



Title: **Cash Management**

Code: 149

Book: Policy Manual

Section: 100 Programs

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 at 31 CFR Part 205.

Generally, the district receives payment from the Pennsylvania Department of Education on a reimbursement basis. 2 C.F.R. § 200.305. 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 consistent with 2 C.F.R. § 200.305(b)(9).[\[1\]](#)

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED 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 LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.

Payment Methods

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

The district Director of Business Affairs will request reimbursement for actual expenditures incurred under the federal grants, monthly, or as set forth by each grant and procedure approved by the Director of Business Affairs. Reimbursement requests will be submitted on the required forms to the Pennsylvania Department of Education through the appropriate means. All reimbursements are based on actual disbursements, not on obligations.

The Pennsylvania Department of Education will process reimbursement requests within the required timeframe as outlined.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the Pennsylvania Department of Education review upon request.

Reimbursements of actual expenditures do not require interest calculations.

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 attempts to expend all drawn downs of federal funds within seventy-two (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.

Interest will be calculated consistent with applicable law and placed on the appropriate form(s). Total federal grant cash balances will be calculated on cash balances per grant and

applying the district's actual interest rate. The district will remit interest earned on grant funds annually to the U.S. Department of Health and Human Services Payment Management System (regardless of the federal awarding agency for the grant) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. 2 C.F.R. § 200.305(b)(9). The Director of Business Affairs will set appropriate procedures in requesting applicable interest. The district may retain up to \$500 of interest earned per year.[\[1\]](#)

Adopted: **October 18, 2016**

Legal References:

- [1. 2 CFR 200.305](#)
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