



Cash Management Procedures

OF INTEREST TO

The Office of Early Learning (OEL, the Office), Early Learning Coalitions (ELCs, coalitions), and other direct subrecipients of OEL implementing federal and state early learning programs.

SUMMARY

This program guidance advises ELCs and other subrecipients that receive early learning funding from OEL on procedures governing changes to electronic funds transfers, advance payments, final and supplemental invoices, interest earned, audit disallowances, program income, stale checks, and current and prior year refunds. This guidance document is incorporated by reference into the Early Learning Grant Agreement (grant agreement).

AUTHORITY

[Public Law 101-453 – The Cash Management Improvement Act of 1990 \(CMIA\)](#)

[2 CFR § 200.80 – Program income](#)

[2 CFR Part 200.302; 2 CFR § 200.305 – Financial Management](#)

[31 CFR Part 208 - Management of Federal Agency Disbursements](#)

[45 CFR Part 75.305; 45 CFR Part 92.21\(i\) - Payment](#)

[Section 216.181\(16\)\(b\), Florida Statutes \(F.S.\)](#)

[Chapter 717, Florida Statutes](#)

Rule [6M-8.205\(5\)\(a\)](#), Florida Administrative Code (F.A.C.)

[Standards & Guidance – fasab.gov](#)

Reference to any laws, rules and regulations in this guidance document includes revisions to those laws and regulations made after the effective date of this guidance document.

BACKGROUND

The procedures of each ELC regarding receipt, custody and expenditure of program funds are periodically subject to review. ELCs must comply with state and federal law and generally accepted accounting principles when managing funds for the implementation of early learning programs. ELCs must implement effective cash management procedures which include, but are not limited to the following:

- Exercising control over and accountability for all funds.
- Maintaining up-to-date written procedures to minimize the time elapsing between the transfer of funds and payment of allowable, reasonable and necessary costs to subrecipients, contractors, and providers.
- Maintaining sufficient cash on hand to prevent any interruption in services.
- Applying the “allowable, reasonable and necessary test” prior to incurring expenditures.
- Avoiding disallowed costs by seeking prior approval for expenditures that require prior approval.
- Developing and adhering to effective internal fiscal control policies and practices.
- Ensuring accurate invoice reconciliation on which to base cash advance requests.
- Keeping accurate records and readily available supporting documentation for all expenditures.
- Routinely posting to accounting systems to generate up-to-date cash availability data.
 - Reconciling all accounts monthly.
 - Maintaining awareness of cash flow issues, specifically with regard to potential variations in cash flow.
 - Conducting frequent analysis of fiscal needs based on historical experience, taking into account events such as holidays, hurricane season, migrant work, and other factors that impact enrollment.
 - Maintaining accurate projections by utilizing the SR Projection Tool within the School Readiness (SR) Invoice Workbook.
 - Ensuring all related revenues are properly recorded.

Definitions

Advance Payment

An advance of funds occurs when an entity receives funds prior to disbursing them.

Cash Management

Internal control procedures that minimize the time elapsing between the transfer of funds to the grant subrecipient and the related disbursement.

Other Cost Accumulator (OCA)

Codes used for tracking state and federal expenditures.

Program Income

Gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the award during the period of performance.

Prepaid Costs

Prepaid costs are those disbursed for goods or services in advance of receipt of goods or services.

Single Statewide Information System (SSIS) 5045

Detailed payment report used to identify expenditures completed in the SSIS for direct services by OCAs, billing groups, and providers.

GUIDANCE

Electronic Funds Transfers (EFT) and Warrants

[45 CFR § 75.305\(b\)](#) requires payment methods be used to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement of payments by the state, ELC, or other subrecipients. Coalitions are required to fully implement the EFT system for efficient and timely payment processing.

To ensure timely payment is received, an ELC changing financial institutions or merging with another ELC must submit a letter from the new financial institution and a Vendor Direct Deposit Authorization Form ([Form DFS-A1-26E](#)) to the Department of Financial Services, Direct Deposit Unit. Refer to page two of the form for instructions and for more information about EFT/Direct Deposit.

If registered at MyFloridaMarketplace, call (866) 352-3776.

Coalition Advance Payments for SR, VPK, CARES, CRRSA, and ARPA

A cash advance to a coalition must be limited to the minimum amount needed and timed in accordance with the actual, immediate cash requirements of the coalition in carrying out the purpose of the specific program. The timing and amount of a cash advance must be as close as administratively feasible to the actual disbursements by the coalition for direct program or project costs and the proportionate share of any allowable indirect costs [45 CFR § 75.305\(b\)\(1\)](#).

Rule [6M-8.205](#), F.A.C., addresses coalition advance payment and reconciliation for the VPK Program.

To facilitate disbursement of a cash advance for funds, a coalition must:

- Submit a cash advance request in accordance with the invoice format prescribed by OEL Program Guidance 240.06 - Reimbursement Requests.
- Base a cash advance request on the projected need to cover the coalition's immediate cash requirements as indicated by the documentation on the Advance Estimation Calculator, which should not exceed the anticipated expenses of the current business cycle.
- Complete a monthly reconciliation by comparing the coalition's monthly expenditures against the amount of advance funds held by the coalition, including projections for future cash needs. The advance amount may increase or decrease based on the cash need documented in the Advance Estimation Calculator and will be automatically reflected on the invoice page in the workbook. The invoice documentation must include the completed Advance Estimation Calculator each month to support the projected cash required for the current business cycle, which will result in the amount retained in advance.
- Manage cash and repayment of advance funds by offsetting against invoices for expenditures to ensure the coalition has fully expended advance funds before the end of the fiscal year.
- See COVID-19 Program Guidance Attachment 240.21 for additional guidance pertaining to CARES, CRRSA, and ARPA advance.

If a coalition has not fully expended advance funds at the end of a fiscal year (i.e., there are not sufficient expenditures on the final invoice to offset the advance payment), coalitions must prepare a final invoice indicating the difference between the final invoice amount and the balance of the advance funds and submit a check, made payable to OEL for the amount of the unexpended advance funds.

Refunds submitted after June 30, or earlier if notified by OEL, for the prior award year will not restore or create certified forward budget.

OEL retains the discretion to increase or decrease the amount of coalition advance payment based on availability of funds or, for the VPK program, student enrollment projections per Rule [6M-8.205](#), F.A.C.

Program Income

Program income earned during the year must be recorded in the ELC's accounting system as restricted funds, subject to the same terms and conditions and compliance requirements of the award funds used to generate the program income. Any program income earned by a coalition within a month must be offset by any allowable expenditures within that month or the following month prior to the expenditure of funds from which the income was earned. (See [2 CFR Part 200.305\(b\)\(5\)](#).)

Prior approval from OEL is required for any coalition request to hold program income funds for more than one month. No requests can be approved beyond the grant award year in which the program income was earned.

Examples of program income include, but are not limited to:

- Fees from services performed, including fees earned from training events conducted by the ELC for education of providers, parents, or others in the community about early learning programs.
- Use, rental or sale of real or personal property acquired under federally funded projects.
- Use of commodities or items created under an award, including curriculum or other products developed with award funds.
- License fees and royalties on patents and copyrights.

Undeliverable, Returned, and Stale Dated Checks

ELCs issue payments to vendors and providers as part of its regular business practice. When issued payments are returned as undeliverable or delivered and not cashed by the vendor and/or payee (a stale dated check), the coalition should exercise due diligence in attempting to find the vendor or provider to effect payment.

ELCs must have policies in place to address the proper handling of outstanding checks which identify the following, at a minimum:

- The number of days a check remains outstanding before prompting initial contact with the vendor/payee.
- The method of required initial contact, such as a phone call, written correspondence, etc.
- Sufficient documentation for ELC records to show the follow-up by ELC staff on outstanding checks.
- The number of days a check remains outstanding prior to cancellation.
- The manner of disposition of the proceeds received from the cancelled checks.

After an extended period of inactivity on the coalition books (the dormancy period) and after exercising due diligence to locate the vendor or provider, the coalition must report and remit funds in excess of ten dollars to the Florida Department of Financial Services (DFS) as unclaimed property in accordance with [Chapter 717, Florida Statutes](#). The procedures for reporting and remitting unclaimed property to DFS can be found in the “Florida Unclaimed Property Reporting Instructions Manual” ([DFS-A4-1992](#)).

During the dormancy period and prior to remittance to the Bureau of Unclaimed Property, the coalition should appropriately identify the returned/unissued payments in their accounting records.

Provider Advance Payments for VPK

Section 1002.71(5)(b), F.S., requires OEL to adopt procedures for the advance payment of private providers and public schools in the VPK Program. OEL has done so under rule [6M-8.205](#), F.A.C.

Therefore, each coalition shall calculate and reconcile advance payments to private providers and public schools in the VPK program and address provider overpayments in accordance with rule [6M-8.205](#), F.A.C.

Rule [6M-8.205\(5\)\(a\)](#), F.A.C., requires a coalition to make reasonable efforts in collecting an overpayment from a provider. OEL Program Guidance 240.03 – Collection of Delinquent Accounts provides guidance regarding the steps which constitute reasonable efforts on behalf of the coalition.

If a coalition has performed due diligence and is owed money by a provider at the end of the fiscal year due to unrecovered provider overpayments, the coalition may invoice OEL on the final (13th) invoice for the delinquent amount. A coalition must submit its final VPK Reimbursement Request for the fiscal year and ensure the request is marked as the final invoice. The coalition must include supportive detail of funds owed by each delinquent provider. When the debt is collected, the coalition must submit a check for the amount of the collection to OEL with Attachment A - Deposit Form indicating a prior year adjustment.

Interest Income

All funds received from OEL, including advance funds, must be kept in interest bearing accounts, unless one of three following conditions applies ([see 2 CFR Part 200.305\(b\)\(8\)](#)):

- The recipient receives less than \$250,000 in awards per year.
- The best reasonably available interest bearing account would not be expected to earn in excess of \$500 per year on cash balances.
- The depository would require an average or minimum balance so high it would not be feasible within the expected Federal and non-Federal cash resources.

Full FDIC insurance coverage of grant funds invested in interest bearing accounts is optional. Alternative arrangements (such as supplemental insurance options) may be of interest to your organization’s management team if the risks for uninsured balances seems too high.

Federal regulations and the grant agreement require coalitions and their subrecipients remit interest earned on federally funded advances (SR, CARES, CRRSA, ARPA funds) to OEL annually. A coalition may keep SR/CARES/CRRSA/ARPA interest amounts up to \$500 per year for administrative expenses ([see 2 CFR § 200.305\(b\)\(9\)](#).)

If the coalition keeps interest amounts for administrative expenses, the coalition must reflect the interest retained on the Reimbursement Request Invoice. A coalition must use the funds to offset administrative reimbursements (billed to OCA - 97BBA for SR or the appropriate administrative OCA for the other funding sources) on the invoice during the period the allowable interest is retained.

A coalition must return interest income on VPK funds to OEL in accordance with section [216.181\(16\)\(b\), F.S.](#), in accordance with the grant agreement.

A coalition should calculate the interest earned throughout the program year on funds in the coalition's interest-bearing account. A coalition must keep documents such as bank statements to support the interest income calculation and make these documents available for audit or monitoring purposes. The interest must be calculated separately for each funding source (i.e., SR, VPK, CARES, etc.).

Earned interest must be returned by check made payable to OEL within 30 calendar days after the end of the fiscal year. The remittance detail must identify interest payment attributable to each program.

Attachment B, Interest Calculation Template, is provided for coalitions to use in calculating the amount of interest attributable to early learning funds. This template would only need to be utilized by coalitions who combine early learning funds from multiple funding sources in an interest bearing account.

Support Documentation

Coalitions must document any interest earned on federal and state funds and remit documentation to OEL, as appropriate, for audit and monitoring purposes.

Interest Income Sample Calculation Instructions

Step one

Take the beginning balance from the bank statement and determine the percentage distribution of the beginning balance from each of the various funding sources.

Step two

Take the ending balance from the bank statement and determine the percentage distribution of the beginning balance from each of the various funding sources.

Step three

Calculate the average of the beginning balance and ending balance percentage distributions.

Step four

Take the amount of interest paid from the bank statement and allocate interest earned among the various funding sources.

Note: All interest income earned on VPK must be returned to OEL. Interest earned on SR/CARES/CRRSA/ARPA funds in excess of \$500 each program year must be returned to OEL.

An example of these steps are displayed on the following page.

Example

Step One: Take the beginning balance from the bank statement - example \$1,000,000 and determine the percentage distributions of the beginning balance among SR, VPK, OAMI, and Other.

School Readiness	VPK	OAMI	Other	Total
\$540,000	\$330,000	\$20,000	\$110,000	\$1,000,000
54.00%	33.00%	2.00%	11.00%	100.00%

Step Two: Take the ending balance from the bank statement - example \$850,000 and determine the percentage distributions of the ending balance among SR, VPK, OAMI, and Other.

School Readiness	VPK	OAMI	Other	Total
\$460,000	\$280,000	\$10,000	\$100,000	\$850,000
54.12%	32.94%	1.18%	11.76%	100.00%

Step Three: Calculate the average of the beginning balance and ending balance percentage distributions:

	School Readiness	VPK	OAMI	Other	Total
Beginning	54.00%	33.00%	2.00%	11.00%	100.00%
Ending	54.12%	32.94%	1.18%	11.76%	100.00%
Average	54.06%	32.97%	1.59%	11.38%	100.00%

Step Four: Take the amount of interest paid from the bank statement - example \$4,000 and allocate interest earned between SR, VPK, OAMI and Other.

	School Readiness	VPK	OAMI	Other	Total
Percentage	54.06%	32.97%	1.59%	11.38%	100.00%
Allocation	\$ 2,162.40	\$ 1,318.80	\$ 63.60	\$ 455.20	\$ 4,000.00
Interest Total	\$ 2,162.40	\$ 1,318.80	\$63.60		\$ 3,544.80

In this example, of the \$4,000 in interest earned during the month the ELC would allocate \$3,544.80 of this interest to SR, VPK, and OAMI funds and return this amount to OEL.

NOTE: For consistency purposes, the calculated average percentages were rounded to the nearest whole number at the second decimal place for application to the interest earned.

Prepaid Costs

For prepaid costs to be allowable, the costs must be expended and accounted for based on the following:

1. Reasonable under the circumstances.

The cost and the prepayment of the cost must be ordinary, necessary, and within sound business practice. If there are other options for payment besides prepayment (i.e., installment payments), the ELC should document why the prepayment option was the most cost effective (i.e., cost savings) and provided the greatest benefit to the grant.

2. A reasonable allocation of costs to the award(s) based on the benefit received.

The appropriate OCA(s) must be charged.

3. Sufficient documentation to justify the prepayment includes:

- A description of the cost to be prepaid and the grant program(s) to be charged for the cost along with applicable funding period(s) for the charged grant(s).
- Benefit received or other business rationale for making the prepayment.
- Methodology used to allocate the cost among the various benefitting grant programs.
- Time period the prepayment covers.

4. Within allowable period.

For goods or services to be consumed during the period of performance, [45 CFR Part 75.309](#), states “a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in [45 CFR Part 75.461](#)) and any costs incurred before the HHS awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity. Funds available to pay allowable costs incurred during the period of performance include both Federal funds awarded and carryover balances.” The period of performance is specified on the Notice(s) of Award, which typically correspond to the State Fiscal Year (July 1 – June 30). See below for how to treat any unused portion remaining at June 30.

- **For any prepaid costs not consumed by end of the grant year**, the unused portion should be refunded to OEL or offset by the final current year invoice. If the item of cost is an annual expense to the program, with consistent amounts, the unused portion is not required to be returned, but may be applied to the next program year, if benefit to the future year is expected to be realized.
- The ELC should maintain documentation to support the benefit was realized in the subsequent year.

5. The ELC should maintain appropriate records to show the balance of the prepaid cost or item throughout the grant year, and perform a periodic physical inventory on prepaid items, where appropriate.

Examples of common prepaid costs include:

- Insurance premiums
- License renewals
- Membership dues
- Scholarships (participants or eligible program recipients)

- Prepaid travel
- Prepaid registrations

Audit and Monitoring Disallowances, Refunds and Court-Ordered Restitution

During monitoring or audit activities, a particular item or items of cost may be questioned. OEL may formally determine an expenditure is unallowable in accordance with the applicable cost principles, Florida Statutes, or other terms contained in the grant agreement. The funds from such a disallowance must be adjusted or returned to OEL.

A coalition may also receive a refund from a parent, contractor, or provider that resulted from an overpayment or an improper payment. A refund may also result from court-ordered restitution. Such refunds must be adjusted or returned to OEL.

Instructions for returning funds to OEL:

1. For disallowances, overpayments, improper payments, or refunds (excluding court-ordered restitution) involving **current year** grant funds, the coalition must:
 - Reduce or “offset” the next monthly Reimbursement Request Invoice with the amount of repayment due from the coalition.
 - Enter the amount of disallowance or refund as a reduction to the OCA originally impacted by the expenditure.
 - Include a written explanation indicating the Reimbursement Request reflects a reduction because of a disallowance or refund referenced in the supporting documents provided.
 - Submit the Reimbursement Request Invoice via the SharePoint Coalitions Zone Invoices library into the appropriate program folder.
2. For refunds resulting from court-ordered restitution payments involving **current year** grant funds and for disallowances, overpayments, improper payments, court-ordered restitution, or refunds involving **prior year** grant funds, ELCs should:
 - Remit a check (made payable to the OEL) for the refunded amount.
 - Complete a Deposit Form and submit via SharePoint.
 - Submit documents that explain the reason for the refund and the OCA(s) originally impacted (including the Closed 5045 for direct services).
 - Sign and date the Coalition Certification at the bottom of the deposit form.

Note: Refunds submitted after June 30 or earlier if notified by OEL for the prior award year will not restore or create certified forward budget.

When court-ordered restitution refunds are received by OEL from an entity other than the coalition, the OEL grant manager will notify the coalition via email. The coalition may view the court-ordered restitution receipt log on SharePoint Coalition Zone>Finance Administration & Budget Services>Budget Services. One of the following two sets of procedures should be followed.

1. For refunds resulting from court-ordered restitution payments involving **current year** grant funds the following procedure must be followed:

- Complete a Deposit Form and submit via SharePoint.
 - Complete a supplemental Reimbursement Request Invoice with the current year invoice workbook with the amount of repayment due from the coalition.
 - Submit supporting documentation to include the Closed Final 5045 that explains the reason for the refund and the OCA(s) originally impacted along with the Reimbursement Request Invoice.
 - Submit the Reimbursement Request Invoice workbook via the SharePoint Coalition Zone Invoices folder.
2. For refunds resulting from court-ordered restitution payments involving **prior year** grant funds the following procedure must be followed:
- Complete and submit via SharePoint as applicable:
 - Attachment A– Deposit Form Workbook
 - Final 5045s and applicable supporting documentation, as applicable by filling in the coalition name, date, deposit type (court-ordered restitution), check number (as listed on the restitution tracking log), payor name(s) (the payor name as listed on the restitution tracking log), grant number, county name(s), org code(s), OCAs;
 - Submit documents that explain the reason for the refund and the OCA originally impacted (including the Final 5045 for direct services) along with the deposit form; and
 - Sign and date the Coalition Certification at the bottom of the deposit form.
 - Submit all above required documentation to your assigned OEL grant manager.
 - Any applicable EFS updates should be completed within the current open month, and the above required supporting documentation should be submitted by the 25th calendar day of the month following the current open month.

Remittance Address

A coalition must submit remittance checks to the following address:

Office of Early Learning
Attn: Financial Administration and Budget Services
250 Marriott Drive
Tallahassee, Florida 32399

Reimbursement Request Invoice

Reimbursement Request Invoices shall be submitted for approval in accordance with the format prescribed by OEL Program Guidance 240.06 - Reimbursement Requests.

EFFECTIVE DATE

Issuance of this guidance represents approval by OEL management of the indicated procedures and related administrative forms. These procedures will be effective as of the date of this guidance listed below.

HISTORY

Original.—FPSR-PI-FMS-04-02. (Rescinded). Revised OEL-PI-0038-06 (June 23, 2006). Revised.—OEL-FG-0044-07 (May 24, 2007). Revised – OEL-FG-0048-08 (September 22, 2008). Revised – OEL-FG-0001-12 (February 20, 2012). Revised – May 15, 2014. Revised – June 23, 2015. Revised June 2016, effective July 1, 2016. Revised July 1, 2017. Revised May 2021, effective July 1, 2021.

REPLACEMENT OF FORMER POLICY

This program guidance replaces OEL-FG-0001-12 (Cash Management Procedures) adopted by the Office of Early Learning on February 20, 2012. OEL Program Guidance 240.08 - Calculating Interest (former Fiscal Guidance 12.01) is rescinded and incorporated within this program guidance effective July 1, 2019.

ATTACHMENTS

Attachment A – Deposit Form Workbook

Attachment B – Simple Interest Template

Please direct questions and comments to the Office of Early Learning at
oel.questions@oel.myflorida.com.