

Penn Cambria School District Procedure

Federal Grant Cash Management

Procedure Description:

The purpose of this procedure is to define how the district handles funds received through federal grants, including any earned interest on payments.

District Procedure:

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. Federal funds are received by the district through monthly wires, reimbursement requests, or draw down from the G5 System.

Monthly Wires –

The district typically receives federal pass-through funds from the Pennsylvania Department of Education (PDE) through monthly wires. The monthly payments are adjusted by the comptroller's office based on the quarterly expenditure reports submitted through the FAI (Financial Accounting Information) system on the PDE Web Portal. The Business Administrator monitors the FAI system for upcoming wires. The wire information includes the deposit date, project code, description, amount paid, school revenue code and CFDA number. The Business Administrator applies the payment to the appropriate grant revenue account.

Consistent with state and federal requirements, the district 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 or funding agency and the local district auditing firm, for review upon request.

Reimbursements –

The Business Administrator or Grant Project Director may request reimbursement for actual expenditures incurred under a federal grant based on the individual grant guidelines. The employee requesting reimbursement will complete the appropriate grant reimbursement form and will provide documentation verifying the amount being requested. The grant reimbursement form will be provided by the grantor and/or funding agency. The Project Director, Federal Programs Coordinator or Superintendent, and the Business Administrator, will review and approve the request. Once approved, the reimbursement request will be signed by the appropriate administrator identified in the grant guidelines. A copy of the approved request will be made for the district files and the original will be submitted to the applicable grant organization. All reimbursements are based on actual disbursements, not on obligations.

The Pennsylvania Department of education or funding agency will process the reimbursement request within the timeframe specified in the grant application guidelines.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, timesheets, payroll stubs, etc.), and will make such documentation available for the Pennsylvania Department of Education or funding agency and the local district auditing firm, for review upon request.

The federal and non-federal funds are included in one bank account. The individual revenues and expenditures are tracked using the district financial accounting software system. If the LEA initially charges a federal expenditure to nonfederal funds, the business manager will move the expenditures from the nonfederal general ledger account to the correct federal grant account using the district financial accounting software.

G5 Drawdown –

The Business Administrator or Grant Project Director may request a G5 drawdown for actual expenditures incurred under a federal grant based on the individual grant guidelines. The employee requesting the drawdown will complete the appropriate grant form and will provide documentation verifying the amount being requested. The Project Director, Federal Programs Coordinator or Superintendent, and the Business Administrator, will review and approve the request. If approved, the Business Administrator will draw down the funds from the G5 System and apply the payment to the appropriate grant revenue account when the funds are received. All drawdowns are based on actual disbursements, not on obligations.

The Pennsylvania Department of Education or funding agency will process the drawdown within the timeframe specified in the grant application guidelines.

Consistent with state and federal requirements, the district will maintain source documentation supporting the federal expenditures (invoices, timesheets, payroll stubs, etc.), and will make such documentation available for the Pennsylvania Department of Education or funding agency and the local district auditing firm, for review upon request.

Advances –

If the district receives advance payments of federal grant funds, the amounts are recorded as unearned revenue until spent.

Interest –

The district will hold federal 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 account.

Interest will be calculated consistent with state guidelines. Total federal grant cash balances will be calculated on cash balances per grant and applying the district's actual interest rate.

The district will remit interest earned on federal 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 Project Director or Business Administrator will be responsible for preparing the check request for interest. Source documentation must accompany the check request. The Business Administrator will approve and sign the check request. After approval is obtained, the check request will be submitted to the Fiscal Assistant to process for payment. After the check has been printed, the Fiscal Assistant will make copy for the district files. The check will be mailed to the U.S. Department of Health and Human Services Payment Management System. The district may retain up to \$500 of interest earned per year.[1]

Additional Resources:

PDE Web Portal/FAI System – <https://www.mypdeapps.pa.gov/>

G5 System – <https://www.g5.gov/>

Definitions:

Deposit – an amount of money held at a financial institution on behalf of an account holder.

Disbursement – payment of money from a fund or account.

Interest – an amount earned on funds held in interest-bearing bank accounts.

Obligation – orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period.[2]

Pass-Through Funds – funds received by a non-federal entity as a subaward to carry out part of a federal program.

Reimbursement – amount refunded for costs incurred or expenses paid.

Source Documentation – an original record containing information to substantiate a transaction.

Wire – transfer of funds from one (1) bank account to another bank account.

Legal 1. 2 C.F.R. 200.305
 2. 2 C.F.R. 200.71