards (TxGMS) for conditions related to all travel, lodging, and food related reimbursement expenses. Refer to the State Comptroller for specific travel allowances, definitions, and restrictions.
5. Parking is eligible for reimbursement as long as it is incurred for official TFEE business.
6. Grantees are encouraged to compare airline costs and use the lesser amount. To be reimbursed for airline travel a Grantee must submit receipts that contain the following information: grantee (employee) name, airline, cost of airfare, travel dates, destinations, ticket number, and seating class. Grantees must also show proof of payment for airfare.

E. Disbursement of Grant Funds

1. Payments are made on a reimbursement basis after Grantor receives Grantee's Account and Report on Use of Grant Funds including receipts and invoices for all expenditures and accompanying reports.
2. Receipts and invoices must match the funds requested on Grantee's initial budget, unless otherwise approved in writing by the Grantor.

F. Misuse of Grant Funds

1. Grantor may require a refund of grant funds already disbursed to Grantee if one or more of the following events occur: (1) Grant funds are misused, (2) Grant funds are used in an illegal manner, (3) Grant funds are used for non-allowable expenses, (4) Grantee violates the terms or conditions of the Agreement, or (5) Grantor discovers that Grantee made any misrepresentations to Grantor in obtaining the Grant.
2. This provision is not exclusive of other grounds for withholding or refunding of funds or any other remedy, civil or criminal, which may be available to Grantor.

G. Use of Property

During the Term of Agreement, any property acquired with grant funds must be used in accordance with the Agreement, to accomplish the purposes of the grant and the program.

H. Records of Property

Grantee must maintain appropriate records of goods or property purchased with grant funds and must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of these goods or property.

I. Purchase of Equipment; Title Upon Termination

1. Grantee may not give any security interest, lien or otherwise encumber any item of equipment purchased with funds.

2. Grantee must permanently identify all equipment purchased under this contract by appropriate tags or labels affixed to the equipment.
3. Grantee must maintain a current inventory of all equipment or assets, which is available to Grantor at all times upon request. Grantee must administer a program of maintenance, repair, and protection of equipment or assets under this contract so as to ensure the full availability and usefulness of the equipment or assets.
4. If Grantee is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the assets provided under this contract, it must use the proceeds to repair or replace these equipment or assets. To the extent that Grantor reimburses Grantee for its purchase of equipment and supplies with funds from this contract. Upon termination of the contract, title to or ownership of all purchased equipment and supplies, at the sole option of Grantor, will remain with Grantor.

J. Intellectual Property

1. Where funds obtained under the Agreement may be used to produce original books, manuals, films, or other original material and intellectual property, Grantee may copyright such material subject to the royalty-free, non-exclusive, and irrevocable license that is reserved by Grantor.
2. Grantor has the unrestricted right to use, copy, modify, prepare derivative works, publish, and distribute, at no additional cost to Grantor, in any manner that Grantor deems appropriate at its sole discretion, any component of intellectual property which is the property of the grant project.

VIII. Grant Agreement Termination

A. Termination for Convenience

1. The Grantor or Grantee may terminate an Agreement before the end of the Term, without cause, by delivering a written notice of termination to the other party at least 30 days before the termination.
2. Early termination of an Agreement will not relieve Grantee from reporting requirements, recordkeeping requirements, or liability to refund Grant funds in the event of misuse.
3. If Grantee terminates the agreement after receiving reimbursements in an amount that exceeds a pro rata portion of the total awarded amount over the elapsed Term of the Agreement, then Grantee must refund the portion of the reimbursement that exceeds the pro rata portion of the total awarded amount.

B. Termination for Cause

In the event that Grantee fails to perform or comply with an obligation of the terms, conditions, and provisions of the Agreement, Grantor may, upon written notice of the breach to Grantee, immediately terminate all or any part of the Agreement.

C. No Reimbursement Upon Termination

1. In the event of termination of the Agreement, Grantor will make no further disbursement of grant funds to Grantee beyond those already approved at the time of termination, and Grantee specifically waives all rights to any of these funds.
2. Grantee must refund the Grantor any unused funds at the time of termination.

IX. Dispute Resolution

A. Mediation; Noncompliance Actions

1. To the extent authorized by law, Grantor and Grantee may use a dispute resolution process before pursuing termination or litigation.
2. Grantor and Grantee may sign an amended Grant Agreement or Noncompliance Action Plan agreeing to the amended terms.
3. The Noncompliance Action Plan may include increased communications between Grantor and Grantee, site visits, audits, and additional reports.
4. The dispute may be mediated by a mutually acceptable third party.
5. If mediation occurs, Grantor and Grantee will pay all costs of any mediation equally.
6. Grantor's participation in any mediation or nonbinding dispute resolution process will not be construed as a waiver by Grantor of any of the following: (1) any rights, privileges, defenses, remedies, or immunities available to Grantor as an agency of the State of Texas or otherwise available to Grantor, (2) Grantor's termination rights, or (3) other termination provisions or expiration dates of the Agreement.

Appendices

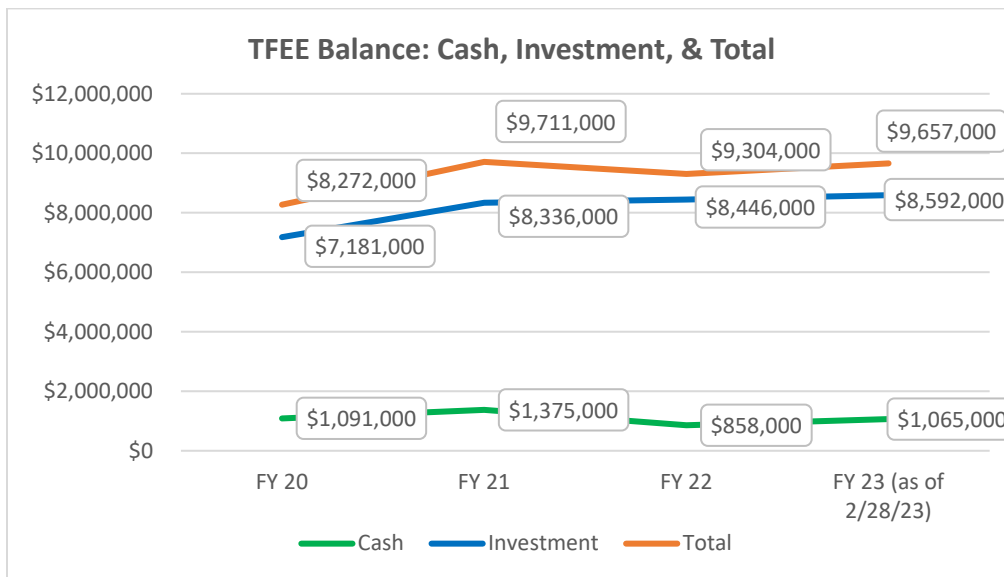
1. Grant Program Guidelines & Instructions
2. Grant Application & Eligibility Checklist
3. TFEE Scoring Rubric
4. Grant Agreement



Texas Financial Education Endowment (TFEE)

G. DISCUSSION OF AND POSSIBLE VOTE TO RECOMMEND THAT THE FINANCE COMMISSION TAKE ACTION TO APPROVE AN AMOUNT FOR THE UPCOMING 2024-2025 GRANT CYCLE FOR THE TEXAS FINANCIAL EDUCATION ENDOWMENT

TFEE functions as an endowment fund and invests on a long-term basis to support sustainable funding to achieve the purpose and goals of the fund. Licensed Credit Access Businesses pay assessments of \$200 into the fund on an annual basis. The charts below represent the fund balance activity from Fiscal Year 2020 through February 2023.



The TFEE Investment Policy provides guidelines for distributions that are calculated as 3.5% times the twenty-quarter, moving-average value of the fund. To guide TFEE funding recommendations, the OCCC historically has calculated a distribution using the year most current to the TFEE cycle, and then multiplied the result by two to account for the two-year grant cycle.

The OCCC has calculated that the projected earnings distribution, based on the 20-quarter moving average as of March 31, 2023, is approximately \$291,452 for one year. When multiplied by two, this equals a grant award of \$582,984 for the projected two-year period.

Also, the OCCC is recommending that in addition to the projected earnings distributions, approximately 25% of annual CAB contributions for a two-year period be allocated directly to the aggregate grant award. As of April 30, 2023, there were 1,450 Credit Access Business Licenses. Each license pays an assessment



Texas Financial Education Endowment (TFEE)

of \$200 into the fund, resulting in an approximate aggregate annual contribution of \$290,000, or \$580,000 for two years. Staff are recommending that approximately 25% of the two-year contributions (\$145,000) be added to the projected distribution calculation of \$582,984.

Based on this analysis, the OCCC recommends that the 2024-2025 aggregate grant award amount be set at \$730,000. The award for the 2022-2023 grant cycle was \$409,000 and this increase in grant funding accommodates the Commission's prior decision in June of 2022 to increase the maximum amount of grant funding for eligible organizations from \$40,000 for up to a two-year period, to a maximum amount of \$45,000 for a one-year period and \$90,000 for a two-year period.

RECOMMENDED ACTION: The OCCC requests that the Audit Committee recommend that the Finance Commission approve an aggregate award amount for the 2024-2025 TFEE Grant Cycle of \$730,000.

RECOMMENDED MOTION: I move that the Audit Committee recommend that the Finance Commission approve an aggregate award amount for the 2024-2025 TFEE Grant Cycle of \$730,000.



Mortgage Grant Fund Activities Report – June 16, 2023

Activities relating to the Mortgage Grant Fund (MGF)

The 2023 – 2024 MGF Grant Cycle will conclude its first semi-annual reporting and reimbursement period on June 30, 2023. The deadline for grant recipients to submit activity reports and reimbursement requests is July 31, 2023.

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