

Section 5.4

Cash Management Procedure for Federal Programs

Generally, the Greenville Area Public Library (GAPL) receives payment from the Pennsylvania Department of Education (PDE) on a reimbursement basis. In some circumstances, the GAPL may receive an advance of federal grant funds. This attachment addresses responsibilities of the GAPL Board of Directors and staff under those alternative payment methods. In either case, the GAPL shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met.

Payment Methods

Reimbursements

The GAPL will initially charge federal grant expenditures to non federal funds. The Library Director will request reimbursement for actual expenditures incurred under the federal grants quarterly. Such requests shall be submitted with appropriate documentation and signed by the requestor. Requests for reimbursements will be approved by the Library Director/Federal Programs Coordinator. Reimbursement will be submitted on the appropriate form to the PDE portal. All reimbursements are based on actual disbursements, not on obligations. PDE will process reimbursement requests within the timeframes required for disbursement. Consistent with state and federal requirements, the GAPL will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for PDE to review upon request.

Reimbursements of actual expenditures do not involve interest calculations.

Advances

When the GAPL receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the GAPL and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR Sec. 200.305(b)) The GAPL shall attempt to expend all advances of federal funds within 1-5 business days.

The GAPL shall hold federal advance payments in insured, non-interest bearing accounts.

Management of Property Acquired With Federal Funds

Contract and Purchasing Administration -

The GAPL maintains internal controls, administrative regulations and procedures to ensure that contractors deliver goods and services in accordance with the terms, conditions and specifications of the designated contract, purchase order or requisition.

Inventory Control/Management -

All property purchased with federal funds, regardless of cost, will be inventoried as a safeguard by grant recipient or GAPL.

Inventory will be received by the department or program requesting the item; designated staff will inspect the property, compare it to the applicable purchase order or requisition, and ensure it is appropriately logged and tagged according to their policies or procedures or GAPL's property records.

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Inventory records of equipment and computing devices must be current and available for review and audit, and include the following information:

1. Description of the item, including any manufacturer's model number.
2. Manufacturer's serial number or other identification number.
3. Identification of funding source.
4. Acquisition date and unit cost.
5. Source of items, such as company name.
6. Percentage of federal funds used in the purchase.
7. Present location, use, condition of item, and date information was reported.
8. Pertinent information on the ultimate transfer, replacement or disposition of the item and sale price of the property.

Inventory will be updated as items are sold, lost or stolen, or cannot be repaired, and new items are purchased.

Disposition of Property Acquired with Federal Funds –

When the GAPL determines that real property, including land, land improvements structures and accessories thereto, acquired under a federal award is no longer needed for the originally authorized purpose, the GAPL must obtain disposition instructions from the federal awarding agency or pass-through entity administering the program, in accordance with applicable law and regulations. (2 CFR Sec. 200.311) When the GAPL determines that equipment or supplies acquired under a federal award are no longer needed for the original project or program or for other activities currently or previously supported by a federal awarding agency, the Library Director will contact the federal awarding agency or pass-through entity administering the program to obtain disposition instructions, based on the fair market value of the equipment or supplies.

Generally, items with a fair market value of \$5,000 or less that are no longer effective may be retained, sold, purged, or transferred to the GAPL. For items with a fair market value greater than \$5,000, the federal awarding agency is entitled to the federal share of the current market value or sales proceeds. If the GAPL will be replacing the equipment or supplies, the GAPL may use the existing equipment or supplies as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

The Library Director will be responsible for contacting the federal awarding agency and determining the process for disposition of equipment or supplies.

The GAPL may use the following methods in disposing of unnecessary equipment or supplies acquired with federal funds:

- Public auction and/or online sale – generally conducted by a licensed auctioneer.
- Salvage – scrap sold to local dealers.
- Negotiated sale – normally used when disposing of items of substantial value.
- Sealed bid – normally used for items of substantial value or unique qualities.
- Pre-priced sale – large quantities of obsolete or surplus equipment or supplies may be sold by this method.
- Donation to charitable organizations, for equipment or supplies with little to no value.

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- Disposition to trash for equipment or supplies with no value.

The Library Director or Federal Programs Coordinator will be responsible for maintaining records of obsolete and surplus property disposed of, and will report to the federal awarding agency when required.

Allowability of Costs – Federal Programs

Expenditures must be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the state.

Delegation of Responsibility

When determining how the GAPL will spend its grant funds, the Library Director or Federal Programs Coordinator will review the proposed cost to determine whether it is an allowable use of federal grant funds *before* obligating and spending those funds on the proposed good or service.

Allowability Determinations

All costs supported by federal funds must meet the standards outlined in the individual grant application guidelines. The Library Director Federal Programs Coordinator must consider these factors when making an allowability determination.

Whichever allowability requirements are stricter will govern whether a cost is allowable.

General allowability determination factors include the following:

1. **Be Necessary and Reasonable for the performance of the federal award.** A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, **reasonable** means that sound business practices were followed, and purchases were comparable to market prices.

Whether a cost is **necessary** will be determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective.

2. **Allocable to the federal award.** A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. (2 CFR Sec. 200.405)
3. **Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-profit entity.**
4. **Conform to any limitations or exclusions set forth in the terms and conditions of the federal award.**
5. **Consistent treatment.** A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
6. **Adequately documented.** All expenditures must be properly documented.
7. **Be calculated in accordance with generally accepted accounting principles(GAAP).**

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8. **Not included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such.** Some federal program statutes require the non federal entity to contribute a certain amount of nonfederal resources to be eligible for the federal program.
9. **Be the net of all applicable credits.** The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the state relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate. (2 CFR Sec. 200.406)

Approved 9/20/2022
Greenville Area Public Library Board of Directors