

Federal Cash Management Policy

The 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 Charter School, in accordance with the Cash Management Improvement Act. Generally, the Charter School 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 Charter School.

Payment Methods

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

The Charter School 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 Charter School form to the State Department of Education.

The Executive Director or his or her designee shall promulgate a procedure specifying any further requirements.

Consistent with State and federal requirements, the Charter School 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 Charter School receives advance payments of federal grant funds; the Charter School will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Charter School shall attempt to expend all drawdowns of federal funds within 72 hours of receipt.

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

Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the Charter School's **actual** interest rate. Within 30 days of the end of the quarter, the Charter School will remit interest earned. The Charter School may retain up to \$500 of interest earned per year.

The Executive Director 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 on: 11-9-2016

Revised on: 12-18-2018

Reviewed on: