

Procedure: Cash Management for Federal Funds

General

ESD 112's financial management of claims made on federal funds shall be executed in order to minimize the time elapsing between the transfer of funds from the US Treasury or a pass-through entity and disbursement of funds as expended by ESD 112, consistent with 2 CFR 200.305.

Reimbursements Funding Method

In general, the preferred practice is to submit claims on federal funds after expenditures have been made and paid by ESD112. Management shall designate staff to:

- Monitor fiscal activity for each award and request reimbursement on a timely basis for expenditures that have already been disbursed by ESD 112 and that comply with all applicable cost principles and award requirements.
- Maintain source documentation and accounting records that reconcile to the reimbursement request in sufficient detail to establish that funds have not been used in violation of any applicable statutory restrictions or prohibitions.

Should the federal funding agency require claims made on an interim-period accrual basis, which may be out of timing with the ledger transaction records, expenditures shall be executed on claims submitted to minimize the time elapsing between the transfer of funds and disbursement of expense claimed.

Advance Funding Method

In the event that a federal award is approved for advance funding due to the nature of expenditures to be made (typically construction awards), claims may be made and submitted in advance of actual expenditures made. Such claims should be made in compliance with the provisions of the federal award and should minimize the time elapsing between the transfer of funds and disbursement of expense funded.

Advance funding of claims paid on a reimbursement method must be approved by the Superintendent, or designee, prior to implementing the practice for a federal award. Management shall designate staff to:

- Monitor the fiscal activity under each grant on an ongoing basis, including a plan for cash flow for the funded project and review projected cash requirements before each drawdown request.
- Disburse from funds available and received, including interest earned and program income, if applicable, before requesting additional advance funding payments for expense reimbursements.
- Draw down only the amount of funds necessary to meet the immediate needs of the project and minimize the time between receiving and disbursing those funds.
- Compute applicable interest earned on advance funding and remit interest as directed per "Cash Management-Interest Earned" below and 2 CFR 200.305.

Cash Management - Interest Earned

When advance funding has been received, cash management practices must be implemented. Advance funding may effectively occur when awards are paid based on a pay-point or performance basis, but must be ultimately supported by expenditure records (claims paid = costs incurred). A situation that may also give rise to cash management considerations is when a claim has been made on a confirmed expenditure that is later reclassified to a different funding source.

Advance payments are deposited with ESD 112 general funds in its interest-bearing account managed by the Clark County Treasurer. Staff charged with oversight of the award are responsible for cash management computations based on monthly return rates as posted by the Clark County Treasurer and available from the ESD 112 Controller. Interest earnings on federal funding received ahead of expenditures in excess of \$500 per fiscal year must be remitted to the Department of Health and Human Services Payment Management System (PMS) as detailed in 2 CFR 200.305(b)(9)-(11). Interest amounts up to \$500 per year may be retained by ESD 112 for administrative expenses.

Computation Example

Computations of interest on funding received over disbursements made should be made based on a monthly cash flow basis and should consider when cash funding was actually received (versus claimed or accrued) and when disbursements were actually paid. Rates provided by the Clark County Treasurer each month are annual rates and must be adjusted to a monthly rate for purposes of the monthly computation. An example computation is provided below:

	MAY	JUN	JUL	AUG	ACC	TOTAL PROOF	
ANNUALIZED INTEREST	1.32%	1.38%	1.34%	1.23%			<i>Clark County Treasurer</i>
MONTHLY RATE	0.11%	0.12%	0.11%	0.10%			
3453-0540							
REVENUE		\$ 80,000.00	\$ 26,640.00	\$ 26,672.00	\$ (39,642.71)	\$ 93,669.29	
CASH RECEIVED RECLASS		\$ (80,000.00)	\$ 53,360.00	\$ (26,672.00)	\$ 53,312.00	\$ -	
CASH REVENUE	\$ -	\$ -	\$ 80,000.00	\$ -	\$ -	\$ 93,669.29	
WA ST DEPT OF CHILDREN, YOUTH AND FAMILIES PAID		100014934, 100149000 6/26, 7/15	1000149614 8/24/2020	1000149779 9/16/2020			26672 BILLING NET OF 39,642.71 DEFERRAL
EXPENSES		\$ 1,915.12	\$ 32,543.64	\$ 52,935.61		\$ 87,394.37	<i>RATE</i>
INDIRECTS	\$ -	\$ 137.51	\$ 2,336.63	\$ 3,800.78		\$ 6,274.92	7.18%
CASH BALANCE, MONTH	\$ -	\$ (2,052.63)	\$ 45,119.73	\$ (56,736.39)	\$ 13,669.29	\$ 0.00	
CASH BALANCE CARRYFORWARD	\$ -	\$ -	\$ (2,052.63)	\$ 43,067.10	\$ (13,669.29)		
CASH BALANCE FOR INTEREST	\$ -	\$ (2,052.63)	\$ 43,067.10	\$ (13,669.29)	\$ 0.00		
COMPUTED INTEREST ON CASH	\$ -	\$ -	\$ 48.09	\$ -	\$ -	\$ 48.09	

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