



ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF INTERGOVERNMENTAL SERVICES

SUBGRANT ADMINISTRATION GUIDE
PART II: POST SUBGRANT REQUIREMENTS

A. PAYMENTS

1. ELIGIBILITY TO RECEIVE FUNDS

- a) Subgrant organizations are assigned a vendor number and must indicate an account to which funds may be disbursed electronically. A completed W-9 form, along with a voided check, must be submitted to IGS at the time of subgrant acceptance.
- b) Subgrant funds are available for expenditures incurred during the specified subgrant period. Any cost incurred prior to the subgrant award period must be paid with non-federal funds.

2. DISBURSEMENT OF FUNDS

- a) The Cash Management Improvement Act of 1990, as amended, requires states minimize the time between the transfer of federal funds to the state and the payout of those funds for program purposes. IGS has therefore developed procedures to ensure that federal cash on hand is kept at a minimal. Those procedures require request for funds from subgrantees. IGS requests federal funds only after the approval of an invoice and/or reimbursement request.
- b) Funds are disbursed on a reimbursement basis. Subgrant organizations must pay the expense of an item, submit a request for reimbursement, which is accompanied by proof of payment. **NO ADVANCE FUNDS WILL BE DISBURSED.**
- c) Subgrant organizations must request reimbursement by utilizing the *Financial Workbook* provided upon receipt of a signed subgrant agreement. The workbook is individualized based on the subgrant organization's approved budget.
- d) **FUNDS WILL NOT BE PAID IN A LUMP SUM**, but rather disbursed over time as project costs are incurred.
- e) Reimbursement requests are processed in a timely manner. The time period from receipt of a request to payment is approximately ten business (10) days.
 - i. IGS requires that subgrant organizations to submit requests no later than the 15th of each month. Reimbursement requests submitted after the 15th will be returned for re-submission after the first of the next month.
 - ii. Federal funds are not accessible during the last week of each month.



ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF INTERGOVERNMENTAL SERVICES

SUBGRANT ADMINISTRATION GUIDE
PART II: POST SUBGRANT REQUIREMENTS

A. PAYMENTS (cont'd)

3. WITHHOLDING OF FUNDS

- a) It is the responsibility of the subgrant organization to ensure that it is in compliance with the subgrant award, any special conditions, as well as all reporting requirements.
- b) Reimbursement may be withheld if the subgrant organization demonstrates any of the following:
 - i. Failure to adhere to federal or state requirements.
 - ii. Failure to adhere to all special conditions of the subgrant agreement.
 - iii. Failure to submit reliable and/or timely reports, including, but not limited to monthly reimbursement requests, quarterly performance reports, etc.
 - iv. Failure to achieve timely financial reconciliation and closeout at the end of the subgrant period.
- c) A subgrant organization out of compliance will be required to finance its operations without federal funds until such time as it achieves full compliance.

4. INTEREST EARNED

- a) All local units of government (political subdivisions of a State, including cities, towns, counties and special districts created by State law) shall account for interest earned on Federal funds. Local units of government may keep interest earned on Federal grant funds up to \$100 PER FEDERAL FISCAL YEAR. This maximum limit is not per award; it is inclusive of all interest earned as a result of all Federal grant program funds received per year. Interest earned in excess of \$100, must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.
- b) Nonprofit organizations shall account for interest earned on Federal funds. Nonprofit organizations may keep interest earned on Federal grant funds up to \$250 PER FEDERAL FISCAL YEAR. This maximum limit is not per award; it is inclusive of all interest earned as a result of all Federal grant program funds received per year. Interest earned in excess of \$250 must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. BOX 6021, ROCKVILLE, MD 20852.