

Cash Management for Federal funds/3-Day Cash Rule

Moore County Schools Cash Management of Federal Funds Policy/Procedure

Moore County Schools will maintain written cash management policies designed to minimize the time elapsing between the transfer and subsequent disbursement of funds ([2 CFR Part 200.305](#)). Moore County Schools will strive to expend the Federal funds on allowable expenditures as expeditiously as possible. Specifically, Moore County Schools attempts to expend all drawn downs of federal funds within 72 hours of receipt.

Moore County Schools has State, Local and Federal Cash in Core Banking. Each morning, the Assistant Finance Officer sends out a cash balance report to show the amounts of cash in each fund. Federal Cash is in the negative throughout the month. Two days prior to Payroll, Federal cash is requested based on the prior month's payroll expenditures. Once payroll has posted to the General Ledger, a cash request is sent immediately to DPI to "send back or request" any amounts requested that are over or under the actual expenses.

Prior to each payment request, the Assistant Finance Officer reviews the general ledger to determine the exact amount of cumulative expenditures to date and reviews and calculates the exact amount of payroll and/or other payables that will be paid out within three business days once the payment is received. The Assistant Finance Officer verifies that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the Assistant Finance Officer reviews and verifies the accuracy of the amount to be requested. The Assistant Finance Officer request payment and certifies that the expenditures are true and correct and that the payment received will be paid out within three business days of receipt in Moore County Schools depository account.

No later than three days after payment was requested, the Assistant Finance Officer will verify that the payment was received in Moore County Schools depository account. The Assistant Finance Officer will notify the Payroll Manager that payment has been received and to immediately process said payroll or other payables. The Assistant Finance Officer will verify all payments to ensure that no funds are being paid out for goods and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the Moore County Schools depository account.

Interest Earned on Advances – Moore County Schools will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. Moore County Schools will begin to calculate interest earned on cash balances once funds are deposited into the LEA's account.

Interest will be calculated quarterly and interest earned will be remitted within 30 days of the end of the quarter. Interest earned amounts up to \$500 per year may be retained by Moore County Schools for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be returned annually.