



Fiscal Policies

Cash Management Policy

POLICY #: *F-2007, Rev. 2*

EFFECTIVE: *March 1, 2024*

SUPERSEDES: *Cash Management Policy, #F-2007, dated 1-26-21*

PURPOSE:

This policy communicates the processes WorkForce Central must follow when requesting, retention, and disbursement of federal funds.

This policy was revised to:

- Broaden the scope of the policy to all federal funds beyond those of the Workforce Innovation and Opportunity Act (WIOA).
- Non-substantive edits for clarity.

BACKGROUND:

WorkForce Central must adhere to financial management regulations such as [2 CFR 200.305](#), [29 CFR 97.20](#), [31 CFR Part 205](#), among others for the requesting, retaining, and disbursement of federal funds.

POLICY:

Eligibility Requirements-Cash Depositories - Workforce Central will use only the following:

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

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

Small, Minority, and/or Women Owned Banks – WorkForce Central prioritizes banking with qualified small, minority, and/or women owned banks.

Bank Account – As a recipient of federal funds, WorkForce Central is required to maintain an insured, interest-bearing bank account. WorkForce Central’s accounting system must 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 more than \$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.

Interest – Interest earned on federal funds is treated as program income and must be accounted for. Further details about program income are outlined in WorkForce Central’s Program Income Policy on WorkForce Central’s [Policy Library](#).

Cash Balance – WorkForce Central must minimize the time between the receipt and disbursement of federal funds in order to maintain a minimum cash balance. In most cases, WorkForce Central’s cash draws are reimbursements of expenses paid with other fund sources.

Internal Controls – To safeguard federal funds, cash, and 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.

Cash (Draw) Requests – WorkForce Central’s draw requests shall be timed to coincide with cash needs to ensure no excess cash is drawn, except for payments for escalating leases and leave accruals. Cash drawn shall be disbursed within three (3) business days of receipt.

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.

Withholding of Payment – Cash draw requests may be declined and withheld by the federal grantor, including ESD, for the following reasons:

- 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, the federal grantor may withhold payment until the condition is corrected. For federal funds for which the Washington State Employment Security Department (ESD) is the grantor, ESD will provide WorkForce Central written notification prior to withholding payment. WorkForce Central will have until the effective date on the notification to petition ESD for reconsideration of action. The petition must be delivered per instructions in ESD's Cash Depository Policy (current and future revisions). ESD will consider WorkForce Central's petition and will notify WorkForce Central of its final determination.

REFERENCES

- Public Law 113-128, Section 194(7)(A)
- 2 CFR Part 200 Subpart D
- One-Stop Compliance Financial Management Technical Assistance Guide
- Generally Accepted Accounting Principles (GAAP)
- 29 CFR Part 97.20(b)(7)
- 31 CFR Part 205
- 29 CFR 95.21 and 95.22
- ESD Policy #5205, Rev. 2 – Cash Depositories

APPROVED


Katie Condit (Mar 1, 2024 06:50 PST)

Katie Condit, WorkForce Central CEO

Mar 1, 2024

Date

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