

Sec. 17a-306-30. Cash requests, bank balances and check-handling procedures

This section reviews the Connecticut Department on Aging's rules on how to safeguard and handle cash to comply with the U.S. Government's rules in Treasury Circular 1075. In general, it is the policy of the Connecticut Department on Aging to conform to the rules established by the U.S. Government with regard to its letter-of-credit privileges.

(a) Maximum Authorized Bank Balance

(1) General

Section 205.4 (a) of Treasury Circular 1075 states that "cash balances should be limited to the minimum amounts needed and should be timed to be incurred with actual, immediate cost requirements of the recipient organizations in carrying out the purposes of the approval program." Title 31 Code of Federal Regulations 205.7 provides that recipients not demonstrating a willingness or ability to establish procedures should be required to finance their operations with their own capital.

(b) Rules on Cash Management by Area Agencies on Aging

(1) General

Section 205.4 (e) of Treasury Circular 1075 states that "cash allowances made by primary recipient organizations to secondary recipient organizations should conform substantially to the same standards of timing and amount as cash advances by Federal program agencies to primary recipient organizations."

(2) It is the Connecticut Department on Aging's policy that area agencies on aging institute such procedures to minimize their cash balances on funding provided under Title III of the Older Americans Act. Accordingly, area agencies on aging shall tighten their forecasting of cash requirements from the Connecticut Department on Aging to closely coincide with their actual disbursement of such funds.

(c) Authorized Methods of Payment

(1) Treasury Circular 1075 and Attachment J of OMB Circular A-102 authorize the Connecticut Department on Aging to make grant payments through an advance by check or a reimbursement by check. An advance by check is a payment by a government check to a grantee upon its request before cash outlays are made by the recipient or through the use of predetermined payment schedules before payments are made by the grantee. A reimbursement by government check is a payment made to a grantee with a government check upon request for reimbursement from the grantee.

(2) The method of advancing funds by government check will be used, in accordance with the provisions of Treasury Circular 1075, when the grantee meets all of the following requirements:

(i) When the area agency on aging has established or demonstrated to the Connecticut Department on Aging the willingness and ability to establish procedures that will minimize the time elapsed between the transfer of funds and their disbursement by the area agency on aging; and

(ii) When the area agency on aging's financial management system meets the standards for funds control and accountability prescribed in Subpart H of Title 45 Code of Federal Regulations Part 74.

(3) The reimbursement by government check method will be the preferred method when the grantee does not meet the requirements in either or both of subsection (2) (i) and (2) (ii)

above.

(d) Accounting for the Source and Application of Funds

(1) General

Title 45 Code of Federal Regulations Subpart 74.61 (b) requires grantees and subgrantees to maintain “records which identify adequately the source and application of funds for grant or subgrant supported activities.” This subpart further states “these records shall contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, outlays, income, and, if the recipient is a government, liabilities.”

(2) Fund Accounting and Accounting by Fund

Area agencies on aging are free to adopt fund (encumbrance) accounting or to track costs and revenues by program (commonly called accounting by funds).

(3) Separate Bank Accounts

Provided area agencies on aging separately account for the source and application of funds by program, there is no requirement for use of a separate bank account for the deposit of grant or subgrant funds.

(e) Interest-Bearing Accounts

Recipients shall maintain funds provided by the Connecticut Department on Aging in interest-bearing accounts.

(f) Use of Title III-C Funds Until Reimbursed by USDA

(1) Only as it relates to late receipt of USDA funds, area agencies on aging are authorized to draw down funds under Title III-C of the Older Americans Act for use of that amount to be reimbursed by the USDA.

(2) (2) Normally, area agencies on aging may not use funds requested for one program for another program’s cash requirements.

(g) Use of Minority-Owned Banks

Consistent with the state goal of expanding opportunities for minority business enterprises, grantees and subgrantees are encouraged to use minority-owned banks.

(h) Endorsement Requirement for Area Agencies on Aging Checks

(1) As stated in Section 17a-306-23 (k) (2) (G), all checks issued by an area agency on aging shall be signed by two authorized officials, each of whom is independent of control of the other person.

(2) The practice of presigning blank checks is a specific violation of an agency’s internal control.

(3) The use of check-signing machines or rubber stamps for either one or both of the signatures is not authorized in the Connecticut aging network.

(4) Except in the case of emergencies, payment of small dollar expenditures, under \$25.00, should be made from an imprest petty cash fund. The total amount of the fund shall not exceed \$300.00.

(i) Fidelity Bond Requirements

For all personnel handling cash or preparing or signing checks, the area agency on aging shall obtain a minimum of one-month’s cashflow, including checks received, in blanket fidelity bond coverage.

(Effective November 8, 1991)