

CITRUS COLLEGE

STANDARD OPERATING PROCEDURE FOR CASH MANAGEMENT

Payments for Federal programs can be requested two ways: by cash advance method or by reimbursement of costs incurred. It is required that the District receiving the award can provide reasonable assurance that the award is managed in compliance with the terms and conditions of the award and Standards of Internal Control PER the Federal Government.

1. The Director of Fiscal Services, or designee, must perform an adequate evaluation of all sources and applications of funds for all federally funded activities.
 - This evaluation must be updated regularly and properly documented for review. Determination should be made and documented that funds are used solely for authorized use. These records should maintain information on the authorizations, obligations, assets, expenditures and interest.
 - This evaluation must include a comparison of expenditures with budgeted amounts for each Federal award. Any differences should be reconciled timely.
2. Advance Payments – by definition, these are payments made by the Department of Public Interest (DPI) to the District in advance of expenditures being made. If advance payments are required, the request should be done in a manner that minimizes the time between the transfer of funds and actual disbursement. The designated accountant(s) will:
 - Request advance payments only for the minimum amount required and consolidate amounts to cover anticipated cash needs for all existing Federal awards,
 - Apply program income earned through the use of the Federal award to offset any request for advance payments.
3. After receipt of advance payments of Federal funds, the designated accountant(s) will arrange to:
 - Deposit the funds in an insured/interest bearing account unless:
 - a. The District receives less than \$120,000 in Federal awards per year.
 - b. The best available interest-bearing account is not expected to earn interest in excess of \$500 per year.
 - c. The bank requires an average minimum balance excessively high.
4. Reimbursement of Costs - The preferred method of payment is reimbursement of costs which typically includes drawdown requests.
 - Upon receipt of the cost estimates of Federal projects from the Program Managers, Fiscal Services will assign a fund number to enable tracking of expenditures. A

budget will also be established based on the details of the funding application form and in accordance with Board Policy and Administrative Procedure 6250.

- The Program Manager is tasked with ensuring that all proposed expenditures are allowable under the Federal funding standards. If uncertainty exists related to allowability, the funding authority should be consulted for clarification.
- Monthly, a summary sheet of costs incurred is prepared, reviewed and reconciled by the designated accountant(s) to identify any costs that may not be allowable or are questionable. Any expenditure deemed to be unallowable will not be charged to the project and will require alternative funding such as a departmental budget within the unrestricted general fund or other allowable special program/fund/source.
- Requests for reimbursement from the funding authority are requested electronically via drawdown. The drawdown request is initiated by the Accounting Technician responsible for the respective grant. The request is then reviewed and approved by the Director of Fiscal Services or the Associate Director of Fiscal Services to ensure it is substantiated with actual, realized expenditures and reflects a cumulative record of those expenditures. Upon approval by the Director/Associate Director, the Accounting Technician responsible for drawdowns submits the drawdown request through the appropriate agency's cash management system. If an invoice is required, one is prepared and forwarded using the applicable agency's claim form. The Federal awarding agency is required to make payment within 30 calendar days.
- The funds are transmitted to the Los Angeles County Office of Education (LACOE). The designated accountants will advise LACOE how to record the funds when received.
- A progress report is prepared by the Program Manager in coordination with Fiscal Services as requested by the funding agency.
- A final closing report is prepared by the Program Manager, in coordination with Fiscal Services, detailing all costs and maintained in a secure location for a period of five years from the completion of the project. Throughout this process, the costs incurred are repeatedly reconciled to the budget and the general ledger.

Authority

2 C.F.R. Part 200, §200.305(b) *“For non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance of redemption of checks, warrants, or payment by other means”*.

2 C.F.R Part 200, §200.305(b)(3) *“reimbursement is the preferred method when requirements in paragraph (b) cannot be met.*

2 C.F.R. Part 200, §200.302 (b)(6) *“Written procedures to implement the requirements of §200.305 Payment.”*

Citrus College Board Policy (BP 6300) and Administrative Policy (AP 6300) require that:

- *Adequate internal controls exist.*
- *Provide for appropriate fiscal policies and procedures and adequate controls to ensure that established fiscal objectives are met.*

Reviewed: September 28, 2016
May 31, 2022