Overview:
Most of the Federal grants local education agencies (LEAs) receive as subgrants from the Pennsylvania Department of Education (PDE) come with similar general administrative requirements. This guide is to assist you with understanding these requirements. Note: because most PDE subgrants are for U.S. Department of Education (USDE) grants, requirements cite USDE references. However PDE also administers grants from other Federal agencies, such as U.S. Department of Agriculture (USDA). While the general requirements are often applicable, be sure to verify information.

General Administrative Requirements:
1. All Federal dollars must be tracked separately from State & other Federal funds. GEPA and EDGAR require that grantees maintain grant records for three years after the submission of all required reports, or longer if there are other audit or legal matters pending. As a reminder, PDE has designated separate funding codes for the each grant. Additional accounting information can be found here: Home > Policies and Procedures > School Finance.
2. All Federal funds have general requirements including numerous ‘fiscal’ requirements such as contract approval, accounting/payroll requirements, procurement procedures all of which apply to the entire organization. Federal funds will be reviewed as part of your Single Audit. For more information, see EDGAR Links: Full text / Part 80 / Part 74 / Part 668, USDE Cash Mgmt. Guidance and FAQs, OMB circulars
3. All federal funds subgranted by PDE must be appropriated by the PA legislature before PDE can pass-through funds. 
4. Be sure you know the following award information for every federal grant:
   a. Federal Award Number – your auditor requires this information
   b. Federal Awarding Agency – don’t assume it’s always the U.S. Department of Education
   c. CFDA Number/Title – research detailed grant information, including applicable laws and regulations
   d. Budget/Performance Period – this is critical to avoiding findings and repayment determinations
   e. PA Revenue Code – ask at the beginning of the grant so that you can justify expenditures
   f. PA Funding Source – same as above, knowing this will save you time and avoid costly mistakes.
5. If you sub-grant Federal funds PDE has sub-granted to you, flow-down requirement apply. Also, be sure to publish and distribute how individuals can report critical issues with Federal funds.
   a. Fraud, Waste Abuse at oig.hottline@ed.gov or 1-800-MISUSED.
6. The Federal Funding Accountability and Transparency Act of 2006 (FFATA) affects ALL federal funds, and doesn’t expire.
   a. FFATA has many of the same requirements of ARRA (CCR, Duns, Highly Compensated), and will be in all federal assistance subgrant terms & conditions going forward.
b. Continued receipt of federal funding requires PDE have in place processes to sustain (not temporary) reporting requirements and validate data (monitor) [2 CFR Section 170, specifically 170.200(b)].

7. Your award information is highly visible, and receives scrutiny from stakeholders:
   a. Pennsylvania Contracts eLibrary – your Federal grants are ‘contracts’ and are available online
   b. Pennsylvania Auditor General School District Audits – your school performance audits online
   c. U.S. Government Spending – detailed information on subrecipient (your) awards
   d. U.S. Federal Audit Clearinghouse Database – database of subrecipient (your) single audit reports
   f. U.S. Government Accountability Office – occasionally produces reports on USDE and subrecipients

Cash Management:
The Cash Management Improvement Act (CMIA) 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. It is important that you review the June 15, 2010 USDE Cash Management Policies for Grants and Cooperative Agreements and the FAQs. To summarize, EDGAR 80.21(i) states to promptly, but at least quarterly, remit interest earned on advances over $100 per year. Section 74.22(l) (for IHEs, hospitals and other non-profit organizations) and Section 668 (for Title IV and HEA) are similar except the allowance is $250 per year. EDGAR Links: Full text / Part 80 / Part 74 / Part 668 Interest exceeding the $100 or $250 allowable for administrative expenses must be returned to the federal government.
   • Remit 80.21 and 668 interest to: U.S. Department of Education, P.O. Box 979053, St. Louis, MO 63197-9000;
   • Remit 74.22 interest to: U.S. Department of Health and Human Services, P.O. Box 6120, Suite 1133, Rockville, MD 20852;
   • Make check payable to the agency in the address line, include a cover letter with your DUNS, CFDA(s), time period(s) for which interest was earned. Include “Interest earned on Federal funds” in the subject.

Important Notes:
   • While your contract addendums require you to separately track and report federal awards, interest may be returned in total for all federal programs;
   • Interest up to and including amounts described above are to be used only for administrative expenses. Amounts in excess can NOT be retained to offset any direct or indirect program costs. Limits are for ALL federal funds;
   • Grantees and sub-grantees are prohibited from reducing or offsetting federal interest earnings for the temporary use of non-federal cash resources for federal programs;
   • To ensure compliance with federal administrative requirements, Districts, Charters and Intermediate Unit fiscal officials should coordinate in developing internal controls and a sound methodology to calculate and return interest;
   • Interest calculation methodologies must be based on actual, not estimated, interest earnings on federal funds. Reminder - separate tracking/reporting is required, which simplifies interest calculation;
   • As the goal is to minimize time, use of non-interest bearing accounts does not fully address the issue. In addition, for some recipients subject to Part 74 funds must be deposited in interest bearing accounts;
   • A small number of ED grants may have program-specific requirements which supplement or override the general EDGAR cash management or payment requirements. For questions contact your USDE program officer, whose contact information is on your Grant Award Notification (GAN).
Frequently Asked Questions:

Q: The auditor asked about interest – I can’t have any interest on Federal funds – we’re always broke!
A: Don’t confuse cash (liquidate) and accrual (obligate) accounting. Recall that you must track all obligations by program – federal separate from non-federal, and ARRA from non-ARRA (see the PA Manual of Accounting). This means that if you draw down funds on the 20th, but don’t record obligations of those funds until the following month, you not only failed to minimize the time between drawdown and disbursement, you may have earned interest on those funds.

Q: When do I have to spend my funds – and what does it mean to ‘spend’ them?
A: All funds must be obligated by the end of the grant budget period. Liquidations of the funds generally must occur within 90 days after the grant period.

- Obligate means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given budget period that will require payment by the grantee during the same or a future budget period. (There is no legal commitment until a contract is executed or a purchase order is issued.) Often used interchangeably with ‘expended.’
- Liquidate means the issuance of payment for an obligation. Often used interchangeably with ‘disbursed.’

Q: When must the funds be obligated or liquidated?
A: Obligation of funds must occur by the end of the grant period (e.g. 09/30/YYYY) but PDE STRONGLY encourages you to obligate and liquidate funds as quickly as possible to avoid any issues. Any funds not obligated by the end of the grant period will revert to the U.S. Department of the Treasury. Any funds not liquidated within 90 days of the end of the grant period will revert to the U.S. Department of the Treasury. Source: EDGAR 76.707 Clarification from USDE on Obligation:

<table>
<thead>
<tr>
<th>If the obligation is for:</th>
<th>The obligation is made:</th>
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</thead>
<tbody>
<tr>
<td>Acquisition of real or personal property.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to acquire the property.</td>
</tr>
<tr>
<td>Personal services by an employee of the State or subgrantee.</td>
<td>When the services are performed.</td>
</tr>
<tr>
<td>Personal services by a contractor who is not an employee of the State or subgrantee.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to obtain the services.</td>
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<tr>
<td>Performance of work other than personal services.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to obtain the work.</td>
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<td>Public utility services.</td>
<td>When the State or subgrantee receives the services.</td>
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<td>Travel.</td>
<td>When the travel is taken.</td>
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<tr>
<td>Rental of real or personal property.</td>
<td>When the State or subgrantee uses the property.</td>
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Q: I’m new to this - what are eGrants and FAI – how do I get to them?
A: eGrants - The eGrants system is designed to allow licensed educational agencies and certain community-based programs within the Commonwealth online access to many of the PA Department of Education grants. FAI, or Financial Accounting Information is an application available through the Commonwealth’s ‘portal’ where payees can receive detailed payment information. To access FAI: PDE Home > Login (top left) > My PDE (bottom left) > Applications > FAI