



RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

POLICIES AND PROCEDURES

Date: March 31, 2004

Number: 16-03

SUBJECT: CASH ADVANCES AND WORKING CAPITAL ADVANCES

PURPOSE: Provides direction to Economic Development Agency (EDA) Workforce Development agreement holders and staff regarding the establishment of a cash advance policy and procedures for the use of advances allowed through EDA Workforce Investment Act (WIA) program agreements.

REFERENCES: 20 Code of Federal Regulations (CFR) 627.430(e)
31 CFR, Part 205
29 CFR 97.21 and 29 CFR 95.22
Office of Management and Budget (OMB) Circulars A-187 C, A-21 (Attachment A), A-110, Subpart C, 22 and A-122 (Attachment A)

SUPERCEDES: Riverside County Private Industry Council (PIC) Job Training Field Memorandum, July 1, 1995, Number 95-1

LOCALLY IMPOSED REQUIREMENTS: Locally imposed requirements are indicated in ***bold, italic*** type.

EFFECTIVE DATE: February 28, 2004

BACKGROUND:

According to the Department of Labor's Comprehensive Financial Management Technical Assistance Guide, it is required that subrecipients obtain funds from the awarding agency only as needed for disbursement to minimize cash on hand. To receive an advance, it must be demonstrated that procedures exist to support federal cash management requirements. It is further recommended subrecipients limit advances to minimum amounts needed and should time the advances to meet actual cash needs. Working capital advances are another method for advancing funds and can be used when the subrecipient lacks working capital for program start up. EDA has established the following policy and procedures to ensure the cash advance process meets the following federal requirements

DISTRIBUTION: WDB; SP; ADMIN; PPD; FISCAL; PROG.COMP.; CUST.SERV.

governing payments:

- The time lapse between receipt and disbursement of funds is minimal
- Compliance with requirements for advance payment
- Reimbursement payment method used
- Monies deposited in minority-or women-owned banks if at all possible
- Monies held in insured interest bearing accounts
- Interest earned is regarded as program income for WIA Title I programs, and other interest earned follows Office of Management and Budget circulars.

POLICY:

EDA will provide advances to non-profit agreement holders lacking funds sufficient enough to cover the estimated disbursement needs for program start up. Agreement holder's actual cash disbursements shall be reimbursed through EDA's invoicing process.

Cash Advances may also be provided to non-profit agreement holders after execution of an agreement for service, only if capital advances have not been provided. The cash advance request must be for the amount of the immediate cash need only. The agreement holder must have financial management policies and procedures to ensure the safety of the fund and must have exhausted all other resources such as:

- ***Line of credit***
- ***Non-federal funding revenue***
- ***Non-federal interest bearing accounts***

Payment Schedule

A payment schedule will be developed to minimize excess cash on hand. This schedule must be agreed to at the time of the advance, to be repaid over the term of the agreement. Monthly payments must meet the schedule and are deducted from monthly invoices and offset by the monthly expenditures which assist in bringing the cash on hand to zero at end of the contract term.

Delinquent Payments and Debt Collection

If an agreement holder has been delinquent in repayment of any prior advances, cash advances will not be considered. In addition, if the agreement holder is delinquent in submitting invoices, approval for cash advance may not be granted. A debt will be considered owed if a scheduled payment is not received according to the agreed timeline and will be subject to the collection process defined in the EDA Debt Collection Policy and Procedures, Number 10-02, June 05, 2002.

PROCEDURES:

Advance Request

Working Capital Advance

Agreement holders wishing a working capital advance should make a request at time of agreement negotiation. The request must justify the amount, and agreement holder must be able to provide documentation upon request by EDA staff for verification of anticipated costs.

Cash Advance

A cash advance request beyond execution of the agreement must be for immediate cash need only and may not exceed cash disbursements amounts necessary for a two-month period. The Workforce Development Administrator must approve any exceptions.

Request Form

Non-profit agreement holders wishing a working capital or cash advance should make such a request using the cash advance worksheet attached to Fiscal 448-1Rev., invoice form, and can be downloaded at www.rivcojobs.com Fiscal Forms quick link.

Approval

EDA Planning and Development and/or Fiscal staff will review request for advance and make recommendations to the WIA Workforce Development Administrator for final approval. If an advance is granted, the Workforce Development Administrator will issue a Letter of Advance, which will be forwarded to the agreement holder. This instrument will detail the terms and conditions of the advance including a repayment schedule. The Letter of Advance will be incorporated into and attached to the agreement as a term and condition of the agreement under Compensation.

Contract Modification

An agreement advance repayment schedule will generally not be nullified, or a repayment schedule be delayed, by a modification of the agreement which extends the termination date of the agreement or otherwise changes the level of funding. Where there is a significant change in the scope of services, beyond that previously agreed to, the advance-funding portion of the agreement would change accordingly.

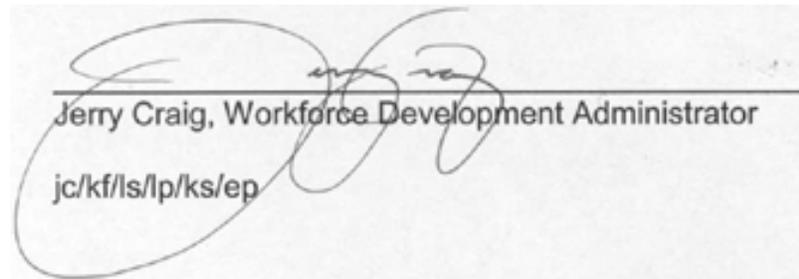
Further, it is required that each advance payment is due on the date specified in the payment schedule regardless of the level of service provided.

Other Requirements

Agreement holder shall not leave cash resulting from advances or earned program income sitting in a non-interest bearing account. Efforts must be made to the extent possible to deposit funds in minority or women-owned banks as recommended by

the Code of Federal Regulations 29 CFR, Parts 97.21 and 95.22. Any interest made is considered to be program income.

Please refer any questions or concerns regarding this Policy and Procedures to the Workforce Development Division's Planning and Development Manager at 909.955.3100.



Jerry Craig, Workforce Development Administrator
jc/kf/lr/lp/ks/ep