

Community Mental Health Partnership of Southeast Michigan		<i>Policy: Cash Management for Grants and Contracts</i>	
PIHP Operations			
	Date of Approval 9/13/17	Date of Implementation 9/13/17	

I. PURPOSE

The purpose of this policy is to establish cash management procedures for grants and contracts to ensure compliance with federal regulations and the terms and conditions of the award.

II. REVISION HISTORY

Revision Date	Modification	Implementation Date

II. POLICY

CMHPSM and the CMHSP's will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by CMHPSM and the CMHSP's, in accordance with the Cash Management Improvement Act at 31 CFR Part 205. Generally, CMHPSM and the CMHSP's receive payment on a reimbursement basis. 2 C.F.R. §200.305. However, if CMHPSM or the CMHSP's receives an advance in federal grant funds, they will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9).

III. APPLICATION

All staff.

IV. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM) – The Regional Entity that serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Community Mental Health Services Program (CMHSP) – An agency formed under Act 258 of the Public Acts of 1974 as amended (the Mental Health Code) responsible for the delivery of mental health services.

VI. STANDARDS

A. Payment Methods

1. *Reimbursements*: CMHPSM and the CMHSPs will request reimbursement for actual expenditures incurred under the federal grants. All reimbursements are based on actual disbursements, not on obligations.
 - a. Consistent with state and federal requirements, CMHPSM and the CMHSPs 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.
 - b. Reimbursements of actual expenditures do not require interest calculations.
2. *Advances*: To the extent CMHPSM or the CMHSPs receive advance payments of federal grant funds, the respective agency will strive to expend the federal funds on allowable expenditures as expeditiously as possible.
 - a. CMHPSM or the CMHSPs will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. CMHPSM or the CMHSP will begin to calculate interest earned on cash balances once funds are deposited into the District's account. CMHPSM or the CMHSP may retain up to \$500 of interest earned per year.

B. Allowability

1. Expenses charged to federal funding source must meet the following allowability criteria:
 - a. The costs must be treated consistently through application of generally accepted accounting principles appropriate to the circumstances.
 - b. 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).

VII. EXHIBITS

None

VIII. REFERENCES

- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 31 CFR Part 205 – Cash Management Improvement