Cash Management – Federal Programs

Generally, the school receives payment from the Pennsylvania Department of Education (PDE) **in advance, provided the center (school) maintains both written procedures that minimize the time elapsing between the transfer of funds and disbursement, and financial management systems that meet the standards for fund control and accountability**. In circumstances **where the requirements for advance payment cannot be met, the school may use the reimbursement method**.

This attachment addresses the responsibilities of the school and school staff under those alternative payment methods. **In accordance with 2 CFR §200.305(b)(1), advance payments are the preferred method of payment. Reimbursement is used only when the requirements for advance payment cannot be met, as outlined in 2 CFR §200.305(b)(3).** In either case, the school shall maintain accounting methods and internal controls and procedures that assure those responsibilities are met.

When **available**, the school shall use existing resources within a program before requesting additional **cash payments**. Such resources include program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds. (2 CFR 200.305(b)(5)).

Payment Methods

Advances –

When the school receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds to the school and the expenditure of those funds on allowable costs of the applicable federal program. (2 CFR 200.305(b)) The school shall attempt to expend all advances of federal funds within seventy-two (72) hours of receipt.

Whenever possible, advance payment requests must be consolidated to cover anticipated cash needed for all federal awards received by the district. (2 CFR 200.305(b)(2)).

The district shall submit payment requests as often as necessary when electronic fund transfers are used or at least monthly when electronic transfers are not used. (2 CFR 200.305(b)(2)(ii)).

Reimbursements –

The Business Manager will request reimbursement for actual expenditures incurred under the federal grants quarterly.

Such requests shall be submitted with appropriate documentation and signed by the requestor.

Requests for reimbursements will be approved by the Business Manager.

Reimbursement will be submitted on the appropriate form to the PDE portal. All reimbursements are based on actual disbursements, not on obligations. PDE will process reimbursement requests within the timeframes required for disbursement.

Consistent with state and federal requirements, the school will maintain source documentation supporting the federal expenditures (invoices **and receipts**, time **and** payroll **records, grant award letters, budget justifications**, etc.) and will make such documentation available for PDE to review upon request.

Reimbursements of actual expenditures do not involve interest calculations.

Accounting Methods/Internal Controls

The school shall hold federal advance payments in insured, interest-bearing accounts.

The school is permitted to retain for administrative expense up to $500 per year of interest earned on federal grant cash balances. Regardless of the federal awarding agency, interest earnings exceeding $500 per year shall be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. (2 CFR 200.305(b)(9)).

Pursuant to federal guidelines, interest earnings shall be 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 school. Consistent with state guidelines, interest accruing on total federal grant cash balances shall be calculated on cash balances per grant and applying the actual or average interest rate earned.

Remittance of interest shall be responsibility of the Business Manager.

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