DAS DEPARTMENT OF ADMINISTRATIVE SERVICES

Statewide Procedure

OREGON ACCOUNTING MANUAL

Subject:	Accounting and Financial Reporting	Number:	30.30.00.PR
Division:	State Controller's Division	Effective date:	April 2, 2007
Chapter:	**Federal Compliance**		
Part:	**Cash Management**		
Section:			
Approved:	John Radford, State Controller	Original signature on file in SCD	

.101 Statewide Accounting and Reporting Services (SARS) is responsible for coordinating the activities necessary to comply with the Cash Management Improvement Act of 1990, as amended. These activities include preparation of the Treasury-State Agreement (TSA) and the Annual Report to the U.S. Treasury Financial Management Service (FMS).

Treasury State Agreement (TSA)

.102 The State will enter into a Treasury-State Agreement as required by the Cash Management Improvement Act (CMIA). The Cash Management Improvement Act System (CMIAS) provides a uniform format for the terms and conditions of the agreement. The TSA includes the following:

a. Listing of programs included in the agreement.

b. The funding techniques to be applied to programs in the agreement, including guidelines for requests for supplemental funding.

c. The methods and standards used to develop and maintain clearance patterns.

d. The method the State will use to calculate and document interest liabilities.

e. The types of interest calculation costs the State expects to incur.

.103 Unless stated otherwise, the TSA will include major federal programs determined from the most recent Schedule of Expenditures of Federal Awards (SEFA) available. The threshold for major programs is based on a percentage specified in federal regulation that is applied to the dollar amount of all federal assistance received by the State.

.104 SARS is responsible for collecting information from affected state agencies and for compiling the Treasury-State Agreement. Annually, SARS incorporates required changes or notifies FMS that no amendments to the TSA are needed. State agencies are responsible for providing appropriate, accurate, and complete information in a timely manner. SARS prepares the TSA in the CMIAS, based on information provided by agencies, and ensures it is approved by FMS and signed by the appropriate State official. Each TSA is effective until terminated.

.105 When any changes in clearance patterns or funding techniques occur, agencies must notify SARS so that the TSA can be amended as appropriate. The State must notify the FMS in writing within 30 days of the time the State becomes aware of a change.

.106 Clearance patterns refer to the number of days lapsed from the time a payment is made by a state agency until the time the disbursement is redeemed by the program recipient. The clearance pattern is used as the basis for the timing of funding requests.

.107 A clearance pattern is based on at least three consecutive months of disbursement data, unless additional data is required to accurately represent the flow of federal funds, including seasonal or other periodic variations in clearance activity. A clearance pattern extends, at a minimum, until 99 percent of the dollars in a disbursement for federal program purposes have cleared.

.108 Agencies shall maintain adequate documentation for the clearance pattern reported to SARS. This documentation is subject to audit.

.109 The State must re-certify the accuracy of a clearance pattern at least every five years.

.110 Funding techniques are the methods by which the federal government transfers funds to state agencies for their federally sponsored programs. Funding techniques should be efficient and minimize the exchange of interest between the State and federal agencies. The following sample funding techniques are discussed in the Code of Federal Regulations:

a. Zero balance accounting. The amount of federal funds transferred to a state based on the actual amount of funds that are paid out by the state each day.

b. Projected clearance. This is a method of transferring federal funds to state agencies in accordance with a specified clearance pattern.

c. Average clearance. This is a method of transferring funds to a state agency based on the dollar-weighted average day of clearance for the disbursement. The dollar-weighted average day is determined from a clearance pattern as the day when, on a cumulative basis, 50 percent of disbursed funds have cleared.

d. Cash advance (pre-issuance or post-issuance) funding. This is a method of transferring the actual amount of federal funds to a state agency not more than three business days prior to the day the state makes payment. Funds permitted to be drawn early are not interest neutral and are subject to interest liability.

e. Reimbursable funding. This is a method of transferring federal funds to a state agency after the state has paid out its own funds for program purposes.

f. Other. FMS and the State may negotiate the use of mutually agreed upon funding techniques to address funding issues that are unique to the State of Oregon.

.111 Agencies should review their funding techniques annually and report any changes to SARS. When selecting funding techniques, agencies are encouraged to use those that are interest neutral. Agencies are responsible to use the funding techniques specified in the TSA for each applicable fiscal year.

Annual CMIA Report

.112 Each year, a CMIA report must be submitted to the FMS. SARS prepares the annual CMIA report in the uniform format provided by the FMS in the CMIAS. The annual report shall be completed in sufficient time to submit it by the due date of December 31.

.113 State agencies will submit requested information for the annual report to SARS in a timely manner. Agencies are responsible to ensure the accuracy and completeness of the information provided.

.114 Interest liabilities will be calculated by agencies in accordance with methods specified in the TSA.

.115 When the calculated federal liability is greater than $5,000, FMS requires additional supporting documentation. State agencies must provide detail supporting any liabilities owed by the federal government. This documentation is subject to audit and should be retained in accordance with records retention requirements.

.116 For the most recently completed fiscal year, payment of the difference between federal interest and State interest liabilities must occur no later than March 31.