
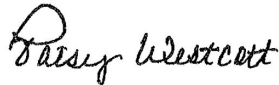


State of Alaska Department of Labor and Workforce Development	
Divisions: Alaska Workforce Investment Board (AWIB), Employment and Training Services (DETS)	Policy: 07-504.1
Subject: Cash Management	Pages: 3
Reference: 2 CFR 200.302-305 ; Federal Register Vol. 80, No. 73 ; Alaska Administrative Manual AAM 38 Payment Methods ; Alaska Administrative Manual AAM 35. Expenditures ;	Effective: 2/3/2016 Revised: 6/19/2020
Approved:  _____ Louise Dean, Executive Director, AWIB	6/30/2020 _____ Date
Approved:  _____ Patsy Westcott, Director, DETS	6/30/2020 _____ Date

1. Parties Affected

This policy applies to subrecipients of public funds from the Alaska Workforce Investment Board (AWIB), the Division of Employment and Training Services (DETS), and to AWIB and DETS staff.

2. Background

Subrecipients of state or federal funds received through AWIB/DETS must observe all applicable state and federal 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 subrecipients’ financial management systems, including records documenting compliance, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions. Financial management systems must also be able to trace funds to a level of expenditures adequate to establish that such funds

have been used according to the federal and state statutes, regulations, and 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. Subrecipients 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 subrecipient is not required to maintain a separate bank account for program funds, but must be able to separately account for awarded funds.

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

a) Reimbursement of Expenses

Upon satisfactory performance of services outlined in the grant agreement, Reimbursement of Expenses requests (reimbursement requests) shall be approved to pay expenses that have been remunerated by the subrecipient. A subrecipient shall be paid by the date specified under the award or within 30 days upon receipt of a proper reimbursement request.

The subrecipient 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 subrecipient and as specified in the approved budget.

b) Cash Advances

A cash advance is a method for advancing funds to a subrecipient to cover estimated disbursement needs for an initial period. When AWIB/DETS has determined that the Reimbursement of Expenses method is not feasible, advances may be paid, provided the subrecipient maintains or demonstrates the willingness and ability to implement procedures identifying funding techniques that effectively minimize cash on hand. A subrecipient on a bi-monthly advance schedule will be limited to an advance not to exceed fifteen days of estimated expenditures.

An advance may be issued under the following conditions:

- i) The subrecipient submits an estimated cash advance request that includes the 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 award;
- ii) To the extent possible, the subrecipient must disburse all funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash advances;

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- iii) Cash advances must be limited to the minimum amounts needed;
- iv) To the extent possible, the subrecipient will be provided advance payments via Electronic Fund Transfer (EFT) to reduce the time needed to transfer the cash advance;
- v) Cash advance requests will be submitted five working days prior to the requested cash receipt. The division will have three working days to approve the cash advance and forward to the Administrative Services Division (ASD). ASD is responsible for preparing the EFT or check, whichever is appropriate; and
- vi) AWIB/DETS may approve subsequent advances if the subrecipient demonstrates:
 - (1) they disbursed prior advance funds before requesting additional cash payments;
 - (2) a need, which could include low cash-on-hand, or grants comprising a significant portion of all funds received by the subrecipient; and
- vii) 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 unless the subrecipient has failed to comply with grant award conditions, including participant data reporting, or is indebted to the USDOL or the State of Alaska. Payment requests involving questioned costs will result in payments minus any questioned costs until resolved. Payments shall be released upon subsequent compliance.

d) Monitoring Cash Management Practices

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