

## **SUGAR VALLEY RURAL CHARTER SCHOOL**

POLICY NUMBER: 626.3  
SECTION: FINANCES  
TITLE: **FEDERAL PROGRAMS – CASH MANAGEMENT**  
DATE ADOPTED: JANUARY 2017  
DATE LAST REVISED: JANUARY 2017

### **FEDERAL PROGRAMS – CASH MANAGEMENT**

#### **PURPOSE**

The Sugar Valley Rural Charter School will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the School, in accordance with the Cash Management Improvement Act at 31 CFR Part 205.

Generally, the School receives payment from the Pennsylvania Department of Education on a reimbursement basis. (2 C.F.R. § 200.305) However, if the School receives an advance in federal grant funds, the School will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9).

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 FAI system until the date on which those funds are disbursed by the School (LEA).

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

#### **GUIDELINES**

##### **Payment Methods**

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

The School's Business Manager will request reimbursement for actual expenditures incurred under the federal grants quarterly. Reimbursement requests will be submitted through the FAIU system to the Pennsylvania Department of Education. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the School 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 School receives advance payments of federal grant funds, the School will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the School attempts to expend all drawn downs of federal funds within 72 hours of receipt.

The School will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The School will begin to calculate interest earned on cash balances once funds are deposited into the School's account. Interest will be calculated and remitted consistent with PDE and federal guidelines.

The School may retain up to \$500 of interest earned per year.