

**Texas Workforce Commission
Cash Draw and Expenditure Reporting System Overview
Webinar Questions and Answers**

On September 12, 2013, the Texas Workforce Commission (TWC) hosted a webinar for the Adult Education and Literacy Program entitled, *Cash Draw and Expenditure Reporting System Overview*. Following are related questions and answers. Additional questions may be e-mailed to Fiscal.TA@twc.state.tx.us or the contacts indicated in the responses below.

CDER System Access

- A.1 **How do we know if we have full access to the Cash Draw and Expenditure Reporting (CDER) system?** TWC notifies individuals when full access is received. Individuals may request confirmation by e-mailing cashdraw.ta@twc.state.tx.us.
- A.2 **How does one request full access?** Access is provided once an individual has: 1) requested an account through the CDER system; 2) completed the on-line training modules and submitted the training certificates to cashdraw.ta@twc.state.tx.us; and 3) submitted the Cash Draw Operator Security Request form through the individual that the entity has designated to TWC as its CDER system Security Coordinator. For additional assistance, please e-mail cashdraw.ta@twc.state.tx.us.
- A.3 **If we already had full CDER system access for another contract, do we need to do anything to add the new adult education contracts?** No action is required unless additional individuals need or want access to the CDER system. When the contract is executed, the individuals that already have access will be able to see the contract in the CDER system. Please see A.2 if additional individuals need or want access to the CDER system.
- A.4 **My TWC access to the CDER system is no longer working. How do I get this corrected?** E-mail cashdraw.ta@twc.state.tx.us for instructions on obtaining access to the CDER system.
- A.5 **We have not seen where we have received the instructional e-mail from the Texas Workforce Commission on how to get access to the CDER system.** Please check your "Junk" e-mail folder, or e-mail cashdraw.ta@twc.state.tx.us.

Contract Transition

- B.1 **Did I understand that we are to use 2012-2013 Texas Education Agency (TEA) funds, if we still have any, through September 15, 2013? Do we then start our TWC grant on September 16, 2013?** Yes, if the 2012-2013 contract with TEA has not been fully expended as of September 1, 2013, use the funds available in the 2012-2013 contract that expires September 15, 2013 before expending funds under the 2013-2014 grant with TWC. However, note that if 2012-2013 funds are exhausted prior to September 3, 2013, expenditures for September 1 and 2 must be funded with State general revenue.

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Cash Draw

- C.1 What is the purpose of the 90 days to draw cash if final reports are due 60 days after the grant contract ends, and if the final due to/due from amount must be zero?** Access to draw cash 90 days following the expiration of the grant contract is made available as a fail-safe provision should the necessity arise and authority is granted by TWC. Such authority is very rarely given and would require a well-documented extenuating circumstance.
- C.2 Do we have to incur expenses before drawing the up to twenty percent (20%) limit?** Not necessarily. A cash draw request may be submitted to correspond to the arrival and payment of invoices. Accordingly, a Grantee may request cash prior to reporting the related expense in the CDER system. It is also possible that the cash draw request could occur before the Grantee recognizes the expense in its own accounting system; for example, if the Grantee's organization uses a cash basis accounting system, and draws cash from TWC on the advance payment method.

Due to limitations in the Cash Management Improvement Act, Grantees must not draw cash where the outcome of such a draw would result in cash on hand that exceeds three days need. Cash on hand that exceeds three days need is excess cash, and is prohibited. So, if requesting cash under the advance payment method (as opposed to a reimbursement), the cash request must correlate to the immediate cash disbursement needs of the contract.

The twenty percent (20%) limit is in place to restrict the liquidation of a contract in a very short period of time which could be indicative of misuse.

Fidelity Bonds

- D.1 Are Education Service Centers exempt from the TWC fidelity bond requirement?** No. Education Service Centers must provide TWC with proof of a fidelity bond (or equivalent) as described in the September 12, 2013, webinar.
- D.2 Did I understand that it was stated that fidelity bonds are obtained from an insurance provider?** Yes.
- D.3 Can TWC grant funds for the Adult Education and Literacy Program be used to pay the cost of the TWC-required fidelity bond?** Yes. The required fidelity bond is an allowable administrative cost of the TWC grant.
- D.4 You did say that TWC had to be listed on the fidelity bond? What was the term you used?** Yes, TWC must be listed on the fidelity bond as a certificate holder. A certificate holder is notified by the insurance company when there is a change to the policy. The insurance company will need TWC's contact information—Texas Workforce Commission, 101 E. 15th Street, Room 446, Austin, TX 78778-0001.

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- D.5 **Who do I speak with to find out if our organization is required to have a fidelity bond?** Please direct inquiries about fidelity bonds to Thomas Manning, TWC Payables Manager, at thomas.manning@twc.state.tx.us.

Obligations

- E.1 **What is the definition of an obligation?** Obligations are defined as “a *debt* established by a *legally binding* contract, letter of agreement, sub-grant award, or purchase order, which has been executed *prior to the end of a contract period*, for goods and services *provided by the end of the contract period*, and which will be *liquidated 60 calendar days after the end of a contract period*.” In other words, an obligation is created by a written document that contains an offer, acceptance, and consideration for a specific good or service that was “ordered” and will be received during the contract period, and that will be paid for no later than 60 days after the end of the contract period (which is the contract closeout period). The written document can be electronic or paper and must be executed by an authorized representative of the organization.
- E.2 **What portion of an obligation should be reported in the CDER system each month?** When reporting obligations for a particular month, report only the obligations of the grant that are open as of the end of that month (i.e., obligations for goods or services that will be received in a future month). Amounts associated with obligations for goods or services that were received during the reporting month will be reported as “current month” expenditures of that month.
- E.3 **Are "obligations" the same as purchase orders?** Yes, a debt created by a legally binding purchase order for the provision of a specific good or service by a specific time is an example of an obligation. If the purchase order is one under which numerous orders will be placed over time and/or for which no commitment to place any order exists, no obligation should be reported until an actual order for the provision of specific goods or services by a specified time has been placed; each individual order would constitute an obligation.
- E.4 **Can purchase orders remain open for the year; i.e., utilities, lease obligations, professional services/6200?** Yes, in general, a purchase order can remain open for a year, or longer. However, if the purchase order will be closed after the TWC contract period ends, only report the portion of the obligation that is for the goods or services that will be received during the TWC contract period.

Relating to the examples listed, if a Grantee establishes an annual purchase order for normal monthly expenses, like utilities and leases, typically no obligation will be reported; just report monthly expenditures. An exception applies if a cancellation fee exists, and the reporting entity expects to incur the fee during the contract period, because it intends to exercise a related cancellation option. In that case, the portion of

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the penalty that is allowable under and allocable to the TWC grant should be reported as an obligation of the TWC grant.

- E.5 **Are obligations the same as encumbrances?** Essentially, yes, the two can be very similar. However, any encumbrance that represents a contingency, or other potential commitment for which no legally binding debt actually exists should not be reported as an obligation.

Closeout

- F.1 **Is the Contract Closeout Package (CCP) prepared by the person doing certifications, or by the person submitting the request, and then certified by the other person?** TWC establishes the CDER system access permissions designated by the Grantee's Security Coordinator. If a Grantee designates the same person to prepare and certify the CCP, TWC will establish access permissions accordingly. However, each Grantee is responsible for maintaining sufficient internal controls within its organization. As such, when possible, a Grantee should establish a separation of duties by assigning one person to prepare and another to certify.
- F.2 **Will CCP late notices be e-mailed?** Yes. The CCP is due on the 60th day following the expiration of the contract, regardless of the day of the week. If the CCP is not certified by the 60th day, an email notification will be sent to the Grantee and to TWC on the 61st day. The email notifications will continue on a daily basis until the CCP is certified. If the CCP is not certified by 11:59 PM on the 64th day, cash draw privileges for all active contracts will be suspended for the Grantee until the CCP is certified. The Grantee does not receive an e-mail notification when cash draw privileges have been suspended or restored. During the time that cash draw privileges are suspended, the Grantee continues to have access to view contract information, complete expenditure reports, certify expenditure reports, and certify contract closeout packages in the CDER system.

Other

- G.1 **Where will the applications and guidelines be located?** The guidelines are located on the Adult Education and Literacy page on TWC's Web site at <http://www.twc.state.tx.us/svcs/adultlit/adult-basic-education.html>. The submitted applications will not be accessible to Grantees on-line; however, grant amounts and budgets will be available in the CDER system.