

# DMA - CASH MANAGEMENT FOR FEDERAL FUNDS

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Maine Department of Education, or other pass-through entity, and the disbursement of the federal funds. Federal funds will only be requested to meet immediate cash needs as follows:

- Reimbursement not covered by prior receipts and;
- Anticipated disbursements that are generally fixed, such as monthly program salaries and benefits.
- The Business Manager will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund.
- Cash balances for each federal program fund and for the aggregate of all federal program funds will be monitored by the Business Manager or designee.

Board procedures to minimize the cash balances in federal program funds are expected to prevent aggregate cash balances of federal program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The federal program funds, with the exception of Child Nutrition Program funds, will not be maintained in an interest-bearing bank account if the Business Manager determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal program funds will be maintained in insured checking accounts.

## [Determination of Allowable Costs]

Before instituting a financial transaction that will require the expenditure of federal funds the federal program director and the business manager or designee will determine that the proposed transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with procedures for financial transactions of the Board including:

- Purchase order approval procedures;
- Contract review and approval procedures;
- Applicable competitive purchasing procedures, and;
- Documentation supports allowability of transaction.

Before payments are made from federal funds the federal program director and the business manager or designee will determine that the federal program expenditure complies with generally accepted accounting principles and complies with state, local, and federal laws, rules, and regulations. Any cost reduction or cash refund (rebates, discounts, etc.) related to the transaction will be credited to the federal program.

Adopted: November 19, 2018

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Revision #1

Created 7 April 2022 15:36:00 by Matt Frey-Davis

Updated 25 May 2023 15:40:17 by Matt Frey-Davis