



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

November 9, 2018

FINANCE MEMORANDUM

MEMO NO. 18-22

TO: All Department Heads

FROM: Laurel A. Johnston, Director of Finance *Laurel Johnston*

SUBJECT: Availability of Federal Funds in State Appropriation Accounts Following a Drawdown Request for Federal Assistance Programs Subject to 31 CFR 205, Subpart B

As mentioned in FM 18-01 "Cash Management Policy for Federal Funds" dated January 5, 2018, all State of Hawaii departments that draw federal funds shall adhere to the federal regulations codified in "31 CFR 205 - Rules and Procedures for Efficient Federal-State Funds Transfers"; Subpart A (Rules Applicable to Federal Assistance Programs Included in a Treasury-State Agreement) and Subpart B (Rules Applicable to Federal Assistance Programs Not Included in a Treasury-State Agreement)

This memorandum pertains to federal programs that are covered under Subpart B and the requirement in §205.33 that states:

"A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."

We have determined using the process described below, that with the State's accounting system, it presently takes an average of eight (8) calendar days after federal funds are received into the State Treasury Account to be posted to a State Appropriation Account. Thus, programs can use eight (8) days as a guideline to gauge when funds will be available in an account to schedule the submittal of a Summary Warrant Voucher.

1. The DataMart MBP405 report was downloaded for State Fiscal Year 2018 and 11,777 transactions were used to calculate the average number of days.
2. The "DOC" date on the MBP405 report is the date entered on the Treasury Deposit Receipt (TDR) by the department and should be the date that the funds are expected to be received into the State Treasury account.

3. The “PROC” date on the MBP405 report is the date that the funds were posted by DAGS to the State Appropriation Account.
4. Calculating the difference between the “DOC date” and the “PROC date” for 11,777 transactions provided an average of 7.56 calendar days from receipt into the State Treasury account to posting to a State Appropriation Account.

The Office of Federal Awards will calculate this average days on a fiscal year basis.

Should you have any questions, please contact Mr. Mark K. Anderson, Administrator of the Office of Federal Awards Management at (808) 586-3035 or at mark.k.anderson@hawaii.gov.

- c: Rod Becker, Comptroller, Department of Accounting and General Services
Mark Anderson, Department of Budget and Finance, Office of Federal Awards Management
Financial Admin Division-Treasury Management Branch, Department of Budget and Finance