

Statewide Operating Procedure

Owner: Minnesota Management and Budget, Financial Reporting Unit

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Federal Cash Management: Accounting for and Reporting on the Transfer of Funds between the Federal Government and State

Objective

To account for and report on the transfer of funds between the federal government and the state in accordance with the Cash Management Improvement Act (CMIA) of 1990, as amended.

General Procedures

Step	Action	Responsible Party	Timeline
1.	State agencies track federal draw requests, anticipated and actual receipt dates, and amounts received for each federal program included in the Treasury-State Agreement (TSA).	State Agencies	Ongoing
2.	<p>Minnesota Management & Budget (MMB) Financial Reporting negotiates the TSA and amendments.</p> <p>State agencies must immediately notify MMB Financial Reporting of changes such as additions or deletions of federal programs subject to the agreement, changes in funding techniques, changes in clearance patterns, etc. so that MMB Financial Reporting can amend the TSA within 30 days of the time the state becomes aware of those changes.</p> <p>At a minimum, MMB Financial Reporting amends the TSA annually in April after the “Financial and Compliance Report on Federally Assisted Programs” is published by MMB Financial Reporting.</p>	MMB Financial Reporting and State Agencies	Ongoing
3.	Using the most recent "Financial and Compliance Report on Federally Assisted Programs" (i.e. Single Audit Report) and the guidance in 31 CFR Part 205, MMB Financial Reporting determines the federal programs to be covered by the agreement effective the next state fiscal year and the state agency(ies) that administered the federal programs.	MMB Financial Reporting	March

Step	Action	Responsible Party	Timeline
4.	<p>If the analysis resulted in additional federal programs that were not included in the prior year agreement, MMB Financial Reporting requests information on clearance patterns, components, etc. from the applicable state agencies. After the data is reviewed by an independent person, agencies submit information to MMB Financial Reporting.</p> <p>Every five years, MMB Financial Reporting requests information from state agencies for the recertification of clearance patterns as required by 31 CFR Part 205. After the data is reviewed by an independent person, agencies submit information to MMB Financial Reporting.</p>	MMB Financial Reporting and State Agencies	April
5.	MMB Financial Reporting distributes a draft TSA to the applicable state agencies. State agencies review the draft and provide feedback to MMB Financial Reporting.	MMB Financial Reporting and State Agencies	April
6.	After review and approval by MMB Assistant Commissioner - Accounting Services or designee, MMB Financial Reporting finalizes the TSA effective the next state fiscal year and submits it to the U.S. Department of Treasury. MMB Financial Reporting provides copies to applicable state agencies.	MMB Financial Reporting	April
7.	MMB Financial Reporting obtains from the U.S. Department of Treasury the annualized interest rate for the recently-completed state fiscal year which is used to calculate interest liabilities for those programs included in the applicable TSA.	MMB Financial Reporting	September
8.	MMB Financial Reporting requests from state agencies the information noted in step 1 and provides the annualized interest rate noted in step 7. The requested information covers the recently-completed state fiscal year.	MMB Financial Reporting	November
9.	Agencies calculate the interest owed by either the state or the federal government for the recently completed state fiscal year. After the data is reviewed by an independent person, agencies provide this information to MMB Financial Reporting. A state liability occurs when federal funds are not requested in accordance with the terms of the TSA, and a federal liability occurs when federal funds are not received in accordance with the terms of the TSA.	State Agencies	November
10.	Agencies determine the cost of calculating the interest as noted in step 9. After the data is reviewed by an independent person, agencies provide this information to MMB Financial Reporting.	State Agencies	November

Step	Action	Responsible Party	Timeline
11.	MMB Financial Reporting prepares the CMIA Annual Report which reports the interest liability of the state or federal government and requests reimbursement of interest calculation costs.	MMB Financial Reporting	By December 31
12.	MMB Fiscal Services makes the interest payment to U.S. Department of Treasury or receives the interest and cost reimbursement from the U.S. Department of Treasury.	MMB Fiscal Services	March

Related Policies and Procedures

[MMB Statewide Operating Policy 0402-01 Federal Cash Management](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-4/0402-01-federal-cash-management-policy.docx) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-4/0402-01-federal-cash-management-policy.docx)