

## 400 ACCOUNTING AND REPORTING PROCEDURES

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### 400.1 FISCAL CONTROL AND ACCOUNTING REQUIREMENTS [Go to Top](#)

The federal government requires the Office of Public Instruction (OPI) to set fiscal control and accounting procedures for its own funds and those of its subgrantees in accordance with state laws and policies.

These fiscal control and accounting procedures must:

- a. Permit preparation of required reports for state and federal officials; and
- b. Permit funds to be traced to a level of expenditures adequate to establish that the funds have not been used in violation of restrictions and prohibitions of program statutes.

### FEDERAL FINANCIAL MANAGEMENT STANDARDS

Federal financial management standards require the OPI and our subgrantees must:

- a. Provide accurate, current and complete disclosure of federally assisted activities in accordance with financial reporting requirements of the program;
- b. Maintain records to adequately identify the source and application of funds for federally assisted programs: award letters, authorization statutes, obligations, unobligated balances, assets, liabilities, expenditures and revenue (see [RECORDS RETENTION](#) below);
- c. Maintain effective control and accountability for all grant and subgrant cash, real and personal property and other assets. Subgrantees must adequately safeguard property and ensure it is used solely for authorized purposes;
- d. Maintain comparisons of actual expenditures to budgeted expenditures for each grant;
- e. Follow applicable federal Office of Management and Budget (OMB) cost principles, the OPI program regulations and the terms of the grant agreements;

- f. Support accounting records with source documentation, e.g., approved requisitions and purchase orders, cancelled warrants, paid invoices, payrolls, time and attendance records, contracts and award documents, etc.; and
- g. Establish reasonable procedures to request funds as close as possible to the time they are needed to make payments for grant activities.

## **REVIEWING A SUBGRANTEE'S FINANCIAL MANAGEMENT SYSTEM**

The OPI may review the adequacy of the financial management system of any subgrantee as part of the pre-award process or any time subsequent to the award. The OPI reviews the annual or biennial audit reports of each subgrantee to ensure compliance with federal and state audit requirements. For more information, see [Audit Requirements and OPI Monitoring](#) in Section 600 of this handbook.

## **SEPARATE ACCOUNTING REQUIRED FOR EACH GRANT PROJECT**

Subgrantees must maintain a separate accounting of revenues and expenditures by project and by fiscal year. This also applies to funds transferred or REAP-Flexed under the provisions of Title VI of the No Child Left Behind Act.

## **SCHOOL DISTRICTS—DEPOSIT OF GRANT FUNDS FROM THE OPI**

Nearly all state and federal grants administered by the OPI and distributed to public school districts are required to be deposited into the Miscellaneous Programs Fund (15) of the Prime Applicant school district. Federal Impact Aid, which is paid directly to school districts by the federal government, must be deposited into a district's Impact Aid Fund (26).

## **FISCAL YEAR PERIOD**

“Fiscal Year” means a year used as an accounting period. The State of Montana, including Montana school districts, uses a fiscal year that begins July 1 and ends June 30. The federal fiscal year is October 1 through September 30.

## **400.2 AMENDMENTS**

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## **BUDGETING FOR GOOD MANAGEMENT CONTROL**

To ensure good fiscal control, each subgrantee of federal or state grant funds must establish a “line item” budget for each project. That means each expenditure account (e.g., instructional salaries, instructional supplies, rent and contracted services) must be allocated based on an estimated amount of what will be spent for that purpose. Planned indirect cost recoveries, equipment purchases, or transfers to other districts must also be budgeted. Federal regulations require a subgrantee to maintain its accounting records in a manner that allows for comparison of actual expenditures to budgeted amounts for each grant.

A sample template for a [Detailed Line-Item Budget](#) is shown in Appendix B of this handbook.

## **CHANGES THAT DO REQUIRE THE OPI'S APPROVAL**

A subgrantee must request OPI's approval for certain types of post-award changes in budgets and projects by submitting an amendment to the approved grant application.

Changes that require OPI pre-approval include:

### Budget Modifications

1. Plans to purchase additional equipment items costing \$5,000 or more per unit;
2. A change in the overall funding of the project (such as the addition of carryover or reallocated funds or an increase or decrease of the federal appropriation after the original application was submitted); or
3. A re-budget between line items within an approved budget to meet unanticipated needs, if the new line item was not included in the original approved grant budget or if the change results in a difference of 50 percent or more in any previously approved line item.

### Program Modifications

1. A change in the program scope and objectives, regardless of whether there is an associated budget revision; or
2. A request to extend the project period from June 30 to September 30.

## **CHANGES THAT DO NOT REQUIRE THE OPI'S APPROVAL**

Subgrantees may make **minor** changes in the scope and budget of the approved grant project without OPI approval.

Minor changes not requiring amendments include:

1. A change in personnel that does not change the planned activities or scope of the grant project; and
2. Budget changes that do not exceed 50 percent of a line item total which was previously approved on the grant budget, except when the scope of a project is changing.

For example, if a project budget included \$20,000 for staff and \$600 for supplies but the staff person cost only \$19,500, the remaining \$500 could be spent on supplies without submitting a budget amendment. Previously approved line items are not being affected by more than 50 percent of the original amounts, and the scope was not changed from the originally approved project plan.

Contact the appropriate OPI program specialist with questions about whether changes in project plans will require OPI approval.

## HOW TO SUBMIT AN AMENDMENT REQUEST - DEADLINES

Grants amendment requests must be submitted to the OPI by June 1 for programs ending June 30 and by September 1 for programs ending September 30.

For E-Grants programs, the subgrantee must submit the request online in the E-Grants system. Contact the OPI E-Grants Coordinator at (406) 444-7841 for assistance, if needed.

For non-E-Grants programs, submit a [Grant Amendment Request](#) form for the OPI's approval of an amendment (see Appendix B of this handbook).

## OBTAINING APPROVAL BEFORE INCURRING OBLIGATIONS

Budget amendments which require approval must be submitted to the OPI and approved before making obligations or expenditures.

## PROJECT EXTENSIONS

Most OPI-administered grants end on June 30 or September 30. In limited cases and with the OPI approval, districts/cooperatives may extend the project year to September 30 for a project that would otherwise end June 30.

Submit a request for an extension to the OPI no later than June 1. E-Grants programs require an online amendment and non-E-Grants programs require a hardcopy [Grant Amendment Request](#) form (see Appendix B of this handbook).

Program specific Information about project extensions:

IDEA Part B and Preschool Entitlement Grants: IDEA programs allow 100 percent carryover of funds. Carryover is added to the following year's project allocation, so subgrantees should not need extensions. Extensions may be allowed only for extraordinary circumstances which result in the applicant needing additional time to expend carryover funds. Contact the OPI Special Education Division at (406)444-2504 for assistance.

ESEA Titles I-A, II-A, III-A, IV-B, and VI: Extensions are not needed because those programs already end on September 30.

Carl Perkins: Extensions are not allowed, and projects end June 30.

## EFFECT OF A PROJECT EXTENSION

If the OPI approves an extension, the subgrantee must obligate funds by September 30 and liquidate all obligations by October 31.

## PROJECT NUMBER FOR AN EXTENDED PROJECT

Approved extensions are treated as an amendment to the district's/cooperative's project budget. The same project number will be used to track expenditures incurred during the extension period. That is, for example,

If the original project number was: 56-0965-77-03-XXXXX

The project number after an extension to  
September 30 is approved remains unchanged: 56-0965-77-03-XXXXX

### 400.3 OBLIGATIONS AND EXPENDITURES

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“**Obligations**” are orders placed, contracts awarded and goods and services received but not paid for during the project period. Obligations must be liquidated (i.e., paid for) within 30 days following the end of the project period. School districts and cooperatives/consortia are required by law to record and report transactions in accordance with the [Montana School Accounting Manual](#).

See [HAS AN OBLIGATION BEEN MADE?](#) below for details.

#### EARLIEST DATE TO OBLIGATE FUNDS

No funds may be obligated or expended before July 1 or before the OPI's approval of the award, if the approval date is after July 1. The OPI may, on occasion, approve pre-award costs in accordance with federal cost principles.

#### DEADLINE FOR OBLIGATIONS

Depending on the source of funds, the project period for the OPI-administered programs is usually July 1 through June 30, or July 1 through September 30. This means that for projects ending June 30, program funds must be spent or “obligated” by June 30. For projects ending or extended to September 30, program funds must be spent or “obligated” by September 30.

## HAS AN OBLIGATION BEEN MADE?

The following table (based on 34 CFR 76.707) describes when an obligation occurs with respect to various categories of activities.

<b>IF THE OBLIGATION IS FOR:</b>	<b>THE OBLIGATION IS MADE:</b>
Acquisition of real or personal property (includes real estate, equipment, and supplies)	On the date on which the subgrantee makes a binding written commitment to acquire the property (i.e., purchase order or contract).
Personal services by an employee	When the service has been performed.
Personal services by a contractor (not an employee)	On the date on which a binding written commitment to obtain the services has been made (provided that the work can be completed within 45 days of the end of the project).
Performance of work other than a personal service	On the date on which a binding written commitment to obtain the work has been made (provided that the work can be completed within 45 days of the end of the project).
Public utility service	When the service is received.
Travel	When the travel is taken.
Rental of real or personal property	When the property is used.
A pre-agreement cost that was approved by the state under the cost principles identified in 34 CFR 74.171 and 80.22	When the pre-agreement costs were approved. (Example: If a project is approved to begin October 1, the subgrantee may request the OPI's approval to charge the project for costs incurred for a summer program before October 1. In limited cases, and within federal regulations, OPI may choose to approve such pre-award costs.)

**TIME AND EFFORT TRACKING REQUIREMENTS**

Payroll costs charged to federal grant programs must be based on payrolls documented and paid in accordance with school accounting policies and state and federal laws and regulations. Charges must be approved by appropriate officials.

Subgrantees must maintain records to document payroll costs charged to each grant award. The records must show the time actually spent by an employee in carrying out the objectives of that program. That is, subgrantees must not charge payroll costs to grants based on estimated allocations of an employee's time. This applies to both state and federal programs.

**DOCUMENTATION DEPENDS ON WORK**

The type of documentation required for time and effort depends on whether an employee works on a "single cost objective" (e.g., 100% special education or 100% Title IA) or if the employee works on "multiple cost objectives" (e.g., 20% special education and 70% Title IA and 10% regular classroom aid). An employee working on multiple cost objectives must complete a personnel activity report (timesheet) at least monthly.

An employee working on a single cost objective may complete monthly personnel activity reports or may instead complete a semi-annual certification. The employer must establish policy on the type(s) of time and effort documents required by their staff to ensure compliance with federal regulations

Employee Working on Multiple Grant Projects – Personnel Activity Report

When an employee works on more than one project (i.e., multiple federal grant programs or a combination of federal and non-federal programs) the subgrantee must keep records showing the salaries, wages, and benefits charged to each program with appropriate time distribution records for the employee.

This requires an ongoing accounting, such as a timesheet or detailed daily log of activities performed for each grant. The federal regulations (OMB Circular A-87, 2 CFR Part 225) refer to this timesheet or log as a "personnel activity report" and set criteria for the reports.

Personnel activity reports must:

- a. Show charges to federal projects were made based on actual time spent working on the activities ("after-the-fact record");
- b. Account for the total time of each employee;
- c. Be prepared at least monthly and coincide with one or more pay periods;
- d. Be signed by the employee; and
- e. Not be based on budget estimates of the employee's time, but may be estimated in the interim if revised at least quarterly to reflect actual time and effort.

An example of the [Time and Effort Form](#) (i.e., timesheet) used by the OPI is included in Appendix B of this handbook for reference.

### Employee Working on a Single Grant Project – Semi-Annual Time Certification

An employee is considered to be working on a single cost objective if the employee:

1. is paid fully or partially with federal grant funds; and
2. works solely on activities allowable under the terms and conditions of a specific federal grant.

If an employee works solely on a single federal award or a single cost objective, the subgrantee may document the salaries and benefit costs charged to the single grant by having the employee and immediate supervisor sign a semi-annual (or more frequent) certification stating the employee worked solely on that particular program for the period covered by the certification. Federal regulations require this type of periodic certification to be done at least semi-annually. This method may be an easier alternative to timesheets and logs when only one grant award is used to pay an employee.

An [Example of Semi-Annual Time Certification](#) is included in Appendix B of this handbook for reference.

### **RECOMMENDED POLICY STATEMENT**

The OPI recommends the School Trustees adopt and distribute a personnel policy dealing with time and effort reporting similar to the example below:

“Office of Management and Budget (OMB) Circular A-87 [now 2 CFR Part 225], [Cost Principles for State, Local and Indian Tribal Governments](#), sets forth federal policies on documenting time spent on federal grant activities. Employees who work on multiple activities (i.e., more than one federal award, an indirect and a direct activity, a federal award and a non-federal activity), are affected by these policies.

Staff paid from multiple funding sources must report their hours worked according to the activities actually performed during a given pay period, and not according to how their salary is budgeted. Circular A-87 says compensation for personnel services is an allowable cost of federal programs only if our time sheets reflect an “after-the-fact” distribution of the “actual activity” of each employee. Accordingly, staff is required to complete their timesheet by reporting hours worked according to the activities actually performed during that pay period, and charging the appropriate budget code [funding source]. For audit purposes, employees charging time to a federal grant are expected to have reasonable, creditable evidence to support the charges (i.e., daily calendar, job description, work products, travel schedules, etc.).



Paid leave time and hours worked that can't be reasonably identified to a specific budget code, for example time spent attending an all staff meeting, will initially be allocated according to how an employee's salary is currently budgeted. If necessary, those charges will be adjusted between budget codes later in the year to correspond with actual hours worked."

## **TIME AND EFFORT CONSIDERATIONS FOR SCHOOLWIDE PROGRAMS**

Usually, personnel costs are allowable grant expenditures only if the employee's time is spent performing activities for that particular grant project. However, when the district has a school that qualifies for a "schoolwide" program under ESEA and the district has approved a Schoolwide Plan for that program, federal regulations and OPI policy allow the subgrantee to charge costs of that school's programs, including personnel costs, to the general fund, to other non-grant funding sources, or to the school's grant allocations without regard to a particular grant's purpose. [NOTE: The district and school are still required to demonstrate certain progress and show certain results in accordance with grant regulations. Also, some grants may not be included in the district's Schoolwide Plan and so would have to be separately tracked. ]

For more information, see [Appendix G - Schoolwide Programs](#) in this handbook.

For time and effort reporting purposes, staff working in a school that has a schoolwide program is considered to be working on one, rather than multiple activities. Hourly employees only need to report hours worked and leave taken, without associating hours worked with a particular grant(s) and non-grant activities. Payroll for the school can be paid from any combination of grants and non-grant sources at the district's discretion.

For practical purposes, the district may want to apply the same time and effort reporting requirements to all employees, rather than applying a less rigorous system to schoolwide programs. That is, the district can choose to apply the flexibility afforded to schoolwide programs at the payment, rather than reporting level. Consistent reporting of staff time may help avoid confusion, especially for employees that later move to another school or routinely work at more than one school.

## **TIME AND EFFORT AUDITS**

Retain time and effort records for audit purposes.

## **400.5 CASH REQUESTS**

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### **OVERVIEW AND DUE DATES**

A subgrantee must submit a "cash request" to the OPI to request a payment of federal or state program funds. The cash request provides the OPI with a subgrantee's estimated cash needs. Separate cash requests must be submitted for each program.

## E-Grant Programs

For programs managed on the E-Grants system, cash requests must be submitted using the E-Grants system online. Cash requests should be submitted monthly. The subgrantee must submit an electronic cash request to the OPI by the 25th of the month for disbursement by the 10th of the following month. For example, if a cash request is received by the OPI by October 25<sup>th</sup>, a payment will be sent on November 10<sup>th</sup>. Cash requests are not required to be submitted monthly, but the OPI encourages monthly cash requests.

## Non-E-Grants Programs

For non-E-Grants programs (usually small and discretionary projects), subgrantees typically submit one annual cash request form at the beginning of each fiscal year of the project. The form estimates cash needs by month throughout the fiscal year. Subgrantees must submit a hardcopy [Cash Request](#) form (see Appendix B of this handbook) by mail or fax to the OPI.

Mailing address: Centralized Services Division, OPI  
Box 202501  
Helena, MT 59620-2501

Fax number: (406) 444-1369

After the OPI approves the form, the OPI will make monthly grant payments to the subgrantee according to the cash request form beginning on the 10<sup>th</sup> of the following month. The subgrantee may submit a revised Cash Request form to modify the amounts of future months' payments.

### **DUE DATES AT FISCAL YEAR-END**

In June, the OPI makes two grant payments: one payment on the 10<sup>th</sup> and one on or about the 25<sup>th</sup> of the month. Therefore, requests are due to the OPI by May 25<sup>th</sup> and June 20<sup>th</sup>.

In July, the OPI does not process grant payments. So, requests submitted between June 20<sup>th</sup> (deadline for June 25<sup>th</sup> payment) and July 25<sup>th</sup> (deadline for August 10<sup>th</sup> payment) will be paid on August 10<sup>th</sup>.

### **FACTORS THAT MAY DELAY PAYMENTS**

Grant payments may be delayed by such factors as: the timeliness of a subgrantee's submission of acceptable applications and project reports; the timing of OPI's approval of the proposed project, including time to review proposed project plans of applicants and time for applicants to revise proposals as needed; the timing of federal program authorizations and notifications to the OPI of the state's allocations; the subgrantee's unacceptable performance on previous projects; or unacceptable or late submissions of required reports.

## **HOW TO REQUEST CASH**

The "Prime Applicant," which is the entity acting as the fiscal host for a grant, is responsible for submitting cash requests to the OPI online through E-Grants or using hardcopy forms, as appropriate.

The prime applicant estimates the amount of cash needed to support the project for the month. Subgrantees may either request cash as a reimbursement for grant expenditures in a previous month or may request a cash advance for the coming month. (In rare cases, an OPI-administered grant may be offered only on a reimbursement basis.)

The prime applicant must submit a separate cash request to the OPI for each approved project.

Both the district clerk/business official and the authorized representative must "sign" the form. On E-Grants, the district clerk/business manager typically prepares the online cash request and the authorized representative approves and submits it. For a paper cash request, both parties must sign the form.

The total cash requested for a project may not exceed the approved budget for the project. The amount of cash requested may vary from month to month, since cash may be needed in some months and not others. A small grant might be expended entirely within one or two months of the year.

## **CASH MANAGEMENT REQUIREMENTS**

By federal law, grant cash on hand must be minimized. The OPI allows subgrantees to request cash advances or cash reimbursements.

If requesting a cash advance, the subgrantee must request only the estimated minimum amount needed each month for actual disbursement to carry out the purpose of the approved project. The OPI accounting staff may request an explanation from subgrantees who request a large cash advance in any one month. Subgrantees should never request more cash than is needed to pay the next month's costs. Excessive cash on hand must be returned immediately to the OPI. Contact the OPI accountant for the program for directions on how to return funds, if needed.

Subgrantees are encouraged to request cash on a timely basis. The last date for requesting cash for a given project is August 10 for projects ending June 30 and November 10 for projects ending September 30 (e.g., the date a project's Final Expenditure Report is due).

## **AMENDING CASH REQUESTS (paper forms process only)**

Subgrantees who file an annual hardcopy Cash Request form may need to amend it during the year as necessary to:

- Manage a project's cash balance; and
- Request cash related to an approved budget amendment. For example, if OPI adds carryover funds or supplemental appropriations by the U.S. Congress to a project budget after the initial Cash Request form is submitted, the subgrantee must submit an amended Cash Request form to specify the scheduled payments of these additional funds.

Each month, the clerk/business official and the authorized representative must review the cash status for each grant project. The purpose of the monthly review is to ensure that neither a significant cash shortfall nor excessive cash-on-hand is accumulating, and the most recent Cash Request form filed with the OPI is still an accurate projection of cash needs for the project period.

Submit amendments by submitting another Cash Request form with the "Amended Request" box checked. An amended request must be approved and signed by both the clerk/business official and the authorized representative.

NOTE: For E-Grants projects, the cash request process is done monthly, so amendments are not usually necessary. Contact the OPI grant accountant to unlock an online cash request for editing, if needed.

## **CASH DISBURSEMENT REPORTS - WHEN REQUIRED**

Do not submit additional cash disbursement reports or supporting documentation for grant expenditures unless the items are specifically requested by the OPI.

In limited cases, the OPI may request submission of detailed cash disbursement reports and supporting documentation (e.g., invoices, trip reports, payroll reports, etc.) to:

- a. Verify the subgrantee has implemented a corrective action plan on audit report findings;
- b. Monitor the district's federal program expenditures in detail after the entity has been designated "high-risk" (For more information, see [Audit Requirements and OPI Monitoring](#) in Section 600 of this handbook); or
- c. Ensure that project funds were obligated within the authorized project period.

## **EXPENDITURES LIMITED TO CASH BALANCES**

The fund used by school districts and cooperatives/consortiums for state and federal grant project accounting is the Miscellaneous Programs Fund (15), which is a "non-budgeted" fund.

State law (section [20-9-210](#), MCA) and administrative rules (ARM [10.10.207](#)) limit the expenditures in a non-budgeted fund to the combined total of cash on hand and valid accounts receivable to be collected within 30 days for all projects in the fund.

School districts and cooperatives may consider the amounts submitted on cash requests to the OPI as valid receivables subject to expenditure under ARM 10.10.207. To avoid confusion, the clerk should notify the county treasurer of the anticipated date of receipt of amounts receivable (i.e., date of next OPI grant payment).

### **OVERDRAFT OF GRANT AWARD AMOUNT**

Any expenditure which exceeds the grant award amount is not an allowable cost of the federal program. A subgrantee must use other available funds of the entity to pay for an over-expenditure. For example, if the grant award is \$1,000 and the subgrantee spends \$1,010, the extra \$10 must come from the entity's "own pocket" because it will not be reimbursed by the grant program.

Subgrantees that over-expend a grant award will incur a cash overdraft in the project. The trustees must reimburse the overdraft with general fund money (or other available funds) and record the expenditure as an expenditure against the general fund budget. If the grant award is exhausted before the program is finished, the trustees may elect to subsidize the project by charging expenditures directly to the general fund or other legally available funds.

### **REQUESTING REIMBURSEMENT PAYMENTS WHILE ON HIGH-RISK STATUS**

A subgrantee on "high-risk" status with the OPI may be placed on reimbursement basis rather than cash advance basis for OPI-administered grants. For more information, see [Audit Requirements and OPI Monitoring](#) in section 600 of this handbook.

To request reimbursement for grant expenditures, the subgrantee must submit the following items to the OPI:

1. Full documentation of each expenditure, including:
  - a) Requisition, approved by the District Superintendent;
  - b) Purchase order, approved by the District Superintendent;
  - c) Copy of warrant and a computer printout showing the expenditure coding, warrant number, and payee; and
  - d) For payroll expenses, a computer printout showing the warrant number, expenditure coding, and payee.
2. A cash request form (unless already submitted).

Requests for reimbursement should be submitted to the OPI by the 25th of a month to be paid on the 10th of the following month. The OPI will not approve incomplete documentation for reimbursement. The OPI will not pay requests for reimbursement submitted after the final expenditure report is due.

**WHAT IS PROGRAM INCOME?**

“Program income” is income generated by an activity supported with federal funds during the grant period. For example, it would include:

1. Fees for services performed;
2. Fees for use of or rental of, property acquired with grant funds; and
3. Proceeds from the sale of commodities or items fabricated under a grant agreement.

Federal funds subgranted by the OPI are generally not used to generate program income.

Sometimes federal projects allow funds to start stores or similar projects that generate a profit or return the start-up money. For the OPI-administered projects, those kinds of profits should be considered program income and must be used in the current grant period in accordance with regulations of the grant that generated the profits.

**USE OF PROGRAM INCOME**

If program income does result from the use of federal funds administered by the OPI, the income must be used during the current grant period in accordance with regulations of the grant which generated it.

Contact the appropriate OPI program specialist with questions about the generation and use of program income under a specific project. See [OPI Resources](#) in this handbook.

**PROCEEDS FROM SALE OF PROPERTY**

Proceeds from the sale of property or equipment purchased using federal funds are not considered program income and are subject to special rules. For more information, see [Property Management](#) in section 500 of this handbook.

**INTEREST EARNED ON INVESTMENT OF GRANT FUNDS**

Federal cash on hand should be limited at any given time and the interest earned on the cash should not be considered a major source of income. Federal and state grant funds may be invested and earn interest. However, federal cash management regulations require that the time between the receipt of federal grant cash and the time it is spent must be minimized.

Each subgrantee may retain up to \$100 of interest earned on all federal grant funds combined in a given fiscal year for administrative expenses. For public school districts, this includes interest earned on any building-related grants in Fund 60 and all federal grants in Fund 15.

This limitation does not apply to the Federal Impact Aid entitlement. Subgrantees may retain all the interest earned on state grant funds.

Interest earned in excess of \$100 must be refunded to the federal government at the following

U.S. Department of Education  
P.O. Box 979053  
St. Louis, MO 63197-9000

The remittance should be accompanied by a letter stating that the remittance is for "interest earned on federal funds" and must include the subgrantee's DUNS number.

### **ACCOUNTING FOR RETENTION OF \$100 OF INTEREST EARNED**

The subgrantee must track interest earnings in sufficient detail to allow audit of the amounts of interest earned and refunded.

#### Suggested Process for Public School Districts

Deposit all interest revenue earned on grants in the Miscellaneous Programs Fund 15 directly into the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund 15 as interest income until the amount exceeds \$100 for all federal projects in all funds for a fiscal year. After collecting \$100 in a year, at least quarterly reverse the interest income exceeding \$100 off the books and return the money to the federal government (see [address](#) above). The amount retained up to \$100 may be used for any expenditure in the indirect cost pool.

#### Other Subgrantees

Nonpublic school entities are not required to use Miscellaneous Programs Fund 15. The OPI recommends subgrantees pool the interest earned on all grants in one account until the \$100 mark is used, retain the \$100 as interest income in an unrestricted account such as general fund, and return subsequent interest earnings at least quarterly to the federal government (see [address](#) above).

Contact the OPI School Finance Division at (406) 444-0783 for detailed accounting assistance, if needed.

## **400.7 RECORDS RETENTION**

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Federal regulations require subgrantees to retain records for three years after the day the final expenditure report for a project has been submitted.

If any litigation, claim, negotiation, audit, or other action involving the records begins before the expiration of the three-year period, the subgrantee must retain records until completion of the legal action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

## RETENTION PERIOD FOR STUDENT RECORDS AND PERSONNEL RECORDS

State records retention laws require student records to be kept permanently and personnel employment files to be retained for 10 years after termination (section [20-1-212](#), MCA).

## GRANT FILES REQUIRED

The subgrantee's business office must keep a grant file for each separate project containing the following documents for audit purposes:

1. Grant application\*
2. Approved budgets\*
3. Award document\*
4. Record of cash requests (copies of cash request forms)\*
5. Record of cash receipts\*
6. Cash disbursements
7. Matching expenditures
8. Important correspondence
9. Final expenditure and program reports

NOTE: For E-Grants programs, the E-Grants system holds the necessary copies of items marked with "\*" above. Non-E-Grants projects must have paper files containing these items.

For more detailed explanations of the required accounting procedures for grants, including examples of forms and worksheets for tracking grant fiscal activity, see Section 9-0400.34 of the [Montana School Accounting Manual](#), and [Fund 15 Recap Worksheet](#).

## DETAILED RECORDS RETENTION SCHEDULE FOR MONTANA SCHOOLS

Every school district and cooperative should obtain and follow the state record retention policy for all school records. The policy is called "Schedule 7" and can be downloaded from the Montana Secretary of State's website: [http://sos.mt.gov/Records/forms/local/Local\\_Schedule7.pdf](http://sos.mt.gov/Records/forms/local/Local_Schedule7.pdf).

### 400.8 PROJECT CLOSEOUTS

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#### FINAL GRANT REPORTS DUE BY PROJECT

A separate Final Expenditure Report and Final Program Report, if required, are required for each state and federal grant administered by the OPI.

For E-Grants programs, final expenditure reports must be submitted online. Final program reports, if required, will be provided by OPI either in a hardcopy format or an alternative electronic format, such as a PDF fill-in form, at the close of the grant term.



For non-E-Grant programs, final expenditure reports and final program reports, if required, will be provided by the OPI either in a hardcopy format or an alternative electronic format, such as a PDF fill-in form, at the close of the grant term.

## **DUE DATES FOR FINAL GRANT REPORTS**

The Final Expenditure Report and Final Program Report are due to the OPI at the same time. Subgrantees are encouraged to submit their final expenditure and final program reports to the OPI as soon as all obligations are paid.

If the project year ends June 30: Obligations existing at June 30 must be liquidated within 30 days following the end of the project year (i.e., by July 31). Submit the final expenditure report and final program report, if required, to the OPI **no later than August 10**.

If the project year ends September 30: Obligations existing at September 30 must be liquidated within 30 days following the end of the project year (i.e., by October 31). Submit the final expenditure report and final program report, if required, to the OPI **no later than November 10**.

NOTE: Final Program Reports for Title IA are due by June 30 to facilitate OPI's federal reporting.

## **UNSPENT CASH ON HAND—REFUNDING TO THE OPI**

Unexpended cash held by a subgrantee at the end of the project, if greater than \$10, including funds which are eligible for carryover to the next year's project, must be returned to the OPI with the Final Expenditure Report. This includes funds which were not obligated by the last date of the project.

The subgrantee must refund (in whole dollar amounts) any cash balance on hand for the project to the OPI, **excluding** interest earnings and program income.

Exception - If the cash balance on hand is less than \$10, the subgrantee is not required to send a refund to the OPI. School districts may move balances of less than \$10 to the "Indirect Cost Recovery" project in the Miscellaneous Programs Fund in the same manner as indirect cost recoveries are taken. Contact the OPI School Finance Division at (406) 444-0783 for assistance.

## **FINAL REIMBURSEMENT DUE TO A SUBGRANTEE – CLAIMING PAYMENT FROM THE OPI**

It is very important to submit all final grant reports on time! Late reports may result in OPI denying final cash requests on the current project and delaying approval of new projects.

For E-Grants programs, the subgrantee should request any amount still owed by OPI under the award by submitting a Final Expenditure Report and a final Cash Request. After receiving the Final Expenditure Report and Cash Request, OPI will pay the

subgrantee the amount due, provided the Final Program Report (if any) and the Final Expenditure Report are submitted on or before the date they are due.

For non-E-Grant programs for which the subgrantee submitted a hardcopy annual Cash Request form submitted to the OPI, the subgrantee will indicate a final cash request on the Final Expenditure Report, so submitting that form will result in an automatic final payment.

Note: OPI will not pay a reimbursement that is requested on a late Final Expenditure Report (i.e., received by the OPI after August 10 for a project ended June 30 or after November 10 for a project ended September 30) (see "Carryover Funds" in section [200 General Administrative Requirements](#) in this handbook).

## **WHO TO CONTACT FOR ASSISTANCE**

Questions regarding final expenditure reports or refunds for the OPI-administered grants should be directed to the OPI program accountant for that program listed in the [OPI Resources](#) section of this handbook.

Questions regarding final program reports should be directed to the program specialist listed in the [OPI Resources](#) section of this handbook.