

Federal Cash and Financial Management

Purpose

This procedure guides the cash flow and accounting of federal funds, including any interest earned on those funds.

Scope

This procedure applies to the Superintendent and Chief Financial Officer.

Procedure

1. FUND MANAGEMENT

The district may draw federal funds using a reimbursement or advance payment method.

1.1. Reimbursement Payment Method

For reimbursements of federal funds, the district will:

- (a) Monitor the fiscal activity (payments and reimbursements) under each grant on a continuous basis, and request timely reimbursement only for expenditures that have already been disbursed and comply with all applicable award requirements.
- (b) Maintain source documentation/accounting records that reconcile to the reimbursement request at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- (c) If the district transfers expenditures previously charged to a federal award for which reimbursement has been claimed to a non-federal fund source, the district will calculate the interest earned on the federal funds pursuant to possible submittal - refer to Interest Earned section below.

1.2. Advance Payment Method

For advances of federal funds, the district will:

- (a) Monitor the fiscal activity (drawdowns and payments) under each grant on a continuous basis and maintain source documentation/accounting records at a level adequate to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.
- (b) To the extent available, disburse funds available from program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- (c) Plan for cash flow in the grant project during the budget period and review project cash requirements before each drawdown.
- (d) Draw down only the amount of funds necessary to meet the immediate needs of the program/project (including the proportionate share of any allowable

indirect costs), and minimize the time between receiving and disbursing those funds.

- (e) Pay out federal funds for expenditures that comply with all applicable grant requirements as soon as administratively feasible (a rule of thumb is no more than three business days after receiving the funds).
- (f) Deposit advance payments into insured accounts whenever possible. Unless conditions listed in CFR Title 2 Part 200 Subpart D §200.305(b)(8) apply, the district will maintain advance payments in interest-bearing accounts.
- (g) Remit interest earned over \$500 annually - refer to Interest Earned section below.

2. **INTEREST EARNED**

- 2.1. The district will retain interest earned amounts up to \$500 per year for administrative expenses.
- 2.2. Any additional interest earned on those funds will be remitted annually to the Department of Health and Human Services (HHS) Payment Management System (PMS) through an electronic medium or by check to the HHS Program Support Center. The district will refer to the federal or pass-through agency for pertinent information about the remittance.

Supporting Documentation

N/A

Document History

Action:	Date:
New	February 17, 2016
Revised	
Revised	
Revised	