Cash Management Policy for the Region VII Workforce Development Board

Effective Date: December 19, 2024

1. Purpose

The purpose of this Cash Management Policy is to establish comprehensive procedures for the effective management of cash related to federal awards. This policy aims to ensure compliance with 2 CFR 200.305(b)(1), which mandates that federal funds be managed efficiently to meet immediate cash needs, promote fiscal responsibility, and maintain accountability for federal resources.

2. Scope

This policy applies to all employees, contractors, and Board members involved in managing federal funds, including but not limited to the Executive Director, fiscal agent, and staff engaged in financial reporting, grant management, and accounting activities.

3. Definitions

- **Cash Management:** The systematic management of cash inflows and outflows to ensure that the organization can meet its obligations while maximizing the efficiency of federal fund use.
- **Federal Award:** Any grant, cooperative agreement, or loan provided by a federal agency to support the organization's programs or projects.

4. Policy Statement

The Region VII Workforce Development Board is committed to maintaining effective cash management procedures in compliance with 2 CFR 200.305(b)(1). The organization will ensure that federal funds are utilized efficiently and disbursed only as necessary to meet immediate needs while maintaining proper documentation and accountability.

5. Cash Management Procedures

5.1 Cash Disbursement Timing

- **Immediate Needs Assessment:**
    - The fiscal agent will conduct a monthly needs assessment to determine cash flow requirements, including program expenditures, payroll, and operational costs.
    - Disbursements will occur only when funds are necessary to meet immediate obligations, with a clear justification documented for each request.
- **Reimbursement:**
    - A reimbursement process will be utilized versus a cash flow needs basis, additionally all expenditures will be categorized by programs and administrative costs.

5.2 Requests for Federal Funds

- **Reimbursement Process:**
    - The organization will utilize a reimbursement method for federal awards whenever possible. The following steps will be taken:
        - After incurring expenses, the fiscal agent will prepare a reimbursement request based on actual expenditures.
        - Each request must include:
            - Detailed invoices
            - Receipts
            - Proof of payment (e.g., bank statements or canceled checks)
- **Advance Payment Requests:**
    - If advance payments are permitted by the funding agency, requests will be limited to the amount necessary to cover immediate cash needs for project activities. The following criteria will be applied:
        - Advance requests must be documented with a clear breakdown of planned expenditures.
        - Justifications for the need for an advance will be maintained on file, including an explanation of how the advance supports project implementation.

5.3 Bank Account Management

- **Segregation of Funds:**
    - Federal award funds will be held in a separate bank account or separate ledger within the accounting system to ensure clear tracking and reporting.
    - The organization will maintain a detailed accounting of all transactions related to federal funds, segregating them from other funding sources.
- **Interest Earnings:**
    - Interest earned on federal funds will be tracked separately and reported in compliance with 2 CFR 200.305(b)(9). If the interest exceeds $100 in a fiscal year, the organization will remit this amount to the federal awarding agency unless otherwise agreed.

5.4 Documentation and Record Keeping

- **Comprehensive Documentation:**
    - All cash management activities must be thoroughly documented. Required documentation includes:
        - Cash flow projections
        - Requests for federal funds (both reimbursements and advances)
        - All supporting financial records (invoices, receipts, payment confirmations)
        - Bank statements and reconciliation reports
- **Retention of Records:**
    - All financial records related to federal funds will be retained for at least three years after the completion of the award period, or longer if required by the funding agency. The organization will maintain a secure electronic and physical filing system for all financial documentation.

5.5 Reconciliation Procedures

- **Monthly Bank Reconciliations:**
    - The fiscal agent will perform monthly reconciliations of the organization's bank accounts within 15 business days of receiving bank statements. This process will include:
        - Comparing bank statements with the organization's accounting records to ensure accuracy.
        - Investigating and documenting any discrepancies, with immediate corrective actions taken as needed.
- **Internal Review of Reconciliations:**
    - All reconciliations will be reviewed by the Executive Director to ensure accuracy and compliance with internal controls.

6. Roles and Responsibilities

- **Executive Director:**
    - Responsible for overall oversight of cash management practices, ensuring compliance with this policy and federal regulations.
- **Fiscal Agent:**
    - Prepare cash flow forecasts and manage requests for federal funds.
    - Conduct monthly bank reconciliations and maintain complete documentation of all financial transactions.
    - Provide reports on cash management activities to the Executive Committee.
- **Executive Committee:**
    - Review and approve cash management practices and reports, ensuring alignment with organizational goals and compliance with federal regulations.

7. Compliance and Monitoring

- **Annual Compliance Audits:**
    - The Executive Committee will conduct annual audits of cash management procedures to ensure compliance with this policy and federal regulations. Audits will include:
        - Examination of documentation supporting reimbursement..
        - Assessment of bank reconciliations and identification of any discrepancies.
- **Non-Compliance Reporting:**
    - Any instances of non-compliance will be documented, and a corrective action plan will be developed to address the issues. The Executive Committee will report significant compliance issues to the Board.

8. Training

- **Annual Training Sessions:**
    - All staff involved in cash management and financial processes will participate in annual training on federal regulations, including 2 CFR 200.305, and the organization's cash management procedures.
    - Training will cover best practices for cash management, documentation requirements, and compliance obligations.

9. Review and Amendment

- **Annual Policy Review:**
  - This Cash Management Policy will be reviewed annually by the Executive Director to ensure it remains compliant with federal regulations and reflective of the organization's operational needs. Any proposed amendments will be documented and submitted for Board approval.

10. Approval

This Cash Management Policy was approved by the Region VII Workforce Development Board on December 19, 2024.

Conclusion

This Cash Management Policy is designed to ensure that [Non-Profit Organization Name] effectively manages federal funds in compliance with 2 CFR 200.305(b)(1), thereby promoting fiscal responsibility, accountability, and the efficient use of resources to support the organization's mission. Any financial policies or procedures not explicitly expressed here or within the financial policies of the Region VII Workforce Development Board shall be more fully outlined at https://wvde.us/finance-and-administration/school-finance/manuals-policies/ . This link provides full comprehensive financial policy and procedural manuals for the West Virginia Department of Education. As of July 1, 2024 the Eastern Panhandle Instructional Cooperative (EPIC) is the Fiscal and Administrative Agent for the Region VII Workforce Development Board. EPIC is an Educational Service Cooperative (ESC). As an ESC EPIC adheres to all West Virginia Department of Education policy and procedures including policy 1224.1, 8100, and 8200. As the Fiscal and Administrative Agent for the Region VII Workforce Development Board EPIC will adhere to all applicable federal guidance, procedures, and policy when reporting or disbursing WIOA funds.

T.J. Van Meter, Executive Director — Date 12/19/24

Layne Diehl, Chairperson Region VII WDB — 1/8/2025 Date