

COMMUNITY COLLEGE OF VERMONT

CASH MANAGEMENT POLICY – FEDERAL GRANTS

March, 2014

See also: VSC Policy 404 – Cash Management

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POLICY #

Policy: In recognition of the responsibility the College assumes in the management of funds received from the federal government through its granting operations, any requests for expenses intended for activities of a grant's programs or projects are made only after the expenses have been incurred, unless specifically directed otherwise by the grantor. In addition, requests for reimbursement of expenses are consistent with the terms of the grant and fully in compliance with its conditions and stipulations.

Procedure: Community College of Vermont will adopt and follow procedures consistent with federal and state regulation in the acquisition, management and administration of funds that are received as a result of grants awarded to the college. These are outlined by statute and listed below:

Federal Grant Cash Management Requirements

Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub grantees must be followed whenever advance payment procedures are used.

Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs, as per 29 CFR § 95.22.

Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205 and as per 29 CFR § 95.22.

The College (grantee) will establish reasonable procedures to ensure the receipt of reports on sub grantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their sub grantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees, as per 29 CFR § 95.21.

Routine College internal control policy applies to all federal grants. Additionally, effective control and accountability must be maintained for all grant and sub grant cash, real and personal property, and other assets. Grantees and sub grantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. *Reference: 29 CFR § 95.21.*

The College (grantee) and sub grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or sub grant awards and authorizations, obligations,

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Actual expenditures or outlays must be compared with budgeted amounts for each grant or sub grant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or sub grant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. *Reference: 29 CFR § 95.21.*

Applicable OMB cost principles, agency program regulations, and the terms of grant and sub grant agreements will be followed in determining the reasonableness, whether a cost is allowable, and the allocability of costs. *Reference: 29 CFR 95.21 and 2 CFR 220.*

Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub grant award documents, etc. *Reference: 29 CFR § 95.21.*