

FINAL CASH MANAGEMENT AND FEDERAL DRAWDOWN POLICY

POLICY NO.:	FO500-05
RESPONSIBLE ADMINISTRATOR:	Vice President for Finance and Administration
RESPONSIBLE OFFICE:	Financial Compliance Office
ISSUE/EFFECTIVE DATE:	01/01/2024
REVISION DATE:	

1.0 POLICY PURPOSE

This policy is designed to provide guidance and identify requirements of using LOC's or other electronic payment mechanisms to draw down federal funding.

2.0 TO WHOM THE POLICY APPLIES

The Comptroller is responsible for preparing and performing cash drawdowns for federally sponsored programs. Under the terms of certain awards with some federal agencies, the university can draw down funds via electronic systems. The federal sponsoring agencies (e.g., National Institute of Health (NIH), National Science Foundation (NSF), U.S. Department of Agriculture (USDA)) authorize funds that meet the aggregate expenditure activity of the agency's awards to the university.

3.0 POLICY STATEMENT

The specific requirements for cash management are unique to each federal program and are found in the laws, regulations, and the provisions of award agreements pertaining to the program. This policy identifies the documentation required when cash requests for federal awards are paid through a Letter of Credit (LOC) financing system or other electronic payment mechanisms.

4.0 DEFINITIONS

Drawdown (Draw) – is defined as accessing the payment website designed by the federal agency and transferring funds from the federal government account to the university's account.
Letter of Credit (LOC) – is defined as an electronic method of payment for requesting reimbursement of expenditures aggregated by funding source.

5.0 RESPONSIBILITIES

Employees' Responsibilities

Principal Investigator (PI):

- Make immediate corrections if expenditures exceed the budget for the award;
- Monitor sponsored project expenditures on a timely basis.

Supervisors' Responsibilities

Comptroller:

- Perform managerial review to approve all LOC and other federal draws;
- Execute and manage LOC and other federal draws to maximize the liquidity of the university;
- Ensure compliance with federal cash management requirements.

6.0 CONSEQUENCES FOR VIOLATING THIS POLICY

N/A

7.0 RELATED INFORMATION

Letter of Credit or Federal Drawdown

The university submits a payment request for an identified group of federal awards when funds are needed for reimbursement of expenses. Amounts received under this method of payment are recorded directly to the applicable sponsored program's revenue account. The university must not draw funds from the U.S. Treasury in excess of immediate needs or in excess of the limits for any award. Program costs must be paid for by university funds before reimbursement is requested from the federal government.

The comptroller must manage the cash position of the respective LOCs and other federal drawdowns. The draws are prepared as closely as possible to the actual expenditure of funds to maximize the cash balance of the university, based upon the cash positions of the awards involved.

Supporting documentation for each draw will be reviewed and approved by management.

Federal drawdowns should be done on a timely basis (preferably monthly) but no later than the last working day of the subsequent month from when the expenditures were realized.

Refunds to Sponsor

Any amounts drawn in excess of expenditures, resulting in a positive cash balance, must be remitted to the federal government in a timely manner. Any interest earned on excess cash in excess of \$250 per year is required to be remitted to DHHS.