
**Workforce Investment Act
State Compliance Policies**

SECTION: 3.4

Cash Management

March 2009

I. Cash Forecasting [WIA Financial Management Technical Assistance Guide (TAG) Section II-6 dated November 2002]

- A. Cash forecasting identifies specific needs within a specific time frame and will be required of both LWIBs and their subrecipients.
- B. Cash forecasting can be daily, weekly, on some other defined disbursement cycle, or as needed.
- C. Net Payroll/Payroll Taxes/Fringe Benefits:
 - 1. Net payroll, not gross salaries and wages should be used for cash forecasting purposes.
 - 2. Normally, payroll deductions and tax deposits are disbursed at different times from the payroll dates.
 - 3. Fringe benefits such as retirements, medical, Federal Insurance Contributions Act (FICA) and Worker's Compensation are also normally paid in a period different from the corresponding payroll dates.
- D. Accrued expenses often will exceed cash disbursements. Cash is not needed to accommodate an accrual until the check written to pay an invoice is paid out by the bank.
- E. Incurring an obligation does not require cash. Cash is needed only when checks written against those obligations are presented at the bank for clearance, or when payment warrants are issued.

II. Cash Management at the Subrecipient Level:

- A. Section 29 CFR 95.22(b) states that in order to be paid on an advance basis, recipients and subrecipients must maintain a financial management system in accordance the requirements of 29 CFR 95.21(b)(1-7) and have written procedures to ensure that the elapsing between receipt of funds and disbursement is minimized. Refer to Section I.A. Cash Forecasting.
- B. If the grantee is either unwilling or unable to comply with the required cash management standards, then the reimbursement method of payment must be used [29 CFR 95.22(e)].

- C. Grantees must limit requests for cash to the minimum amounts needed and must time their requests to meet actual immediate cash needs.
- D. Grantees/subrecipients will not be eligible for advance funds based on cash forecasting if they are considered “high risk” (WIA Financial and Administrative Review Guide dated November 2002).
- E. Reimbursement is the preferred method of payment if the standards in II A & B above are not met [TAG II-6 and 29 CFR 95.22(e)].
- F. To the extent available, recipients shall disburse funds available from repayments to and interest earned before requesting additional cash payments [29 CFR 95.22 (g)].
- G. All funds are to be maintained in an insured interest bearing account unless the grantee/ subrecipient meets the conditions outlined below [29 CFR 95.22(k)(1-3)]:
 - 1. The recipient receives less than \$120,000 in Federal awards per year. The interest bearing account would not earn interest in excess of \$250 per year on Federal cash balances.
 - 2. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

III. Working Capital Advance

- A. A working capital advance is a one-time process for a specified initial period designed to facilitate the start-up of projects that needs and qualify for an advance.
- B. After the initial advance reimbursements will be for actual cash disbursements (TAG Section II-6).

IV. Requests for Reimbursement:

- A. Grantees shall prepare requests for reimbursements as follows:
 - 1. For requests prepared on a cash basis, outlays (expenditures) are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, and the amount of cash advances and payments made to contractors and sub grantees.
- B. Grantees shall submit a “Request for Reimbursement” form to DETR’s Workforce Investment Support Services (WISS) unit. Within 10 working days, WISS will:
 - 1. Review and submit approved reimbursement requests to DETR/FM; or
 - 2. Provide written notification and explanation to the requestor as to why the request cannot be approved.

- C. All approved reimbursement requests will be processed by DETR/FM within 10 working days of receipt from WISS
- D. An expedited direct deposit payment system is available to State Grantees that maintain a bank account independent from the Controller's system. DETR/FM will submit the direct deposit request through the Controller's system for payment. State Grantees desiring expedited payment must provide a completed vendor registration form to the State controllers office. The form is available at http://controller.nv.gov/vendor_Services.html. If expedited payment is not necessary, payments will be transmitted through the State and U. S. Postal Service:
1. If the State Grantee uses Bank of America, funds should be deposited within one day after the request registers in the Controller's system.
 2. If the State Grantee uses a bank other than Bank of America, the deposit will take two days.
 3. The bank will mail a remittance advice of funds deposited to the State Grantee or its fiscal agent.