

To: work2future Staff & Subrecipients
From: work2future Director
Effective Date: May 2020
SUBJECT: Cash Request Policy
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OPERATIONAL DIRECTIVE

Purpose:

This directive provides guidance to work2future subrecipients with contracts funded by the Workforce Innovation and Opportunity Act (WIOA) who need cash to pay for financial transactions required for the execution of their contracts. Requests for cash are not strictly tied to accrued expenditures or invoices. In fact, cash requests are better described as draws against the available resources of a subrecipient's contract needed to pay bills. The following examples illustrate the differences between expenditures and cash needs:

- Accrued payroll that will not be paid to employees until their earnings period elapses does not constitute a need for cash.
- A purchase of goods using a credit card that will not be payable until after the seller bills does not constitute a need for cash.
- The amount due for a prepayment of rent or insurance which has not yet accrued does constitute a need for cash. Such prepayments must be normal billing practices in the respective industry.
- Purchasing items that need to be paid prior to delivery and/or ultimate use, including items that will be disbursed over the course of the contract (e.g., bus passes) do constitute a need for cash.

Cash requests are the mechanism to ensure that subrecipients have the funds needed to write checks. Although they are not strictly related to the recognition of accrued expenses, they are driven by financial actions that will be accrued to the contract's purpose, scope, and budget. The differences between cash needs and allowed expenditures is nothing more than a timing issue, and those timing differences are reconcilable items. At the end of a contract, both cash draws and expenditures will be the same.

Scope:

This directive provides instructions on the Cash Request process. It applies to all work2future subrecipients funded by WIOA who need cash to meet its obligations to pay suppliers of goods and services for the execution of the WIOA programs. This directive contains various forms and instructions.

Effective Date:

This directive is effective upon date of issue.

PROCEDURES:

work2future offers subrecipients a choice of three methods for receiving cash:

- Method 1: Direct deposit to a bank account
- Method 2: Deliver a check by U.S Mail
- Method 3: Pick up check from work2future Fiscal Unit

Subrecipients must elect one of the following Delivery Methods by submitting either:

Form A Wire Transfer Request

Form B Manual Check (Mail or Pick Up)

The completed form must be signed and mail or faxed to the address or fax number provided on the form. The instructions for filling out the form are dependent on which delivery method is selected. If subrecipients have multiple contracts, they must select one method for their organization that will cover payments for all WIOA funded contracts.

work2future will review the requests for cash and compare the pace of cash requests with the contract's expected periodic expenditure rates together with the Projected Cash Flow Statement and the Cash Status Form. work2future, has the right to evaluate why the need for cash is accelerated or decelerated from planned amounts, and when necessary work with the subrecipient to manage the contract as required. A corrective action plan may be necessary.

CASH DELIVERY METHODS

Method 1. Direct deposit to a bank account – Form A Wire Transfer Request

- Subrecipients must complete and submit Form A - Wire Transfer Request and the Cash Request Form to the work2future Fiscal Unit along with a Projected Cash Flow Statement which includes anticipated payroll and vendor disbursements for the period requested.
- Subrecipients must send all forms via US Mail, fax or email to the work2future Fiscal Unit.
- If a Wire Transfer request is submitted by Wednesday, the money should reach the subrecipient's specified bank account in 6 business days (i.e., the next Thursday).
- It is the responsibility of the subrecipient to notify work2future promptly if their organization changes banks or bank accounts.

Method 2. Deliver a check by U.S. Mail

- Subrecipients must complete and submit Form B - Manual Check Request and the Cash Request Form to the work2future Fiscal Unit along with a Projected Cash Flow Statement which includes anticipated payroll and vendor disbursements for the period requested.
- Subrecipients must send all forms via US Mail, fax or email to the work2future Fiscal Unit.
- If the cash request form is submitted by Wednesday, work2future will mail checks via US Mail in 7 business days (i.e., the next Thursday).
- It is the responsibility of the subrecipient to notify work2future promptly if there is a change to your mailing address.

Method 3. Pick up checks at work2future

- Subrecipients must complete and submit Form B - Check Manual Request and the Cash Request Form to the work2future Fiscal Unit along with a Projected Cash Flow Statement which includes anticipated payroll and vendor disbursements for the period requested. Check the box provided for pick-up.
- Subrecipients must send all forms via US Mail, fax or email to the work2future Fiscal Unit.
- Checks can be picked up by subrecipients at the work2future Fiscal Unit's office each Thursday. work2future's processing time is generally 6 business days, accordingly if a cash request is submitted by a Wednesday before 5:00 pm, the check will be ready for pick up by the following Thursday.

CASH DELIVERY SCHEDULE:

The work2future has a check run cycle that begins on every other Wednesday. The process follows a 6 or 7 business day schedule. Below is an explanation of steps that are required to process cash requests:

• Day 1 (Wednesday)

Cash Request is submitted to work2future Fiscal Unit

Subrecipient submits the completed Form A- Wire Transfer Request or Form B- Manual Check Request and Cash Request Forms to the work2future Fiscal Unit.

The cut off day/time for cash requests is each Wednesday at 5:00 pm. Requests submitted to work2future after 5:00 PM on Wednesday will be processed for the next check run date.

• Day 2 (Thursday)

Cash Request is processed for payment

On Day 2, work2future Fiscal staff reviews the Wire Transfer Request or Manual Check Request and the Cash Request forms and creates an Invoice Payment Edit list in the City Financial Management System (FMS). Depending on the delivery method selected, work2future Fiscal Staff will initiate a wire transfer, mail, or pick up request. work2future Fiscal staff obtains signatures on the Invoice Edit List, and Wire Transfer Request or Manual Check Request or Cash Request from work2future Approving Signatories.

• Day 3 (Friday)

Invoice Edit List for Cash Payment Request is submitted to City Finance Department at its regular submittal deadline

On Day 3, work2future Fiscal Staff submits the Invoice Payment Edit list and supporting documentation to City Finance at its regular submittal deadline which is every Friday.

• Day 4, 5, 6 (Monday, Tuesday, Wednesday)

Invoice Edit List for Cash Payment Request is reviewed by City Finance Department

On Day 4-6, City of San Jose Finance reviews and processes check or wire transfer depending on the delivery method selected. Please note that the City processes the request along with other Payment requests from other departments during their regular Accounts Payable check run: this explains the need for the 3-day processing time.

• Day 7 (Thursday)

Cash is delivered

If the delivery is by wire transfer, the transaction should be received by the subrecipient's specified Bank account on this date. If the delivery by check, City Finance staff will put the check in the U.S. mail. If the delivery is by subrecipient pick-up, City Finance will route the check to work2future Fiscal Staff who will hold the check for pick up at work2future Almaden Business Services and Administration Center.

EXCESS CASH:

The Federal (DOL) and the EDD define excess cash as any amount that is not disbursed within four working days after receipt. Because the City of San Jose's check write cycles are 6 to 7 days, work2future will process cash draws for all expected needs that cover needs through the period extending 7 days out from the request date. Subrecipients must be diligent in projecting the real cash needs over those 7 days.

Subrecipients are required to submit a Cash Status Form along with a Check Register

- a.) four days after receipt of cash
- b.) and prior to submitting the next cash request.

work2future fiscal staff will compare the amount in the Cash Status Form and Check Register to the amount requested in the previous Cash Request Form. If the previous cash request is more than what was disbursed during the cash need cycle, work2future staff will inform subrecipients and require justification/explanation in writing for the extra amount requested.

To illustrate an excess cash situation, a subrecipient has requested \$100,000 based on its projected cash flow through the requested need cycle. If the cash request is approved and delivered, this subrecipient will have \$100,000 cash on hand - enough to pay for its scheduled vendor/payroll disbursements. If the subrecipient still has cash on hand after the need cycle, the subrecipient must submit a justification/explanation.

RETURNING CASH:

It is sometimes necessary to return cash. This happens when disbursements fall short of expected causing an excess cash situation. If a disbursement does not come to fruition, and the need for cash for a given needs cycle was overstated, and that excess cash will not be used in the subsequent needs cycle, the subrecipients are required to return the excess cash.

On the Cash Request Form, Subrecipient must return cash by sending a check payable to work2future. Contact work2future Fiscal Staff for further instructions.

ACTION:

Bring this directive to the attention of all appropriate staff.

INQUIRIES:

Please direct questions about this directive to the work2future Finance Manager at 408-794-1146.

Attachments:

Form A - Wire Transfer Request

Form B - Manual Check Mail or Pick-Up Request

Cash Flow Projection Form

Cash Request Form

Cash Status Form

Cash Policy and Attachments are available at www.OneStopPartners.org.