

# BRANDEIS UNIVERSITY POLICY

Policy: Drawdown Request Policy

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Responsible Office: Office of Financial Affairs and Treasury Services

Responsible Official: Senior Vice President for Financial Affairs

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### **Policy Statement**

Brandeis University Sponsored Programs Accounting (SPA) is responsible for preparing and performing cash drawdowns for federally sponsored programs in accordance with Uniform Guidance 2 CFR 200.302 (Financial Management) and 200.305 (Federal Payment). Under the terms of certain awards with some federal agencies, the university can drawdown funds via electronic systems. The federal sponsoring agencies (e.g., NIH, NSF, USDA) authorize funds that meet the aggregate expenditure activity of the agency's awards to the University.

### **Purpose of Policy**

The purpose of this policy is to provide guidance and identify requirements of using LOC's or other electronic payment mechanisms to drawdown federal funding.

### **Applicability**

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 documentation required when cash requests for federal awards are paid through a Letter of Credit (LOC) financing system or other electronic payment mechanisms and is applicable to all Principal Investigators (PIs) and administrators at Brandeis University within all schools, units, divisions, institutes, and centers, who are involved with the administration of sponsored awards who must comply with this policy.

## **Procedures**

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 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. SPA and the Controller's Office must manage the cash position of the respective LOCs and other Federal drawdowns. The Draws are prepared as close 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 the Director of Sponsored Programs Accounting.

## **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.

## **Roles and Responsibilities**

### Sponsored Programs Accounting (SPA)

- Calculate correct amounts to be drawn down for each award and submit federal draws
- Perform managerial review to approve all LOC and other federal draws on a monthly basis
- Manage LOC and other Federal Draws to maximize cash position of the University monthly
- Monitor the release of appropriated funds by sponsor and ensure federal compliance for cost sharing requirements are met before drawdowns
- Ensure compliance with federal cash management requirements

### Principle Investigators and Department Administrators

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

## **Procedures**

### Drawing down Funds for Reimbursement of Expenses on Federal Awards

Awards from federal agencies are not paid in full or in advance at the time they are awarded to the University. Instead, the University is required to draw funds down from the federal agencies payment systems periodically to reimburse the University for its expenses on all of our federal grants.

The Senior Grant Accountant accesses the federal payment systems periodically to prepare cash drawdowns for reimbursement of expenditures on federal grants at the University. The Senior Grant Accountant runs a query on all pertinent awarded to the University. That list of grants can be used to run an expense detail report for the period of time that the reimbursement request is covering on a monthly

schedule throughout the year. That list of grants can also be used to check that our records are up to date and accurate as far as award amounts and budgets are concerned.

The payment request amount is calculated as the difference between the Cumulative Expenses as of the end date of the month you are doing the drawdown for and the Cumulative Expenses as of the last day of the period the last drawdown was requested. This calculation is done each active award and the sum of all of the calculated payment requests is the total amount of the drawdown to be requested. The Cumulative amounts should come from the Cumulative Budget vs Actual reports for each grant and the individual payment requests by fund can be tied back to an expense detail report for the period the drawdown is covering.

The payment calculations are reviewed by the Director, SPA. After receiving approval, the amounts for each award are entered into the federal payment system to calculate the drawdown amount. After the expenses and drawdown amounts are approved by the Director of SPA, the Director can then certify the final drawdown in the federal payment systems.

### Calculating Indirect Costs

Indirect cost is calculated and posted by the system (Workday) when direct expenses are posted to an award. Indirect cost is calculated based on our negotiated modified total direct cost rate (MTDC). The appropriate rate agreement is assigned to an award at award setup stage in Workday to reflect the indirect cost rate in each award agreement.

Grant Accountants and Departmental Administrators conduct frequent reviews of indirect costs charges to grants to ensure that charges are accurately being calculated and applied to each award and drawn down accordingly.

### **Definitions**

Draw-down (Draw) - 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) - an electronic method of payment for requesting reimbursement of expenditures aggregated by funding source.

Appropriation - money for a particular purpose: a sum of money that has been set aside from a budget, especially a government budget, for a specific purpose.

### **Regulatory References**

OMB Uniform Guidance, 2CFR 200:302 and .305

- [https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200\\_1302&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1302&rgn=div8)
- [https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=41af7b19c64a4fc5b76985ce4f9a62bc&mc=true&n=sp2.1.200.d&r=SUBPART&ty=HTML#se2.1.200\\_1305](https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=41af7b19c64a4fc5b76985ce4f9a62bc&mc=true&n=sp2.1.200.d&r=SUBPART&ty=HTML#se2.1.200_1305)