

Section 7.1.3: Interest Earned

PURPOSE AND POLICY

The grant agreement or grantor agency specific financial guide should contain the information regarding how interest earned on grant funds will be accounted for and expended; the grant program manager should work with his/her agency's financial representative to ensure compliance with the terms and conditions of the grant agreement regarding interest. Interest earned is program income, which is discussed in greater detail in [Section 7.1.5](#).

For federally funded grants, [Uniform Guidance §200.305](#) (9) (Payment) states that interest earned amounts up to \$500 per year may be retained by the non-federal entity (grantee) for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the federal government through methods prescribed in this regulation.