

SECTION: FINANCES

TITLE: CASH MANAGEMENT - FEDERAL GRANTS

ADOPTED:

REVISED:

## ***DERRY AREA SCHOOL DISTRICT***

	<b>No. 626.3 CASH MANAGEMENT – FEDERAL GRANTS</b>
1. Purpose	The Board recognizes the need to implement necessary procedures for managing Federal Funds in accordance with the requirements of Federal grant applications.
2. Authority 2 C.F.R. §200.305	<p>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.</p> <p>Generally, the district receives payment from the Pennsylvania 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 consistent with 2 C.F.R. §200.305(b)(9).</p>
3. Guidelines	<p>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 district.</p> <p>Interest would not accrue if the district uses non-federal funds to pay the vendor and/or employees prior to the funds being drawn down from the G5 system, commonly known as a reimbursement.</p> <p><b>Payment Methods</b></p> <ol style="list-style-type: none"> <li>1. <u>Reimbursements</u>: The district will initially charge federal grant expenditures to non-federal funds. The Director of Finance &amp; Operational Services will request reimbursement for actual</li> </ol>

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expenditures incurred under the federal grants monthly or quarterly as required by the pass-through entity and in accordance with the grant requirements. Reimbursement requests will be submitted on draw down forms defined by the pass-through entity and include any required supporting documentation, if applicable. All reimbursements are based on actual disbursements.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (For example: invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the audit review upon request.

Reimbursement 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 attempts to expend all draw 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 bank account. Interest will be calculated consistent with State of Pennsylvania guidelines.

Total federal grant cash balances will be calculated on cash balances per grant and applying the district's actual or average 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. The District may retain up to \$500 of interest earned per year.

2 C.F.R.  
§200.305(b)(9)