



Agency Policies and Procedures

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Federal Cash Management and Reporting

Policy Objectives:

To account for and report on all federal financial assistance received and disbursed by the Department of Administration.

Background Information:

All federal financial activity for each federal assistance program must be identified and reported by its Catalog of Federal Domestic Assistance (CFDA) number. The financial activity for such programs must be traceable in the Minnesota Accounting and Procurement System (MAPS).

State agencies receiving federal grants directly from the federal government to operate a federal program, must identify the federal grants as federal revenues in the appropriate fund i.e. Federal Fund 300.

The state fiscal year (SFY) begins July 1 and ends June 30. The federal fiscal year begins October 1 and ends September 30.

Authority:

- **Minnesota Statutes**
 - [M.S. § 16A.36](#) *Grants from and Advances to United States* – This statute specifies the terms of money received by the state from the federal government general for any state agency.
 - [M.S. § 16B.053](#) *Grants* – This statute authorizes the commissioner of Admin to apply for, receive, and expend money made available from federal or other sources as grants.
 - [M.S. § 16B.054](#) *Developmental Disabilities* – This statute designates the Admin as the responsible agency to assist the council on developmental disabilities in carrying out its responsibilities.
 - [M.S. § 16B.055](#) *Lead Agency* – This statute requires the Admin to serve as the lead agency to assist the council on technology for people with disabilities in carrying out its responsibilities.
- **The Cash Management Improvement Act (CMIA) of 1990** (Public Law 101-453) guarantees greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states.
- **The Single Audit Act Amendments of 1996 and the [Federal Office of Management and Budget \(OMB\) Circular A-133](#) *Audits of States, Local Governments, and Non-Profit Organizations* – Federal guidelines require financial and compliance audits of state or local governments which expend \$300,000 or more a year in federal financial assistance.**

Business Risks:

- Noncompliance and/or inconsistent application of this policy and procedure by the recipient may result in a recommendation of sanctions that could jeopardize federal funding.

Policies and Procedures:1. Responsibilities of Division Staff

- A. Division program staff prepare and submit applications for federal financial assistance to the correct federal agency.
- B. Program staff ensure that the [Policy Note: Notice of Application for Federal Grant Assistance](#), form FI-00211, is prepared and the original submitted to the executive budget officer (EBO). The EBO will approve and forward the Policy Note to the Legislative Advisory Commission (LAC).
- C. Copies of both the application and Policy Note should be forwarded to Admin.'s financial management director and to the Financial Management and Reporting (FMR) accounting contact.
- D. The federal agency must approve the application prior to distribution and acceptance by the recipient of federal funds. The LAC must also approve the Policy Note before federal funds may be drawn. If either of these do not happen, the process terminates.

2. Responsibilities of the FMR Division Staff

- A. [Annual Federal Cash Flow Request](#), form FI-00367, and the [Cash Flow Analysis](#), form FI-00523, reveals the program expenditures and program receipts for the past SFY. This cash flow analysis will illustrate the cumulative difference to determine the anticipated maximum federal funds needed in any given month.
- B. [Exemption Request for Federal Account](#), form FI-00579, is submitted prior to the state fiscal year-end closing to request an exemption from the general policy. This allows federal money to be deposited into the previous SFY after the closing date has occurred.
- C. MAPS Entry:
 1. Federal Aid Master (FM) – establishes a new grant, complete with budgetary and descriptive information.
 2. Federal Aid Inference Table (FAIT) – ties reporting categories to the grant.
 3. Appropriation (AP) – a dollar amount allocated by law or statute for a specific grant.
 4. Revenue Budget (RB) – established to budget and account for revenues. Each budget line represents an expected source of revenue.
 5. Allotment (AL) – breakdown of appropriations into smaller management control units. Provides a way to control and track obligations.
 6. Expense Budget (EB) – established to assist management in monitoring and controlling expenditures for an allotment.
 7. Reporting Categories – a four-character code representing a portion of a grant.

3. Drawdown Process

- A. Completion and approval by the Department of Finance, of the [Annual Federal Cash Flow Request](#), form FI-00367, and the [Cash Flow Analysis](#), form FI-00523, will allow the MAPS federal appropriation to remain at a negative unliquidated cash balance. This negative balance is the result of expenditures made against the federal appropriation.
- B. Review the unliquidated cash balance from the *Allotment Balance within Appropriation_Report* found through the Information Access (IA) warehouse, this will determine how often and when a federal cash drawdown request is made.
- C. When it has been determined that funds are needed, the drawdown request is made via the Internet. The Developmental Disabilities Council (DDC) uses Smartlink. The System of Technology to Achieve Results (STAR) uses the Grant Administration and Payment System (GAPS). The amount of the request should not result in a positive unliquidated cash balance.

- D. Once the drawdown request has been completed and a confirmation number from the federal government has established approval, a [Cash Receipt](#) form FI-00515, is entered in MAPS. The Wire Cash Receipt (CRW) document records the anticipated draw amount and uses the bank code of “ff,” to indicate an electronic transfer of funds. The document will remain at a pending status until the funds are received at the bank and confirmed by the State Treasurer’s Office. The State Treasurer’s Office will then complete the processing of the CRW document.

4. Federal Reports

- A. Utilizing the website for the Division of Payment Management (DPM) via the Internet, a Payment Management System (PMS) 272, *Federal Cash Transaction Report*, is updated quarterly. The PMS 272 report is a status of federal cash on hand. A signed copy must also be sent to the account representative at the U.S. Department of Health & Human Services, Division of Payment Management. This report is only done for accounts that are administered by Smartlink.
- B. A SF-269, *Financial Status Report*, is updated manually on a semi annual basis. One copy is sent to the Administration for Children and Families, Division of Formula, Entitlement and Block Grants, and another is sent to the Regional Administration, Headquarters. This report is only done for DDC.
- C. With the implementation of GAPS, the STAR programs reporting of the PMS 272 *Federal Cash Transaction Report* and SF-269 *Financial Status Report* have been eliminated. The FMR Division staff ensures the information contained in the GAPS system, relative to drawdowns by award, is accurate expenditure data.

5. Single Audit

- A. DOF annually distributes instructions for completing single audits.
- B. The FMR Division staff is responsible for completing and updating each statement on all federal activity during the previous fiscal year using assigned CFDA numbers.
- C. The FMR Division staff returns completed single audit statements to DOF.
- D. DOF prepares statements and sends to the FMR Division the *Minnesota Financial and Compliance Report on Federally Assisted Programs*.

Forms:

DOF Forms:

- FI-00211, [Policy Note: Notice for Federal Grant Assistance](#)
FI-00367, [Annual Federal Cash Flow Request](#)
FI-00515, [Cash Receipts \(Accounting View\)](#)
FI-00523, [Cash Flow Analysis](#)
FI-00579, [Exemption Request for Federal Account](#)

See Also:

- MAPS Operations Manual Policy and Procedures 0402-01, [Federal Cash Management: Accounting for and Reporting on the Transfer of Funds between the Federal Government and the State](#)
MAPS Operations Manual Policy and Procedures 0402-02, [Single Audit: Accounting for and Reporting of Federal Financial Assistance](#)
MAPS Operations Manual Policy and Procedures 0602-03, [Recording and Depositing Receipts](#)
MAPS Operations Manual Policy and Procedures 0602-05, [Recording & Depositing Electronic Transfers \(CRWs\)](#)
Cash Management Improvement Act Annual Agreement
Minnesota Financial and Compliance Report on Federally Assisted Programs