

CASH MANAGEMENT

Responsible personnel or unit: Accounting Team & Disaster Recovery Team

The State of Iowa has an active Cash Management Improvement Act Agreement between The State of Iowa and the Secretary of the Treasury (CMIA) For FY 2020 – See appendix C

Cash management includes requests for payments from Recipients and direct payments to vendors as well as management of funds drawn down on the CDBG-DR grants from the U.S. Department of Housing and Urban Development (HUD) while remaining in compliance with 2 CFR 200.305 and 31 CFR 205 and the Treasury-State Agreement (if applicable).

The Iowa Economic Development Authority follows the language of Chapter 8.38 of the Code of Iowa for all funds (not only appropriations as noted in the Code section).

No state department, institution, or agency, or any board member, commissioner, director, manager, or other person connected with any such department, institution, or agency, shall expend funds or approve claims in excess of the funds received, nor expend funds for any purpose other than that for which the money was appropriated or awarded, except as otherwise provided by law.

Both the Disaster Recovery team and the Accounting team are responsible for review and approval of the funds requested and for properly entering those transactions into the Disaster Recovery Grant Reporting System (DRGR), the State of Iowa's accounting system, I/3, and IEDA's grants management system iowagrants.gov.

I/3 Accounting System

Integrated Information for Iowa (I/3) is the State of Iowa's Enterprise Resource Planning system. I/3 supports the State's financial processes such as Accounts Payable, Accounts Receivable, Procurement, General Accounting, Fixed Assets, and Budget Preparation. I/3 and Iowa's Department of Administrative Services (DAS) strive to provide a stable, reliable and accurate system through implementing improvements, upgrades and the development of tracking and accounting monitoring tools.

Informational website: <https://das.iowa.gov/state-accounting/i3>

iowagrants.gov

[IowaGrants](http://iowagrants.gov) is a 100% web-based, full lifecycle grants-management systems that complies with all Federal and State security and accessibility regulations. This system allows for tracking, maintenance, and reporting of all financial information for both the State Grantee and the State's awarded recipients and vendors, including allocation, award, payment, and reimbursement information. In addition, [IowaGrants](http://iowagrants.gov) tracks information about grant announcements, application, application review score sheets, contracts, progress reports, contract amendments, site visits, and other oversight information. IEDA's Internal Control and Compliance team sets up all new allocations in iowagrants.gov and references the applicable CFDA title and number, Federal award detail, allocation year, etc.

The IEDA Project Managers will utilize iowagrants.gov for the day-to-day management of the DR contracts. Project Managers will be able to review submitted information, run reports on financial activity or inactivity of the grant recipient, evaluate steps taken by the recipient to ensure compliance with applicable laws and executive orders, and have access to over-all contract information in order to manage grants and provide technical assistance. Per 2 CFR 200.309 this process ensures IEDA will charge to HUD award only allowable costs incurred during the period of performance and authorized pre-award costs.

Budgeting

The state fiscal year runs from July 1 to June 30. The Accountant is responsible for determining the CDBG budgetary needs for inclusion in the overall IEDA budget. The IEDA budget is coordinated with the Department of Management, and is ultimately approved or denied by the State Legislature.

Budget categories are salaries and fringe, travel, supplies, postage, phone, rent, utilities, professional services, outside services, transfers, reimbursement to other agencies, equipment, indirect costs, refunds, and state aid.

Allocations and Obligations

Per 2 CFR 200.302(b)(3) records that identify the CDBG-DR allocation, authorizations, obligations and unobligated funds are recorded in iowagrants.gov, the Allocation Log (ALOG) and DRGR. Each grant from HUD is recorded in iowagrants.gov and funding opportunities are funded in accordance with the HUD approved CDBG-DR Action Plan for eligible activities. Eligible Activities are submitted to IEDA through iowagrants.gov by units of local government. Only projects that demonstrate through application that they are to fund activities that meet the requirements of the program specific guidelines included in this document, are in compliance with all applicable statutory and regulatory provisions, and are cost reasonable and necessary as supported by application documents such as engineering or contractor estimates will be awarded. No projects will be funded for the general expenses to carry out responsibilities of State or local government. IEDA Disaster Recovery Project Managers and Disaster Recovery Team Leader review applications and make determinations of award or decline. For each contract for an awarded project, the activities are setup in iowagrants.gov in accordance with the awarded application (and any conditions by IEDA) and the contract budgets. In addition to iowagrants.gov, the IEDA maintains an Allocation Log (ALOG) in Excel for the DR grant. As contracts are executed with Recipients, contract award totals and administration amounts are recorded in this spreadsheet, as well as final costs. This log provides a cross check of the amount of money available in each program area, and the obligations of those funds. Each quarter, the amounts recorded in both the iowagrants.gov and the ALOG are reconciled with the Quarterly Performance Reports (QPR) and the DRGR budget per 2 CFR 200.302(b)(2). Amendments to contract budgets are also recorded. At contract closeout, amounts remaining undisbursed in each activity and the contract are deobligated, returning the funds to the program and making them available for other eligible activities. Located in the Appendices to this manual are:

- Allocation Log (ALOG)
- HUD Obligation/Expenditure Report from IowaGrants system

Request for Payment Process

Recipients must submit a claim form through iowagrants.gov and include a General Accounting Expenditure (GAX) form submitted to IEDA through iowagrants.gov. Direct payments to vendors are paid from submitted invoices through iowagrants.gov. All claims are reviewed and approved in accordance with the following responsibilities:

Recipient Requests

The claim form is created by the Recipient in Iowa Grants for both administrative and program funds. The electronic version of the General Accounting Expenditure (GAX) form is submitted, along with a claim form, as funds are needed by recipients to make payment. The following are considered allowable expenditures for which funds may be requested:

- An allowable CDBG expenditure which has been incurred (paid out) by the recipient.
- An allowable CDBG expenditure for which the recipient has a bill on hand. For example, if the Recipient has an approved award to an individual, the Recipient may request the funds to pay out the award without first expending the funds.

The above applies to both program and administrative expenses. The iowagrants.gov claim form serves as the documentation of a cost incurred. Original receipts and original signed GAX forms are maintained by the Recipient and reviewed at the time the project is monitored.

Recipients are also tasked with submitting requests for reimbursement at least quarterly. If forms are to be signed by someone other than the individual(s) who signed the Grant Agreement, a “Signature Authorization for CEO Change” must be uploaded to Iowa Grants prior to the request for payment. Additionally, if recipients wish to name an alternative signatory, a “Signature Authorization for Alternative Signators” must be on uploaded to Iowa Grants.

Claim Reviews

Recipient & Contracted Services Reimbursement:

IEDA’s Reimbursement Coordinator reviews all submitted claims and completes a Claim Review Checklist prior to approving each claim request. First and foremost this process insures that only allowable costs are incurred by the sub-recipient or IEDA contractor. This checklist verifies that that activities included in the draw match the contract, that balances are sufficient for a claim, the GAX documents the period in which the claims were included and verifies those are within the contract’s period of performance, and the following are reviewed:

- Duplication of Benefits has been completed
- The draw(s) does not exceed the award (Need minus DOB)

The Community Investments team is responsible for the maintenance of data in all four of financial tools (iowagrants.gov, I/3, ALOG and DRGR). Each claim is recorded by activity. iowagrants.gov documents budget amounts, current draw activity, cumulative draws, and remaining funds. iowagrants.gov allows contracts to be suspended which would prevent claim creation.

After the review and approval of the submitted GAX and claim form by IEDA’s Reimbursement Coordinator, the Reimbursement Coordinator prepares claims for Team Leader approval. Team Leaders review and approve all claims. Once Team leader has signed-off on claims, the Reimbursement Coordinator initiates the claim in DRGR, and for separation of duties, sends the claim to IEDA’s Fiscal Team. The GAX submitted to the Accounting team is the GAX of record, and subject to audit by State and Federal auditors.

The Accountant receives the GAX and validates that it has been authorized in accordance with the procedures noted above and reviews the funds requested for compliance with period of availability (contract in full force and effect) and budget restrictions. The GAX is also compared to the prior request and the contract to verify the vendor name, vendor code, request number, original grant amount, prior balance, and that remaining balance is adequate for the current request.

The GAX is entered into the State’s accounting system (I/3) after it has been reviewed and approved by both the Community Development Division and Accounting staff and payment is issued. The State of Iowa uses fund C500 to account for administrative costs and fund 5000 for recipient payment for CDBG-DR funds. The Fiscal team then transfers the funds from the State to the Recipient. The Fiscal team sends the recipient the state warrant or separate notification that a direct deposit is occurring.

IEDA Incurred Costs:

IEDA receives invoices for such items as newspaper publishing charges, room rental, and meeting supplies. These items are purchased as needed.

When an invoice is received, it is received by the person who ordered the item/requested the work and a GAX form is completed. The GAX form and invoice are forwarded to the Community Development Division Administrator or Coordinator for their review and approval as evidenced by their signature on the GAX. The form is then forwarded to the Accountant on the Accounting team for their review and approval, as evidenced by their initials. The GAX form is reviewed by the Accountant for allowability and appropriate coding. The GAX is then entered into the I/3 by the Accounting Tech and payment is processed/issued.

In addition to the items noted above, office supplies and furniture may also be purchased. These items are purchased through the Master Contract the State of Iowa has with Office Max or through Iowa Prison Industries (for office furniture) after a request is made by a member of the Community Development team. This request can be made via email or by paper form completed by the person requesting the item. Furniture purchases must be approved by the Division Administrator or Coordinator. When the item is received the Accounting team ensures that the item ordered is what was received and payment is processed. Payment approval by the Accountant is evidenced on I/3 via electronic approval.

States Request for Federal Funds

The Accounting team group is responsible for drawing down funds on the DR-CDBG from HUD in compliance the standards below that meet the requirements of subpart B of 31 CFR Part 205. The major requirements of subpart B of 31 CFR Part 205 are:

- A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes.
- A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project.
- The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.
- States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3.).

Cash Management Improvement Act Agreement (CMIA)

The Iowa Economic Development Authority (IEDA) has a CMIA agreement to implement Section 5 of the Cash Management Act of 1990, as amended. IEDA will apply the cash management rules that apply to IEDA's Community Development Block Grant Funding (CFDA #14.228) which is subject to the State of Iowa Treasury-State agreement to the Disaster Community Development Block Grant Funding (CFDA #14.228). These rules require that funds received from the federal government be expended within three business days and also that funds requested by the Iowa Economic Development Authority are the minimum amounts needed by the state and are in accordance with the actual, immediate cash requirements of the State in carrying out the Disaster Resiliency Community Development Block Grant Funding. The timing and amount of funds requested will be as close to the State's actual cash outlay for program and administrative costs as feasibly possible.

Program funds are receipted into and spent from fund 5000. Administrative funds (including payroll) are receipted into and spent from accounting string fund C500. All funds are provided to Recipients on a reimbursement basis.

The IEDA accounts are administered at the Department of Administrative Services (DAS) via the Integrated Information Iowa (I/3) is the State of Iowa's Enterprise Resource Planning system. I/3 supports the State's financial processes such as Accounts Payable, Accounts Receivable, Procurement, General Accounting, Fixed Assets, and Budget Preparation. I/3 and DAS strive to provide a stable, reliable and accurate system through implementing improvements, upgrades and the development of tracking and monitoring tools.

IEDA processes all payments through the I/3 system and in accordance with the CMIA agreement. IEDA's Accounting Department interact with the I/3 system based on the claims submitted by sub-recipients and IEDA's costs incurred.

In Section 6.2 Description of Funding Techniques of the CMIA agreement it states:

Post-Issuance: The State shall request funds such that they are deposited in a State account after the State issues checks, but before the checks clear. The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I The amount of the request shall be the amount of the disbursement.

Pre-Issuance: The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement. The request shall be made in accordance with the appropriate Federal agency cut-off time.

Both DAS and IEDA Accounting provide a cross check on each system to ascertain that federal funds deposited are utilized in a manner to minimize the time elapsing between the receipt of funds from the Federal government and the transfer of funds to the subrecipients.

Once the funds are deposited by HUD, DAS transfers the funds via electronic funds transfer (EFT) into the sub-recipient's bank account. The EFT form is required to be filled out and submitted as part of the award process to minimize the time elapsing between receipt of federal funds and the transfer of those funds to sub-recipients.

Program Funds

Reimbursement Coordinator reviews claims submitted through iowagrants.gov, approves claims per Claim Review Checklist and prints 3 copies for additional approval by Division Coordinator. Reimbursement Coordinator prepares "CDBG Funding, Draws – Disaster List of Requests to Fiscal" and a "CDBG-Funding, Draws-Disaster to FISCAL for DRGR" (reports). Reports along with approved claims are forwarded to the Accountant.

The Accountant logs onto DRGR and enters the dollars for each activity based on the "Draws-Disaster to FISCAL for DRGR" report. The Analyst creates a voucher in DRGR and returns the voucher and report to the Reimbursement Coordinator to approve in DRGR. Once approved, Reimbursement Coordinator copies "print approval screen" from DRGR and forwards to Accountant.

The Accountant then prepares a Cash Receipt on the State's Accounting system (1/3). The cash receipt is approved by the Accounting Tech 3 and forwarded to the State Treasurer's Office. When the funds from HUD reach the state's bank account the cash receipt is approved by the State Treasurer's Office. The Accountant then modifies the cash receipt to move the funds to the correct accounting string. The modified cash receipt is then approved by the Accountant and Accounting Tech 3. State Accounting then approves the cash receipt. A copy of the completed cash receipts in addition to the DRGR printouts and "Draws-Disaster to FISCAL for DRGR" and "Draws – Disaster List of Requests to Fiscal" documenting all the approvals is maintained by the Accountant.

Administration Funds

Administration accounts related to the FCDBG are reviewed on a bi-weekly basis by the Accountant. The Accountant must review all requests for payment that are processed through the administration account so all costs that have been incurred during the two weeks have been deemed proper and allowable.

Every other Thursday the Accountant summaries all activity in the FCDBG administration account and determines how many dollars to draw. This determination is based on prior history and approximate payroll costs. The Accountant completes a "Administration Draw" form and enters this information into DRGR. Supporting documentation for this amount is retained on a spreadsheet summarized by fiscal year. The voucher number from DRGR is noted on the "Administration Draw" form in addition to the date and the Analyst's initials. The "Administration Draw" form and a screen print from DRGR and then forwarded to the EO2 or DA for approval of the draw. Upon approval, the Accountant prepares a CR which follows the same process as the Program Funds.

All CBDG administrative funds (CDBG, CDBG-DR and CDBG-NDR) are drawn every other Thursday-Monday to comply with the Cash Management Improvement Act payroll warrant requirements regardless of if the program is subject to the Act.

Advance Payments

The State will not seek advanced payments for any activities under this program. However, in the event that advance funds are received the funds are received by the Treasurer of State and held per Code of Iowa Chapter 12C. Furthermore, all state recipients will be required to include costs prior to requesting funds, as such no recipients will request or receive advance payments. Therefore, at the end of the recipient's project contract there will not be any re-payment of unspent funds necessary to collect.

Collections & Improper Payments

If the Grantee discovers an improper payment was made the Reimbursement Coordinator will notify the Recipient and the improper payment will be corrected on the next claim form. The Reimbursement Coordinator maintains a file of the Claim Review Checklists.

Improper payments will result in increased scrutiny for future claims. IEDA may require all claim support documentation including invoices or timesheets for all costs included to be submitted with GAX and claim forms. If improper claims are unable to be substantiated or remedied through the next claim, the Articles of the recipient's contract related to "Default and Remedies," "Suspension" and/or "Termination" may be enforced by IEDA.

Improper Payment process at Recipient level

1. Each Recipient will develop policies and procedures to address how Recipient will audit disaster awards including detecting general over disbursement and eligibility of awards.
 - General over disbursement: Administrative entity disbursed more than the applicant was eligible to draw (disbursed more than the award/contract amount or award was calculated incorrectly therefore the administrative entity disbursed more funds than the applicant was eligible to draw).
 - Eligibility over disbursement: a) Administrative entity disbursed funds to an applicant that was not eligible to receive assistance (i.e. applicant is not an LMI household) or b) Eligible applicant did not provide required program documentation or meet contract terms of forgiveness requirements (i.e. did not sign Subrogation Agreement)
2. If it is detected that the Recipient provided funds in excess of what the applicant was eligible to receive, the Recipient may immediately repay the excess funds to the state.
 - The Recipient must also document in the applicant file detailing the reason for the over disbursement of funds
 - The applicant file should clearly identify the name of the program through which the funds were provided to the applicant, the dollar amount provided and the portion of the funds deemed over disbursed.
3. If the Recipient determines the applicant did not meet contract or program eligibility requirements, the Recipient must recapture the funds using their established policy/procedures. The Recipient's recapture policy/procedures must contain at a minimum the following:
 - Documentation of reason(s) for recapture
 - 30-day notice requiring repayment options and opportunity to cure:
 - Repayment amount
 - Partial repayment request for repayment plan (installments) – request is sent to IEDA for approval including financial supporting repayment plan).

- Appeal process, contesting repayment. An applicant may appeal to the Recipient. Recipient gathers additional information regarding the appeal and makes a determination. Recipient forwards appealed determination to IEDA.
 - If a notice is returned the Recipient will take action to locate the applicant.
 - Recipient sends 15-day notice & demand for repayment with opportunity to cure, if no response from 30-day notice.
 - If fraud is suspected, the file is turned over to IEDA immediately.
4. If Recipient has not recaptured funds by locating applicants and sending notices, Recipient may make a formal request to IEDA to initiate collection and/or legal actions for specific applicants. (note: IEDA will only take assignment on an enforceable lien/contract). Recipient submits:
 - A request to initiate collections and legal action for specific applicants, approved by the City Council/Board of Supervisors;
 - An “Assignment of Contract” signed by City/County official
 - Summary of reason(s) for recapture of funds and collection actions taken by the Recipient;
 - Copy of applicant file including original signed contract between applicant and Recipient, signed contract documents, applicant name, address and contact information; demand notices sent to applicant and correspondence and/or results of notices; copy of bankruptcy notification if applicable.
 5. Recipient sends repayment or the file (in the event the funds were uncollectable) to IEDA. Repayments are returned on a claim form accompanied by a completed Return of Funds Form.

IEDA process for Improper Payment of disaster funds

1. IEDA monitoring of the Recipient recapture process.
 - The IEDA project manager will review the Recipient’s recapture policies and procedures through a desktop monitoring prior to the first construction draw.
2. IEDA Collections Manager follows IEDA collections process:
 - If the Recipient has notified IEDA of suspected fraud. IEDA will provide information to the Iowa Attorney General.
 - IEDA reviews the Recipient’s collection/attempts to collect over disbursed funds to ensure an attempt to contact the recipient has been made.
 - Where applicable, IEDA may attempt to recoup or recover funds or assets.
 - IEDA reviews any requests for payment terms other than full and immediate repayment and request additional documents as applicable.
 - IEDA may recommend a charge-off, if one of the following conditions occurs.
 - Funds to be recaptured are less than \$100.
 - Recipient of funds has very little or no means to repay with no assets that can be garnished.
 - Costs of collection would exceed the payment due amount.
 - Recipient cannot be located.
 - If legal action is required, IEDA Director approves prior to forwarding to collection attorneys.
 - IEDA documents resolution of all State-handled collection cases.

Timesheet Approval- IEDA Employees

Timesheets are completed bi-weekly by each employee and show the breakdown of time spent by an employee on disaster related activities. Employees must sign/certify their timesheet and submit to the supervisor for approval. The timesheets are forwarded to the Human Resource Associate where they undergo review and employee leave balances, etc, are monitored and updated.

Period of Performance and Authorized Pre-award Costs

IEDA will ensure it will charge to HUD only allowable costs (except as described in 200.461, Publication and Printing costs) incurred during the period of performance and authorized pre-award costs per 2 CFR 200.309.

In addition, IEDA follows 2 CFR 200.458 which states pre-award costs incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

IEDA will limit all pre-award costs to those costs incurred and paid by the State only. Such costs include administrative time for IEDA staff for the establishment of the 2019 CDBG-DR programs, and costs associated with three technical services contracts:

1. Duplication of Benefits (DOB) technical assistance to develop necessary compliance requirements for program guidelines, and;
2. Design Consultation technical assistance to provide high performance building and storm water management design services to CDBG-DR applicants, and;
3. Home Energy Rating System (HERS) rater consultant to assist with early design concepts for high performance housing construction.

IEDA ensures that only allowable costs are charged to HUD in a variety of ways.

Program Income and Recaptured Funds – Timing of Use

All funds are provided to Recipients on a reimbursement basis. Although no revenue-generating activities are anticipated to be undertaken with DR funds, the iowagrants.gov management system is set up to track program income. Should this occur, program funds are not allowed to be drawn until all program income has been expended. recapture of funds (funds returned to the State as a requirement of a Term of Affordability, after a National Objective has been met) will be treated in the same manner as program income.

When funds are returned to the state through repayment, recapture or insurance proceeds, and current incoming draws are not anticipated in the short-term, in order to comply with all first-in, first-out policies, the funds will be received as Program income, to be reobligated to future eligible projects.

The IEDA does not anticipate gross income earned by the Recipient that is directly generated by a supported activity or earned as a result of the CDBG-DR Award during the period of performance. If the situation arises the following steps will be taken to ensure reconciliation of program income with all accounting systems;

If the activity is still open in IowaGrants and DRGR:

- Recipient will report, via IowaGrant's normal claim process, the amount of program income earned.
- Recipient will disburse and report through IowaGrants, funds available from program income prior to drawing additional program funds.
- IEDA will not approve claims in iowagrants that don't take into account first the expenditure of reported program income.
- Presumably at the end of the contract there will be an amount of un-drawn funds equal to the amount of Program Income received, this will be deobligated by the State at the activity closeout.

If the activity is closed in IowaGrants and DRGR, but the HUD Grant with the State is still open:

- The Recipient will mail the payment to IEDA with the contract and Activity number in the Memo Line
- The IEDA will deposit the funds and enter program income into DRGR
- The State will expend the funds on the first CDBG-DR eligible claim in iowagrants and DRGR
- As Activities close, if there is a remaining balance resulting from the use of Program Income, this will be deobligated by the State at the activity closeout.

If the HUD Grant with the State is closed

- The Recipient will mail the payment to IEDA with the contract and Activity number in the Memo Line
- The funds will be deposited by IEDA, and recorded into IDIS as Program Income from CDBG-DR to be applied to the State's annual CDBG program.
- Program Income funds will be expended first to eligible annual CDBG claims in iowagrants and IDIS.
- As Activities close, if there is a remaining balance resulting from the use of Program Income, this will be deobligated by the State at the activity closeout.