



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

SEP 14 1993

FINANCIAL ADMINISTRATION MEMORANDUM NO. 93-053 (II.J.)

To: Bureau Assistant Directors, Administration
Director, Administrative Services
Bureau Finance Officers
Chief, Division of Fiscal Services

From: Chief, Division of Financial Administration
Office of Financial Administration

Subject: Cash Management Improvement Act

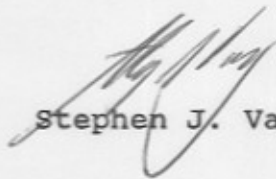
The Financial Management Service (FMS) recently forwarded important information concerning the Cash Management Information Act (CMIA) to the Office of Financial Management. As you know, the primary purpose of CMIA is to ensure efficiency, effectiveness, and equity in the exchange of funds between the Federal Government and the States.

Attached is a summary sheet that outlines pertinent information concerning the CMIA. Also attached is a list of Department of the Interior (DOI) programs which may be covered by CMIA, effective July 1, 1994, or the start of a State's fiscal year, whichever is later. Please note, however, that the list is merely indicative and not comprehensive, as it is derived from 1991 Single Audit data. Consequently, some DOI programs which States will be required to cover may not be included on the attached list.

We request your assistance in apprising all pertinent areas of grant administration (i.e., program, finance, and budget) of this CMIA information. Since full-scale implementation of CMIA will begin in 1994, it is important that all affected parties be fully aware of CMIA and understand the consequences when compliance is not achieved.

Finally, FMS has requested that DOI complete a one page questionnaire concerning grant payment processing and training needs. We would appreciate your efforts in completing the short questionnaire. Please fax or return the questionnaire to Mr. Linh Luu, Division of Financial Administration, by September 24, 1993.

Should you or your staff have any questions concerning this request, please contact Mr. Luu at (202) 208-5223 (Phone), (202) 208-6940 (Fax).


Stephen J. Varholy

Attachments



DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

Dear Mr. _____

The purpose of this letter is to 1) provide information concerning the Cash Management Improvement Act of 1990 (CMIA); 2) provide an early indication of the programs administered by your agency which may be covered by the Act; 3) discover the means of funds transfer to States and 4) offer training concerning the impact of CMIA with emphasis on Federal agency responsibilities.

A primary purpose of CMIA is to promote effective and efficient cash management with regard to the transfer of funds to States. Enclosed you will find a CMIA Summary Sheet which outlines pertinent information with regard to the Act. In addition, on the reverse side of the Summary Sheet, please note a table entitled "Thresholds for Major Federal Assistance Programs". This table is very useful because it identifies each State's threshold, thus indicating whether a particular program will be covered by a particular State. For example, the State of Maryland's threshold is \$7,000,000. Therefore, any individual State administered Federal program where funding meets or exceeds \$7,000,000 will be covered by CMIA at the start of the State's fiscal year on July 1, 1994.

Also enclosed is a list of agency programs which may be covered by CMIA effective July 1, 1994, or the start of a State's fiscal year, whichever is later. However, it is important to emphasize that this list is merely indicative as it is derived from 1991 Single Audit data. Consequently, some programs which States will be required to cover may not be included on the enclosed list. Still, the Threshold Table from the CMIA Summary Sheet should also prove helpful in identifying potential covered programs. If program funding levels are accessible, simply compare the funding level for a particular program to a specific State's threshold. Other resources are available to help identify potential covered programs and we will gladly make these available upon request.

A major provision of CMIA is to provide funds timely or based on the immediate cash needs of the program. This is accomplished through utilization of funding techniques (a review of the primary funding techniques are provided on the CMIA Summary Sheet). Thus, it is important that we update our records concerning the way the Department of Interior 1) processes payments (centrally vs. regionally) for each program that potentially may be covered in 1994; 2) the method of transfer for each potential program (e.g., ACH, Fed Wire, Check); and 3) the actual time period in terms of days between the request and receipt of funds. Concerning this task, we request that you complete the enclosed questionnaire and

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return by September 15, 1993.

Finally, the Financial Management Service (FMS) would like to extend an invitation to provide additional training to agencies who will be affected by CMIA in 1994. Within the past year, FMS conducted nationwide training with States and with certain Federal agencies whose programs were impacted during the first year of implementation. Training is most effective when all relevant areas associated with grants are involved (e.g., program, finance, budget, payment, audit, and I.G. representatives). Thus, FMS encourages participation from all areas which are involved with grant administration, grant payments and grant audit or review. We will gladly visit the Department of Interior and provide this training upon request.

As we prepare for full-scale implementation of CMIA in 1994, it is important that all Federal agencies be fully aware of the Act and understand the consequences when compliance is not achieved. We appreciate your cooperation and we look forward to establishing greater rapport with the Department of Interior. If you have any questions, please call me at (202) 874-6589, or call Kimberly Snell at (202) 874-6599.

Sincerely,

Bill Sessums
Federal Agency Coordinator
Payments Modernization Division

[REDACTED]

Enclosures

MAJOR FEDERAL ASSISTANCE PROGRAMS
 BASED ON STATE FY 1991 AUDIT DATA
 August 26, 1993

: DEPARTMENT OF THE INTERIOR

CFDA	PROGRAM NAME	AMOUNT	STATE	NOTES
1 15.000	Other Unidentified Grants Inte	28,057,605	AK	
2 15.000	Other Unidentified Grants Inte	47,853,400	MD	
3 15.000	Other Unidentified Grants Inte	21,601,083	MT	
4 15.000	Other Unidentified Grants Inte	11,994,712	UT	
1 15.200	The Taylor Grazing Act of 06-2	53,911,731	CO	
1 15.250	Regulation of Surface Coal Min	12,557,698	KY	
1 15.252	Abandoned Mine Land Reclamatio	13,162,007	IL	
2 15.252	Abandoned Mine Land Reclamatio	16,885,792	KY	
3 15.252	Abandoned Mine Land Reclamatio	8,109,345	MT	
4 15.252	Abandoned Mine Land Reclamatio	39,975,000	PA	
5 15.252	Abandoned Mine Land Reclamatio	25,071,089	WV	
15.605	Sport Fish Restoration	12,330,685	AK	
15.605	Sport Fish Restoration	4,306,681	CO	
3 15.605	Sport Fish Restoration	8,467,842	MI	
4 15.605	Sport Fish Restoration	7,034,698	MN	
5 15.605	Sport Fish Restoration	4,367,575	MT	
6 15.605	Sport Fish Restoration	4,069,588	NE	
7 15.605	Sport Fish Restoration	4,572,168	UT	
8 15.605	Sport Fish Restoration	3,616,919	VT	
1 15.611	Wildlife Restoration	6,516,793	AK	
2 15.611	Wildlife Restoration	4,327,768	MI	
1 15.875	Economic and Political Develop	118,264,944	TT	
				American Samoa, CNMI, the U.S. Virgin Islands.
1 15.998	UNCLASSIFIED GRANTS AND CONTRA	28,166,880	CA	
2 15.998	UNCLASSIFIED GRANTS AND CONTRA	10,411,392	NV	

CASH MANAGEMENT IMPROVEMENT ACT

(CMIA SUMMARY SHEET)

July 1993

pose

To ensure efficiency, effectiveness and equity in the exchange of funds between the Federal Government and the States.

Major Provisions

- Federal agencies must make timely disbursements and grant awards to States.
- States and Federal agencies must minimize the time between the transfer of Federal funds to States and the settlement of States' checks, warrants and/or EFT payments for program purposes.
- With minor exceptions, States will be entitled to interest from the Federal Government from the time States advance or "front" Federal funds for program purposes pending reimbursement. The Federal Government will be entitled to interest from States from the time Federal funds are in State accounts pending settlement of checks, warrants and/or EFT payments for program purposes.
- Treasury may charge responsible Federal agencies if they are found to be egregious or repeated in incurring Federal interest liabilities. To the maximum extent practicable, interest charges will be paid out of agency operating budgets and not from amounts available for program funding.

Covered Entities

- All Federal executive agencies, with the exception of the Tennessee Valley Authority, are required to comply with the provisions of CMIA.
- The fifty States, District of Columbia, American Samoa, Guam, Northern Marianas, Puerto Rico and the Virgin Islands, together with all their agencies (as defined by GAAP) instrumentalities and fiscal agents, are covered. Local Governments are specifically excluded.

Covered Programs

- Effective July 1, 1993 or the start of a State's 1994 fiscal year (whichever is later) the twenty phase-in programs (below) will require coverage under CMIA, provided that these programs meet a State's individual threshold as derived from Single Audit data (see table reverse side). If any of the programs shown below fail to meet a State's threshold, coverage under CMIA is not mandatory. States may propose to cover additional programs but in most cases, a State would need to lower its respective threshold and cover all additional federal assistance programs at the lower threshold level.
- Starting with each States's 1995 fiscal year, any major Federal Assistance Programs which are subject to enumeration in the Catalog of Federal Domestic Assistance (OMB publication) will require coverage under CMIA provided that a program meets a respective State's threshold (see reverse).

Treasury/ State Agreement

FMS will make every effort to sign an agreement with each State to specify the terms of CMIA implementation. Agreements include covered State entities and programs as well as funding techniques for drawing down benefit (program) funds as well as administrative and payroll funds. Agreements also include check clearance patterns, interest calculation methodologies and a description of and budgets for CMIA start-up and maintenance costs. States for which no Agreement is signed will be covered by the provisions of the default Regulations.

TOP TWENTY PHASE-IN PROGRAMS

The following programs will require coverage in a Treasury/State Agreement during the first year of implementation provided that funding for each program meets or exceeds a State's respective threshold (see reverse):

10.555 School Lunch Program	84.010 Chapter 1--Local Education Agencies	93.568 Low Income Home Energy Assistance
10.556 Nutrition Assistance, Puerto Rico	84.027 Special Education--State Grants	93.658 Foster Care
10.557 WIC	84.063 Pell Grant Program	93.667 Social Service Block Grant
10.561 State Admin. Matching Grants	84.126 Rehab Services--Basic	93.778 Medicaid
17.225 Unemployment Trust Fund	93.560 Family Support Payments to States	93.807 SSI
17.250 JTPA	93.561 JOBS	93.859 Substance Abuse/Preventive Treatment
20.205 Highway Planning & Construction	93.563 Child Support Enforcement	

**Funding
Techniques**

- 1) Zero Balance Accounting--draws of Federal funds are made on the same day that checks, warrants or EFT payments are settled. Generally, no interest liability is incurred.
- 2) Estimated Clearance--draws of Federal funds are made in increments to coincide with the estimated settlement of checks, warrants or EFT payments. Generally, no interest liability is incurred.
- 3) Average Clearance--draws of Federal funds are made to coincide with the dollar-weighted average date of the estimated settlement of checks, warrants or EFT payments. Generally, no interest liability is incurred.
- 4) Pre-issuance Funding--draws of Federal funds are made prior, but as close as possible, to the settlement date of checks, warrants or release of EFT payments for program purposes. An interest liability would be incurred by the State.
- 5) Other--other methods proposed by States and approved by Treasury.

**Major Federal
Responsi-
bilities**

- 1) Ensure timely payments to States based on terms and conditions of funding technique;
- 2) Monitor State payment requests and cash balances, ensuring that States are not drawing funds too early.
- 3) Review States' annual interest settlement reports for reasonableness.
- 4) Provide CFDA numbers when disbursing to States.

**Major State
Responsi-
bilities**

- 1) Track drawdowns and clearance of Federal funds by program.
- 2) Abide by terms and conditions of funding technique.
- 3) Prepare and submit annual interest reports reflecting Federal and State liabilities.
- 4) Provide support documentation upon request.

Schedule

*July 1, 1993 -- CMIA implementation will begin on July 1 for those States whose fiscal year begins on or before July 1. For all other States, implementation commences at the start of the respective 1994 fiscal year. Implementation will generally be limited to the twenty phase-in programs (listed on the reverse) provided that each of these programs meet or exceeds a State's respective threshold. Institutions of higher education who receive direct payment from the Federal Government are granted a one year exemption.

*July 1, 1994 (or start of a State's fiscal year whichever is later) -- CMIA phase-in period expires; second year of CMIA coverage begins. Exemption for institutions of higher education expires. CMIA applies to all individual programs which meet or exceed a State's respective threshold. (See table below.)

*December 31, 1994 -- States submit annual reports to FMS outlining interest results relevant to CMIA's first year.

*March 1, 1995 -- First annual interest exchange relevant to the first year of implementation.

THRESHOLDS FOR MAJOR FEDERAL ASSISTANCE PROGRAMS

The following provides dollar thresholds by States and is based on Single Audit data as provided by the U.S. Bureau of Census. However, thresholds do not remain static and yearly updates will be provided to States and to Federal agencies:

AL \$3M	CT \$7M	IL \$13M	ME \$3M	MO \$10M	NM \$3M	OR \$7M	TX \$20M	WV \$4M	CNMI \$1.6M
AK \$3M	DE \$3M	IN \$7M	MD \$7M	MT \$3M	NY \$20M	PA \$16M	UT \$4M	WI \$7M	VI \$3M
AZ \$4M	FL \$13M	LA \$4M	MA \$10M	NE \$3M	NC \$10M	RI \$3M	VT \$3M	WY \$3M	
AR \$4M	GA \$7M	KS \$4M	MI \$10M	NV \$3M	ND \$3M	SC \$7M	VA \$10M	AS \$1.7M	
CA \$20M	HI \$3M	KY \$7M	MN \$7M	NH \$3M	OH \$13M	SD \$3M	WA \$7M	PR \$7M	
CO \$4M	ID \$3M	LA \$10M	MS \$4M	NJ \$10M	OK \$4M	TN \$7M	DC \$3M	GU \$2.4M	

FOR ADDITIONAL INFORMATION, CONTACT THE CUSTOMER ASSISTANCE STAFF OF YOUR FINANCIAL MANAGEMENT SERVICE REGIONAL FINANCE CENTER OR CALL FMS HEADQUARTERS STAFF AT (202) 874-6550.

Agency Profile for ; Please return by September 17, 1993.

The following programs will likely be covered by CMIA in 1994. (Please refer to Single Audit enclosure.)

- II. Using the Threshold Table as a guide (refer to CMIA Summary Sheet) are there any additional programs which States may cover which are not listed above or on the Single Audit enclosure? If so, please identify using exact program name and CFDA number if known.
- III. Regarding each of the potential covered programs, is disbursing performed 1) centrally or 2) regionally? If centrally, where? If regionally, where?
- IV. For each of the programs listed above and on the Single Audit enclosure, indicate the transfer mechanism, e.g. ACH, Fed Wire, Vendor Express, Check, etc.?
- V. How long, in terms of days, does the payment process take? Specifically, what is the time period between the request and receipt of funds? (If delivery systems or transfer processes differ among program[s], please specify.)
- VI. Treasury is committed to providing additional training to federal agencies. Would your agency be interested? If so, ideally, where should this training take place? Is there a significant need to perform regional training?

Name (print) _____

Phone _____

Date _____