Series 3000: Operations, Finance, and Property

3200 Finance and Borrowing

3201A Financial Management for Federal Awards

This Policy applies to the District's use of federal awards, subject to the Uniform Grant Guidance, 2 CFR Part 200. Policy 3301A governs procurement with federal funds.

A. The District shall implement and maintain a system of internal cash management controls that comply with the requirements of 2 CFR 200.302(b) ("Financial Management System") and provide for the following:

   1. identification in its accounts of all federal awards received and expended and the programs under which they were received;

   2. accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with applicable reporting requirements;

   3. records that adequately identify the source and application of awards for federally-funded activities;

   4. effective control over, and accountability for, all funds, property, and other assets that must be safeguarded and only used for authorized purposes;

   5. a comparison of expenditures with budget amounts for each federal award;

   6. written procedures governing federal payments, in accordance with subsection B below; and

   7. written procedures for determining the allowability of costs, in accordance with subsection C below.

B. Cash Management and Federal Payments

   In addition to any other written procedures the District may implement, the District shall comply with the requirements of 2 CFR 200.305 for federal payments, including:

   1. The District's payment methods shall minimize the time elapsing between the receipt and disbursement of funds. The District shall request payment using forms and procedures designated by the awarding agency.

   2. The Superintendent or designee may submit requests for advance payments and reimbursement (i) at least monthly when electronic fund transfers are not used, and (ii) as often as deemed appropriate when electronic fund transfers are used in accordance with applicable laws.

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3. Advance payments shall be limited to the minimum amounts needed and timed with the District's actual, immediate cash requirements in carrying out the program or project. The amount and timing of advance payments must be as close as is administratively feasible to the District's actual disbursements.

4. The District must make timely payment to contractors in accordance with applicable contract provisions.

5. To the extent possible, the District must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

6. Advance payments of federal awards must be deposited and maintained in insured accounts whenever possible.

7. The District must maintain advance payments of federal awards in interest-bearing accounts, unless:

    a. the District receives less than $250,000 in federal awards per year;

    b. the best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on federal cash balances;

    c. the depository would require an average or minimum balance so high that it would not be feasible; or

    d. a foreign government or banking system prohibits or precludes interest-bearing accounts.

8. The District may retain interest earned up to $500 per year for administrative expenses. Additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted to the Department of Health and Human Services Payment Management System through an electronic medium, either the Automated Clearing House network or a Fedwire Funds Service payment.

C. Allowability of Costs

The District shall comply with the cost principles of 2 CFR Part 200, Subpart E, as applicable, including the following general criteria for allowable costs under 2 CFR 200.403:

1. be necessary and reasonable for the performance of the award and be allocable under the cost principles;

2. conform to any limitations or exclusions set forth in the cost principles or in the federal award as to types or amount of cost items;

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3. be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District;

4. be accorded consistent treatment. For example, a cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost;

5. be determined in accordance with generally accepted accounting principles;

6. not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;

7. be adequately documented; and

8. be incurred during the approved budget period unless the awarding agency waives such requirement.

D. Capital Asset Accounting

1. The District will implement and maintain a capital asset accounting system, including recordation of all necessary reporting information, as prescribed by MDE, the Michigan Public School Accounting Manual (Bulletin 1022), generally accepted accounting practices, and GASB-34 standards. The Chief Financial Officer or designee may establish specific procedures for ensuring compliance with this Policy.

2. Unless otherwise governed by federal, state, or local law or regulation or the terms and conditions of an award, the District will utilize the criteria provided in Bulletin 1022, Section II.E. for distinguishing between supplies and equipment items.

3. The District's capitalization threshold is $5,000.

E. Disposal of Federally Funded Equipment

1. The District will maintain an inventory of all District-owned equipment and supplies, which will be updated at a frequency determined by the Board.

2. The District will manage equipment consistent with the requirements in 2 CFR 200.313(d).

3. When equipment acquired through a federal award is no longer needed for its original purpose, the District will follow the disposition procedures in 2 CFR 200.313(e) and as provided in the terms and conditions of the award, as applicable.

Legal authority: 15 USC 1693, et seq.; 2 CFR Part 200, et seq.

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