Minnesota Management & Budget, Budget Operations
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Federal Cash Flow

Objective

To assure that state obligations paid with federal funds are paid promptly in accordance with prompt payment legislation from the appropriate federal fund and appropriation unit.

To assure that state agencies draw federal funds in accordance with federal laws and regulations and in such a manner that neither the state nor the federal government gains interest income at the expense of the other.

To draw statewide and agency indirect costs as frequently as the federal agency will allow. In no case should this be less than quarterly.

Policy

Federal funds must be drawn pursuant to federal laws and policy. Currently this policy states that federal cash may be drawn so that cash on hand covers the next three days' disbursements, or drawn as warrants clear the bank for larger programs covered by the Federal Cash Management Improvement Act (CMIA). However, some federal agencies may have even more restrictive policies and may even require that payments be made prior to requesting the federal funds.

Restrictive federal policies complicate the payment of obligations through the federal fund appropriation account because standard MAPS edits will not allow payments to be made before federal funds are received. In these cases, the Minnesota Management & Budget will modify appropriations budget authority to authorize payments to be made prior to receiving the federal funds.

In order for the Minnesota Management & Budget to modify the appropriation, it must receive an annual written request on form FI-00367, accompanied by correspondence or other documentation received from the federal government that substantiates its restrictions on drawing funds in advance.

Agencies that have the authority to spend agency indirect cost recoveries for administrative expenses will be required to establish these accounts in the special revenue fund (200) instead of the federal fund (300). Funds must be transferred from the federal fund operating account to the agency indirect cost account using the type 2 payment voucher transaction. Object code 2N00 (agency indirect cost reimbursement) and revenue source code 8350 (agency indirect cost non-general funds) are to be used on these transactions.

Forms

FI-00367 Annual Federal Cash Flow Request
FI-00523 Cash Flow Analysis

General Procedures

Step #	Actions to be Performed	Responsible Party
1.	Receive notice from the federal government that federal funds will not be received prior to the time payments must be made.	Agency
2.	Prepare an Annual Federal Cash Flow Request form (FI00367) and the Cash Flow Analysis form (FI-00523). Attach documentation received from the federal government explaining why it will not advance the funds to your agency. Submit the form and the documentation to Budget Operations at the Minnesota Management & Budget.	Agency
3.	Review request and documentation. If the request is a new federal funding request or for other than the 300 fund, go to Step 3a. If the request is not new or is for fund 300, go to Step 3c.	Finance, Budget Operations
3a.	New or non-fund 300 requests: Forward the request to Finance, Executive Budget Officer for approval.	Finance, Budget Operations
3b.	New or non-fund 300 requests: Approve cash flow request and return to Budget Operations for entry into database. Go on to Step 4.	Finance, Executive Budget Officer
3c.	Recurring or fund 300 requests: Approve the cash flow request and notify the Executive Budget Officer. Go on to Step 4.	Finance, Budget Operations

4.	Enter approved cash flow request into database for review, monitoring, and follow-up. Forward form to Agency Assistance for MAPS entry.	Finance, Budget Operations
5.	Enter an appropriation modification, changing the budget authority from "O" to "G". File and retain the signed form with other budget documents.	Finance, Agency Assistance