

Cash Management Policy
Effective Date: January 1, 2018

Purpose:

The Northern Middle TN Workforce Board (NMTWB) establishes this policy in order to facilitate efficient and effective control and accountability for cash, to adequately safeguard grant funds and ensure that they are used solely for authorized purposes.

Background:

Grant recipients must follow procedures to minimize the time elapsing between the transfer of grant funds and disbursement and establish similar procedures for sub-recipients. Pass-through entities must establish reasonable procedures to ensure receipt of reports on sub-recipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their sub-recipients to ensure that sub-recipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

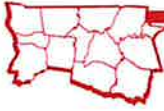
Resources:

One Stop Comprehensive Financial Management Technical Assistance Guide Part II,
Chapter 6
TDLWD Supplementary Financial Guide
2 CFR Part 200
2 CFR Part 2900
29 CFR Parts 95 and 97

Policy:

A. Internal Control/Separation of Duties

Internal control procedures shall be implemented to limit access to grant funds or cash equivalent assets to include sufficient separation of duties. Despite the limited staff size of the NMTWB, no one person should perform all of the following duties: authorization, receipt/disbursement recording, custody, reconciliation. Internal control processes will incorporate the COSO internal control framework as required by grant contracts.



B. Planning

Grant drawdown requests and subsequent payments shall be planned to minimize cash on hand in relation to cash needs. Cash should be received as close as possible to the time of the actual disbursements.

C. NMTWB and Subgrantee Payment Requirements

Costs should be reviewed and approved, then directly coded to the proper grant contract or cost pool at the time of receipt. Accounting controls and approvals should be in place to safeguard the handling of all payments. Vendor agreements should provide for prompt payment according to terms. Invoices, along with income statements detailed by grant and general ledger account classification should be submitted by subgrantee for the NMTWB reimbursement based on actual reimbursable contract expenses. Further supporting documentation should be provided upon request. This documentation will serve as backup for LWDA NM claims submitted to the state for reimbursement, along with documentation supporting the NMTWB's expenses. Supporting records will be retained and accessible for audit and monitoring purposes at each tier according to grant requirements and record retention policies.

D. Claim Processing

Claims, contract payment methods and financial reporting will be processed following instructions published by the State of Tennessee Department of Labor and Workforce Development. (Supplementary Financial Guide) Final drawdown requests will be reviewed and approved by the NMTWB's Executive Director. Receivables and revenue will be posted to accounting records for each grant as revenue is realized. Upon payment by the state to the NMTWB, each grant contract receivable will be posted as received. Payments will be disbursed to vendors and service providers upon review and approval by staff on a timely basis.

E. Program Income

Program income shall be liquidated before requesting additional federal funds.

F. Risk Management

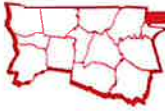
Daily cash balances shall be monitored to minimize risk of loss considering FDIC limits.

G. Improper Payments

Improper payments shall be tracked, reported and collected according to grant requirements.

H. Reconciliations

Periodic reconciliations of federal funds, cash equivalent assets, items with a tangible monetary value shall be conducted.



I. Periodic Internal Review

Periodic evaluation of the NTWB's cash management, budget to actual results, repayment of excess income earnings, and Federal drawdown activity will be conducted.

J. Subgrantee Monitoring

Subgrantees' cash management procedures should be monitored by the NTWB to ensure that they conform substantially to the same standards of timing and amount that apply to the NTWB.

CONTACT:

For any questions related to this policy please contact Ginger Fussell, Fiscal Director at gfussell@workforceessentials.com.

Effective Date: January 1, 2018

Updated: July 1, 2019; June 1, 2020

Duration: Indefinite

Marla Rye, Executive Director
Northern Middle TN LWDB