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| Section: Finance | Policy Name: Cash Management for Grants and Contracts | Policy Number: 08.02 |
| Owner: Chief Financial Officer | Reviewed By: Tracy Dawson | Total Pages: 3 |
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| Application: <input type="checkbox"/> SWMBH Staff/Ops <input checked="" type="checkbox"/> Participant CMHSPs <input checked="" type="checkbox"/> SUD Providers <input type="checkbox"/> MH/IDD Providers <input type="checkbox"/> Other (please specify): _____ | Line of Business: <input type="checkbox"/> Medicaid <input checked="" type="checkbox"/> Other (please specify): <input type="checkbox"/> Healthy Michigan <u>SWMBH</u> <input checked="" type="checkbox"/> SUD Block Grant <input type="checkbox"/> SUD Medicaid <input type="checkbox"/> MI Health Link | Effective Date: 2/12/2021 |

Policy: Southwest Michigan Behavioral Health (SWMBH) and the Community Mental Health Service Providers (CMHSP) will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by SWMBH, in accordance with the Cash Management Improvement Act at 31 CFR Part 205.

Generally, SWMBH receives payment on a reimbursement basis. 2 C.F.R. §200.305.

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.

Scope: CMHSP and Substance Use Disorder (SUD) Providers.

Responsibilities: SWMBH Finance Department.

Definitions: Southwest Michigan Behavioral Health (SWMBH) – The Regional Entity that serves as the PIHP for Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St Joe and Van Buren counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Southwest Michigan Behavioral Health (SWMBH) – 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.

Standards and Guidelines:

A. Payment Methods

1. *Reimbursements:* SWMBH 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, SWMBH 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 SWMBH receives or provides to the CMHSPs advance payments of federal grant funds, the respective agency will expend the federal funds on allowable expenditures as expeditiously as possible. Excess advances are to be returned to SWMBH at the close of the fiscal year.
- a. SWMBH will hold federal advance payments in interest-bearing accounts unless an allowable exception applies. SWMBH will begin to calculate interest earned on cash balances once funds are deposited into SWMBH accounts.
 - b. Allowability: Expenses charged to federal funding source must meet the following allowability criteria:
 - The costs must be treated consistently through application of generally accepted accounting principles appropriate to the circumstances.
 - 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).

Procedures: None

Effectiveness Criteria: None

References:

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

Attachments: None



08.02 Cash Management for Grant and Contracts

Final Audit Report

2021-02-26

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