

State of Alaska
Department of Labor and Workforce Development

Division: Employment and Training Services

Policy: 07-504

Subject: Cash Management

Pages: 3

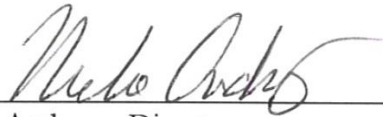
Reference: [2 CFR 200.302-305](#); [Federal Register Vol. 80, No. 73](#); [Alaska Administrative Manual AAM 38. Accounts Payable](#); [Alaska Administrative Manual AAM 35. Expenditures](#);

Effective: 2/3/2016

Approved: _____

Mike Andrews, Director

Date



2/3/16

1. Parties Affected

This policy applies to the Division of Employment and Training Services (DETS) staff and recipients of public funds from the Division.

2. Background

Grant recipients of state or federal funds received through the division must observe all state and federal applicable laws and regulations governing cash management. This policy provides the guidelines for cash management of public funds, including the minimization of cash on hand through reimbursements, cash advances and working capital advances.

3. Policy

Public funds must be accounted for in accordance with state and federal statutes, regulations, and terms and condition of the award. In addition, the grant recipient's financial management system(s), including records documenting compliance must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal and state statutes, regulations, and the terms and conditions of the award.

Cash management involves minimizing the time between the transfer of funds and the payment of invoices generated by the award. Grant recipients are generally paid on a reimbursement basis

and cash balances must be limited to the actual immediate disbursement needs in carrying out the award. The grant recipient is not required to maintain a separate bank account but must separately account for awarded funds.

Costs must be allowable, allocable, reasonable and documented and meet the financial management standards contained in state and federal statutes, regulations, terms and conditions of the award.

a) Reimbursement of Expenses

Reimbursement of Expenses requests shall be approved for payment upon satisfactory performance of the services stated in conditions of the award for expenses that have been paid by the grant recipient.

Each grant recipient shall be paid by the date specified under the award or within 30 days upon receipt of a proper request for reimbursement.

Grant recipients must:

- i) demonstrate written procedures in keeping with cash management requirements;
- ii) disburse program income, rebates, refunds, and contract settlements before requesting reimbursements; and
- iii) request reimbursement only for expenses incurred and paid by the grant recipient and as specified on the approved budget.

b) Cash Advances

A cash advance is a method for advancing funds to a grant recipient to cover estimated disbursement needs for an initial period. If DETS has determined that the Reimbursement of Expenses method is not feasible because the grant recipient lacks sufficient working capital, advances may be paid, provided the grant recipient maintains or demonstrate the willingness and ability to maintain procedures identifying funding techniques that effectively minimize cash on hand. If this standard is not met, then Reimbursement of Expenses will be the preferred method. A grant recipient on a bi-monthly advance schedule will be limited to an advance not to exceed fifteen days of estimated expenditures.

A grant recipient may receive an advance if:

- i) The grant recipient submits an estimated cash advancement request to the grant administrator for approval that includes the grant recipient's estimated clearance, average clearance, or other model to determine the advance amount. Estimated costs could include such items as leases, payroll, supplies, capital assets or other costs allowable to the grant;
- ii) To the extent possible, the grant recipient must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds,

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities

contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash advances;

- iii) Cash advances must be limited to the minimum amounts needed;
- iv) To the maximum extent possible, the grant recipient will be provided advance payments via Electronic Fund Transfer (EFT) as it substantially reduces the time needed to receive the cash advance;
- v) Cash advancement requests will be submitted to the grant administrator five working days prior to the requested cash receipt. The grant administrator will have three working days to approve the cash advance and forward the information to Administrative Services Division. The Administrative Services Division is responsible for preparing the EFT or check; whichever is appropriate for the grant recipient.
- vi) DETS may approve subsequent advances if the grant recipient demonstrates they:
 - (1) disbursed prior advance funds before requesting additional cash payments;
 - (2) demonstrates a need which could include low cash-on-hand, or grants comprising a significant portion of all funds received by the grant recipient; and
 - (3) future grant payments will be increased or decreased by differences between the estimated and actual costs.

c) Withholding Payments

Unless otherwise required by federal statute, awarding agencies (divisions or subunits) must not withhold payments for proper charges incurred by grant recipients unless the grant recipient has failed to:

- i) comply with grant award conditions or the grant recipient is indebted to the United States or the State of Alaska; or
- ii) payment requests involving questioned costs will result in payments minus any questioned costs until resolved. Payments shall be released to the Grant Recipient upon subsequent compliance.

d) Monitoring Cash Management Practices

The DETS may monitor cash balances as part of its regular cash management review process. If potential problems are noted, corrective action may be required.

e) Other Considerations

- Interest income for Workforce Innovation and Opportunity Act (WIOA), Title I programs, is treated as program income.
- For USDOL funded programs, the grant recipient may retain \$250 of the interest income for program activities, interest over that amount must be returned to the State.
- For educationally funded programs, grant recipients must remit interest, in excess of \$100 per year to the state on at least a quarterly basis.
- For state funded programs, interest income must be returned to the state.