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BCFTA Regional Fiscal Meeting: July-September 2011

1

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Condensing Quarterly Close and Quarterly Financial Certification

2

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Affected Agencies

- Public Assistance Agencies
- Child Support Enforcement Agencies
- Public Children Services Agencies
- Workforce Investment Agencies

3

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What's Changing?

- Sets forth new practice/time frames for reporting & uploading financial data

4

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Synonyms

- The following terms are sometimes used interchangeably by fiscal staff and can convey the same information:
 - Cover Sheet
 - 2750, 2820, 2827 and 1992
 - Financial Statement

5


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When?

- Effective beginning SFY12 (Jul'11)
 - Starts with the reporting and uploading of July 2011 financial information

6


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Advantages

- More efficient and accurate reporting to the feds which helps protect funding
- Better cash management
- Faster reimbursement to PCSA agencies

7


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Key Point

- **Reporting Financial Activity – Uploads**
 - Financial uploads from the agency’s financial reporting system into the County Finance Information System (CFIS) are due no later than the **18th day** of the month following the month of transaction.

8


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Examples

- July financial data must be uploaded by August 18th.
- August financial data to include monthly financial and RMS must be uploaded by September 18th.
- September financial data must be uploaded by October 18th.

9


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Key Points

- **Reporting Financial Activity – Financials**
 - Financial reports will be certified and submitted quarterly
 - Quarterly Financial Statements issued to agencies for completion by BCFTA
 - Receipts and disbursements will be identified for each month of the financial quarter
 - Includes automation of cash balance calculation

10


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Key Points

- Agencies e-mail the financial statements to the appropriate BCFTA mailbox:
 - 2827; BCFTA-PA@jfs.ohio.gov
 - 2820; BCFTA-PCSA@jfs.ohio.gov
 - 2750; BCFTA-CSEA@jfs.ohio.gov
 - 1992; BCFTA-WIA@jfs.ohio.gov
 - Or fax to (614) 728-3330

11


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Example


- The quarterly certified financial statement containing July, August and September financial data must be submitted by October 31st.

12



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Reconciling Cash to 1.A


- Agencies are encouraged to perform a review to ensure financial statements agree with financial data that has been uploaded.
- The following slides titled “Reconciling Cash to 1.A” include examples detailing how agencies can reconcile the financial statements to the financial uploads.

13



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Reconciling Cash to 1.A


- This process will work for both the PA and PCSA 1.A report
 - Identify net transactions for a month
 - Service Location Total; \$369,447.71
 - Less: Cash Fund Balance; \$240,691.60
 - Equals; Net transactions for the month; \$128,756.11
 - Note: If this is a positive number this indicates there were more disbursements than receipts for the month, thus reducing the cash balance

14



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Reconciling Cash to 1.A


- Calculate end of month cash balance
 - Beginning month cash balance; \$240,691.60
 - Less net transactions; \$128,756.11
 - Equals end of month cash balance and should reconcile to your county auditor fund balance reports; \$111,935.49
 - Note: This will be the amount that will show up for your beginning cash balance for the following month on the 1.A report

15



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Reconciling Cash to 1.A


- The following process is for a CSEA in a combined Agency
 - Identify net transactions for a month
 - Service Location Total; \$168,940.65
 - Less: Cash Fund Balance; \$207,491.77
 - Less: CSEA Shared Transfer; \$18,670.13 (this step will not apply to a stand alone CSEA)

16



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Reconciling Cash to 1.A


- Less: The 34% for contracts paid at 66%; \$1,413.09
 - Note: The 34% amount can be obtained from the “View Monthly Summary Screen” in QuIC+ and calculated as follows; $(\$2,743.05 / .66) - \$2,743.05$
- Equals Net Transactions for the month; (\$58,634.34)
 - Note: If this is a negative number this indicates there were more receipts than disbursements for the month, thus increasing the cash balance

17



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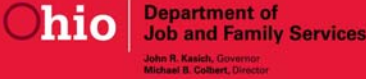


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Reconciling Cash to 1.A

- Calculate end of month cash balance
 - Beginning month cash balance; \$207,491.77
 - Plus Net Transactions; \$58,634.34
 - Equals end of month cash balance and should reconcile to your county auditor fund balance reports; \$266,126.11
 - Note: This will be the amount that will show up for your beginning cash balance for the following month on the 1.A report

18



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An Overview of the Process

- A schedule of the quarter close process will be sent to agencies via the CFIS Help Desk each quarter detailing time frames.

19



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An Overview of the Process

- Step 1.
 - Preliminary quarterly financial statements to agencies after the 18th day within two (2) business days following the last month of the quarter.

20


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An Overview of the Process

- Step 2.
 - Upon receipt of quarterly financial statements, agencies have five (5) business days to
 - Reconcile difference between the county auditor financial records and the financial data uploaded to CFIS
 - Upload any adjustments and/or corrections to CFIS

21

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An Overview of the Process

- Step 3.
 - BCFTA issues final quarterly financial statement after the five (5) business day reconciliation period is closed.

22

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An Overview of the Process

- Step 4.
 - Agency prints the final financial statement to complete the certification.
 - Director certifies accuracy and the statement is then sent to the county auditor for signature.
 - WIA agencies have the WIA fiscal agent certify accuracy and have the WIA fiscal agent Director or WIA board designee to certify, skipping Step 5.

23

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An Overview of the Process

- Step 5.
 - County auditor certifies that each month's records on the statement match with the records of their office.
- Step 6.
 - Agency submits completed quarterly financial statement to BCFTA via e-mail no later than the last day of the month following the quarter.

24

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Final Key Points

- PA, CSEA and WIA agencies have the ability to perform negative draws to align draws with expenditures. This process is completed during the quarter - through the last draw of the quarter (especially important once RMS statistics are derived).

25

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Final Key Points

- Condensing the quarterly close will place more emphasis on counties making timely adjustments, corrections and/or post allocated adjustments prior to the financial reporting deadline of the final month of a quarter.

26

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Final Key Points

- Any adjustments or corrections not made during the quarter or within the five (5) day review period, will need to be made to open grants in the current quarter.

27

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Condensing Quarterly Close and Quarterly Financial Certification

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28

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Direct Costs

29

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Affected Agencies

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30


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Direct Costs

- Direct costs are expenditures readily assigned to a benefiting state or federal program
- Indirect costs or cost pool costs are expenditures that cannot be assigned, without effort disproportionate to the results, to a specific benefiting state or federal grant

31

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Direct Cost Example

- When an Income Maintenance worker attends a Food Assistance training all costs associated with this training will be direct charged to Food Assistance, not the IM (020) cost pool.

32

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Key Points

- Is a cost easily assigned to a program?
- If not easily assigned to a program, is the cost easily assigned to a cost pool other than shared (010)?
- Review all cost pool costs

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Direct Costs

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Negative Draws

35

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36

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What is a Negative Draw?

- A reduction in the draw amount of an open or liquidating grant line that must have an offsetting entry to one or more open or liquidating grant lines
- Transaction is a net zero adjustment
- Instructions were included in the 3-3-2011 email from Maximus with release 8.14

37

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When?

- Designed to allow agencies to adjust cash drawn to more accurately match actual and projected expenses
- Can be done at any time
- Can be part of a regular draw
- Post in the current quarter

38

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Why?

- Actual expenses vary from projections based on RMS variances and invoice timing
- Timing of the RMS process allows agencies to accurately forecast final RMS related expenses
- Outstanding invoices are usually known by the middle of the final month of the quarter

39


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Advantages


- Balance cash to minimize quarterly over/under variances by grant line
- Move cash to proper grant year during the liquidation period
- Better manage your agency

40



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Under-advanced Example


- Over-advanced Grant Lines total \$91,300
 - TANF Admin \$35,500
 - Food Assistance \$55,800
- Under-advanced Grant Lines total \$95,000
 - Title XX Base \$13,000
 - Medicaid \$26,800
 - Social Service Operating \$9,900
 - TANF Regular \$45,300

41



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Under-advanced Example


- The net impact is the agency is underadvanced by \$3,700
- An option is to split the underdrawn amount
 - Negative Adjustments: TANF Admin (\$35,500) and Food Assistance (\$55,800)
 - Positive Adjustments: Title XX Base \$12,075, Medicaid \$25,875, Social Services Operating \$8,975 and TANF Regular \$44,375

42



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Over-advanced Example


- Over-advanced Grant Lines total \$129,500
 - Administration \$110,200
 - Youth \$19,300
- Under-advanced Grant lines total \$128,000
 - Adult \$45,900
 - Dislocated Worker \$73,600
 - NEG Grant \$8,500

43



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Over-advanced Example

- The net impact is the agency is over-advanced by \$1,500
- An option is to split over-advanced amounts to under-advanced grant lines
 - Negative Adjustments: Admin - (\$109,000) and Youth - (\$19,000)
 - Positive Adjustments: Adult \$45,900, Dislocated Worker \$73,600 and NEG Grant \$8,500

44



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Draws During Liquidation

- Agencies can draw against both grant period lines during liquidation for allowable expenditures
- All agencies have grant lines with liquidation periods

45



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Draws During Liquidation

- Federal grant periods normally run October 1 through September 30 with a liquidation period through December 31
- State allocations run July 1 through June 30 with a liquidation period through September 30

46

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Draws During Liquidation

- WIA special grants (non formula) can vary from the standard federal fiscal period
- Negative draws must be made before the liquidation date or the state will adjust on closeout

47

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Liquidation Adjustment Example

- CSEA Agency has the following FFP balances after a recent draw
 - FFP in liquidation is over-advanced by \$23,200
 - Current period FFP is under-advanced by \$25,800

48

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Liquidation Adjustment Example

- The CSEA agency would do a negative draw to the liquidating line in the amount of \$23,200 and a positive draw to the open grant line in the same amount

49

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Key Points

- A negative draw can be part of a regular draw
- You can manage your closeout with negative draws
- The negative draw process can be used as a tool in your cash management procedures

50

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Key Points

- Timing Is Critical
- The last day to do a negative draw along with a regular draw each quarter of SFY12:
 - September 23, 2011
 - December 23, 2011
 - March 23, 2012
 - June 15, 2012

51


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Key Points

- The last day to do a negative draw and not receive cash each quarter of SFY12:
 - September 30, 2011
 - December 30, 2011
 - March 30, 2012
 - June 15, 2012

52


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Key Points

- Considerations when completing negative draws for end of quarter impact:
 - Is RMS imported and allocated?
 - What are outstanding invoices?
 - How many pay periods are left?
 - Have post allocated adjustments been completed?

53

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Key Points

- The following reports are needed to accurately forecast cash needs and complete the negative draw process
 - Over/under report
 - 1.D report for the current quarter
 - Trend analysis based off of 1.D, RMS and/or other forecasting tools

54



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Negative Draws

Questions