I. Purpose:

To establish cash management procedures for federal grant awards

II. Procedure:

A. Cash management options defined for grants

1. Advance Payments – Amount requested to be paid limited to amounts needed to meet immediate cash needs.
2. Working Capital Advance – Amount requested to be paid is based upon estimated disbursement needs for a period of time.
3. Reimbursement – Amount requested to be paid were previously paid in full by SFSC (generally within 30 days of initial payment).

B. SFSC generally draws federal funds from either the federal government (G5) or from the State (CARDS) on a reimbursement basis. Occasionally, other systems are used for one-time or ad-hoc grants. The following is an overview of the cash management procedures.

1. Project directors and grants accountants approve all allowable grant expenditures. SFSC pays for the approved expenditures through the college’s established payables and payroll processes.
2. Grant expenditures are coded to unique organizations and funds that separate them from other college expenditures.
3. A budget to actual expenditure report is reviewed by the project manager and grants accountant at the end of the month.
4. Based on the expenditures on the summary report, the amount of the drawdown is calculated. The support for cash reimbursements is reviewed by the Controller for accuracy of calculation, completeness, and general adherence to grant(s) restrictions. When the support is deemed sufficient for the request, the Controller will sign the required certification statement and that will give a grant accountant the authority to actually
drawdown cash in automated systems. The Controller will authorize drawdown requests in those automated systems that require separate authorization from the employee requesting funds. For reimbursements of federal student financial assistance the Controller relies upon the internal control systems in operation governing registration and federal financial aid administration. These systems are the responsibility of the Registrar and Director of Financial Aid respectively.

5. A monthly budget to actual grants report is shared with the President’s Council.

C. The general practice to fund grants on a reimbursement basis does not preclude SFSC for certain grants to seek advance payments or a working capital advance. When grant funds are drawn down in advance of anticipated expenditures, SFSC will do the following:

1. SFSC will minimize the time elapsing between the transfer of funds and the disbursement of those funds for grant related expenditures. SFSC will comply with the three day rule, which requires the expenditure of funds within three days of the receipt of such funds. Excess cash balances will be returned to the sponsoring agency after the three days have expired.

2. SFSC will deposit all federal funds in an interest bearing account.

3. SFSC will return interest earned exceeding $500 on federal grants annually to the Department of Health and Human Services.

HISTORY: Adopted: 1/20/15

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