***EARLY CHILDHOOD EDUCATION***

***GUIDANCE FOR REIMBURSEMENT OF FEDERAL AND OTHER GRANT EXPENDITURES***

**OVERVIEW**

Cash Management Improvement Act of 1990 and 31 CFR Part 205; Education Department General Administrative Regulations (EDGAR) 34 CFR §80.21 and §74.22.

The Cash Management Improvement Act and related regulations require that states minimize the time elapsing between the transfer of funds from the United States Treasury and the expenditure of funds for program purposes. This requirement applies to grantees such as the State of Arizona and their subgrantees. In other words, both the State and a subgrantee, such as a school district, must assure that funds have been, or will be, spent within a minimal amount of time after having been drawn from the federal government.

The Early Childhood Education Unit at the Arizona Department of Education (ADE) has put in place guidance to be followed by subgrantees in submitting Reimbursement Requests. Reimbursement Requests for the Preschool Development Grant shall be made using the Department’s electronic Grants Management Enterprise (GME) System.

**DEFINITIONS**

* ***Cost objective*** means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.
* ***Grant*** means an award of financial assistance by the federal government to the State of Arizona, Department of Education.
* ***Grantee*** means the Arizona Department of Education, to which a grant is awarded by the federal government.
* ***Subgrant*** means an award of financial assistance to an eligible subgrantee, in this case, awards by the Arizona Department of Education to local education agencies or other eligible entities.
* ***Subgrantee*** means the local education agency or other legal entity to which a subgrant is awarded and which is accountable to the Arizona Department of Education for the use of funds provided.
* ***ECE*** means the Early Childhood Education Unit, administrator of the Preschool Development Grant.

**GUIDANCE**

1. ***Functionality***
   * Subgrantees will submit payment requests using the Reimbursement Request option of the grants management system. See Appendix A for specific instructions for preparing and submitting a Reimbursement Request.
   * The Reimbursement Request option is enabled upon final approval of the subgrant application through GME.
2. ***Submission of Reimbursement Requests***
   * A subgrantee will make Reimbursement Requests for individual awards.
   * Preferably, only TWO Reimbursement Requests per month may be submitted for an individual title or award.
   * A subgrantee may request Reimbursement only for (a) expenditures that have already occurred or (b) will occur within five (5) business days of receipt of funds.
   * A single Reimbursement Request should not exceed 20% of the approved budget. However, if it exceeds 20% of the approved budget, a detailed justification will be needed for approval.
   * The following examples are based upon the schedule in Section C, below
     + Example A: A subgrantee has ordered and received supplies and has paid the vendor. The subgrantee may Request Reimbursement.
     + Example B: A subgrantee has ordered and received equipment but has not yet paid the vendor. The subgrantee expects payment to be made on the seventh of the following month, following the monthly Board meeting. The subgrantee may request reimbursement since the subgrantee will make payment within five (5) business days of receipt of funds.
     + Example C: A subgrantee makes salary payments on the first and fifteenth of each month. In a given month, the subgrantee may request reimbursement for payroll expenditures actually made during the month and for the payroll scheduled for the first pay period of the following month because the subgrantee will make the payroll expenditure within five (5) business days of receiving the funds. The subgrantee may not request reimbursement in anticipation of subsequent pay dates, that is, those occurring more than five (5) business days after receiving funds.
     + Example D: A subgrantee is responsible for payment of health benefits to its provider on a quarterly basis. The subgrantee may request reimbursement prospectively if payment to the provider will be made within five (5) business days of receipt of funds.
   * The submission of a Reimbursement Request by a subgrantee constitutes a certification by the subgrantee that it has previously made the appropriate expenditures and/or will make the expenditures within five (5) business days of receipt of funds.

* The submission of a Reimbursement Request by a subgrantee also constitutes a certification that the expenditures are allowable and appropriate to the cost objective(s) of the subgrant.
* Reimbursement Requests must be in accordance with approved grant applications.
  + Subgrantees are responsible for submitting an amendment application to the Arizona Department of Education for approval if a new budget category for which no funds were previously budgeted or approved has been created.
  + Subgrantees are responsible for submitting an amendment application to the Arizona Department of Education for approval if cumulative transfers among expenditure categories exceed 10% of the total award. Subgrantees are responsible for monitoring the cumulative 10% level of fiscal change.

1. ***Processing Timelines***
   * A subgrantee may submit Reimbursement Requests at any time after the subgrant has received final ADE approval. Preferably, no more than TWO Reimbursement Requests may be submitted per month for any one subgrant.
   * Payment requests will be processed by ADE within 10 business days of submittal.
2. ***Content of Reimbursement Requests***
   * Reimbursement Requests must contain a brief description of the expenditures for which reimbursement is being requested. Individual line items need not be detailed.
     + Example: $2,000 is being requested in the 6100 function code. The description is “salaries and instructional supplies.”
   * Expenditures must be supported by documentation at the subgrantee level. However, this documentation should not be submitted to the Arizona Department of Education with a reimbursement request. The subgrantee is responsible for maintaining supporting documentation for seven (7) years and for making it available to ADE, the United States Department of Education, and/or their authorized representatives upon request.
   * Documentation for salary expenditures is subject to the requirements of the applicable federal Office of Management and Budget Circular: A-21, “Cost Principles for Educational Institutions;” A-87, “Cost Principles for State, Local, and Indian Tribal Governments;” A-122, “Cost Principles for Non-Profit Organizations;” and EDGAR. Documentation for all other expenditures must include evidence that the expenditures are allowable costs and of the relationship of the expenditure to the subgrant’s cost objectives.
3. ***Review and Approval of Reimbursement Requests***
   * ECE Staff will review Reimbursement Requests to determine whether or not the Reimbursement Request meets the subgrant’s criteria, including but not limited to the following:
     + Adequate description of the expenditures is provided;
     + No new budget category has been created; and
     + Reimbursement Request does not exceed the allowable threshold for an amendment as a result of cumulative transfers among expenditure categories.
   * When a Reimbursement Request is approved or denied, the subgrantee will receive an email notification through GME.
   * Approval of a Reimbursement Request by ECE does not imply approval of the expenditures as allowable or appropriate to the subgrant’s cost objectives. Approval of expenditures will continue to be processed through the final report. The Subgrantee assumes responsibility for assuring that all funds requested through GME either have already been expended, or will be expended, within five (5) days of receipt of payment.