

GRANTS MANAGEMENT GUIDANCE 2015-004

Subject: Cash Management Guidance

DATE ISSUED: 07/01/2015

REVISED: 10/01/2024, 08/29/2019, 02/01/2019, 04/13/2016,
07/01/2015

Purpose

The purpose of this cash management guidance is to comply with Federal regulations from the U.S. Department of Education that require minimizing the time between drawdown and use of grant funds by subgrantees.

CASH MANAGEMENT GUIDELINES

Chapter 2 Code of Federal Regulations section [200.305](#), Payment, addresses the requirements for non-state entities and reiterates the Cash Management Improvement Act of 1990, or CMIA's requirement for minimizing the time between advance/draw and disbursement.

Cash management is an important part of implementing your grant project. Without the proper records, controls, and written procedures there may be significant consequences. Developing and maintaining effective cash management controls, including written procedures for the drawdown and disbursement of federal grant funds, is essential to managing the grants financial activities and complying with financial requirements as well as achieving successful outcomes for your program. Cash management regulations ensure that you develop and maintain effective financial systems with appropriate internal controls. These regulations are structured to minimize the time between drawdowns and the use of the cash, yet ensure your organization has cash at the point of need.

When grantees drawdown funds from their grant, the grantee must spend it to meet immediate needs. By maintaining written standards for cash management, in conjunction with applying proper accounting principles to their cash management activities, grantees facilitate their ability to achieve their project outcomes.

ADVANCE PAYMENTS

The timing and number of advance payments must be as close as administratively feasible to actual disbursements. As a result, non-Federal entities must liquidate cash advances within 5 business days of receiving the funds.

To prevent districts from running deficits due to this 5-day liquidation requirement, and to comply with federal regulations [2 CFR §200.305](#), entities can request multiple advances within a one-month period. Advances should only be requested to cover expenses that are ready to be paid, such as payroll and invoices that will be disbursed within 5 business days of receiving the grant funds. Advance requests should not be made for encumbrances where services/invoices have not yet been received, unless the entity is certain the invoice will be paid within the 5-day guideline.

If you have any additional questions, please reach out to the Grants Management team at Grants.Management@education.ohio.gov.