

State of North Carolina

Department of Commerce

Cash Management Plan

Statutory Policy

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each agency, department and institution to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual agency, department or institution.

The Chief Fiscal Officer of the Department of Commerce shall have responsibility for developing, approving and administering the cash management plan. The fiscal office of the Department will maintain a copy to be available of review by the Office of State Auditor.

Plan Requirements

Cash Management Over Receipts:

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:
 - A. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
 - B. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3.

2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law.

- A. All monies received in the fiscal office are secured overnight and deposited the next working day with the Department of State Treasurer (DST) by 2:00 p.m. All funds received by divisions of the Department of Commerce must be hand delivered to the fiscal office. Divisions may deliver receipts to the fiscal office between 8:00 a.m. and 4:00 p.m. All divisions located outside the New Education Building must deposit receipts daily in the closest cash concentration bank designated by DST.
- B. All receipts are counted and verified upon receipt. A pre-numbered receipt is written and returned, along with a copy of the cash receipts journal, to the division that submitted the receipts to the Fiscal Office.
- C. The Department does not charge a returned check fee.
- D. When funds are deposited into the wrong NCAS account/center, a budgetary control entry is made to reverse the original deposit and correct the error. When funds are deposited to the wrong budget code, a correcting deposit certification is done in CMCS to reverse the incorrect budget code and to post funds to the correct budget code. Budgetary control entries are done, in NCAS to reflect deposit in the correct company. All items returned to the Fiscal Office, by the Treasurer's Office, are sent to the appropriate division for collection. Adjusting entries are made in NCAS to reverse the original deposit.
- E. The Department receives wire transfers through ACH credits from Wachovia bank. These transfers are for federal drawdown requests made through the IDIS and Smartlink payment systems. On the day the funds are to be received, a deposit certification is done in CMCS. When DST approves funds a CMCS transfer is done to move funds from the federal funds to operating funds.
- F. Each division within the Department is given a pre-numbered receipt book. When the divisions receive cash, a receipt is issued.

3. Monies due to a State agency, department or institution from other governmental agencies or from private persons shall be promptly billed, collected and deposited.

- A. All monies due to the Department of Commerce are promptly billed and are deposited upon receipt.

4. Unpaid billings due to a State agency, department or institution shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing unless the amount is less than five hundred dollars (\$500), or (for institutions where applicable) for amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program. The agency, department or institution may handle these unpaid bills pursuant to agency debt collection procedures.

- A. All accounts, which remain unpaid after 30 days, receive a delinquent account notice. At the end of each month, reports are generated for outstanding invoices and paid invoices. The Accounts Receivable Clerk verifies the information in these reports and delinquent account notices are printed and mailed. All accounts, with a balance of at least \$500, which remain unpaid after 90 days are sent to the Attorney General's Office for collection and they will be added to a debt set-off list, which is reported to the Department of Revenue for collection.
- B. If an employee owes money to the Department, a letter is mailed to the individual from the Department requesting payment. If the money has not been repaid after 30 days, the individual's name is added to a debt set-off list, which is reported to the Department of Revenue for collection.
- C. Since the Department has a small number of bad debts, interest and penalty fees are not charged.

5. Federal funds received for major federal assistance programs, which are governed by the Cash Management Improvement Act of 1990, must be drawn in accordance with the current State/Federal Agreement.

6. The majority of federal funds drawn by the Department, are drawn using either the Smart Link PMS system or IDIS system. These funds are received via ACH transfer one day after they are requested. Once the funds are received, a CMCS deposit certification is submitted to DST for deposit into the Department's federal fund budget code. Once this deposit is approved, funds are transferred from the federal budget code to the appropriate general or special fund budget code. Occasionally, the Department will receive a paper check for requested federal funds. These checks are deposited with DST the day they are received. Federal funds are drawn as follows:

- A. U.S. Department of Labor funds for Workforce Preparedness are drawn via Smart Link PMS system.
- B. U.S. Department of Housing and Urban Development funds for the Division of Community Assistance are drawn via the IDIS system.
- C. U.S. Department of Labor funds for the Division of Employment and Training are drawn via Smart Link PMS system.

7. The following divisions are set up to receive Credit Card Payments for internet orders for conference registrations through the NC@YourService Store:

- A. Travel & Tourism
- B. Marketing
- C. International Trade (has a Merchant Number but is not currently set up to accept payments through the Yahoo Store).
- D. Workforce Development (has a Merchant Number but is not currently set up to accept payments through the Yahoo Store).

The Banking Commission will be accepting Credit Card Payments for Mortgage License Fees through the Common Payment Service due to be effective in the Spring of 2005.

8. The Department of Commerce is set up with the Inter/Intra Governmental Payments Procedure that has been established by OSC.

9. In addition to adhering to these guidelines, agency plans shall employ proven techniques, which improve cash handling. Some of those techniques include:

- Receipt of federal grant payments by wire transfer when possible.
- Reassignment of personnel or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management over Disbursements:

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
 - A. Checks are downloaded in NCAS and printed twice weekly. Requisitions for each check run are posted to the Cash Management Control System electronically and are submitted to OSC by the Cash Management Officer of the Department of Commerce. Any electronic payment transfers are verified and passed to OSC for processing. When it becomes necessary for a manual check to be printed, cash is requisitioned when the check is printed.
 - B. The disbursing account statement, provided by the State Treasurer's Office, is reconciled by comparing the disbursing account ending balance to the total current outstanding warrants on NCAS. Any difference, occurring due to warrant clearing errors, is noted and sent to the Treasurer's Office for correction. All other differences must be reconciled and corrected on either NCAS or CMCS.
 - C. The Department of Commerce also disburses funds for clean water, natural gas and rural economic development grants. Any funds related to these grants are processed through Capital Improvement bond funds. Warrants are written on Thursdays for these grants and bond funds must be requested, to cover the warrants, from the Office of State Controller by 10:00am each Thursday. Bond funds are approved on Fridays after 11:00 and warrants are released.
 - D. The Department of Commerce submits checks to Wachovia Bank in order to wire funds to cover salaries and expenses for our foreign offices, expenses related to trade shows and for funds needed for Governor's mission trips. Fiscal Management staff will review expenses before funds are wired.
 - E. The Department of Commerce adheres to the guidelines established in the State Budget Manual on imprest cash funds for our divisions in Raleigh and in other locations of the state. At the end of each fiscal year, all remaining funds are returned to the Fiscal Management Office and are deposited into the imprest cash account. The imprest cash account will reflect a zero balance at fiscal year end. The following divisions receive imprest cash funds:
 - Each Welcome Center in North Carolina receives \$400.00. Receipts are submitted to the Fiscal Management Office. Funds are replenished quarterly.
 - The North Carolina Furniture Export Office receives \$75.00 to cover necessary expenses. Receipts are submitted to the Department's International Division and are audited by the Fiscal Management Office. Funds are replenished as needed.
 - Wanchese Seafood Industrial Park receives \$50.00 to cover necessary expenses. Receipts are submitted to the Fiscal Management Office for audit. Funds are replenished as needed.
 - Alcoholic Beverage Control Commission receives \$350.00. These funds are used in giving change to applicants of ABC permits and for the purchase of supplies as necessary. Receipts are submitted to the Fiscal Management Office for audit. Funds are replenished as needed.
 - Human Resources receives \$25.00 to cover postage expenses. Receipts are submitted to the Fiscal Management Office for audit. Funds are replenished as needed.

- The Air Transportation Division receives \$300.00. The fund is administered by the aircraft supervisor and is replenished as needed.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the Act.

3. Federal and other reimbursements of expenditures paid from State funds are transferred, upon receipt, to the source of the State funds.

4. Invoices, bills and other requests for payment are reviewed upon receipt to determine the terms and establish a firm due date. If a date is not indicated, the due date is assumed to be 30 days from the date of the invoice or if discounted, on the discount date. Items are processed for payment no more than five (5) days before the established due date. Travel reimbursement requests are processed within five (5) days of receipt. Travel Advances are issued one day in advance of the anticipated travel except for annual advances and large registration fees. Annual advances are based on the average monthly expenses for the previous year.

5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.

- A. Checks are not released until funds have been approved and posted to the Department's disbursing account. Checks are mailed or picked up after 2:00pm.
- B. Disbursing Account Reconciliation is done monthly and updated on the Core Banking System (CB\$).

6. Electronic Payments are used to disburse funds to local governmental units, via the NCAS A/P System, to recipient banks for the following programs:

- A. Community Development Block Grant Payments
- B. Employment and Training Program Administration Grant Payments

Funds are requested through the Cash Management Control System by 11:00am on the effective date of each electronic warrant.

7. The Delegation of Disbursing Authority, for the Department of Commerce, is current. Please see attached.

Techniques helpful in controlling disbursements include:

- Managing inventory and supply levels to stock the minimum necessary to conduct business without disruption.