

EXECUTIVE DIGEST

FEDERAL CASH MANAGEMENT

IMPROVEMENT ACT PROGRAM

INTRODUCTION

This report contains the results of our performance audit of the Federal Cash Management Improvement Act Program, Department of Treasury, for the period October 1, 1993 through September 30, 1995.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

The federal Cash Management Improvement Act (CMIA) of 1990, as amended, and the associated federal regulations require agreements between the states and the Secretary of the Treasury, U.S. Department of Treasury. The Michigan Department of Treasury, as State coordinator, has entered into agreements on behalf of the State of Michigan. These agreements primarily describe the methods used to request

federal funds and require the payment of interest by either party if funds are not received on a timely basis.

The Department of Treasury's responsibilities include ensuring that all applicable federal programs are included in the agreements, performing draws of federal funds for selected programs, developing check clearance patterns for State disbursements, performing interest calculations when applicable, submitting claims for reimbursement of direct costs for implementing CMIA, and submitting an annual report to the U.S. Department of Treasury.

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To assess the effectiveness of the Department of Treasury's efforts as the State coordinator for the CMIA agreements and to ensure that all applicable federal programs were included in the agreements.

Conclusion: We concluded that the Department was generally effective as the State coordinator for the CMIA agreements and in ensuring that all applicable federal programs were included in the agreements. However, we noted one reportable condition* related to the average number of check clearance days for two programs (Finding 1).

Audit Objective: To assess the effectiveness of the Department's procedures related to developing check clearance patterns, performing interest calculations, and submitting an annual report to the U.S. Department of Treasury.

Conclusion: We concluded that the Department's procedures related to developing check clearance patterns, performing interest calculations, and submitting an annual report to the U.S. Department of Treasury were generally effective.

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the federal Cash Management Improvement Act program records of the Department of Treasury for the period October 1, 1993 through September 30, 1995. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our audit methodology included an analysis of procedures and documentation used to develop the CMIA agreements and the check clearance patterns. We obtained financial data and verified the calculation of interest owed to or due from the federal government. Also, we examined the procedures related to and documentation supporting submission of the annual report.

**AGENCY
RESPONSE**

Our audit report includes one finding and corresponding recommendation. The Department's preliminary response indicated that it agreed and has implemented the recommendation.