

## **GRANT PROCEDURES - CASH MANAGEMENT AND RECORD RETENTION**

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### **SUMMARY**

The purpose of this policy is to establish cash management and record retention procedures for federal, state, and local or private grants awarded to Miami-Dade County and to comply with the requirements of 2 CFR §200.302 (Financial Management), as may be amended, and 2 CFR §200.305 (federal Payment).

As federal agencies have codified and made specific amendment (i.e., exceptions) to their adoption of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal Awards (i.e., 2 CFR 200), County Departments managing federally funded grants must locate and follow the applicable regulations (e.g., HHS adoption of 2 CFR 200, with amendments, is codified in 45 CFR 75) and also refer to the grant's Notice of Award/grant agreement for grant specific requirements (e.g., grant specific terms and conditions and reporting due dates).

County departments making subawards shall establish internal procedures for making payments to their subrecipients in compliance with 2 CFR §200.305, as applicable. And will make timely payment of proper requests to contractors in accordance with County contract provisions.

County departments may implement additional internal procedures, as needed, for compliance with applicable federal, state, and local statutes or regulations or grant specific requirements.

### **PROCEDURE**

The County's preferred method of requesting cash payment under an award is reimbursement of actual expenditures.

#### Payment in Advance

County departments may voluntarily elect to receive cash payment under a federal award in advance for immediate disbursement in accordance with 2 CFR §200.05 (b)(1). If elected, the County department must follow requirements for this payment method which include:

1. Must maintain or demonstrate the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the County, and financial management systems that meet the standards for fund control and accountability as established in 2 CFR 200.
2. Advance payment requests must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the County in carrying out the purpose of the approved program or project.
3. The timing and amount of the advance payment request must be as close as is administratively feasible to the actual disbursements by the County for direct program or project costs and the proportionate share of any allowable indirect costs.
4. The County department must be able to account for all funds received, obligated, and expended.

5. Advance payments must be deposited and maintained in insured accounts whenever possible.
6. The County must maintain advance payments of federal awards in interest-bearing accounts, unless the following apply: 1) the County does not expect to earn interest in excess of \$500 per year on federal cash balances on the best reasonably available interest-bearing account; and 2) the depository would require an average or minimum balance so high that it would not be feasible within the expected federal or non-federal cash resources.

### Working Capital Advance

If the County department cannot meet the criteria for Payment in Advance (as provided above) and the federal awarding agency or the County has determined that reimbursement is not feasible because it lacks sufficient working capital, the federal awarding agency or pass-through entity may provide cash payment to the County on a working capital advance basis.

- This payment method will require that the County provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the County department if the reason for using this method is the unwillingness or inability of the County to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.

Under a working capital advance procedure, the County department will request an advance cash payment to cover its estimated disbursement needs for an initial period (generally geared to the County's disbursing cycle). Thereafter, the County will receive cash payments under the Reimbursement of actual expenditures payment method.

### Available Program Income

To the extent available, the County department must disburse funds (regardless of the method used to request payment) available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

### Payment Requests

The specific payment request requirements are unique to each award and are usually stipulated within the grant agreement, contract or notice of award. County departments must follow the instructions specific to each award when preparing payment requests to ensure the request follows all the applicable requirements.

Payment request must be made periodically, or as often as needed, based on the cash position of the award. County departments must not draw funds in excess of immediate needs or in excess of the limits for any award.

At minimum, all payment requests must be approved by a Grant Official who will review all supporting documentation for accurateness, completion, and compliance with the terms and conditions of the award and applicable regulations and statutes. The department managing the grant will develop internal policies and procedures to ensure adequate controls over drawdowns exist and are effective in preventing and detecting errors, fraud and/or omissions during this process.

Once funds are received by the County, the department will record the deposit by applying the funds to an open Accounts Receivable (i.e., Billing module) under the grant's ChartField in the Integrated Financial Resources Management System (INFORMS) in a timely manner. Cash payments received electronically will require proof that funds were received by the County's bank account prior to recording the deposit. Departments must contact the Central Finance's bank reconciliation unit to receive the confirmation needed to evidence the receipt of funds if direct access to the bank's records is not available to the department.

Refer to the INFORMS End-User Training Guide Course Code: FIN 204, Course Title: Receivables Processing for instructions on creating an online deposit and payment application.

### Excess Cash for Federal Grants

Funds, principal, and excess cash returns must be directed to the original federal agency payment system in a timely manner. The County department should review instructions from the original federal agency payment system when preparing the return of funds. Returns should include the following information:

1. Payee Account Number (PAN), if the payment originated from PMS, or Agency information to indicate whom to credit the funding if the payment originated from ASAP, NSF, or another federal agency payment system.
2. PMS document number and subaccount(s), if the payment originated from PMS, or relevant account numbers if the payment originated from another federal agency payment system.
3. The reason for the return (e.g., excess cash, funds not spent, interest, part interest part other, etc.)

### Interest Earned

Interest earned amounts up to \$500 per year may be retained by the County for administrative expense.

Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS).

### Records Retention

All grant related expenditures must be supported by source documentation. All payment supporting documentation must be retained by the County as required by federal, state, and local statutes and regulations and be made available for review during audits or by any other authorized official.

### **References:**

Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

### **CONTACT(S):**

#### **Department/Division**

Office of Management and Budget