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CASH MANAGEMENT IMPROVEMENT ACT (CMIA)**5.1 Terminology**

The following terms will be used throughout this chapter:

Administrative cost – expenses incurred by a state agency associated with managing a federal assistance program. This term includes indirect cost.

Administrative cost grant - A separate grant exclusively for administrative expenses under a program with separate grant awards for benefit payments and administrative expenses.

Auditable – Records must be retained to allow for calculations outlined in the Treasury-State Agreement to be reviewed and replicated for compliance purposes.. The records must be readily available, fully documented, and verifiable.

Authorized State official - A person with the authority under the laws of a State to make commitments on behalf of the State for the purposes of this regulation, or that person's official designee as certified in writing.

Average clearance funding technique - On the dollar-weighted average day of clearance of a disbursement, a single draw is made equal to the amount of the total disbursement. The dollar weighted average day of clearance is the day when, on a cumulative basis, 50 percent of the funds have been paid out. The dollar-weighted average day of clearance is calculated from the clearance pattern established for the program.

Business Day – A day when Federal Reserve Banks are open.

Check - A negotiable demand draft or warrant.

Clearance pattern – A projection showing the daily amount subtracted from the State's bank account each day after the State makes a disbursement. For example, a State mailing out benefit payments may project that the percentage of checks cashed each day will be 0% for the first day, 10% for the second day, 80% on the third day, and 10% on the fourth day following issuance. Clearance patterns are used to schedule

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the transfer of funds with various funding techniques and to support interest calculations.

CMIA - Cash Management Improvement Act of 1990 which governs how funds are transferred between the federal government and the State government for certain programs.

CMIA direct costs - Costs associated with developing and maintaining clearance patterns necessary to perform the actual calculation of interest liabilities.

Composite clearance funding technique - A single draw is made to cover the total amount for a series of disbursements. The draw is made on the dollar-weighted average number of days required for funds to clear the bank. The average day of clearance is added to the average issuance date to determine the composite day of clearance for the series of payments.

Day - A calendar day unless otherwise specified.

Drawdown - The process whereby a State requests and receives federal funds.

Electronic funds transfer (EFT) - In the context of federal payments to States, the delivery of funds through wire transfer or the Automated Clearing House.

Equivalent rate - The auction average equivalent yield, also known as the auction average investment rate of 13-week Treasury bills.

Estimated clearance funding technique - A series of draws are made to cover a disbursement based on the estimated amount of funds that will clear the State's bank account each day following the disbursement.

Federal agency - An executive agency as defined by section 102 of title 31, United States Code, exclusive of the TVA.

Federal-State agreement - An agreement between a State and a federal program agency specifying terms and conditions for carrying out a program or group of programs. This is different than the Treasury-State Agreement described in 31 CFR 205.9.

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Fiscal year - Unless otherwise indicated, a State's budget year ending in the specified calendar year.

Indirect Costs – Costs incurred that are necessary to the operation and performance of its federal assistance programs, but that are not readily identifiable with a particular project or federal assistance program.

Indirect Cost Rate – A formula that identifies the amount of indirect costs based on the amount of accrued direct costs. The applicable indirect cost rate shall be described in the Treasury-State agreement.

Issue checks - To release or distribute checks to the payees.

Major federal assistance program - Those grant programs exceeding the dollar threshold determined by OSRAP according to the threshold levels in 31 CFR 205 or by using OMB Circular A-133.

Obligational authority - The existence of a definite commitment on the part of the federal government to provide appropriated funds to a State to carry out specified programs, whether the commitment is executed before or after a State pays out funds for program purposes. This term means that an obligation to a State has been executed and does not refer to the amount of budgetary resources available.

Pay out - This term means to debit a State bank account for the purpose of making a payment. This includes not only issuing a check, but the check actually clearing the State's bank account. Also, the payment must be made to a person or entity not considered to be a part of the State, unless that State entity is the actual provider of goods or services to the federal program.

Program - A program is the range of activities encompassed under, and classified by, the Catalog of Federal Domestic Assistance number (CFDA #). It can be made up of one or more grants. Funding from a federal letter of credit may make up all or only a portion of a program's revenue source, or a single letter of credit may cover more than one program.

Refund – Funds that a State recovers that it previously paid out for federal assistance program purposes. Refunds include rebates from third parties.

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Related banking costs – Separately identified costs which are necessary and customary for maintaining an account in a financial institution, whether a commercial account or a State Treasury account. Investment service fees and fees for credit-related services are not related banking costs.

Request for funds - A solicitation for funds that is completed and submitted in accordance with federal agency guidelines.

Secretary - The Secretary of the United States Department of the Treasury. The Financial Management Service (FMS) is the Secretary's representative in all matters concerning CMIA, unless otherwise specified.

State - A State of the United States, and an agency, instrumentality, or fiscal agent of a State so defined. This does not include local governments or Indian tribal governments. A State agency or instrumentality is any organization of the primary government of the State financial reporting entity, as defined by Generally Accepted Accounting Principles (GAAP), excluding institutions of higher education, hospitals, and nonprofit organizations. A fiscal agent of a State is an entity that pays, collects, or holds federal funds on behalf of the State in furtherance of a federal program, but does not include a private non-profit community organization.

Treasury-State Agreement – The agreement document between the State and the US Department of Treasury describing the accepted funding techniques and methods for calculating interest and identifying the federal assistance programs governed by 31 CFR 205.

Zero balance accounting (ZBA) funding technique – The Federal Program Agency transfers the actual amount of federal funds to the State that are paid out by the State each day.

5.1.1 CMIA Spreadsheet Terminology

The following terms will be used as definitions of the fields on Exhibits 1-4:

Actual Draw Date – The actual date the State agency requested the reimbursement from the Federal granting agency.

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Actual Receipt Date – The actual date the federal funds were received and deposited by the State.

Amount Requested – The total dollar amount requested by the State agency.

CFDA Number - The Catalog of Federal Domestic Assistance number associated with the program.

Check Date – The actual date printed on the check.

Check Mail Date – The actual date the check or EFT left the State’s possession.

Comments – A brief explanation of any extraordinary circumstances surrounding the federal draw.

Day – Used for the Average Clearance and Composite Clearance funding techniques. This number represents the dollar-weighted average day of clearance used to calculate the Scheduled Receipt Date of federal reimbursement.

Difference – The difference between the total expended amount and the amount received from the Federal granting agency.

Draw Days – Used for the Estimated Clearance funding technique only. These dates are all of the days in the period being reported.

Drawcode – The code used to designate which grant is being drawn from on the federal draw screen.

Expended Amount – The amount of CMIA expenditures being claimed for reimbursement.

Federal Interest – The amount of calculated interest due to the State by the Federal government as a result of late receipt of reimbursement by the State.

Fiscal Year – The State budget fiscal year being reported.

Funding Technique – The method by which funds are drawn as defined in the Treasury-State Agreement.

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Interest Rate – The rate of interest provided to the states by the federal government for the purpose of calculating state and federal interest liabilities.

Number of Days – The difference between the Scheduled Receipt Date and the Actual Receipt Date. This number is used to in the calculation of state and federal interest liabilities.

Refund Amount – The dollar amount returned by a vendor to a state agency for a program covered under CMIA. Once a refund is received, the next federal draw must be reduced by the amount of this refund. Refunds over \$50,000 are subject to state interest liabilities.

Scheduled Draw Date – The date the state agency should submit a federal draw to receive the funds on the Scheduled Receipt Date.

Scheduled Receipt Date – The calculated date a federal reimbursement should be received by the state agency.

State Agency – The state agency administering the CMIA being reported.

State Interest - The amount of calculated interest due to the federal government by the state as a result of receiving reimbursement too early or drawing more than the expended amount.

5.2 CMIA Overview

This section defines how the federal Cash Management Improvement Act (CMIA) of 1990 (Public Law 101-453) and its implementing policies (31 CFR Part 205) affect the State. The rules which implement the federal CMIA are aimed at eliminating incentives that have in the past led some federal agencies and some states to manipulate grant payments.

5.2.1 Background

Federal agencies were concerned that states were drawing federal grant funds well in advance of need and keeping the interest earned on those funds. State officials contended that early drawdowns were justified because their funds often had to be disbursed well before federal funds arrived.

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The intent of the CMIA is to promote greater efficiency, effectiveness and equity in the transfer of funds between the federal government and states. Neither the federal government nor the state should suffer or benefit financially as a result of the transfer of cash in support of state administered federal assistance programs.

States have to pay the federal government interest on federal funds that are held in a state account prior to the day the state pays out the funds for program purposes. On the other hand, the federal government has to pay interest to a state when the state uses its own funds to meet federal program obligations. Interest accrues between the day the state actually disburses funds and the day federal funds are credited to the state's account.

The CMIA applies to programs listed in the Catalog of Federal Domestic Assistance (CFDA). Large programs which meet certain threshold levels are defined as "Major Federal Assistance Programs". These major programs have more stringent tracking and reporting requirements and must be included in an agreement between the State and the U.S. Department of the Treasury. That agreement, called a Treasury-State Agreement (TSA), describes how funds will be transferred between State entities and federal agencies. It also defines the interest liabilities which accrue when the timing of transfers of federal funds puts the State or the federal government at a disadvantage.

Even though smaller programs which fall below the threshold level are not required to be covered in the agreement with the U.S. Treasury, all programs must follow fair and efficient cash management procedures. Cash advances from the federal government should be limited to the minimum amounts needed and should be timed to meet only the actual, immediate cash requirements of the State to carry out a program. The timing and amount of cash advances will be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of any allowable indirect costs. Entities utilizing cost allocation plans or indirect cost proposals should request frequent reimbursement of these indirect costs. Where possible, these requests should be at the same time payroll is paid. The amount requested can be an estimated portion of the indirect costs incurred for the federal program. When the actual indirect costs incurred are determined, any excess costs remaining can be drawn at that time. If certain State entities demonstrate an unwillingness or inability to follow equitable cash management practices, the Financial Management Service (FMS) of the U.S. Treasury may compel those programs to be included under the more stringent requirements of programs included in the TSA.

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Copies of the current TSA may be requested from OSRAP or may be obtained from the Internet at <http://www.doa.state.la.us/osrap/tsa.htm>. The Code of Federal Regulations (31 CFR 205) governing the CMIA may be found on the Internet at <http://www.access.gpo.gov/nara/cfr>.

5.2.2 Office of Statewide Reporting and Accounting Policy

OSRAP is the agency that monitors compliance with the CMIA. OSRAP employs the State Coordinator who is the primary contact in the State for the FMS, the federal agency responsible for monitoring compliance with the CMIA. OSRAP maintains and updates the TSA, monitors compliance with federal drawdowns as outlined in the Agreement, certifies clearance patterns, calculates interest liabilities, submits the annual reports and is the primary contact between the State agencies and FMS.

The State coordinator works with the State agencies to determine the programs that will be included in the TSA, assists agencies in determining which data should be included in clearance patterns and how to calculate clearance patterns for the various funding techniques available. The most important duty of the State coordinator, however, is to review the information submitted by agencies for monitoring compliance with CMIA in relation to making federal draws. Each request is verified to ensure that the funds were drawn in a timely manner, so that federal funds were available as prescribed to cover the expenditures. The request is also reviewed to make sure that the federal funds were not drawn early, which would result in an interest liability due to the federal government. The results of this review is the information needed for the Annual Report which the State coordinator submits to the Federal Management Service.

5.2.3 State Agencies

The awarding of grants from the federal government is made directly to the individual state agencies responsible for the program's administration. OSRAP is not made aware of new grants, which might fall under CMIA, until after the fiscal year is audited. Since a state agency will be the first to know if a new grant has been received, it is up to the agency to notify the State coordinator, in writing, within 30 days of a new grant being received which exceeds the State's threshold. It will be up to OSRAP, with the agency's assistance, to determine if the grant is a major federal assistance program and therefore should be included in the TSA.

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If a grant expires, the agency must notify OSRAP, in writing, within 30 days of the expiration date. The agency must continue to submit data to OSRAP for the length of time that expenditures are being made to ensure compliance.

The proper administration and reporting of activity by individual state agencies is a critical component of managing the CMIA successfully. The agencies actually make the federal draws and the payments to support state administered federal programs. It is the responsibility of the State agency to ensure that the federal funds are drawn as prescribed in the TSA, used for the purposes intended by the federal grant, and that the information is submitted to OSRAP in a timely manner. The state agencies are also responsible for identifying the payments made for the various components reported in the TSA and for calculating the clearance patterns for those components.

5.2.4 Legislative Auditor

The Office of Legislative Auditor provides information to OSRAP regarding those programs that should be subject to CMIA, based on the state's threshold. The Annual Financial Report package submitted by agencies to OSRAP includes Schedule 8. The Schedule 8 is used by the Legislative Auditor to determine which agencies administer programs that are major federal assistance programs or receive funds from major federal assistance programs. In addition, when auditing agencies, the Legislative Auditor notifies OSRAP of problems in the agencies related to CMIA. The State coordinator then has the responsibility of assisting the agency in taking corrective action. The Legislative Auditor may elect to audit the interest calculations and the Annual Report.

5.2.5 CMIA Cycle

The CMIA cycle is approximately two years in duration. This cycle is necessary to ensure compliance with CMIA regulations. After the Single Audit has been completed and the Single Audit Report has been issued, OSRAP reviews the list of the federal programs and their State agencies for the previous fiscal year. The federal programs found to meet or exceed the State's threshold will be the basis for updating the TSA and for the on-going monitoring throughout the year. OSRAP also reviews the information contained in the Single Audit Report to calculate the State's threshold amount. The threshold is based on the amount of federal funds received by a state from the federal government. A comparison of the new program list is made against the current agreement and a determination is made as to whether or not an

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amendment is needed for additions or deletions of programs.

The State coordinator must notify State agencies of the programs that will be included in the new agreement, usually around May 1st. A request is made to the agencies that they submit components, techniques, subrecipients, and clearance patterns for any new programs in the agreement. For existing programs in the agreement, the agency verifies that the data contained in the current Agreement is the same.

This information gathered from the agencies is used to update the agreement to reflect any new programs and/or any new requirements from FMS. If the time period for updating clearance patterns on existing programs has been reached, or an agency wishes to submit an updated clearance pattern, the OSRAP Director certifies that the clearance pattern was calculated correctly. This certification is based upon the information submitted to OSRAP by the agency. OSRAP is not responsible for auditing the underlying data used to determine the clearance pattern.

Although amendments may be submitted any time one is needed, an amendment is required at year-end for each year included in the Treasury-State Agreement. If an amendment to the TSA is required instead of a new agreement, the DOA Deputy Undersecretary must sign it before submission to FMS. The amendment should be sent to FMS around June 1st so they have adequate time for review, negotiations can be completed and FMS can approve it by July 1st.

Then the process of reviewing compliance with the TSA begins. Once data for the period July 1st to June 30th has been submitted, OSRAP compiles the information into the Annual Report and determines whether an interest liability exists from the federal government to the state or from the state to the federal government.

Interest rates are available from FMS quarterly at www.fms.treas.gov/cmia. Interest calculations should be completed by October 1st for the previous fiscal year so the Annual Report can be audited by the Legislative Auditor, prior to submission to FMS.

The Annual Report must be submitted to FMS by December 31st. The report is reviewed by FMS and the federal agencies. Around February 1st, information for the interest exchange bank transactions will be received from FMS and should be forwarded to the STO or payment may be made through ISIS by EFT. Final calculation of interest to be exchanged is received from FMS around February 15th. The actual exchange of interest occurs on or before March 31st.

5.2.6 Treasury-State Agreement (TSA)

The Treasury-State Agreement is the contract into which the State of Louisiana has entered with the Financial Management Service of the U.S. Department of the Treasury. It sets forth the terms and conditions for implementing the CMIA in Louisiana. The agreement includes the programs covered under CMIA, the funding techniques each program will use for drawing federal funds, the clearance patterns used in determining the timeliness of the federal draw and the methodology for calculating State and Federal interest.

The Treasury-State Agreement is in affect for a three year period. During this period the agreement can be amended, as necessary, by mutual written consent of the State of Louisiana and the United States Department of the Treasury.

5.2.7 TSA Defined Federal Assistance Program Funding Techniques

Actual Clearance (ZBA) - Same Day Payment - The State shall request funds the same day it pays out funds in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the Treasury-State Agreement (TSA). A federal agency will deposit funds in a State account the same day as requested. The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest neutral.

Average Clearance – The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement. The request for funds shall be made in accordance with the appropriate federal agency cut-off specified in Exhibit I of the TSA. The amount of the request shall be for the exact amount of that disbursement. This funding technique is interest neutral.

Composite Clearance - The State shall request funds such that they are deposited on the dollar-weighted average number of days required for funds to be paid out for a series of disbursements. The request for funds shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the TSA. The amount of the request shall be the sum of the payments issued in the series of disbursements. This funding technique is interest neutral.

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Estimated Clearance - The State shall request funds such that they are deposited by ACH in a State account in accordance with the clearance pattern specified in Exhibit II of the Treasury-State Agreement. The request for funds shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the TSA. This funding technique is interest neutral.

Actual Allocation - The State shall request funds once a month. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I of the TSA. The amount requested shall be the previous month's actual expenditures based on actual administrative costs incurred. Neither the State nor the federal government will incur an interest liability when this technique is properly applied. This funding technique is interest neutral.

Actual and Adjusted Estimate - Administrative costs for all programs will be drawn at the same time as payroll. The draw will consist of an amount to fund the actual expenditures of the prior week and an amount to fund the estimated expenditures of the current/upcoming week based on year to date actual expenditures. The estimated draws will be adjusted for variances between the most recent estimate and actual expenditures each time a draw is made. Neither the State nor the federal government will incur an interest liability when this technique is properly applied. This funding technique is interest neutral.

Actual at Fixed Intervals - The State shall request funds at a fixed interval, i.e., bi-weekly, monthly, quarterly, etc., for the actual program expenditures of the period prior to the draw. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the TSA. The amount of the request shall be for the exact amount of the previous period's disbursements. Neither the State nor the Federal Government will incur an interest liability when this technique is properly applied. This funding technique is interest neutral.

Allocation of Payroll and Administrative Costs - The State will request funds on a bi-weekly basis. Administrative costs for all programs are to be drawn at the same time as payroll costs. The draw will be completed to meet the cash requirements based on the most recent certified cost allocations with subsequent adjustments completed pursuant to the actual allocation of costs. Neither the State nor the Federal Government will incur an interest liability when this technique is properly applied. This funding technique is interest neutral.

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Payroll and Administrative - Fixed Frequency - The State shall request funds once at a fixed interval, i.e., bi-weekly, monthly, quarterly, etc., such that they are deposited to fund the actual activity of the previous period. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the TSA. The amount of the request shall be based on the amount of the actual cash outlays for payroll and administrative costs during the previous period. Neither the state nor the Federal Government will incur an interest liability when this technique is properly applied. This funding technique is interest neutral.

Post-Issuance - The State shall request funds such that they are deposited in a State account after the State issues checks, but before the checks clear. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the TSA. The amount of the request shall be the amount of the disbursement, except in the case of a holiday following a day upon which checks are issued. In this circumstance, an estimate will be used and an adjustment made to the next draw. This funding technique is interest neutral.

Vouchers Cleared - The State utilizes a contractor bank for the processing of food drafts issued under this program. The contractor bank will notify the agency daily of the vouchers presented for clearance for the previous 24-hour period. The State will wire funds to the contractor bank for the clearance amount on the day of notification. On the same day, the agency will process a drawdown through Smartlink for the amount wired by the State that day to the contractor bank. Funds will be transferred to the State account on the same day as the request. Once each month, an adjustment letter of credit will be processed to compensate for special milk issuances from inventory, journal entries, contractor adjustments, and miscellaneous reconciling items between actual food outlays and the letter of credit funds received to date. This funding technique is interest neutral.

5.2.8 Check Clearance Patterns

If the Average Clearance, Composite Clearance or Estimated Clearance funding techniques are used by a program or component, it is necessary to calculate a check clearance pattern. These clearance patterns are used to establish the timing of federal drawdowns. They are calculated by collecting at least three consecutive months of check clearance activity for the program or component. Clearance patterns are to be calculated for new programs or components using one of the above funding techniques and recalculated every five years or when it is determined by the state

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agency that the clearance pattern has changed. When developing a clearance pattern, the calculations must be carried out until 99 percent of the dollars for programs or components have been tracked.

Once the state agency has developed a new clearance pattern, it must be submitted to OSRAP for review and certification by the Director. Once certified, the new clearance pattern will be submitted to US Department of the Treasury - Financial Management Service to be included in the TSA.

5.2.8.1 Average Clearance Pattern

The timing of the federal drawdown for the Average Clearance funding technique is based on the dollar-weighted average day of clearance for the total CMIA-related disbursements in a three month period. The dollar-weighted average day of clearance is rounded to determine the number of days between the checkwrite date and the date the federal reimbursement is scheduled to be received by the state agency.

5.2.8.2 Composite Clearance Pattern

The timing of the federal drawdown for the Composite Clearance funding technique is based on the dollar-weighted average days of clearance for the total CMIA-related disbursements in a three month period plus the dollar-weighted average days in the series of disbursements by the state agency. The sum of these two "number of days" is rounded to determine the number of days between the initial checkwrite date in the series of disbursements and the date the federal reimbursement is scheduled to be received by the state agency. The amount of the request shall be the sum of the payments issued in the series of disbursements.

5.2.8.3 Estimated Clearance Pattern

The timing of the federal drawdown for the Estimated Clearance funding technique is based on the daily percentage of cleared checks for the total CMIA-related disbursements in a three month period. Federal drawdowns will be made daily, based on the calculated percentage of checks cleared, for each checkwrite issued for a program or a component using this technique.

CHAPTER 5**5.2.9 Federal Drawdowns**

Once a state agency determines the amount and timing of its request for federal reimbursement, it will complete a drawdown using a federal payment system applicable to the federal program providing the reimbursement. The request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the Treasury-State Agreement to ensure a timely exchange of federal funds. Federal drawdowns requested to be received earlier than the scheduled receipt date or in an amount greater than the actual needs of the state will result in a state interest liability.

5.2.10 Report Data Submission and Documentation

The two primary objectives of OSRAP when reviewing CMIA data submitted by the state agencies are ensuring that an agency is drawing funds according to the Treasury-State Agreement and to determine the state and federal government interest liability incurred, if any. OSRAP reviews the federal drawdowns made by agencies for each component of each program included in the TSA. Data submission requirements have been standardized to ensure that concise, accurate and auditable information is readily available to State, FMS and Federal auditors or other requestors of this data. Standardization will also protect the integrity of the information contained in the Annual Report. Submission deadlines are defined to ensure sufficient time to review the information submitted by the State agencies for compliance as directed by federal regulations.

5.2.11 CMIA Annual Report

Each year by December 31st the State must submit an Annual Report to Financial Management Service. OSRAP uses the calculations of State and Federal interest liabilities incurred throughout the fiscal year as well as Direct Cost calculations for the completion of this report. Upon receipt of the Annual Report from the State, Financial Management Service reviews the submitted information and determines and questions any liabilities they are uncertain of. Once the State and FMS are in agreement, FMS will issue a letter to the State informing them of the total interest liability on or about February 15th. The interest exchange then takes place by March 31st.

CHAPTER 5**5.2.12 CMIA Audit Findings**

During the course of a year, the Office of Legislative Auditor issues audit findings to state agencies when accounting errors and/or internal control weaknesses are found. The state agency reviews these findings, researches the cause, and issues a response either concurring or disagreeing with the finding back to the Office of Legislative Auditor. When this process has been completed, the state agency submits the finding and response to OSRAP for review. Based on the review, OSRAP determines if the finding affects state or federal interest liabilities for the year.

By March 31st, the Office of Legislative Auditor issues its Single Audit Report. Contained in the report are the audit findings and responses for each state agency. Upon receipt of the Single Audit Report, OSRAP reviews the findings to determine if any other CMIA programs are affected. If any other programs are found to have audit findings, OSRAP researches the problems to determine if it has any effect on state or federal interest liability. If any problems are found, OSRAP will make a prior year adjustment to the next CMIA Annual Report.

5.3 CMIA Policies**5.3.1 Treasury-State Agreement Policies 500 - 503**

The following policies will apply to the CMIA Treasury-State Agreement:

1. OSRAP will negotiate the Treasury-State Agreement with the U.S. Treasury. OSRAP will coordinate the collection and reporting of data to the federal government under the CMIA, including those entities not included in the ISIS accounting system;
2. Based on information received from OSRAP, the State Agency will verify the programs and components to be covered by CMIA on a yearly basis;
3. The State Agency will develop all check clearance patterns for programs and components included in the TSA, if applicable. These clearance patterns will be submitted to the Director of OSRAP for certification;
4. Once it comes to a State Agency's attention that a new program or

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component is to be added, an existing program or component is to be deleted, a change in funding technique or clearance pattern is necessary, or a technical change is needed, the Director of OSRAP must be notified in writing in order to have an amendment to the Treasury-State Agreement completed and submitted to Financial Management Service;

5. The Assistant Commissioner will also certify direct cost claims and any other reports pertaining to the CMIA, and
6. The Assistant Commissioner for Finance of the Division of Administration will be the state official authorized to sign the Treasury-State Agreement.

5.3.2 Funding Techniques Policies 510 - 511

The following policies apply to CMIA Funding Techniques:

1. State Agencies must select one of the funding techniques defined in the Treasury-State Agreement for each federal program. Agencies may apply more than one funding technique to a program with multiple components;
2. Funding techniques cannot be changed for a program or component by a State Agency until the Treasury-State Agreement is amended., and
3. If a new funding technique is needed by a State Agency, the agency must contact OSRAP to consult in the development of the new technique. Once the funding technique is created, it cannot be used by the agency until the Treasury-State Agreement is amended to include it.

5.3.3 Check Clearance Pattern Policies 520

The following policies apply to CMIA Check Clearance Patterns:

1. A separate clearance pattern must be developed for each individual major federal assistance program, or for a logical group of programs that have the same disbursement method and that can reasonably be expected to have comparable clearance activity;
2. A clearance pattern must accurately represent the flow of federal funds

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and must reflect seasonal or other periodic variations in clearance activity. Data used must come from at least three consecutive months;

3. Clearance patterns must be carried out until 99 percent of the sampled funds have cleared;
4. If a program's check clearance activity changes, the state agency must develop a new clearance pattern;
5. Clearance patterns must be re-certified every five years at a minimum, and
6. The Director of OSRAP will certify to the Financial Management Service of the U.S. Treasury that a clearance pattern accurately corresponds to a program's clearance activity.

5.3.4 Federal Drawdowns Policies 530

The following policies apply to CMIA Drawdowns:

1. The state agency shall request federal funds to be received in accordance with the specified funding technique and clearance pattern, if applicable, for the program or component being reimbursed;
2. The amount of the federal drawdown will be determined by the actual administrative costs and program disbursements based on the funding technique and clearance pattern. If the amount of the drawdown is greater than immediate needs of the program or component, a state interest liability will be incurred;
3. The timing of the federal drawdown will be made to ensure that the federal reimbursement is received at a time no earlier and no later than the scheduled receipt date of the funds based on the funding technique and clearance pattern. If the receipt of federal reimbursement occurs prior to the drawdown is greater than immediate needs of the program or component, a state interest liability will be incurred;

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4. If multiple funds request were made in such a way that the timing does not agree with Exhibit I of the TSA, resulting in early or late receipt of funds, OSRAP will make a note and contact the agency to ensure that they are following the guidelines listed in the TSA.
5. When a sub-recipient agency who receives pass-through federal funds from another state agency requests the funds from the primary grant agency, the sub-recipient agency should include in their request for reimbursement:
 - A. The program for which the funds are being requested;
 - B. The dollar amount of the request;
 - C. The date the funds should be paid out to the sub-recipient agency, and, and
 - D. The type of expenditures (program or administrative/payroll) being reimbursed.
6. Once the primary grant agency pays out funds to the sub-recipient agency, the request for federal reimbursement must be made in accordance with the funding technique and clearance pattern as defined in the TSA.

5.3.5 Report Data Submission and Documentation Policies 540

The following policies apply to CMIA Report Data Submission and Documentation:

1. OSRAP reviews each request that a state agency makes for a program covered under CMIA by CFDA number and component to ensure that the request for funds was made in such a manner that the federal funds were requested and received on the appropriate day to cover the expenditures;
2. OSRAP reviews the data submitted by the agencies and notes instances of federal interest liability and/or state interest liability;
3. When a new grant to be covered under CMIA is received by a state agency or an existing grant is expanded, it is up to the agency to notify

CHAPTER 5

OSRAP, in writing, within 30 days of the change in the grant or the new grant being received. After the funding techniques have been decided and the TSA amended, OSRAP will inform the agency of data submission requirements;

4. Agencies will be required to report to OSRAP on a monthly or quarterly basis. An agency may request either reporting period, but it will be granted at the discretion of the OSRAP Director. The criteria for determining whether an agency may report on a quarterly basis will include the volume of data that the agency submits as well as the agency's timeliness and accuracy in reporting,
5. State agencies which receive federal funds must maintain information on disbursements and receipts of those funds. For each disbursement, the agency must be able to identify;
 - A. The amount of total disbursements;
 - B. The date the disbursements were issued (check mail date);
 - C. The date and amount of the federal drawdown request;
 - D. The date federal funds are received and credited to a state account, and
 - E. The amount of federal funds received.
6. If the agency receives a refund, or a check cancellation is processed, the agency must maintain the following information:
 - A. The date the refund/cancellation is credited to a state account;
 - B. The amount of the refund/cancellation, and
 - C. The date of the subsequent deposit of federal funds against which the refund/cancellation is offset.
7. When a grant expires, the Agency must notify OSRAP in writing within 30 days of the expiration date. Expenditures must continue to be tracked, requested, and reported in accordance with the funding technique in the TSA until the program is no longer included in the TSA through an amendment process or upon issuance of a new TSA. OSRAP will notify the affected agency in writing when data submission is no longer required;

CHAPTER 5

8. Standardized spreadsheets will be provided by OSRAP to the agencies to capture CMIA data. A separate spreadsheet will be available for each funding technique chosen for each program component. It is the agency's responsibility to submit the appropriate backup documentation for each component;
9. The backup documentation required for the CMIA spreadsheets include, at a minimum, the following items:
 - A. A report or spreadsheet showing the total disbursements and the date of issuance for the CMIA program or component;
 - B. A draw screen from the federal payment management system used in;
 - C. An AFS ODIT screen or bank statement showing the amount and date of the receipt of the federal reimbursement, and
 - D. An AFS ODIT screen or spreadsheet (for offline payment systems) showing the amount and date of refunds received.
10. It is the responsibility of the agency to document that the expenditures related to administrative costs and payroll costs are being properly recorded and drawn. Payroll expenditures and administrative costs are subject to interest liabilities if drawn improperly;
11. The standardized spreadsheet, with the required backup documentation, must be submitted to OSRAP by **the end of the month following the month or quarter being reported on**. The spreadsheets will be e-mailed to OSRAP with the backup to be mailed or hand-delivered;
12. It will be the agency's responsibility to maintain the spreadsheet and gather the necessary backup documentation, and
13. Each spreadsheet will be maintained by the agency, on a state fiscal year basis, beginning July 1 and ending June 30.

5.3.6 Audit Findings Policies 550

The following policies apply to Audit Findings issued by the Office of Legislative Auditor:

1. The state agency must submit the Legislative Auditor's finding and the agency response to OSRAP for review;
2. OSRAP reviews the audit findings in the Single Audit Report to determine if more CMIA programs are affected than they have been made aware of. If other CMIA programs are found to have audit findings, OSRAP will contact the state agency that administers the program to research the finding, and
3. After reviewing all findings that involve CMIA programs, OSRAP will make a determination of whether State or Federal interest liabilities were incurred as a result of the finding. If any interest liabilities are found, the CMIA annual report will be adjusted to reflect them.

5.3.7 CMIA Annual Report Policies

The following policies apply to the CMIA Annual Report submitted to the U.S. Treasury:

1. OSRAP will submit an annual report to the Financial Management Service of the U.S. Treasury accounting for the interest liabilities under the Cash Management Improvement Act for the state's most recently completed fiscal year by December 31st of each year;
2. The format of the annual report will be prescribed by the Financial Management Service. All items reported must be detailed by CFDA number at the federal program level:
3. All interest liabilities are reported separately. Each CFDA number will report:

CHAPTER 5

- A. Liabilities due to refunds;
 - B. Current year state interest liabilities;
 - C. Prior year state interest liabilities;
 - D. Current year federal interest liabilities, and
 - E. Prior year federal interest liabilities.
4. For information purposes, the actual interest earnings and the related banking costs for funds drawn from the state's account in the Unemployment Trust Fund are reported;
 5. Louisiana must submit its annual report both in hard copy and electronically on Financial Management Service's CMIAS website;
 6. OSRAP will submit a claim for reimbursement as a part of the State's Annual Report of the direct costs of implementing the CMIA, and
 7. The Assistant Commissioner for Finance of the Division of Administration will certify the accuracy of Louisiana's Annual Report, as well as the accuracy of the state's direct costs claim.

5.4 Interest Liability

Because the CMIA was created to promote greater equity in the exchange of funds, a means to ensure that neither the States or Federal governments benefited or suffered financially was needed. The method decided upon to ensure the equity of the transfers between the States and Federal governments for programs covered by CMIA was the accrual of interest when the exchange of funds did not follow the prescribed outlined in the TSA.

The agency is responsible for ensuring that OSRAP is aware of all circumstances where an interest liability may exist, for either the federal government or the state, so that the correct liability is recognized. This notification is to be made on the data that agencies submit to OSRAP, as long as the reason is clearly stated and the dates and times are clearly denoted so that interest may be calculated. The state interest liability will accrue from the day the federal funds are credited to the State account to the day the funds are paid out for program purposes. The federal interest liability will accrue from the day state funds are paid out until the day the federal funds are credited to a state account. OSRAP will review the data submitted by the state agencies to ensure

CHAPTER 5

that interest has been calculated correctly.

The interest rate to be used for all interest liabilities incurred under the CMIA is the annualized rate equal to the average equivalent yields of 13-week Treasury Bills auctioned during Louisiana's fiscal year. The Financial Management Service of the U.S. Treasury will provide this rate to the State.

The following are instances of when state and federal interest liabilities will be incurred:

5.4.1 State Interest Liabilities

State interest liabilities will be incurred when:

1. Federal funds are deposited into a state account prior to the day the funds are paid out for program purposes;
2. The amount of the federal drawdown is greater than the amount paid out for program purposes;
3. Refunds equaling \$50,000 or greater, which are to be applied to a CMIA program, are received, and
4. State interest liabilities will **not** be incurred when Federal law requires that the interest a state earns on federal funds must be retained by the state or used for program purposes.

5.4.2 Federal Interest Liabilities

Federal interest liabilities will be incurred when:

1. The State pays out its own funds for program purposes with valid obligational authority before the Federal government deposits funds into a state account, including but not limited to:
 - A. A federal agency's payment system shutdown;
 - B. A drawdown request improperly posting to the federal agency's payment management system, and
 - C. Federal government "bad weather" days.

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2. The State pays out its own funds for program purposes before the passage of a federal appropriations act, and the act permits payment for expenditures already incurred by the state when enacted, and
3. The State pays out its own funds for program purposes **without** obligational authority if the lack of obligational authority is not a result of limitation, reduction or termination of the program, **and** where obligational authority is subsequently established to permit payment for the state's expenditures.

Federal interest liabilities will **not** be incurred when:

1. A state pays out its own funds prior to the earlier of the day a federal agency officially notifies the state in writing that a discretionary grant project has been approved or the date that a federal agency is otherwise obligated in law to pay the discretionary grant project to the state,
2. A state pays out its own funds prior to the availability of federal funds that have been authorized or appropriated in a future federal fiscal year, and
3. A state does not request funds at least weekly from the Federal Highway Trust Fund for current project costs.

5.5 Refunds

A refund is a recovery of funds previously paid out for program purposes, whether through a refund check or a cancellation of a check disbursed from expenditures. When refunds are received, they are to be documented on the spreadsheets submitted to OSRAP, and the next federal drawdown should be reduced by the amount of the refund. Refunds of \$50,000 or greater are subject to state interest liabilities.

5.6 CMIA Records Retention

Federal CMIA regulations require CMIA records to be retained on a fiscal-year basis for

CHAPTER 5

three years from the date the state submits its annual report to the Financial Management Service of the U.S. Treasury or until any dispute or action involving the records and documents is completed, whichever is later. Documentation for clearance patterns developed must be retained for six years. The State's implementation of CMIA and its compliance with the TSA are subject to audit as part of the State's single audit. Therefore, records supporting interest calculations, clearance patterns, direct costs and other functions directly pertinent to the implementation and administration of CMIA must be maintained. The Office of Legislative Auditor, FMS, the United States Comptroller General and affected federal agencies will have the right of access to these records for the purpose of verifying interest calculations, clearance patterns, direct cost claims, and the State's accounting for federal funds.

Each agency is responsible for determining which part of their agency records are needed to support their clearance patterns and to account for federal funds expended. The agency should include CMIA documentation in their Archive Retention Schedule submitted to the Secretary of State. This Archive Retention Schedule shall not be for less than three years, but may be for more, at the agency's discretion.

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 500
Procedure Name: Agency Verification of CMIA Programs to be Included in the TSA	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to ensure that the Treasury-State Agreement accurately reflects the federal programs that are to be covered under CMIA by consulting the state agencies who administer the programs. OSRAP completes a yearly review based upon the Single Audit Report to determine which federal programs are included in the TSA.

Responsibility	Action
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| OSRAP Personnel | <ol style="list-style-type: none"> 1. Reviews the Single Audit Report to determine which federal programs are to be included in the Treasury-State Agreement. 2. Prepares and mails a memorandum listing the programs and components selected for inclusion in the Treasury-State Agreement and attaches a memorandum of agreement or disagreement for the state agency to return upon completion of the agency review process. |
| Agency Personnel | <ol style="list-style-type: none"> 3. Reviews the list of programs and components submitted by OSRAP for accuracy. 4. Returns the attached memorandum of agreement or disagreement to OSRAP. |
| OSRAP Personnel | <ol style="list-style-type: none"> 5. If the state agency agrees, includes the programs and components in the TSA. 6. If the state agency disagrees, consults with the agency about the reasons for disagreement. 7. Once OSRAP and the agency come to an agreement, either includes or excludes the program from the TSA. |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 500
Procedure Name: Agency Verification of CMIA Programs to be Included in the TSA	Date Issued: 11/02
	Revision: Date:

8. Completes a letter to FMS detailing all federal programs to be included in the TSA.

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 501
Procedure Name: Establishing a new CMIA Program in the TSA	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to add new federal programs to the Treasury-State Agreement. Upon review of the Single Audit Report, OSRAP occasionally finds new federal programs that meet or exceed the State of Louisiana’s CMIA threshold amount. When these programs are found, state agencies are consulted to gather the information necessary to include the new program in the TSA.

Responsibility	Action
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| OSRAP Personnel | <ol style="list-style-type: none"> 1. Reviews the Single Audit Report for programs that meet or exceed the State of Louisiana’s CMIA threshold amount. 2. If a new federal program is found to meet the threshold criteria, notifies, in writing, the state agency administering the program that it has been selected for inclusion in the TSA. 3. Consults with the state agency personnel to determine the components to be included in the new federal program. 4. Consults with the state agency to determine the funding technique(s) to be used for the federal program and/or components. |
| Agency Personnel | <ol style="list-style-type: none"> 5. Develops a clearance pattern, if appropriate, for individual components of the federal program. 6. Submits the clearance pattern(s) to OSRAP for certification. |
| OSRAP Personnel | <ol style="list-style-type: none"> 7. Reviews the clearance pattern(s) for accuracy and submits to the OSRAP Director for certification. If any errors are found, they are corrected and notification sent to the state agency. |
| OSRAP Director | <ol style="list-style-type: none"> 8. Reviews and certifies the clearance pattern(s). |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 502
Procedure Name: Establishing a new CMIA Component to an Existing Program	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to add a new component to a federal program already included in the Treasury-State Agreement. Occasionally a state agency finds it necessary to add a new component to an existing program due to a change in business practice or addition of new services provided. The changes often result in different payment methods than the other components already existing in the federal program. When this occurs, a new component is necessary.

Responsibility

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| Agency Personnel | <ol style="list-style-type: none"> 1. Determines the need for a new component within an existing CMIA program. 2. Contacts OSRAP in writing to make them aware of the new component to be added. 3. Consults with OSRAP to determine the funding technique to be used for the new component. 4. Develops a clearance pattern, if appropriate, for the new component of the federal program. 5. Submits the clearance pattern to OSRAP for certification. |
| OSRAP Personnel | <ol style="list-style-type: none"> 6. Reviews the clearance pattern for accuracy and submits to the OSRAP Director for certification. If any errors are found, they are corrected and notification sent to the state agency. |
| OSRAP Director | <ol style="list-style-type: none"> 7. Reviews and certifies the clearance pattern. |
| OSRAP Personnel | <ol style="list-style-type: none"> 8. Creates an amendment to include the new component in the Treasury-State Agreement and submits it to FMS. |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 503
Procedure Name: Removing a Program No Longer Meeting the Threshold from the TSA	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to remove a program from the Treasury-State Agreement when it no longer meets the State of Louisiana’s CMIA threshold amount. Upon review of the Single Audit Report, OSRAP occasionally finds federal programs that no longer meet the State’s threshold criteria. When this occurs, the program is to be removed from the Treasury-State Agreement, unless special circumstances make it necessary to remain covered by CMIA.

Responsibility Action

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| OSRAP Personnel | <ol style="list-style-type: none"> 1. Reviews the Single Audit Report for programs that no longer meet or exceed the State of Louisiana’s CMIA threshold amount. 2. When a program is no longer deemed to meet the threshold criteria, contacts the state agency in writing informing them that the program no longer meets the State’s threshold. 3. Consults with the agency to find out if there are mitigating circumstances which would keep the program in the TSA. 4. If the state agency agrees with removal, creates an amendment to the Treasury-State Agreement removing the federal program and submits it to FMS. If the agency deems that the program should not be removed, no action is taken and the program remains covered by CMIA. |
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ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 510
Procedure Name: Establishing a New Funding Technique in the TSA	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to establish a new funding technique when the current techniques in the Treasury-State Agreement do not apply to the business practices of the program or component. All funding techniques must be approved by OSRAP and FMS and be defined in the TSA before being utilized.

Responsibility	Action
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| Agency Personnel | <ol style="list-style-type: none"> 1. Determines the need for a new funding technique based on current or changing business practices. 2. Contacts and consults with OSRAP to develop the new funding technique for the program or component. 3. Submits a written request to OSRAP to have the new funding technique included in the Treasury-State Agreement. |
| OSRAP Personnel | <ol style="list-style-type: none"> 4. Completes an amendment to the Treasury-State Agreement and submits it to FMS for approval. |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 511
Procedure Name: Amending a Funding Technique for an Existing Program or Component	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to change a funding technique for a CMIA program or component already existing in the Treasury-State Agreement. Occasionally business practices change which makes the current funding technique for a CMIA program or component no longer valid. When this occurs, a change to a more appropriate funding technique is necessary.

Responsibility	Action
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| Agency Personnel | <ol style="list-style-type: none"> 1. Determines the need for a different funding technique based on current or changing business practices. 2. Contacts and consults with OSRAP to determine which existing funding technique meets the needs of the program or component. 3. Submits a written request to OSRAP to have the funding technique for the program or component amended in the Treasury-State Agreement. |
| OSRAP Personnel | <ol style="list-style-type: none"> 4. Completes an amendment to the Treasury-State Agreement and submits it to FMS for approval. |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 520
Procedure Name: Developing a New Clearance Pattern	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to develop a new clearance pattern for a new or existing CMIA program or component. During the course of business, new programs or components or a change in the clearance activity of an existing program or component may occur. Once aware of these changes, the state agency has a responsibility to develop a clearance pattern to reflect the changes. **Examples of the Average Clearance and Estimated Clearance patterns can be found as Exhibits 5-1 and 5-2 of this chapter.**

Responsibility

Action

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| Agency Personnel | <ol style="list-style-type: none"> 1. Determines the need to revise an existing clearance pattern for a program or component or the need to develop a clearance pattern for a new CMIA program based on the funding technique being used. 2. Contacts OSRAP to inform them that a new clearance pattern is being developed. 3. Calculates the clearance pattern using three consecutive months of clearance activity from the financial system being used. 4. Submits the new clearance pattern and backup documentation to OSRAP for review. |
| OSRAP Personnel | <ol style="list-style-type: none"> 5. Reviews the data submitted by the state agency. If incorrect, returns the material back to the state agency for correction. If correct, submits the material to the Director of OSRAP for certification. |
| OSRAP Director | <ol style="list-style-type: none"> 6. Reviews and certifies the new clearance pattern. 7. Submits the new clearance pattern to FMS for inclusion in the |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 530
Procedure Name: Federal Drawdown and Classification of Funds	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to draw and classify federal funds needed to reimburse programs covered under CMIA. Once a state agency determines that they are due a federal reimbursement, the proper amount of funds must be requested timely to ensure an equitable transfer between federal and state governments. When completed properly, the drawdown of federal funds should be received on the date prescribed by the funding techniques and clearance patterns in the Treasury-State Agreement.

Responsibility

Action

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| Agency Personnel | <ol style="list-style-type: none"> 1. Determines the amount and timing of the federal drawdown based on existing funding technique, clearance pattern information and total expenditures disbursed. 2. Submits a drawdown request to the appropriate federal agency using the appropriate federal payment request system. The drawdown request shall be made in accordance with the appropriate federal agency cut-off time specified in Exhibit I of the Treasury-State Agreement. |
| Federal Agency | <ol style="list-style-type: none"> 3. Reviews the state request for funds and either approves or disapproves the request. If approved, schedules the payment to be paid at the date specified on the request. If disapproved, returns the request back to the state agency and documenting the reason for not approving it. |
| STO Personnel | <ol style="list-style-type: none"> 4. Inputs, approves and runs a Deposit Suspense (DS) document to record the receipt of federal funds. |
| Agency Personnel | <ol style="list-style-type: none"> 5. Reviews the ODIT screen to find the unclassified federal deposit. 6. Inputs, approves and runs a Cash Receipt (CR, CRQ, C1) to |

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 530
Procedure Name: Federal Drawdown and Classification of Funds	Date Issued: 11/02
	Revision: Date:

classify the federal funds received.

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 540
Procedure Name: Submission of CMIA Reports and Documentation	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to ensure that the state agency provides OSRAP with the necessary financial information and supporting documentation for submitted CMIA schedules. OSRAP is responsible for reviewing the submitted information for completeness and accuracy in order to confirm any agency-calculated state or federal interest liabilities and calculating interest liabilities on items omitted by the state agency. OSRAP uses this information to compile the CMIA Annual Report. **Examples of CMIA reports to be submitted to OSRAP can be found as Exhibits 5-3 through 5-6 of this chapter.**

Responsibility	Action
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Agency Personnel	<ol style="list-style-type: none"> 1. Gathers the supporting documentation for each expenditure, federal drawdown and receipt of federal funds in order to accurately complete the spreadsheet to be submitted to OSRAP on a monthly or quarterly basis. At a minimum, the supporting documentation submitted by the state agency should include:
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- A. A listing and date of each checkwrite total issued in the fiscal month or fiscal quarter being reported;
- B. A schedule of percentages to be drawn daily if the Estimated Clearance funding technique is used for the program or component;
- C. A copy of the draw screen used in requesting the reimbursement through the appropriate federal agency's payment management system. The draw screen should provide the following information:

- 1) The amount requested for the CMIA program or component,
- 2) The date the drawdown request was submitted to the appropriate federal agency, and
- 3) The date the state agency scheduled the funds to

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 540
Procedure Name: Submission of CMIA Reports and Documentation	Date Issued: 11/02
	Revision: Date:

be received from the federal agency.

Responsibility	Action
Agency Personnel	<p>D. A copy of an AFS ODIT screen, DS document or bank statement showing the deposit date of the requested funds.</p> <ol style="list-style-type: none"> 2. Uses the information from the supporting documentation to complete the applicable fields in the CMIA report to be submitted to OSRAP. 3. Reviews the report to determine if any state or federal interest liabilities were incurred due to overdraws and early or late receipt of federal reimbursements. 4. Submits the report and backup documentation to OSRAP for review.
OSRAP Personnel	<ol style="list-style-type: none"> 5. Reviews the information contained on the report to determine if it matches the data provided in the supporting documentation, checks the timing of the drawdowns and if applicable, ensures that existing clearance patterns were adhered to. 6. Recalculates any interest liability calculated by the state agency to determine accuracy, and calculates interest liabilities on items omitted by the state agency. 7. If errors are found on the agency-submitted report, contacts the agency to inform them of the errors.

ISIS

Manual Name: Control Agencies Policies and Procedures Manual	Section: Agency Procedures Number: 550
Procedure Name: Reporting Audit Findings	Date Issued: 11/02
	Revision: Date:

PURPOSE AND DESCRIPTION:

This procedure is used to determine the course of action a state agency should take when an audit finding is issued against a CMIA program by the Office of Legislative Auditor. Each year the major federal programs are audited by the Legislative Auditor’s staff and often errors are found and reported. It is up to the state agency that administers the CMIA program with the finding to answer the finding, and then work with OSRAP to determine if the finding had any affect on state or federal interest liabilities.

Responsibility	Action
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|---------------------|----------------------------------------------------------------------------------------------------------------------------|
| Legislative Auditor | 1. Performs an audit of a CMIA program and issues an audit finding to the state agency that administers the program. |
| Agency Personnel | 2. Reviews the Legislative Auditor’s audit finding and determines whether they concur or disagree with all or part of it. |
| | 3. Issues a written reply to the Legislative Auditor. |
| | 4. Contacts OSRAP to inform them that an audit finding has been issued against a CMIA program. |
| | 5. Forwards a copy of the audit finding and letter of response to OSRAP for review. |
| OSRAP Personnel | 6. Reviews the letters to determine the possibility of either a state or federal interest liability being incurred. |
| | 7. Contacts state agency to gather more information regarding the finding, if necessary. |
| | 8. If the finding is determined to have caused an interest liability, OSRAP will make the necessary adjustment on the CMIA |

EXHIBITS
EXHIBIT 5-1

AVERAGE CLEARANCE PATTERN

Clearance Pattern – Average Clearance
CFDA #93.558 – Temporary Assistance for Needy Families
Office of Statewide Reporting and Accounting Policy
Component – Payments to Providers

<u>Amount</u>	<u>Clear Days</u>	<u>Percent</u>	<u>Factor</u>
\$0.00	0	0.00%	0.0000
0.00	1	0.00%	0.0000
17,259.32	2	0.31%	0.0061
156,682.45	3	2.78%	0.0835
562,369.87	4	9.99%	0.3997
1,661,005.93	5	29.51%	1.4756
895,142.22	6	15.90%	0.9543
850,479.55	7	15.11%	1.0578
521,654.06	8	9.27%	0.7415
381,997.17	9	6.79%	0.6108
123,456.78	10	2.19%	0.2194
75,335.35	11	1.34%	0.1472
56,289.84	12	1.00%	0.1200
35,031.89	13	0.62%	0.0809
85,973.41	14	1.53%	0.2139
66,552.99	15	1.18%	0.1774
14,987.12	16	0.27%	0.0426
21,733.85	17	0.39%	0.0656
20,471.42	18	0.36%	0.0655
7,331.04	19	0.13%	0.0247
22,558.46	20	0.40%	0.0802
<u>51,951.37</u>	21+	<u>0.92%</u>	<u>0.1938</u>
<u>\$5,628,264.09</u>		<u>100.00%</u>	<u>6.7605</u>

Average Day of Clearance = 6.76 Days
Rounded Day of Clearance = 7 Days

EXHIBIT 5-2

ESTIMATED CLEARANCE PATTERN

Clearance Pattern – Estimated Clearance
CFDA #93.558 – Temporary Assistance for Needy Families
Office of Statewide Reporting and Accounting Policy
Component – Child Care Payments

<u>Amount</u>	<u>Clear Days</u>	<u>Percent</u>
\$0.00	0	0.00%
0.00	1	0.00%
17,259.32	2	0.31%
156,682.45	3	2.78%
562,369.87	4	9.99%
1,661,005.93	5	29.51%
895,142.22	6	15.90%
850,479.55	7	15.11%
521,654.06	8	9.27%
381,997.17	9	6.79%
123,456.78	10	2.19%
75,335.35	11	1.34%
56,289.84	12	1.00%
35,031.89	13	0.62%
85,973.41	14	1.53%
66,552.99	15	1.18%
14,987.12	16	0.27%
21,733.85	17	0.39%
20,471.42	18	0.36%
7,331.04	19	0.13%
22,558.46	20	0.40%
<u>51,951.37</u>	21+	<u>0.92%</u>
<u>\$5,628,264.09</u>		<u>100.00%</u>

EXHIBIT 5-3

AVERAGE CLEARANCE SPREADSHEET

STATE AGENCY: DEPARTMENT OF EDUCATION								Funding Technique	Average Clearance			
CFDA#: 93.575		Child Care and Development Block Grant						Drawcode	Letter			
FY 2001-02		Interest Rate			0.0484			Day =	6			
Exp Amt/ Ref Amt	Amt Req	P/A	Check Mail Date	Sched Draw	Act Draw	Sched Receipt	Act Receipt	Actual Receipt State	Number of Days	State Interest	Fed Interest	Comments
	January											
9,856.31	9,856.31		1/8/02	1/11/02	1/11/02	1/14/02	1/15/02		1		1.31	INT DUE -FEDS LATE
46,235.44	46,235.44		1/11/02	1/16/02	1/11/02	1/17/02	1/14/02		3	18.39		INT OWED Drew Early
(35,000.00)							1/17/02		5	13.92		Refund over \$10,000
58,694.78	23,694.78		1/15/02	1/18/02	1/18/02	1/22/02	1/22/02					Refund Offset
3,385.45	3,385.45	P/A	1/23/02	1/24/02	1/23/02	1/25/02	1/24/02		1	0.45		INT OWED – Admin Costs – Drew Early
68,941.00	68,941.00		1/25/02	1/30/02	1/28/02	1/31/02	1/31/02					Warehoused to 1/31/02

This is an example of an Average Clearance Spreadsheet. Several examples are depicted here, not all of which may occur in your agency.

EXHIBIT 5-4

ESTIMATED CLEARANCE SPREADSHEET

STATE AGENCY: DEPARTMENT OF SOCIAL SERVICES								Funding Technique			Estimated Clearance			
CFDA#: 93.558		Temporary Assistance to Needy Families						Drawcode		TANF				
FY 2001-02		Interest Rate			0.0484									
Amount Requested	P/A	Tot Exp Amt/ Refund Amt	Difference	Expense Amount	Expense Amount	Draw Days	Sched Draw	Act Draw	Sched Receipt	Act Receipt	# of Days	State Interest	Fed Interest	Comments
		January												
63,520.11		9,856.31		4,348.26	5,508.05	2/1/02	2/1/02	1/31/02	2/4/02	2/1/02	3	25.27		INT DUE Drew Early
		53,663.80		46,235.44	7,428.36	2/2/02	2/1/02	1/31/02	2/4/02	2/1/02				
		(35,000.00)	35,000.00							1/14/02	21	97.46		Refund over \$10K
		58,694.78		49,845.61	8,849.17	2/3/02	2/4/02	2/4/02	2/5/02	2/5/02				
27,580.23		2,885.45	(34,000.00)	2,500.00	385.45	2/4/02	2/4/02	2/4/02	2/5/02	2/5/02	1	0.13		Refund offset and overdraw INT DUE
21,600.26		22,600.26	(1,000.00)	14,385.96	8,214.30	2/5/02	2/5/02	2/5/02	2/6/02	2/6/02				Overdraw offset
46,380.74		46,380.74		39,395.53	6,945.21	2/6/02	2/6/02	2/7/02	2/7/02	2/8/02				NO INT – Drew late
23,998.45	P/A	23,998.45		23,998.45			2/7/02	2/7/02	2/8/02	2/8/02				Payroll/Admin
35,786.08		35,786.08		31,268.53	4,507.55	2/7/02	2/7/02	2/7/02	2/8/02	2/8/02				

This is an example of an Estimated Clearance Spreadsheet. Several examples are depicted here, not all of which may occur in your agency.

EXHIBIT 5-5

ACTUAL CLEARANCE & VOUCHERS CLEARED SPREADSHEET

STATE AGENCY: OFFICE OF PUBLIC HEALTH					Funding Technique		Actual Clearance/Vouchers Cleared			
CFDA#: 10.557		Special Supplemental Nutrition Program for Women, Infants and Children			Drawcode					
FY 2001-02		Interest Rate	0.0484							
Disb Amt/ Refund Amt	Amount Requested	P/A	Bank Balance	Disb/ Check Date	Date Requested	Date Received	# of Days	State Interest	Fed Interest	Comments
	January									
9,856.31	9,856.31		0.00	2/1/02	2/1/02	2/4/02	1		1.31	INT DUE FEDS LATE
46,235.44	46,235.44		0.00	2/4/02	2/4/02	2/4/02				
(35,000.00)			35,000.00			2/4/02				Refund - WIC - No Liab
58,694.78	23,694.78		0.00	2/5/02	2/5/02	2/5/02				Refund Offset
68,941.00	68,941.00		0.00	2/6/02	2/5/02	2/5/02	1	9.14		INT DUE – Drew Early
			0.00	2/7/02	2/7/02	2/7/02				
23,998.45	23,998.45	P/A	0.00	2/8/02	2/8/02	2/8/02				Payroll

This is an example of an Zero Based Accounting Spreadsheet. Several examples are depicted here, not all of which may occur in your agency.

EXHIBIT 5-6

COMPOSITE CLEARANCE SPREADSHEET

STATE AGENCY: DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT								Funding Technique				Composite Clearance			
CFDA#: 20.205		Federal Highway Assistance						Drawcode			FHWA				
FY 2001-02		Interest Rate			0.0484			Day =			5.24				
Disb Day	Disburse Amt / Refund Amt	Disb Amt / Amt Req	Factor	Amount Requested	Federal Amount	Ck Dt	Comp Clear	Sched Draw	Act Draw	Sched Receipt	Act Receipt	# of Days	State Interest	Fed Interest	Comments
	January														
1	925,562.80	0.1238	0.12			7/9									
2	76,282.71	0.0102	0.02			7/10									
3	4,808,598.97	0.6433	1.93			7/11									
4	362,447.17	0.0485	0.19			7/12									
5	1,301,508.65	0.1741	0.87			7/13									
6	0.00	0.00	0.00			7/14									
Total	7,474,400.30		3.13	7,352,241.88	7,352,241.88	7/9-7/14	8.37	7/16/01	7/13/01	7/17/01	7/16/01	1	998.80		INT DUE
Adm				3,250,042.38		7/1-7/31		8/2/01	8/6/01	8/3/01	8/7/01				Payroll – Drew Early

This is an example of a Composite Clearance Spreadsheet.