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INTRODUCTION

The Federal Cash Management (FCM) system is a Microsoft SQL Server application used by the State Controller's Office to:

- Request the transfer of approximately 75% of all federal grant funds received by the State through a consolidated draw process;
- Provide grant authorization control;
- Comply with the provisions of the Cash Management Improvement Act (CMIA);
- Provide federal grant cash management reporting for the agencies;
- Prepare the quarterly Federal 272 reports.

Each business evening, grant transaction files are created from WiSMART for input into the FCM system. There are separate input files for expenditures, charges and revenues. The files are created from transactions that contain a Federal Aid Number with a value of "CM" in the Status field within the WiSMART AGFA Table.

PROCESS AND PROCEDURES

1. Grant Maintenance within the Federal Cash Management System

Before setting up a grant, agencies should become acquainted with the Federal Aid Module within WiSMART. The Federal Aid Module uses the following tables:

- AGFA - Agency Federal Aid Inquiry
- AGF2 - Agency Federal Aid Inquiry 2
- FAIT - Federal Aid Inference Table
- FFFY - Federal Aid Fiscal Year Inquiry
- FBLT - Federal Aid Budget Line Table
- FAST - Federal Aid Status
- GVFA - Government Wide Federal Aid Inquiry

Establishing a Grant
When setting up a new federal aid number to record grant transactions that will need to be recorded within FCM, make sure the WiSMART FM transaction has a "CM" in the status field. Status codes are listed on the WiSMART FAST table (Fed Aid Status Table). Also, use the Letter of Credit field to indicate the fund and appropriation for the Fed Aid Number. This fund and appropriation will be used on the Cash Receipt for recording the federal funds received. Send a copy of the FM to the State Controller's Office (SCO) or e-mail the Federal Aid Number(s) to Chris Haried.

Adding Grant Authority
In most cases, grant award authority will be added to FCM by SCO staff checking grant data online through the federal payment systems. However, copies of the grant award notices need to be sent to SCO for grants covered by the CMIA and for EPA and IMLS grants. Contact the SCO for a list of grants covered by the CMIA.

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Correcting a Major Federal Aid Number
If an incorrect Major Federal Aid Number (grant number) is used for a Federal Aid Number within WiSMART, federal funds will be drawn under the wrong grant. To correct this, process an FM transaction to modify the Major Federal Aid Number within WiSMART and notify the SCO of the change. The SCO will move the Federal Aid Number to the correct Major Federal Aid Number within FCM, and make any necessary draw adjustments.

2. The flow of grant transactions from WiSMART through FCM.

Grant expenditures are recorded into WiSMART:

Trans	Fund	Agy	Org	Appn	AT	Objt	Rept Cat
MW…	100	445	5240	347	22	5700	8535
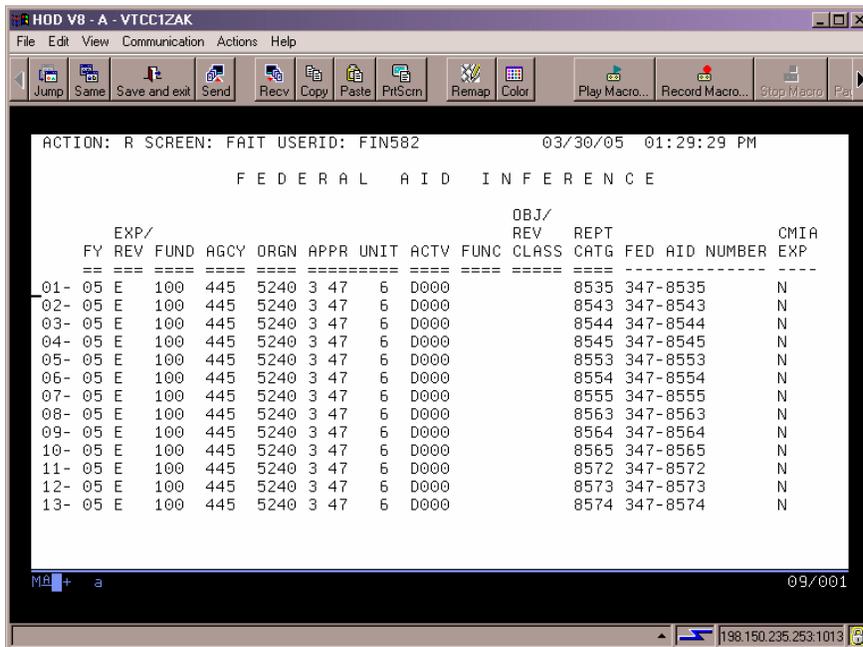
Upon processing, accounting codes are matched to the Federal Aid Inference Table, and the Federal Aid Number (FAN) is added to the General Ledger transaction:

Trans	Fund	Agy	Org	Appn	AT	Objt	Rept Cat	FAN
MW…	100	445	5240	347	22	5700	8535	347-8535

If the AGFA Status field = "CM" the transaction is selected for FCM processing:

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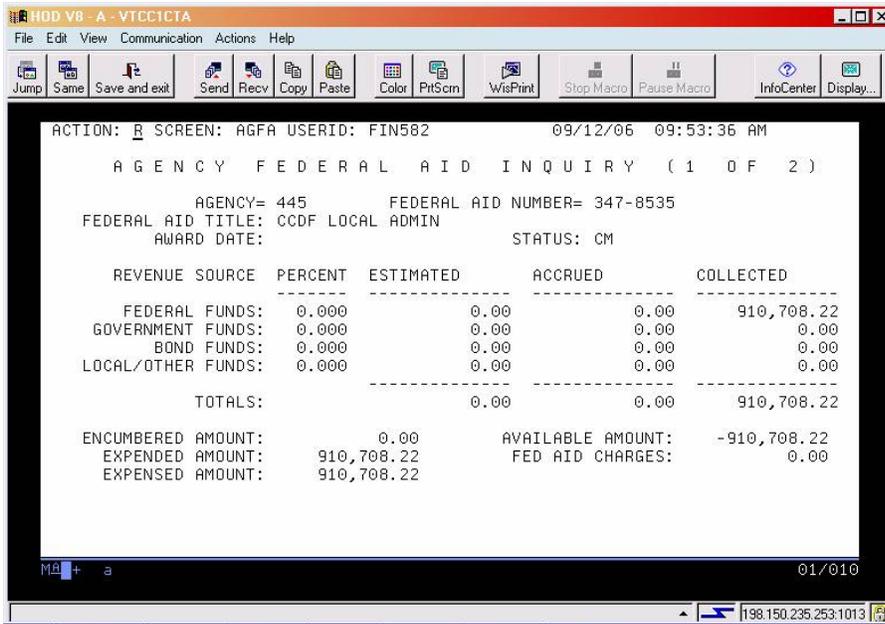
Transactions are processed against AGFA/AGF2 tables, and the federal identifiers are added (CFDA, MFAN):

Trans	Fund	Agy	Org	Appn	AT	Objt	Rept Cat	FAN	CFDA	MFAN
MW...	100	445	5240	347	22	5700	8535	347-8535	93596	G0501WICCDF
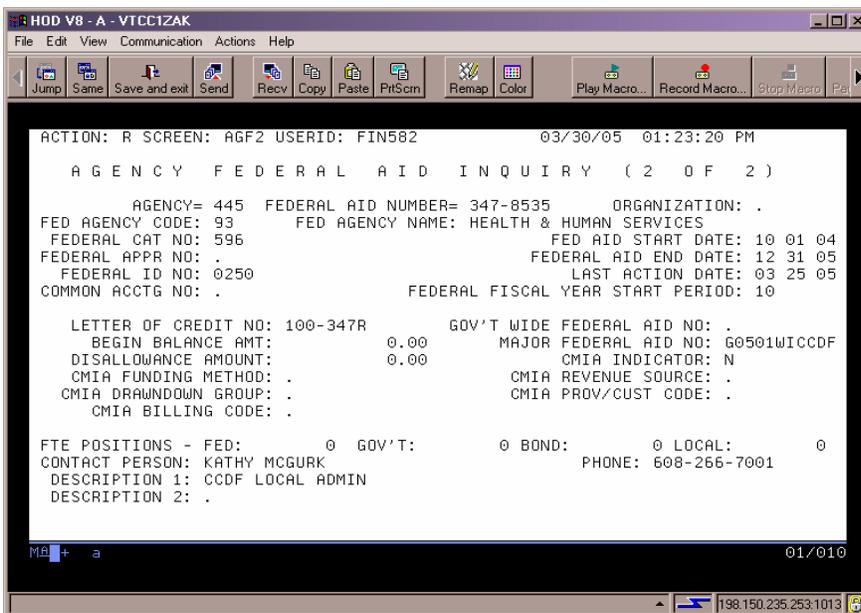
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After the nightly WiSMART processing is completed, the transactions relating to the CM status are extracted to expenditure, charge, and revenue files. The next business morning, these files are downloaded and then processed into FCM. The FCM processing date is one business day later than the WiSMART acceptance date. Therefore, most federal funds are received two days after an expenditure transaction is accepted in WiSMART. However, if a grant is covered by the CMIA program, funds will be received based on calculated draw dates to match when the state cash is disbursed.

During processing, the FCM system looks for proper coding and available grant authority. If there is insufficient grant authority, the transaction is placed in an overdraft file pending additional authority or a correcting entry. When part of an overdraft is recovered, the oldest transactions in FCM are processed first.

On the day an expenditure or charge transaction is successfully processed to FCM, JV entries to record a federal receivable and federal revenue are generated and uploaded, pre-approved to WiSMART (document prefix = "CMI"):

Tr	Fd	Agy	Org	Actv	Appn	AT	Acct	Acct Name	Rept Cat	DR	CR
JV...	100	445	5240	D000	347 R	01	3918	Federal Aid Rec	8535	xxxx.xx	
JV...	100	445	5240	D000	347 R	31	6910	Federal Rev – FCM	8535		xxxx.xx

If a JV rejects in WiSMART, agencies should remember the following:

- Any changes made to the JV at this time could change where transactions are entered on FCM;
- Removing the 'CM' status on AGFA between the time the expenditure and corresponding revenue transactions are processed will prevent the revenue transactions from downloading to FCM;
- Cash draws do not always coincide with revenue transactions.

3. Federal Payment Requests/ Cash Receipts

If the CFDA is flagged in FCM as covered by the CMIA, the draw is processed through an additional scheduling function. Most draws for CMIA grants are scheduled based upon the CFDA, transaction code, object code and transaction acceptance date. If the transaction is related to a check-issuance, a check clearance pattern is applied. The check clearance pattern is usually based on the dollar weighted average number of days it takes for checks to clear the State's Bank.

Based upon the CMIA scheduling, a daily draw report is created for SCO staff. Draw entries are input into FCM and the Federal payment systems based upon the daily draw report. Cash receipt transactions are created and uploaded pre-approved to WiSMART on the day the federal cash is received into the state's bank account (the day after the draw entries are input into FCM):

Trans	Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR
CR...	100	445	347 R	01	1000	Cash	xxxx.xx	
CR...	100	445	347 R	31	3918	Federal Aid Receivable		xxxx.xx

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4. Reports

Monthly FCM Reports

The following monthly reports are distributed to the agencies on the first working day of each month via .txt files or paper.

Expenditure/Charge Detail Report (FCM1)
Lists all expenditure and charge transactions processed.

Revenue Detail Report (FCM2)
Lists all revenue transactions processed.

Grant Overdraft Report (FCM3)
Lists all transactions that are in overdraft status on FCM due to insufficient award authority.

Summary by Agency PIN (FCM4)
This report lists all grants open on FCM with related grant information such as award authority and expenditure and revenue balances as of the end of the month.

Missing Reporting Category Report

This report is accessed on EOS. WiSMART expenditure and revenue transactions that contain a federal appropriation but do not contain a reporting category are listed on this report. It is important to check this report for any transactions that should be processed in FCM and the WiSMART Federal Aid Module.   Transactions that are not processed timely can lead to a draw delay and possible interest liability for grant programs covered by the CMIA.

Federal 272 Quarterly Reports

SCO prepares the quarterly 272 reports for most of the federal payment accounts on FCM.

Other Reports by Inquiry

An agency can request any additional grant information at any time either in excel or text format.

5. The Cash Management Improvement Act (CMIA)

The CMIA requires each state to develop an agreement with the U.S. Treasury which governs the timing of most federal cash transfers. The CMIA requires states to time the receipt of federal cash with the clearance of checks and ACH payments that are issued for Federal programs. The state must pay the Federal government interest in cases when it receives Federal cash in advance of when the checks/ACH payments clear the state's bank. On the other hand, the Federal government must pay the state interest if it does not provide sufficient funds to cover the checks/ACH payments as they clear the state's bank.

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A Memorandum of Understanding (MOU) should be in place for each agency covered by the CMIA. The MOU describes the responsibilities for the State Controller's Office and the state agency. It is important for the state agency to have a good understanding of how the federal cash requests are made and how the coding of WiSMART accounting transactions affects them. In addition, all agencies covered by the CMIA should have a copy of the Cash Draw Parameters used by the SCO to request their federal cash, and their portion of the CMIA Treasury-State Agreement.

The FCM system schedules cash draws for CMIA programs by analyzing the following expenditure and charge data fields downloaded from WiSMART:

- CFDA
- Transaction Code
- Object
- Sub-Object
- Batch Prefix
- WiSMART Record Date
- WiSMART Acceptance Date

The list of programs covered by the CMIA is updated each year. Programs are added or removed depending on the thresholds listed in the in the most recent Single Audit report.

6. <u>Annual Grant Purge</u>

Grant data is purged from WiSMART each year April. The process to identify those federal aid numbers to be purged starts in March. A report listing all federal aid numbers on WiSMART and grant purge instructions are sent out at that time.