

PENNSYLVANIA DISTANCE LEARNING CHARTER SCHOOL

Book: Policy Manual
Section: Federal Programs
Title: Cash Management Policy
Adopted: February 29, 2016

Revised:

PURPOSE: The purpose of this Policy is to ensure compliance with applicable methods and procedures for payment to minimize the time elapsing between the transfer of funds and disbursement by PDLCS with the Cash Management Improvement Act 31 CFR Part 205. This policy is intended to supplement but not replace any applicable State or Federal laws governing Federal grants applicable to nonprofit and public cyber charter schools.

SCOPE: The Policy applies to the Board of Trustees, school administration, and other school employees with Board delegated powers direct or indirect in grant expenditure decisions related to the school.

POLICY AUTHORITY: Policy draft is reviewed by the CCO and CEO of PDLCS; then (1) sent to the Board of Trustees, and (2) presented at the next formal, public Board Meeting for review, public comments and approval.

DEFINITIONS:

Interest: Return paid regularly at a particular rate for money held without use for a period of time from a bank.

DETAILED POLICY STATEMENT: Generally, the School receives payment from the Pennsylvania Department of Education on a reimbursement basis (2 CFR 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 CFR 200.305(b)(9).

According to guidance from the U.S. Department of Education, 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 LEA.

Interest would not accrue if the LEA 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.

Payment Methods: *Reimbursements:* The School will initially charge Federal grant expenditures to non-Federal funds.

The School Business Manager will request reimbursement for actual expenditures incurred under the Federal grants monthly. Reimbursement requests will be submitted to the Pennsylvania Department of Education using the Department's portal. All reimbursements are based on actual disbursements not on obligations.

The Pennsylvania Department of Education will process reimbursement requests within sixty days. Consistent with State and Federal requirements, the School 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 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 consistent with Pennsylvania Department of Education grant management. Total Federal grant cash balances will be calculated on cash balances per grant and applying the School's actual interest rate. The School 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 (2 CFR 200.305(b)(9)). The Business Manager will gain approval of the Chief Executive Officer to remit payment of owed interest documenting payments in the monthly financial statement. The School may retain up to \$500 of interest earned per year.