

## Grant Award Obligation and Fund Release

Query – 03.03.2003

**Query:**

I was wondering if anyone has dispersed the 02-03 ITQ funds to institutions and how they have dealt with the section in the Guidance (N6) that indicates that eligible partnerships must obligate funds before the end of the period for which funds are available. Could this mean that you could award a two year project, pay it out of 2002-03 funds, and the grantee must have those funds obligated but not spent by the end of the 27 month federal award period? South Carolina was caught in an audit for releasing funds before expenditures (which most of us were doing) and told that we could only release funds on a cost-recovery basis. The guidance under N6 seems to imply that this is no longer required. Any experience or suggestions from my colleagues?

**From:** South Carolina

**Responses:**

USDOE	I think Nancy is confusing obligation dates (which are defined via the chart in section 76.707 of the Education Department General Administrative Regulations (EDGAR) and the date when a grantee or subgrantee may draw down grant funds from the Federal reserve account (see section 80.21(b) of EDGAR). N6 of the II-A guidance document, like the Department's fiscal rules and policies, addresses the obligation date -- not the draw down date or date funds are actually disbursed (i.e., spent). If SC wants to issue a grant award to cover activities that would be conducted over two project years this is fine. But doing so would have no impact on either the date by when all these funds would need to be obligated, or SC's need to minimize time between transfer from the banking system and disbursement by the subgrantee.
Washington DC	We obligate all funds by the end date included in the grant award notification. The grant award notification also contains reference to the rules allowing a one year carryover in order for institutions to invoice against the obligation.
Puerto Rico	PR has always worked under a reimbursement basis with awarded projects. No advancement of funds under any circumstances. As to obligating funds by the end of the 27 month period, that is what the N6 section of the Guidance as well as the Grant Award Notification (Tiding Amendments) establish. The deadline for withdrawals of such funds is posted on the E-Grants Payment System (electronic transfer of funds) webpage, which usually gives a couple of additional months after the end of the award period.