

<b>Workforce Connections Fiscal Policies Cash Management</b>	<b>FIS-020-07</b>
<b>Supersedes policy No. 2.8 dated 07-11-2003</b>	<b>Revised:</b>
<b>Policy Approved By: WC Executive Director Policy Adopted on: June 2016</b>	

**Purpose:**

To provide guidance on established standards with regards to payments under Federal awards for program funded in whole or in part by Title I of the Workforce Innovation and Opportunity Act (WIOA).

**Background:**

The Office of Management and Budget (OMB) together with Federal awarding agencies has issued a joint final rule. This final guidance is located in Title 2 of the Code of Federal Regulations. This final guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in OMB guidance); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up. The final guidance consolidates the guidance previously contained in the aforementioned citations into a streamlined format that aims to improve both clarity and accessibility. The guidance also establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. As required by Federal statute and regulations WC shall establish such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of, and accounting for, Federal funds allocated to the Local Workforce Development Area (LWDA).

**Policy:**

Workforce Connections (WC) and its sub-recipients receiving Federal funds shall implement standards for adequate systems of control and a sound financial management system to ensure that the time elapsing between the receipt and disbursement of Federal funds is minimized, therefore maintaining the minimum cash balance in accordance to Federal and State laws and regulations. Sub-recipients must implement policies and procedures to support Federal cash management established requirements.

**Reference:**

PL 113-128 WIOA Sec. 184; [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Final Rule]; [31 CFR Part 205]; [20 CFR Part 683 Administrative Provisions under Title I of WIOA]; [One Stop Comprehensive Financial Management TAG Part II]; [TEGL 15-14]; [SCP 3.4]

Consistent with established regulations codified at Title 2 of the Code of Federal Regulations Part 200, payment methods and procedures shall minimize the time elapsing between transfer of funds and disbursement by the grantee or sub-grantee, in accordance with United States Treasury regulations codified at 31 CFR Part 205.

<b>Workforce Connections Policy FIS-020-07</b>	<b>WC Fiscal Policies</b>
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## I. Payment

- A.** In general, payment methods for non-Federal entities other than states 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 or redemption of checks, warrants, or payment by other means. Financial management systems that meet the standards for fund control and accountability must be implemented and maintained as established by Federal statutes.
- B.** For WC sub-recipients, payment methods/procedures must minimize the time elapsing between the transfer of funds received from WC and the disbursement by sub-recipients, whether the payment is made by electronic funds transfer or issuance or redemption of checks, warrants, or payment by other means.
- C. Rules intended to minimize sub-recipients cash on hand**  
Sub-recipients may obtain advance funds from WC as needed or necessary for disbursement. In order for a sub-recipient to receive cash advances, the sub-recipient must demonstrate that it maintains both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the sub-recipient, and financial management systems that meet the standards for fund control and accountability as established by Federal requirements. These procedures are necessary to effectively minimize cash on hand at the sub-recipient level and to allow for the expeditious transfer of cash.

## II. Cash Advances

**A. Limit on cash advances**

Advance payments to a sub-recipient must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the sub-recipient in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursement by the sub-recipient for direct program or project costs and the proportionate share of any allowable indirect costs. The sub-recipient must make timely payment to vendors or contractors in accordance with the sub-award agreement provisions.

As cash distribution policies and practices vary from organization to organization, it is not possible to specify one time period against which all sub-recipient's cash balances can be measured to determine if the requirement of immediate cash needs has been met. Cash should not be requisitioned for delivery before the last day it can be received for timely payout through a given organization's cash disbursement process.

**B. Cash Advance Request Procedures**

1. Submit a fully executed cash forecast request form, found at:  
<http://184.2.174.35/Admin/attach/Fiscal%20Invoice-Forecast.pdf>
2. Submit a fully executed forecast supplementary report form, found at:  
<http://184.2.174.35/Admin/attach/Fiscal%20Invoice-Forecast.pdf>
3. Sub-recipients must be aware that cash advances will be subtracted against the next submitted request for reimbursement.
4. With respect to sub-recipients, any advance request must be submitted to WC using the cash forecast request form. Once approved, sub-recipient will receive payment within five (5) business days after funds are received from the State. Funds are requested from the State on a weekly basis.
5. Right to Withhold  
WC retains the right to deny all or a portion of any reimbursement otherwise due to the sub-recipient when WC gives the sub-recipient written notice of WC's opinion that specific deficiencies must be cured, and which grants the sub-recipient 10 business days to cure the following:
  - a) The sub-recipient's performance, in whole or in part, either has not been carried out or is insufficiently documented; or
  - b) The sub-recipient has neglected, failed or refused to furnish information or to cooperate with any inspection, audit or review of its program(s), work or records; or
  - c) The sub-recipient has failed to sufficiently itemize or document its demand(s) for payment; or
  - d) The sub-recipient has materially failed to comply with any of the established Federal, State, local, or contract agreement provisions; or
  - e) The sub-recipient has failed to reimburse any disallowed cost(s) to Workforce Connections.

**Note:** WC may grant the sub-recipient an extension of time to cure said defect in response to a written request from the sub-recipient indicating why 10 business days is determined to be unreasonable time to cure said defect.

6. Unless fully executed and received as specified in item four (4), sub-recipient's request will not be processed for payment. Support documentation may be requested at any time for the processing of any cash advance request.
7. A separate bank account is not required to separate cash advances against other WC awarded funds or to separate WC funds from other funds. Procedures must be in place to properly account for WC awarded funds regardless of the banking structure.
8. Internal controls must be established and maintained to a level sufficient to prevent misuse of funds awarded by WC.

9. Sub-recipients shall maintain cash advances in an interest bearing account, unless the following applies:
  - a) Sub-recipient receives less than \$120,000 in Federal awards per year; **or**
  - b) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances; **or**
  - c) The depository would require an average or minimum balance so high that would not be feasible with the expected cash resources.
10. WC may establish other systems of control and/or procedures as may be necessary to assure proper disbursement of, and accounting for, advanced funds to its sub-recipients.
11. WC reserves the right to deny any or all cash advance requests at any time if determined necessary, or if it is in the best interest of the Local Workforce Development Board (LWDB).
12. Any funds received in advance shall be used exclusively for the purpose of the approved program or project. Approved cash advances do not provide a waiver of established uniform administrative requirements and applicable uniform cost principles codified at 2 CFR Part 200.
13. WC reserves the right to request repayment of previously approved advances if not expended in a timely manner within 60 days of payment.

### **III. Accessibility**

Consistent with WC policy Admin-010-04, the Federal awarding agency, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records (including electronic writings and records) of recipients, sub-recipients, vendors, and others that are pertinent to the award, in order to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to a recipient/sub-recipient's personnel for the purpose of interview and discussion related to such documents. For WIA Title I recipients/sub-recipients, the Director – Office of Civil Rights has the same rights of access described above per the requirements of Title 29 of the Code of Federal Regulations Part 37. The rights of access mentioned in this paragraph are not limited to the required retention period, but shall last as long as records are retained.