



NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

Catherine Truitt, *Superintendent of Public Instruction*

www.dpi.nc.gov

TO Charter Schools

FROM Jennifer Bennett

DATE September 15, 2023

EXPIRING FEDERAL GRANTS & THE LIQUIDATION PERIOD

Several Federal grant funds, including the ESSER II PRCs, are expiring on September 30, 2023. PSU's must liquidate all financial obligations incurred under the award no later than 90 calendar days of the end date of the period of performance as specified in the terms and conditions. A PSU may continue to receive services and charge expenses that were properly obligated by September 30 during the liquidation period. The liquidation period is the 90-day period after the end of the period of performance for a grant, December 29, 2023.

Charter Schools have not historically used the liquidation period for Federal funds. However, there may be a need for a Charter School to use the liquidation period going forward. The purpose of this memo is to ensure Charter Schools are aware that they may establish procedures to allow the encumbrance of obligations, related to Federal grant funds, and use the liquidation period. The memo will also provide a general understanding of the liquidation period and related processes.

In order to use the liquidation period an obligation will need to be established. An obligation is in essence a binding commitment for the use of Federal grant funds. In order to identify obligations in the accounting system and to ensure funds related to these obligations remain available throughout the liquidation period, an encumbrance must be made in the accounting system and reported in the September 2023 data files reported to NC DPI. An encumbrance is the accounting transaction that represents the obligation or commitment that has been made.

An encumbrance will prevent the obligated funds from reverting back to NC DPI and Federal awarding agency. A reversion is the term that NC DPI uses to describe the reduction of any remaining allotment and the PSU's ability to drawdown the funds. Allotments related to expiring grants, such as ESSER II, that are not encumbered and that are not expended by September 30, 2023, will be reverted.

A charter school may turn on the encumbrance feature in their financial system and begin remitting the encumbrances with their September data files.

An Overview and Frequently Asked Questions Related to Federal Grants - Fiscal Obligations, Liquidations and Reversions has been prepared to provide more explanations and details related to obligations, the liquidation period and reversions and was also published today in the September 15 newsletter. Please review the FAQ to prevent unallowable costs and repayments.

Questions for this may be directed to: Kristie.Weber@dpi.nc.gov or Shirley.McFadden@dpi.nc.gov.

JB/sm

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