

CASH MANAGEMENT PROCEDURES

Generally, the School receives payment from the granting agency on a reimbursement basis (2 CFR §200.305). If the School receives an advance in federal grant funds, the School will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the School, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Advances are in fact rare at the School. If there is an advance, the School attempts to expend all drawn downs of federal funds as quickly as possible. If there are state requirements for drawdowns of advances, such as doing so within 72 hours of receipt, the School's Business Manager ensures the requirement is met.

While interest accrual is rare, grant administrators are aware of the existence of related compliance requirements and will monitor grant agreements for any change in applicability. Formal policies and procedures will be developed, as needed, to meet changes in circumstances.

Payment Methods

Reimbursements: The School will initially charge federal grant expenditures to non-federal funds. The School's Business Manager will request reimbursement for actual expenditures incurred under the federal grants periodically. Reimbursement requests will be processed on the appropriate form per the granting agency's requirements and/or as specified in the grant agreement. Required source documentation includes, at a minimum, receipts and other materials required by the state. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the School will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the granting agency or auditor to review upon request. Reimbursements of actual expenditures do not require interest calculations.

Timely Obligation of Funds

When Obligations are Made

Obligations are orders placed for property and services, contracts and sub-awards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period (34 C.F.R. § 200.71). The following table illustrates when federal funds are determined to be obligated under federal regulations (34 C.F.R. §75.707; 34 C.F.R. §76.707):

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If the obligation is for:	The obligation is made:
Acquisition of property	On the date which the School makes a binding written commitment to acquire the property
Personal services by an employee of the School	When the services are performed
Personal services by a contractor who is not an employee of the School	On the date which the School makes a binding written commitment to obtain the services
Public utility services	When the School receives the services
Travel	When the travel is taken
Rental of property	When the School uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E- Cost Principles.	On the first day of the project period.

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project (2 C.F.R. §200.309). This period of time is known as the period of performance (2 C.F.R. §200.77). The period of performance is dictated by statute and will be indicated in the GAN. Further, certain grants have specific requirements for carryover funds that must be met.

State-Administered Grants: As a general rule, state-administered federal grant funds are available for obligation within the year for which Congress appropriates the funds. However, given the unique nature of educational institutions, for many federal education grants the period of availability is usually 27 months (as governed by the “Tydings Amendment”. Federal education grant funds are typically awarded on July 1 of each year. While the School always plans to spend all current grant funds within the year for which the grant was appropriated, the period of obligation for any grant is determined by the state. If it is in accordance with the “Tydings Amendment”, the funds should be available from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover (34 C.F.R. §76.709). For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017. If these timeframes are not consistent with the state’s rules, then the state’s timelines will apply.

Direct Grants: In general, the period of availability for funds authorized under direct grants is identified in the GAN. For both state-administered and direct grants, regardless of the period of availability, the School must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized (2 C.F.R. § 200.343(b)). Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency (per the

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state's carryover rules) (2 C.F.R. § 200.343(d)). Consequently, the School, School's Business Manager, and Grant Manager closely monitor grant spending throughout the grant cycle.

Carryover

State-Administered Grants: As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to carry over any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as "carryover" funds and continue to be available for obligation for an additional 12 months (34 C.F.R. § 76.709). Accordingly, the School may have multiple years of grant funds available under the same program at the same time. Again, if state timeframes differ from the federal rules, the state rules take precedence.

Direct Grants: Grantees receiving direct grants are not covered by the 12 month Tydings period. However, under 2 C.F.R. § 200.308, direct grantees enjoy unique authority to expand the period of availability of federal funds. The School is authorized to extend a direct grant automatically for one 12-month period. Prior approval is not required in these circumstances; however, in order to obtain this extension, the School must provide written notice to the federal awarding agency at least 10 calendar days before the end of the period of performance specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

As required, the School will seek prior approval from the federal agency when the extension will not be contrary to federal statute, regulation or grant conditions and:

- The terms and conditions of the Federal award prohibit the extension;
- The extension requires additional Federal funds; or
- The extension involves any change in the approved objectives or scope of the project (2 C.F.R. § 200.308(d)(2)).

If an extension is permissible per the granting agency, the School Superintendent, Grant Manager, and the School's Business Manager meet to discuss the merits of requesting an extension and to decide if an extension should be requested. The school leader has the final decision on requesting an extension. As determined during the meeting, the school leader or designee will provide written notice of the extension to the granting agency in the form and including such information as specified by the granting agency.

Carryover amounts are calculated by the School's Business Manager at the end of the initial grant period and corroborated by the granting agency. Carryover is tracked and reported per the granting agency's requirements, which may include a carryover reporting sheet. Carryover is also tracked internally by the Grant Manager to ensure that those funds are budgeted and spent before newly awarded grant funds (FIFO rule). The School complies with rules related to carryover limits per the grant program. Should the school exceed carryover limits the Grant

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Manager, School's Business Manager, and School Leadership will determine whether to apply for a waiver, if available, in order to maximize carryover.

Program Income - Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance (2 C.F.R. § 200.80). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under grant awards, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant award funds. Interest earned on advances of federal funds is not program income unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the grant award. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them (2 C.F.R. § 200.80). Additionally, taxes, special assessments, levies, fines, and other such revenues raised by a recipient are not program income unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income. Finally, proceeds from the sale of real property, equipment, or supplies are not program income (2 C.F.R. § 200.307).

Use of Program Income

It is rare in our School that program income is accrued. If it is, program income will be used in one of three ways:

1. The default method for the use of program income for the School is the deduction method (2 C.F.R. § 200.307(e)). Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the School is otherwise directed by the federal awarding agency or pass-through entity (2 C.F.R. § 200.307(e)(1)).
2. The School may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award (2 C.F.R. § 200.307(e)(2)). Should the addition method be used, the request to the granting agency is processed by the School's Business Manager.
3. The School may also use the program income to meet matching requirements.

While the deduction method is the default method, the School always refers to the GAN prior to determining the appropriate use of program income. Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant.

Adopted: 11/20/18

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