



## Ohio Administrative Code

### Rule 5101:9-7-02 Child support enforcement agency (CSEA) financing and cash management.

Effective: January 20, 2020

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The following accounting procedures are necessary for local accountability in the allocation of federal and state funds.

#### (A) Financing.

The total cash payments made by the Ohio department of job and family services (ODJFS) to the CSEA administrative fund are disbursed weekly upon receipt of the CSEA cash draw request for funds. Available funds are limited by the state appropriations and federal grant awards. All payments are issued via electronic funds transfer (EFT).

#### (B) Cash management.

When a CSEA is funded on a reimbursement basis, program costs are paid by local funds before reimbursement is requested. When funds are drawn in advance, the CSEA shall follow procedures to minimize the time elapsing between the transfer of funds from the state and local disbursement. Disbursements to a CSEA administering federal programs shall cover allowable expenditures consistent with federal and state regulation.

(1) Requests for cash draws may be submitted weekly and are normally processed by ODJFS in six business days. In accordance with 2 C.F.R. 200.305 (b)(1), as in effect on November 1, 2019, cash drawn in advance must be limited to the minimum amount needed for actual, immediate requirements. The CSEA shall have cash management procedures in place to ensure the time elapsing between the receipt of funds and the disbursement of funds does not exceed a ten-day average for all federal funding.

(2) Cash drawn shall be traceable to a level of program expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable rules and regulations. The accounting systems of the CSEA shall support internal controls necessary to insure



federal grants and state funds remain separated on a grant, program, or project basis

(C) Quarterly cash on hand.

(1) At the end of each quarter, the CSEA reviews the county finance information system (CFIS) cash on hand report that calculates each CSEA's average days' cash on hand for all federal funding on an individual grant basis. This information is based on expenditures and cash draws reported in CFIS in accordance with rule 5101:9-7-29 of the Administrative Code.

(2) At the end of each quarter, CFIS calculates the average days' cash on hand on an individual grant basis as follows:

(a) The excess cash on hand is calculated by deducting reported expenditures over the lifetime of the funding source, up to the budgeted amount, from the total amount of cash draws over the lifetime of the funding source;

(i) The CSEA will have excess cash on hand when the calculation in paragraph (C)(2) of this rule results in a positive number.

(ii) The CSEA operates on a reimbursement basis as stated in paragraph (C)(2) of this rule when the calculation results in a negative number.

(b) The average expenditures is calculated by dividing the total reported expenditures by the number of calendar days the funding has been available; and

(c) The average days' cash on hand is calculated by dividing the excess cash on hand from paragraph (C)(2)(a)(i) of this rule by the average daily expenditures in paragraph (C)(2)(b) of this rule.

(3) ODJFS will monitor quarterly average days' cash on hand results and notify the CSEA if the average days' cash on hand calculation results in noncompliance of cash management requirements.

(a) If an event, beyond the reasonable control of the CSEA, results in noncompliance of the cash management requirements, the CSEA shall document the event and, upon request of ODJFS, provide



the documentation to the ODJFS office of fiscal and monitoring services.

(b) If circumstances resulting in the noncompliance are caused by internal control deficiencies or operational processes, the CSEA shall document the steps implemented to avoid a reoccurrence and, upon request of ODJFS, provide the documentation to the ODJFS office of fiscal and monitoring services.

(c) ODJFS may take additional action to ensure the cash management practices of the CSEA are in compliance with paragraph (B)(1) of this rule.

(D) Quarterly interest calculation and reconciliation.

An interest liability accrues if federal funds are received prior to the day the funds are paid. A CSEA shall calculate and report earned interest quarterly as a receipt. Earned interest can only be used for the intended program and is held in the local account.

(1) Interest on excess cash on hand shall be compounded daily and calculated by the CSEA using either the average monthly interest rate earned or "State Treasury Asset Reserve of Ohio" (STAR Ohio) rates found at [www.STAROhio.com](http://www.STAROhio.com).

(2) As part of the quarterly interest reconciliation, the CSEA may take into consideration the months in which the CSEA used local funds for program purposes other than for local match and therefore operated on a reimbursement basis, providing the CSEA requests funds timely as set forth in this rule. When the monthly interest liability is a negative number and the CSEA has documentation identifying the funds used as local funds, the resulting negative number may be used to offset any interest liability from other months during the quarter. The format of the quarterly reconciliation will include, at a minimum, the following:

(a) The monthly interest liability owed by the CSEA or the monthly offsetting interest liability based upon the CSEA using local funds for program purposes for each applicable federal program allocation.

(b) The total net interest liability owed by the CSEA or the total net offsetting interest liability based



upon the CSEA using local funds for program purposes for each applicable federal program allocation for the quarter.

(c) The total net interest liability owed by the CSEA or the total net offsetting interest liability based upon the CSEA using local funds for program purposes for each applicable federal program allocation for the federal fiscal year (FFY). In accordance with 45 C.F.R. 200.305 (b)(9), as in effect on November 1, 2019, a CSEA, as subgrantee, may keep interest amounts up to five hundred dollars per year for administrative expenses.

(3) For each applicable federal program allocation with a total net interest liability in excess of five hundred dollars for each FFY, the CSEA shall report the net interest liability as a reduction to expenditures in the subsequent quarterly expenditure report.

The "net interest liability" is defined as a positive number calculated in the quarterly reconciliation.

(4) For each applicable federal program allocation with a negative total net offsetting interest liability (a negative number calculated in the quarterly reconciliation), no adjustment to program income will be necessary. ODJFS shall not be liable to the CSEA for any interest liability based upon the CSEA using local funds for program purposes.

(5) The CSEA shall maintain quarterly interest reconciliation documentation in accordance with the records retention requirements in rule 5101:9-9-21 of the Administrative Code. This documentation may be subject to inspection, monitoring, and audit by ODJFS and the Ohio auditor of state.