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**NEW JERSEY DEPARTMENT OF EDUCATION
POLICIES AND PROCEDURES FOR REIMBURSEMENT OF FEDERAL
AND OTHER GRANT EXPENDITURES**

AUTHORITY

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

POLICY

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 New Jersey 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.

In accordance with this requirement, the New Jersey Department of Education (NJDOE) is implementing a reimbursement request system of payment, effective July 1, 2008 for payments made after that date. The following procedures are to be followed by subgrantees in submitting reimbursement requests. Reimbursement requests for entitlement grant awards under Titles I, II-A, II-D, III, III Immigrant, IV and V of the *No Child Left Behind Act (NCLB)*, the *Individuals with Disabilities Education Act (IDEA)*, and the *Carl D. Perkins Career and Technical Education Improvement Act of 2006* shall be made using the Department's electronic grants management system. It is the Department's long-term intent to use the electronic grants management system for all reimbursement requests.

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 New Jersey, Department of Education or funds NJDOE receives from the state legislature to be awarded to eligible subgrantees.

Grantee means the State of New Jersey, 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 State of New Jersey, 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 State of New Jersey, Department of Education for the use of funds provided.

PROCEDURES

I. Functionality

- A. Subgrantees will submit reimbursement requests using the payment functionality of the electronic grants management system. See Appendix A for specific instructions for preparing and submitting a reimbursement request.
- B. The payment functionality is enabled upon final NJDOE approval of the subgrant application through the electronic grants management system.

II. Submission of Reimbursement Requests

- A. A subgrantee will make reimbursement requests for individual titles and awards. That is, reimbursement requests for *NCLB* will be made for each individual title. Reimbursement requests for *IDEA* must be made separately for Basic and Preschool as well as for the *Perkins Secondary* and *Perkins Post Secondary* grant funds. Only one reimbursement request per month may be submitted for an individual title or award.
- B. A subgrantee may request reimbursement only for (a) expenditures that have already occurred or (b) will occur within three (3) business days of receipt of funds. The following examples are based upon the schedule in Section III, 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 three (3) 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 day of the following month because the subgrantee will make the payroll expenditure within three (3) business days of receiving the funds. The subgrantee may not request reimbursement in anticipation of subsequent pay dates, that is, those occurring more than three (3) 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 three (3) business days of receipt of funds. If payment to the provider is made at the end of the month, however, the subgrantee must request reimbursement during the month following payment.

Example E Fringe Benefit Payments to the State of New Jersey: Subgrantees are responsible for reimbursing the State of New Jersey for pension and social security payments made on behalf of employees paid with federal funds. For members of the Teachers' Pension and Annuity Fund (TPAF), subgrantees reimburse the State no later than November. The request for reimbursement for pension and social security contributions for members of TPAF should be made at the time the subgrantee will make payment to the State. For members of the Public Employees Retirement System or other State pension systems, the subgrantee should request reimbursement at the time payments are due to the State for pension contributions and to the Internal Revenue Service for Social Security contributions. **Subgrantees should not include fringe benefit calculations in their regular salary reimbursement requests.**

- C. 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 three (3) 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.
- D. Reimbursement requests must be in accordance with approved grant applications.
 - 1. Subgrantees are responsible for submitting an amendment application to the NJDOE for approval if a new budget category for which no funds were previously budgeted or approved has been created.
 - 2. Subgrantees are responsible for submitting an amendment application to the NJDOE 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.

III. Processing Timelines

- A. A subgrantee may submit reimbursement requests at any time after the subgrant has received final NJDOE approval. No more than one reimbursement request may be submitted per month for any one subgrant.
- B. Reimbursement requests submitted at least ten (10) business days before the end of the month but no later than the 15th day of the month will be reviewed and, if approved, processed for payment the first business day of the following month. Subgrantees will normally receive payment by the 5th business day of the month and will be able to track the grant's payment history in the electronic grants management system through the payments link of the grant application.

IV. Content of Reimbursement Requests

- A. Reimbursement requests must contain a brief description of the expenditures for which reimbursement is being requested. Individual line items need not be detailed.

Example A: \$8,750 is being requested in the 100 function code. The description is “salaries and instructional supplies.”

- B. Expenditures must be supported by documentation at the subgrantee level. This documentation should not be submitted to the NJDOE with a reimbursement request. The subgrantee is responsible for maintaining supporting documentation for seven (7) years and for making it available to the NJDOE, the United States Department of Education, and/or their authorized representatives upon request.
- C. 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.

V. Review and Approval of Reimbursement Requests

- A. NJDOE staff will review reimbursement requests to determine that they meet the subgrant’s criteria, including but not limited to the following:
1. Adequate description of the expenditures is provided;
 2. No new budget category has been created; and
 3. Reimbursement request does not exceed the allowable threshold for an amendment as a result of cumulative transfers among expenditure categories.
- B. When a reimbursement request is approved or denied, the subgrantee will receive an email notification through the electronic grants management system.
- C. Approval of a reimbursement request by NJDOE 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 district assumes responsibility for assuring that all funds requested through the electronic grants management system either have already been expended, or will be expended, within three (3) days of receipt of payment.