

## **Cash Management**

As a pass-through entity for Federal Education funds, the New Hampshire Department of Education (NHDOE) has prepared this **Cash Management Fact Sheet** to assist Federal program subrecipients in the development of their cash management policies and procedures as they relate to the use of Federal funds.

This information is being provided by the NHDOE as general compliance guidance only. Subrecipients of Federal funds should refer to the full text of the regulations which can be found at <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-305.pdf> and <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-302.pdf> when developing and implementing policies and procedures concerning cash management of Federal funds.

Subrecipients of Federal funds are solely responsible for meeting all applicable Federal regulations.

### **Grant Reimbursements**

Subrecipients of grants awarded by the NHDOE are paid on allowable expenditures incurred by the subrecipient and submitted for reimbursement through the Grants Management System (GMS). The GMS reimbursement method is the only method used and reduces the risk associated with advancing funds which relies solely on the subrecipient's written procedures and financial management systems for fund control and accountability.

### **Written Procedures**

The subrecipient's written procedures should not be a reiteration of the Federal requirements. Rather, procedures are the step by step process that are used to obtain the goal or the steps that are necessary to be in compliance with the Federal requirement. Written procedures should answer questions such as: who determines that the cash management procedures are being followed; how is it determined the procedures are followed; when the steps are performed; what is being verified.

A subrecipient's Cash Management written procedures must address cost reimbursement. The written procedures should include steps involved in the obligating, liquidating, and claiming of Federal funds. The following is a list of questions to consider when documenting procedures. This is not an all-inclusive list but rather is to be used in guidance when writing the step by step procedures.

#### ***Purchase orders for goods or services:***

- Who has authority to generate a purchase order?
- How is a purchase order generated? What steps are involved?
- Who approves purchase orders?
- Who has authority to approve contracts?
- Who determines the purchase is an allowed cost on a Federal grant?
- What information is used to make the determination it is an allowed cost?

- Who verifies the goods or services have been budgeted on the Federal grant?

***Payroll:***

- Who identifies each staff person with a status of single cost objective or multiple cost objective?
- How is this status determined?
- How often is this information reviewed and updated?
- Where is this information stored?
- How is this communicated between areas?
- Who sets up the account coding of personnel claimed on the grant?
- Who verifies that the salaries charged to the grant are for individuals approved on the grant?

***Regarding staff with multiple cost objectives:***

- Who approves time worked on a Federal program / project?
- Who verifies charged amounts against supporting time and effort documentation prior to a claim being made?
- How is this communicated between areas?

***For short-term work such as substitute staffing, extended school year, stipends, etc.:***

- Who verifies the short-term work is completed by licensed individuals (if required)?
- Who verifies the work was completed prior to submitting a claim?
- Does the time sheet identify the Federal funding source or cost objective?
- How is this communicated between areas?

***Credit card purchases:***

- Who has access to the subrecipient's credit card?
- What purchases are allowed to be made by credit card?
- Who reconciles credit card bill to actual expenditures?
- What supporting documentation is required for payment of an expenditure?

***Receipt of goods or service performed:***

- Who verifies the goods have been received or service performed?
- How is the verification done?
- Who determines the goods are being put into use in the Federal program/project? How is it determined?
- Who determines the service was timely performed and how is it verified?
- If assets (such as computing devices) were purchased, how are these being tracked per Federal program?
- If assets are lost, stolen or damaged, what is the process for reporting and documenting?
- If assets are no longer needed, what is the process for reporting and documenting?
- How is this communicated between areas?

***Payment process:***

- How is an invoice approved for payment? Who gives final approval?

- What is the payment process?
- What supporting documentation is required prior to payment?

***Written procedures regarding the claiming of Federal funds:***

- How are expenditures tracked?
- Who prepares the claim for expenditure reimbursement?
- Who verifies that the expenditure report includes only expenditures that have been obligated and liquidated in the requested reimbursement amount?
- Who verifies the expenditure report includes costs that are on an approved budget and have been determined allowable?
- How is it determined if an expenditure claimed has been both obligated and liquidated?
- Who approves the claim prior to submission?
- When do expenditure claims get filed during the year? [NHDOE requires monthly]
- Who ensures the final expenditure claim is filed no later than September 30th following the fiscal year ended June 30th?
- Who determines whether an amount claimed has been liquidated within 45 days of year end?
- How are costs at year end determined to be obligated and not liquidated?
- Who verifies that the final expenditure report ties to the general ledger accounts?
- Who performs the cash reconciliation?
- Is there separation of duties between who approves and disburses the funds from who performs the reconciliation?

**Federal Compliance Monitoring**

As part of the NHDOE's annual Federal Compliance Monitoring program, staff from the NHDOE's Bureau of Federal Compliance may review cash management records. The Bureau of Federal Compliance will use the requirements of 2 CFR 200.302 and 2 CFR 200.305 when completing such reviews.

**Technical Assistance**

Please feel free to contact the Bureau of Federal Compliance staff should you have any questions relative to the contents of this document or cash management requirements for Federal funds.

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