

BUSINESS PROCEDRES

Series 800

Policy Title: Federal Cash Management

Code: 803.9

Federal Cash Management

The District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act. Generally, the District receives payment from the State Department of Education on a reimbursement basis.

However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency. The District may retain interest amounts up to \$500 per year for administrative expenses.

According to guidance from the U.S. Department of Education (USDE), when calculating the interest earned on USDE grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the District.

Payment Methods

1. Reimbursements: The District will initially charge federal grant expenditures to nonfederal funds.

The District Grant Accountant or Business Manager will request reimbursement for actual expenditures incurred under the federal grants monthly. All reimbursements are based on actual disbursements, not on obligations. Reimbursement requests will be submitted on a District form to the State Department of Education.

The Superintendent or his or her designee shall promulgate a procedure specifying any further requirements.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures; such as invoices, time sheets, and payroll stubs; and will make such documentation available for the State Department of Education to review upon request.

Reimbursements of actual expenditures do not require interest calculations.

2. Advances: To the extent the District receives advance payments of federal grant funds; the District will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the District shall attempt to expend all drawn downs of federal funds within 72 hours of receipt.

The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will begin to calculate interest earned on cash balances once funds are deposited into the District's account.

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Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the District's actual interest rate. Within 30 days of the end of the quarter, the District will remit interest earned. The District may retain up to \$500 of interest earned per year.

The Superintendent or his or her designee shall promulgate a procedure specifying the process for remitting interest.



Legal Reference: 2 CFR § 200.305
31 CFR § 205

Payment
Rules and Procedures for Efficient Federal-
State Funds Transfers

ADOPTED: 6/19/2017

AMENDED: