

## Guidance and Best Practices

The Texas Education Agency requires all professional services contracts be effective only during the period of availability of the funds identified in the Notice of Grant Award (NOGA). However, subgrantees may negotiate contracts prior to the effective date of the contract.

This guidance is provided solely to assist the subgrantee in identifying key issues to consider regarding allowable uses of funds as it relates to professional services contracts. This guidance does not replace the advice of a subgrantee's legal counsel. Implementing best practices outlined below will assist subgrantees in avoiding potential audit/monitoring findings. For specific clarifications, subgrantees should contact their legal counsel.

1. A letter of intent to contract with a third party may be signed prior to the issuance of a NOGA.
  - a. The letter of intent should contain a provision that the future contract is contingent upon receipt of the specific NOGA.
  - b. Execute the contract *after* the NOGA is issued.
2. When negotiating to sign a contract before the receipt of the NOGA, the contract should contain the following provisions:
  - a. The contract is only effective upon receipt by the subgrantee of the NOGA from the awarding agency.
  - b. The contract period is aligned to the grant period of availability as stated on the NOGA from the awarding agency (period of availability).
  - c. All services will be completed during the effective dates of the contract.
  - d. All services will be invoiced monthly after services are received (rather than paid lump sum at the beginning of the period of availability before services are rendered) and paid upon verification of receipt of services.
  - e. The regulations for procurement in 2 CFR §§200.318-323 are followed in issuing the contract.
  - f. All professional services provided under the contract will follow the provisions of 2 CFR 200.459 Professional service costs.
  - g. The contract identifies the funding sources that will be charged for the services provided, including the specific amount and/or percentage of the total contract amount to be charged to each funding source.
  - h. The contract identifies and lists only reasonable, necessary, and allocable services to be provided during the period of availability of the funding sources listed in the contract.
  - i. The administrative costs charged to the grant in the contract must comply with any limitations for administrative costs for funding sources (if applicable).
  - j. The contract specifies that the invoice provided by the contractor will include the list of services provided, dates of services, and location(s) where services were provided during the billing period.