

## Policy 2.8

<b>POLICY TITLE:</b>	<b>CASH MANAGEMENT FOR GRANTS AND CONTRACTS</b>	<b>POLICY # 2.8</b>	
<b>Topic Area:</b>	<b>CASH MANAGEMENT</b>	Page 1 of 3	<b>REVIEW DATES</b>
<b>Applies to:</b>	Lakeshore Regional Entity CMHSP Programs	<b>ISSUED BY:</b> Chief Executive Officer	
<b>Developed and Maintained by:</b>	LRE Chief Financial Officer	<b>APPROVED BY:</b> Board of Directors	
<b>Supersedes:</b>	N/A	<b>Effective Date:</b> 11/19/2020	<b>Revised Date:</b>

### I. POLICY

It is the policy of the Lakeshore Regional Entity (LRE) to comply with applicable methods and procedures for payment and reimbursement of federal funds that minimize the time elapsing between the transfer of funds and disbursement and that ensure reimbursements are only made for allowable costs.

Generally, federal funds are received on a reimbursement basis. However, if the LRE or a service provider receives an advance in federal grant funds, they will adhere to the standards outlined within this policy.

### II. PURPOSE

To establish policy and procedures for cash management of grants and contracts that ensure compliance with federal regulations and the terms and conditions of the award.

### III. APPLICABILITY AND RESPONSIBILITY

All LRE Service Programs

### IV. REQUIRED BY:

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

### V. MONITORING AND REVIEW

The LRE shall review as necessary to maintain an adequate and acceptable standard of compliance and oversight as a Prepaid Inpatient Health Plan.

### VI. DEFINITIONS

None

### VII. PROCEDURES

#### A. Payment Methods

1. Reimbursements – Service providers will request reimbursement for actual expenditures incurred under the federal grants. All reimbursements are based on actual disbursements, not on obligations.
  - i. Consistent with state and federal requirements, LRE and its service

providers will maintain source documentation supporting federal expenditures (i.e. invoices, time sheets, payroll stubs, etc.) and will make such documentation available for funding agency review upon request.

- ii. Reimbursements of actual expenditures do not require interest calculations.
2. Advances - Entities will make use of available resources before requesting cash advance payments. Advances are considered a rare exception and other revenue sources to cover cash flow issues will be pursued first. To the extent available, funds from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds shall be disbursed before additional cash payments are requested. If advance payments of federal grant funds are received, the respective agency will strive to expend the federal funds on allowable expenditures as expeditiously as possible.
- i. Entities will hold federal advance payments in interest-bearing accounts unless an allowable exception applies. Interest earned on funds deposited may be retained for administrative expense in amounts up to \$500 per year. Any additional interest earned must be remitted per the federal awarding agency and federal guidelines.

#### **B. Allowable Costs**

- 1. Expenses charged to a federal funding source must meet the following allowability criteria:
  - i. The costs must be treated consistently through application of generally accepted accounting principles appropriate to the circumstances.
  - ii. The costs must conform to any limitations or exclusions set forth in the sponsored agreement or in Federal Cost Principles (2 CFR 200, Subpart E).

#### **C. Unallowable Costs**

- 1. Expenses not allowed to be charged to federal funding sources are outlined in 2 CFR 200 subpart E and include the following.
  - i. Advisory councils - Costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards.
  - ii. Alcoholic beverages - Costs of alcoholic beverages are unallowable.
  - iii. Entertainment costs - Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable.

- iv. Fund raising and investment management costs - Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable.
- v. Goods or services for personal use
  - 1. Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.
  - 2. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.

#### **VIII. RELATED POLICIES AND PROCEDURES**

N/A

#### **IX. SUPPORTING DOCUMENTS/REFERENCES**

<https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1#sp2.1.200.e>