

POLICY: FEDERAL CASH MANAGEMENT POLICY

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

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 Agency.

Payment Methods

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

The Agency 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 Agency 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 Agency 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 Agency receives advance payments of federal grant funds; the Agency will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Agency shall attempt to expend all drawdowns of federal funds within 72 hours of receipt.

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

Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the Agency's **[choose one: actual/average]**

interest rate. Within 30 days of the end of the quarter, the Agency will remit interest earned. The Agency 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

POLICY HISTORY:

Adopted: April 15, 2019

Reissued: June 21, 2021

Revised and Reissued: October 16, 2023