



CHIEF FINANCIAL OFFICER
89 Washington Ave., Room 128, EB
Albany, New York 12234

June 1, 2022

TO: BOCES District Superintendents
School District Superintendents
School District Business Officers
Charter School Leaders

FROM: Phyllis D. Morris, Chief Financial Officer

RE: Federal Cash Management Requirements

As a condition of receiving Federal funding, Local Educational Agencies (LEAs) must comply with Federal Office of Management and Budget (OMB) Uniform Guidance cash management requirements. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

2 CFR § 200.305 of the Uniform Guidance states that the non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

- The non-Federal entity receives less than \$250,000 in Federal awards per year.
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- A foreign government or banking system prohibits or precludes interest-bearing accounts.

Interest earned amounts up to \$500 per year may be retained for LEA administrative expenses. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services Payment Management System (PMS). For more information on returning interest on Federal awards, please contact edward.lenart@nysed.gov.

cc: Commissioner Betty A. Rosa
Sharon Cates-Williams
Jim Baldwin
Jason Harmon
Ed Lenart
Erica Meaker