

Cash Management Policy

POLICY NUMBER: F-2007

REVISION DATE: 1-26-21

SUPERSEDES: Cash Management Policy #F-1007, issued June 30, 2016

PURPOSE

This policy communicates WorkForce Central's general cash management policy and procedures for requesting, retention, and disbursement of federal funds, including funds awarded through the Workforce Innovation and Opportunity Act (WIOA).

BACKGROUND

As a recipient of federal funds, WorkForce Central is required to have adequate systems in place for the requesting, retaining, and disbursement of federal funds after reimbursement requests are submitted as required.

Requirements under 2 CFR 200 Subpart D and specifically 2 CFR 200.305 are also incorporated in this policy.

POLICY

A. Eligibility Requirements - Cash Depositories

As a matter of policy, WorkForce Central will use only the following:

- Banks insured by the Federal Deposit Insurance Corporation (FDIC).
- An institution insured by the Federal Savings and Loan Corporation.
- A credit union insured by the administrator of the National Credit Union.

Opening of bank account shall be reviewed and approved by the WorkForce Central CEO.

B. Use of Minority and/or Women-Owned Banks

Consistent with the federal and state goal of expanding the opportunities for minorities and women-owned business enterprises, WorkForce Central is encouraged to use minority and/or women-owned banks, under the proviso that the above eligibility requirements are met.

C. Separate Bank Account

WorkForce Central, as a recipient of WIOA funds, is required to maintain an insured, interest-bearing bank account. WorkForce Central's accounting system must be able to account for refunds, credits, and revenue by funding source.

Exceptions in maintaining an interest-bearing account is allowed under one of the following conditions:

- WorkForce Central receives less than \$120,000 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 reasonable within the expected federal and non-federal cash resources.
- A banking system prohibits or prevents an interest-bearing account.

D. Interest

For WIOA Title 1-B programs, interest earned on federal funds is treated as Program Income and should be accounted for as per ESD Policy 5220 Rev. 1- Program Income. The interest earned should be identified as program income on the quarterly report forms submitted to the Washington State Employment Security Department (ESD).

E. Cash Balance

It is the policy of WorkForce Central to minimize the time elapsing between the receipt of federal funds, including WIOA funds, and disbursement in order to maintain a minimum cash balance as per federal guidelines. In most cases, cash draws made by WorkForce Central are reimbursements of expenses paid with other fund sources.

F. Internal Controls

To safeguard federal funds, cash and/or assets, WorkForce Central maintains an adequate system of internal control in accordance with Generally Accepted Accounting Principles (GAAP). Such internal controls are subject to periodic review and assessment. review/assessment.

G. Cash (Draw) Requests

Cash management requirements are governed by 2 CFR 200.305 – Federal Payment. Provisions under this circular include:

- Minimizing the time between transfer of funds and disbursement of funds.
- Advance payments are limited to the minimum amount needed and timed with actual and immediate cash requirements.
- Before requesting additional cash payments, funds must first be disbursed from available program income, rebates, contract settlements, audit recoveries, and interest earned on federal funds.

Department of Labor Employment & Training Administration (DOLETA) requires that sub-recipients obtain funds from their awarding agency as needed for disbursement.

Each draw request shall be timed to coincide with cash needs and to assure no excess cash is drawn, with the exception of payments for escalating leases and leave accruals. Cash drawn shall be disbursed within three (3) business days of receiving the cash.

Procedures for WIOA Cash (Draw) Requests

- For WIOA formula cash draws, requests will be on a Daily Invoice Voucher (or Year End Invoice Voucher, when appropriate) with supporting documentation of expenditures, revenue and variance that provides justification for the cash draw. Requests are due

to ESD by 10:00 am two (2) days prior to the date needed.

- WorkForce Central's designated bank will receive an Electronic Fund Transfer (EFT) on the date specified on the request.
- For WIOA non-formula contracts and National Dislocated Worker Grants, requests will be on an A- 19 Invoice Voucher, with supporting documentation (Invoice Expenditure Detail Template and Instruction) that provide justification for the cash draw.
- Each request will be timed to coincide with cash needs and to assure no excess cash is drawn.

H. Withholding of Payment

Cash draw requests may be declined and withheld by ESD if any of the following occurs:

- Payment requirements are not met.
- Failure to provide appropriate supporting documentation for a cash draw.
- Failure to meet project objectives or grant/agreement conditions.
- Indebted to the U.S. Government or State of Washington.

If any of the above conditions exist, ESD may withhold payment until the condition is corrected. ESD will provide written notification to WorkForce Central before withholding payment. WorkForce Central has until the effective date on the notification to petition the state for reconsideration of action. The petition must be sent to:

Assistant Commissioner/Chief Financial Officer
Employment Security Department
Finance and Administration Services Division
P.O. Box 9046 - MS 6000 Olympia,
Washington 98507-9046

Upon consideration of this petition, ESD will issue a final determination and notify WorkForce Central of its action.

DEFINITIONS

Sub-recipient - An entity that receives federal assistance passed through from a prime recipient or another subrecipient to carry out or administer a WIOA program. Distinguishing characteristics of a subrecipient include:

- Determining eligibility for assistance.
- Performance measured against meeting the objectives of the program.
- Responsibility for programmatic decision making.
- Responsibility for applicable program compliance requirements.
- Use of the funds passed through to carry out a program of the sub-entity as compared to providing goods or services for a program of the prime recipient.

REFERENCES

- ESD Policy #5205, Rev. 2-Cash Depositories
- Public Law 113-128, Workforce Innovation and Opportunity Act
- Public Law 113-128, Section 194 (7)(A)
- 2 CFR Part 200 Subpart D-Post Federal Award Requirements-Standardsfor Financial and Program Management
- 2 CFR 200.305 – Federal Payment

- One-Stop Compliance Financial Management Technical Assistance Guide (TAG)
- Generally Accepted Accounting Principles (GAAP)
- 29 CFR Part 97.20(b)(7)
- 31 CFR Part 205
- 29 CFR 95.21
- 29 CFR 95.22

REVISION APPROVED

Katie Condit
Katie Condit (Jan 26, 2021 08:46 PST)

Jan 26,

Katie Condit, WFC CEO

Date

EQUAL OPPORTUNITY - EQUAL ACCESS

WorkForce Central is an equal opportunity employer/program. Auxiliary aids and services are available upon request for individuals with disabilities. Washington Relay Service – 711.