

**Nevada Department of Employment, Training and Rehabilitation
Employment Security Division
Workforce Innovation Support Services**

**Workforce Innovation and Opportunity Act (WIOA)
State Compliance Policy (SCP)**

Policy Number: 3.4

Originating Office: Department of Employment, Training and Rehabilitation (DETR); Workforce Innovation Support Services (WISS)

Subject: Cash Management

Approved: Ratified Governor's Workforce Development Board (GWDB) Executive Committee May 14, 2025; Replacing Workforce Investment Act (WIA) SCP 3.4

Purpose: To provide Local Workforce Development Boards (LWDBs), Chief Elected Officials (CEOs) and American Job Centers of Nevada (One-Stop Career Center Operators) with the WIOA requirements for cash management.

State Imposed Requirements: This directive may contain some state-imposed requirements. These requirements are printed in ***bold, italicized*** type.

Authorities/References: Workforce Innovation and Opportunity Act (P.L. 113-128); 2 CFR § 200.22-23; 2 CFR § 200.69; 2 CFR § 200.74; 2 CFR § 200.92-93; 2 CFR § 200.300-307; 2 CFR Part 215; 20 CFR § 683.100-295; One-Stop Comprehensive Financial Management Technical Assistance Guide Part I and II, as applicable or appropriate; Generally Accepted Accounting Principles (GAAP)

ACTION REQUIRED: Upon issuance bring this guidance to the attention of all WIOA service providers, LWDB members and any other concerned parties. Any LWDBs policies, procedures, and or contracts affected by this guidance are required to be updated accordingly.

Background: Expenditure of WIOA funds are allowable only for activities permitted by WIOA Title I and relevant regulations. The Uniform Guidance under Title 2 CFR Part 200 establishes uniform administrative requirements, cost principles, and audit requirements for federal awards.

Policy and Procedure:

Cash management involves minimizing the time between the transfer of federal funds and the payment of bills generated by the grant.

All entities that received funds issued on or after December 26, 2014, are bound by the cash management requirements of 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Final Rule (Uniform Guidance). Regardless

of when a grant was received, entities that receive federal funds are also subject to the cash management regulations at 31 CFR Part 205 [Rules and Procedures for Efficient Federal-State Fund Transfers] implementing the Cash Management Improvement Act of 1990 (CMIA).

This policy addresses issues in Nevada's subgrantee/non-Federal entity payment system. Subgrantees/non-Federal entities must demonstrate that they maintain procedures to support federal cash management requirements.

Definitions

“Contractor” means an entity that receives a legal instrument (i.e., contract) by which a non-Federal entity purchases property or services needed to carry out the project or program under a federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward.¹ See VI. Subrecipient/Contractor Determination.

“Non-Federal entity” means a State, local government, Indian tribe, institution of higher education, or non-profit organization that carries out a federal award as a recipient or subrecipient.² For example, the local workforce development boards designated for the local areas, Nevadaworks and Workforce Connections, as subrecipients of WIOA funds, are considered “non-Federal entities.”

“Pass-through entity” means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.³ If the non-Federal entity for the local area provides a subaward to a subrecipient to carry out part of a Federal program, the subrecipient is considered a “pass-through entity.” The State of Nevada Department of Employment, Training and Rehabilitation (DETR) is a pass-through entity.

“Subgrantee” is a term that applies to 29 CFR Part 97 (applicable to funds not subject to the Uniform Guidance received by state and local government) and means the government or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.⁴

“Subrecipient” means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a federal program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.⁵

“Subaward” means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an

¹ 2 CFR § 200.22 and 200.23

² 2 CFR § 200.69

³ 2 CFR § 200.74

⁴ 29 CFR § 97.3

⁵ 2 CFR § 200.93

agreement that the pass-through entity considers a contract.⁶

I. Cash Forecasting

- A. Cash forecasting identifies specific needs within a specific timeframe and is required of LWDBs and their sub-recipients.
- B. Cash forecasting can be daily, weekly, on some other defined disbursement cycle.
- C. Net Payroll/Payroll Taxes/Fringe Benefits:
 - 1. Net payroll, not gross salaries, should be used for cash forecasting purposes. Normally payroll deductions and tax deposits are disbursed at different times from the payroll dates.
 - 2. Fringe benefits such as retirement, medical, Federal Insurance Contributions Act (FICA) and Worker's Compensation are also normally paid in a period different from the corresponding payroll dates.
- D. Accrued expenses often will exceed cash disbursements. Cash is not needed to accommodate an accrual until the check written to pay an invoice is paid out by the bank.
- E. Incurring an obligation does not require cash. Cash is only needed when checks written against those obligations are presented at the bank for clearance, or when payment warrants are issued.

II. Cash Management for LWDBs and their sub-recipients

- A. 2 CFR § 200.305 states that the non-federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part.
- B. If the LWDB cannot meet the criteria for advance payments or comply with the required cash management standards, then reimbursement is the preferred method.
- C. Grantees must limit requests for cash to the minimum amounts needed and must time their requests to meet actual immediate cash needs.
- D. Grantees/subrecipients will not be eligible for advance funds based on cash forecasting if they are considered "high risk" or "not viable" per DETR ESD-Workforce Investment Support Services Fiscal Oversight Monitoring Guide dated March 2017).
- E. Reimbursement is the preferred method of payment if the standards in II A & B are not met (2 CFR § 200.305 (b)(3))
- F. To the extent available, recipients must disperse funds available from program income before requesting additional cash payments. (2 CFR § 200.305 (b)(5))
- G. Advance payments of funds must be deposited and maintained in insured accounts whenever possible unless the following apply (2 CFR § 200.305 (8) (i-iii))
 - 1. The recipient receives less than \$250,000 in Federal awards per year.
 - 2. The best reasonably available interest-bearing account would not be expected to

⁶ 2 CFR § 200.92

earn interest in excess of \$500 per year on Federal cash balances.

3. The depository would require an average or minimum so high that it would not be feasible within the expected Federal and non-Federal cash resources.

III. Cash Advances

For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the subgrantee/non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. Except as noted elsewhere in the Uniform Guidance, Federal agencies must require recipients to use only Office of Management and Budget (OMB)-approved standard governmentwide information collection requests to request payment.⁷ The financial management system of each subgrantee/non-Federal entity must provide written procedures to implement the requirements of § 200.305 of the Uniform Guidance.⁸

The subgrantee/non-Federal entity shall be paid in advance, provided it maintains or demonstrates a willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the subgrantee/non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in the Uniform Guidance. Advance payments to a subgrantee/non-Federal entity must be limited to the minimum amounts needed and be timed in accordance with the actual, immediate cash requirements of the subgrantee/non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the subgrantee/non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The subgrantee/non-Federal entity must make timely payments to contractors in accordance with the contract provisions.⁹

Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all federal awards made by the federal awarding agency to the recipient.¹⁰

Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer (EFT) and must comply with applicable guidance in 31 CFR 208 [Management of Federal Agency Disbursements]. To the maximum extent feasible, subgrantees/non-Federal entities shall be provided advance payments via EFT.

Subgrantee/non-Federal entities must be authorized to submit requests for payments and reimbursements at least monthly when EFTs are not used, and as often as they like when EFTs are used, in accordance with the [Electronic Fund Transfer Act \(15 USC 1693- 1693r\)](#).¹¹

⁷ 2 CFR § 200.305(b)

⁸ 2 CFR § 200.302

⁹ 2 CFR § 200.305(b)(1)

¹⁰ 2 CFR § 200.305(b)(2)(i)

¹¹ 2 CFR § 200.305(b)(2)(ii)

IV. Working Capital Advance

- A. A working capital advance is a one-time process to advance cash payments to a subrecipient to cover its estimated disbursement needs for an initial period geared to their disbursing cycle. Use of the working capital advance method requires that the recipient provide timely advance payments to any subrecipients to meet the subrecipients actual cash disbursements.¹²
- B. After the initial advance, reimbursements will be for actual cash disbursements.

V. Request for Reimbursement

- A. Grantees shall prepare requests for reimbursements as follows:
 - 1. For requests for funds prepared on an advanced basis, outlay (expenditures) are the sum of the actual cash disbursement for direct charges for good and services, the amount of the indirect expense incurred, and the amount of the cash advances and payments made to contractors and subgrantees. These costs must be split out by Operating and Provider.
- B. Grantees shall submit a “Request for Reimbursement” form to DETR’s Workforce Innovation Support Services unit. Within 24 hours, provided the request was received before 2 p.m. or any requests received after 2 p.m. will not be reviewed until the next working day, WISS will:
 - 1. Review and submit approved reimbursement requests to DETR/FM; or
 - 2. Provide written notification and explanation to the requestor as to why the request cannot be approved.
- C. All approved reimbursement requests will be processed by DETR/FM within 2 working days (requests received after 2 p.m. will not be reviewed until the next day).
- D. All State Grantees must be registered with the State Controller’s office. EFT payment(s) will be processed through that system and will be available typically within 48 hours of DETR’s submission. A remittance advice of funds transferred will be sent to the Grantee or its fiscal agent once funds are transferred.
 - 1. Any changes to the Grantee’s banking information or location must be reported through on-line submission with the State Controller’s office at:
https://controller.nv.gov/Vendor/Vendor_Registration_Requirements/

VI. Subrecipient/Contractor Determination

“Subgrantee” is a term that applies to 29 CFR Part 97 (applicable to funds not subject to the Uniform Guidance received by state and local government) and means the government or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.¹³

The subgrantee/non-Federal entity may concurrently receive federal awards as a recipient, a

¹² 2 CFR § 200.305(b)(4)

¹³ 29 CFR § 97.3

subrecipient, and a contractor, depending on the substance of its agreements with federal awarding agencies and pass-through entities. Payments received for goods or services provided as a contractor are not federal awards.¹⁴ Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.¹⁵

Characteristics which support the classification of the non-Federal entity as a <u>subrecipient</u> include when the non-Federal entity:
Determines who is eligible to receive what Federal assistance
Has its performance measured in relation to whether objectives of a Federal program were met
Has responsibility for programmatic decision making
Is responsible for adherence to applicable Federal program requirements specified in the federal award
In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Characteristics indicative of a procurement relationship between the non-Federal entity and a <u>contractor</u> are when the non-Federal entity receiving the Federal funds:
Provides the goods and services within normal business operations
Provides similar goods or services to many different purchasers
Normally operates in a competitive environment
Provides goods or services that are ancillary to the operation of the Federal program
Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

In determining whether an agreement between a pass-through entity and another subgrantee/non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

VII. Minimize Cash on Hand

Regardless of when grant funds were issued, subgrantees/non-Federal entities shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.¹⁶ Subgrantees/non-Federal entities shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting

¹⁴ 2 CFR § 200.330, 2 CFR § 200.501(f)

¹⁵ 2 CFR § 200.330

¹⁶ 29 CFR § 97.21(f)

additional cash payments.¹⁷

VIII. Reimbursement Method

In all cases, reimbursement is the method of payment to be used when the subgrantee/non-Federal entity is unwilling or unable to comply with the specified cash management practices.¹⁸ Each subgrantee/non-Federal entity shall be paid as promptly as possible after receipt of a proper request for reimbursement.

IX. Prohibitions

Under Sec. 181(e) of WIOA, Title I funds must not be spent on employment generating activities, investment in revolving loan funds, capitalization of businesses, investment in contract bidding resource centers, economic development activities, or similar activities, unless they are directly related to training for eligible individuals. For purposes of this prohibition, employer outreach and job development activities are directly related to training for eligible individuals.¹⁹

¹⁷ 2 CFR § 200.305(b)(5), 29 CFR § 95.22(g), 29 CFR § 97.21(f)(2)

¹⁸ 2 CFR § 200.305(b)(3) 29 CFR § 95.22(e), 29 CFR § 97.21(d)

¹⁹ 20 CFR § 683.245