# FEDERAL CASH MANAGEMENT IMPROVEMENT ACT (CMA)

The Federal Cash Management Act requires that all grantees and subgrantees have, as part of their financial management systems, procedures for minimizing the time between requesting funds and disbursing the funds. The state draws down or requests only the amount of funds it will spend in a day; a school or school district should request only the amount they have expended and are expected to pay as soon as the federal funds arrive. Therefore, there should not be any fund balances in columns 5 or 6 of the AFR; and there should generally not be any federal fund balances in column 7 of the AFR.

Through a review of the AFRs, it has been noted that some school systems are reporting fund balances in the federal funds columns on the AFR (columns 5 and 6) and other special funds (column 7). Both state and federal amounts can be reported in column 7. You will need to review your books and determine what funds you are actually reporting in these fund balances. It is possible that a prior period adjustment will need to be made to move these balances into whatever fund they should correctly be reported in.

If after your review, you deem the balances in column 7 as appropriate and correct, a detailed explanation of the balances must be provided to the auditor performing your AFR review. The auditor will include your explanation as part of the review process and determine whether the balances are allowable.

We will not consider your AFR complete until these balances have been reviewed by the preparer, explanations have been provided by the preparer, any and all corrections are made by the preparer, and the auditor approves the explanations and all corrections.

For questions, email the State Audit team, staudit@la.gov.