

Grants Management Guidance 2015-004

SUBJECT: Cash Management Guidance

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EFFECTIVE: JULY 1, 2015

The purpose of this guidance is to update cash management guidelines to comply with Federal regulations. Previous cash management guidance outlined by The Ohio Department of Education (ODE) stated that advance funds needed to be liquidated by the end of the month designated on the project cash request. However, US Department of Education (USDOE) guidance states that ODE is required to minimize the amount of time between the drawdown and the use of funds from a subgrantee's bank account. Funds must be drawn only to meet a grantee's immediate cash needs for each individual grant.

The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity. Therefore, when requesting advance funds, non-Federal entities must now liquidate cash advances within **five business days** after receiving the funds. To help prevent districts from running a deficit in funds due to the five-day liquidation rule and to also comply with Uniform Guidance 200.305 (ii) below, multiple advances can now be requested in a one-month period.

Advances should only be requested to cover expenses that are ready to be paid. Advances can be requested to cover payroll expenses and invoices that have been received and will be paid within five business days of receiving grant funds. Advances should not be requested for encumbrances in which services and invoices have not been received unless you are certain that you will receive and pay the invoice within these established guidelines.

These updated cash management guidelines are necessary to ensure compliance with the following USDOE regulations:

[Uniform Guidance 200.305](#)

(b) For non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this

Part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. *The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs.* The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

(ii) Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, *and as often as they like when electronic transfers are used*, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1601).

Please email questions to Grants.Management@education.ohio.gov.