

**Administrative Procedure DJFA-AP(2): FEDERAL PROGRAMS AND PROJECTS -
(Managing Federal Funds—Cash Management)**

Status: DRAFT

Original Adopted Date: 05/20/2010 | Last Revised Date: 03/15/2023

25A UPDATE EXPLANATION

MSBA has updated this procedure to keep pace with changes to federal programs finance, operations, and compliance.

The U.S. Office of Management and Budget (OMB) updated its federal program rules in Title II of the Code of Federal Regulations on April 22, 2024, with an effective date of October 1, 2024 (unless a federal agency elects to use an earlier date not prior to July 1, 2024). The OMB's massive rewrite of the rules (89 Fed. Reg. 30046) is to improve federal financial assistance management, transparency, and oversight through more readily accessible and comprehensible guidance.

The Department of Elementary and Secondary Education (DESE) "Fiscal Guidance for Federal Grant Programs" (posted at <https://dese.mo.gov/media/pdf/general-federal-guidance> and last updated in April 2023) requires districts that receive federal funds to comply with federal policies established by legislative or executive authority. Under the guidance, "Subgrantees/recipients must have policies and procedures to implement and perform these requirements. They are to be reviewed as part of an audit of each state and local government or other entity which receives federal financial assistance."

The OMB 2024 changes took effect on October 1, 2024. A DESE guidance document incorporating the 2024 OMB revisions has not been published. However, MSBA consulted DESE before drafting this update in an effort to avoid any future program review issues.

The purpose of this procedure is to promote proper stewardship of taxpayer dollars by using fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for federal funds. The superintendent may delegate the responsibility for implementation of all or parts of this procedure to other appropriately trained employees. The superintendent or designee will maintain a financial management system that meets the standards for fund control and accountability as required by federal law for the use of federal funds.

Requesting Federal Funds and Payment

The district will request a drawdown of federal funds using the system required by the Missouri Department of Elementary and Secondary Education (DESE) only after payment for the expenditure has been made. Authorized district personnel who submit a request for a disbursement of federal funds must identify the specific funds to be accessed, the type of expenditure, and the date on which payment was made.

To the extent If available, funds from program income will be disbursed before additional cash drawdowns are requested. In situations where the district receives federal funds that do not reimburse the district for previous expenditures, those funds must be deposited and maintained in insured, interest-bearing accounts in accordance with law. Interest earned on those funds will be remitted to the federal government, through DESE, as required by law.

Financial Management

The district's financial management system will be sufficient to permit the preparation of reports required by the terms and conditions of the program federal award and for tracking expenditures to establish that funds have been used according to in accordance with federal statutes, regulations, and the terms and conditions of the federal award.

Identification

The superintendent or designee will, in all district accounts, identify all federal awards received and expended and the federal programs under which they were received. Revenues and expenditures will be separately identified with codes and must not be commingled with other state, federal, or local funds. Federal funds maintained in district accounts will be identified by the:

1. Catalog of Federal Domestic Assistance (CFDA) title and number;

2. Federal Award Identification Number (FAIN);
3. Fiscal year of the award;
4. Name of the federal agency;
5. Name of any pass-through entity involved; and
6. Project code used to identify grant expenditures.

Disclosure

The superintendent or designee will provide for accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with federal reporting requirements.

Source and Application of Funds

The superintendent or designee will maintain records that clearly sufficiently identify the amount, source, and expenditure of federal funds and the application of the funds for federally funded activities. These records must contain information pertaining necessary to identify federal awards, authorizations, obligations, unobligated balances, as well as assets, expenditures, income, and interest, and they All records must be supported by source documentation.

Control and Accountability

The superintendent or designee will maintain effective control over, and accountability for, all funds, property, and other assets. The district will must adequately safeguard all assets and ensure that they are used solely for authorized purposes, using effective internal controls as discussed below.

Budget and Expenditure Comparison

The superintendent or designee will routinely compare expenditures with the budgeted amount for each federal award. In addition, the superintendent or designee will submit a Final Expenditure Report (FER) to DESE on or before September 30 each year. The FER will reconcile what was submitted in the approved budget with the actual expenditures and obligations incurred for the school year. Expenditures will be reported by both object and function codes. Expenditures in approved object codes will not exceed ten percent of the total amount budgeted within each of the approved programs.

Internal Controls

The superintendent or designee will establish, document, and maintain effective internal controls over federal awards received that provide reasonable assurance that the district is managing the federal award in compliance with law and the terms and conditions of the award. The superintendent or designee will consult with DESE for compliance assistance when applicable.

The superintendent or designee will evaluate and monitor the district's compliance with statutes, regulations, and the terms and conditions of federal awards. If the superintendent or designee identifies instances of noncompliance, including noncompliance identified in audit findings, they will take prompt action and take steps to rectify the situation and bring the district into compliance.

As part of its internal control system, the superintendent or designee will establish reasonable cybersecurity and other measures to safeguard information, including protected personally identifiable information (PII) and other information. This also includes information the federal awarding agency or pass-through entity designates as sensitive or that the district considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality, including the Family Educational Rights and Privacy Act (FERPA).

Budget

The approved budget for the federal award summarizes the financial aspects of the project or program as approved in the federal award process. The budget must be related to performance for program evaluation purposes whenever

appropriate.

Once the budget for any federal award has been approved, the district will report deviations from the budget, project scope, or objective and request prior approvals from the federal awarding agency or pass-through entity for revisions as listed below.

Non-Construction Awards

For non-construction awards, prior written approval or a waiver of that approval from the awarding federal agency or pass-through entity is required for one or more of the following program and budget-related reasons:

1. There is a change in the scope or the objective of the project or program, even if there is no budget revision.
2. A There is a change in key personnel (including employees and contractors) that are identified by name or position specified in the federal award application changes.
3. The project is suspended for more than three months or there is a 25 percent reduction in time and effort devoted to the project federal award over the course of the period of performance by the approved project director or, in the case of research awards, the principal investigator.
4. Costs that require prior approval are added, unless waived by the federal agency.
5. Funds will be transferred that were budgeted for participant support costs, such as stipends or travel expenses, will be transferred to other budget categories.
6. The district subcontracts out, transfers or contracts out for any work under the award that was not described in the application for the award, other than the acquisition of supplies, materials, equipment or general support services. Subaward activities not proposed in the application but approved in the federal award. A change of subrecipient requires prior approval only if the federal agency or pass-through entity includes the requirement in the terms and conditions of the federal award. This requirement does not apply to procurement transactions for goods and services.
7. There are changes to previously the total approved matching or cost-sharing provisions amount.
8. Additional federal funds are required to complete the project.
9. Transferring funds between the construction and non-construction work under a federal award.
10. There is a no-cost extension (meaning an extension of time that does not require the obligation of additional federal funds) of the period of performance, other than any one-time extension authorized by the federal agency.

Construction Awards

For construction awards, prior approval by the awarding federal agency is required for one or more of the following reasons:

1. A revision results in a change in the scope or objective of the project or program.
2. The need arises for additional federal funds to complete the project.
3. A revision involves specific costs for which prior written approval requirements may be imposed consistent with federal Office of Management and Budget (OMB) cost principles.

Reporting

The superintendent or designee will monitor activities under each program, function or activity funded by federal awards for compliance with applicable federal requirements and to ensure performance expectations are being achieved. Part of these monitoring activities includes providing performance reports as required by law, including accurate, current and complete disclosure of the financial results.

All reports will be submitted by required due dates and must be supported by appropriate documentation when necessary. The district will cooperate with state and federal authorities when monitoring or evaluating the district's performance.

Non-Construction Performance Reports

The superintendent or designee will submit performance reports at the interval required by the federal awarding agency or pass-through entity and in the manner directed under federal law. A copy of the reports will be provided to the board of education. Unless other information collections are approved by the U.S. Office of Management and Budget (OMB), these reports, for each federal award, will contain brief information:

1. Comparing actual project or program accomplishments to the performance goals and objectives of the federal award established for the reporting period, including quantified cost information and trend data when requested;
2. Explaining the reasons why established goals were not met, if appropriate; and
3. Providing additional pertinent information including, when appropriate, analysis and explanation of cost overruns or higher-than-expected unit costs.

Construction Performance Reports

Construction performance reports will include on-site technical inspections, certified data showing the percentage of completion, and any other information requested by the awarding agency.

Significant Developments

The district may be required to make additional reports when events that have a significant development that could impact on the federal award occurs between the scheduled performance reporting due dates. In addition to scheduled and requested performance reports, the superintendent or designee will report the following to the federal awarding agency as soon as the conditions become known:

1. Problems, delays or adverse conditions that will materially impair the ability to meet the objective of the federal award. This disclosure must include a statement of the action taken or contemplated and any assistance needed to resolve the situation; and Significant developments include events that enable meeting milestones and objectives sooner or at less cost than anticipated, or that produce different beneficial results than originally planned.
2. Significant developments also include Problems, delays, or adverse conditions that will materially impair the district's or its subrecipient's ability to meet milestones or the objectives of the federal award. This disclosure must include a statement of the information on their plan for corrective action taken or contemplated and any assistance needed to resolve the situation; and.
3. Favorable developments that enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

Records

The district will must maintain all federal award records in accordance with law for a minimum of three years following submission of the FER. Records to be retained include, but are not limited to, financial records, supporting documentation, and statistical records. The records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken if any litigation, claim, or audit is started before the expiration of the three-year period. The district may be notified in writing by the federal awarding agency or pass-through entity, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period. The district will provide DESE access to all records regarding state and federal funds and will readily make records available to parents/guardians and the public upon request as required by federal and state law.

The federal agency or pass-through entity, inspectors general, the comptroller general of the United States, or any of their authorized representatives may conduct audits, execute site visits, or for any other official use. This right also includes timely

and reasonable access to district personnel for the purpose of interviewing and discussions related to such documents or the federal award in general.

Audits

The district will conduct audits of federal funds when required by law or when an audit is required as a condition of the funds received.

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Policy Reference Disclaimer: These references are not intended to be part of the policy itself, nor do they indicate the basis or authority for the board to enact this policy. Instead, they are provided as additional resources for those interested in the subject matter of the policy.

State	Description
§ 162.301, RSMo.	State Statute
§ 170.041, RSMo.	State Statute
§ 171.181, RSMo.	State Statute
§ 285.530, RSMo.	State Statute
§ 292.675, RSMo.	State Statute
§ 393.310, RSMo.	State Statute
§§ 8.675-.687, RSMo.	State Statute
§§ 105.450-.458, RSMo.	State Statute
§§ 34.073-.080, .350.359, .375	State Statute
§§ 432.070-.080, RSMo.	State Statute
§§ 8.285-.291, RSMo.	State Statute
5 C.S.R. 30-4.030	State Regulation
Federal	Description
2 C.F.R. § 180.222, 200.1, .113	Federal Regulation
2 C.F.R. § 200.206, .208, .211-.212, .214	Federal Regulation
2 C.F.R. § 200.302, .305, .307, .309	Federal Regulation
2 C.F.R. § 200.311, .313-.314, .317-.327	Federal Regulation
2 C.F.R. § 200.331, .334, .338, .403-.406	Federal Regulation
2 C.F.R. § 200.413-.414, .430-.432	Federal Regulation
2 C.F.R. § 200.438-.439, .450, .475	Federal Regulation
2 C.F.R. § 200.501, .509-.511, .520	Federal Regulation
20 U.S.C. § 6321	Elementary and Secondary Education Act
20 U.S.C. §§ 1232c, 6321	Federal Statute
34 C.F.R. Part 76.500, .707	Federal Regulation
40 C.F.R. Part 247	Federal Regulation
40 U.S.C. 576A-276A-5	Federal Statute
47 C.F.R. § 54.503	Federal Regulation
7 C.F.R. § 210.16	Federal Regulation
7 C.F.R. § 210.21	Federal Regulation
7 C.F.R. § 220.16	Federal Regulation

Cross References

BBFA

BCC-1

FEF-1

FEF-1-AP(1)

GBCA

IGBCB

IGBCB-AP(1)

IGBH

Description[BOARD MEMBER CONFLICT OF INTEREST AND FINANCIAL DISCLOSURE](#)[APPOINTED BOARD OFFICIALS](#)[CONSTRUCTION CONTRACTS BIDDING AND AWARDS](#)[CONSTRUCTION CONTRACTS BIDDING AND AWARDS - \(Soliciting Bids\)](#)[STAFF CONFLICT OF INTEREST](#)[PROGRAMS FOR MIGRATORY STUDENTS](#)[PROGRAMS FOR MIGRATORY STUDENTS - \(K-12 Districts\)](#)[PROGRAMS FOR ENGLISH LEARNERS](#)