

SOPP # 860 (Grants & Project Management)	<u>Prepared By:</u> Audit Assurance Division
<u>Effective Date:</u> 04/03/09	<u>Approved By:</u> Commissioner of Finance
Title	Indirect Costs- Drawing Down & Posting
Purpose	To establish guidelines in the drawing down and posting of money for the Indirect Cost Fund
Policy	<ul style="list-style-type: none"> • Projected indirect costs budget should be entered into the specific Department or Agency org code under the object 563300, at the beginning of the budget period, or when the initial award is inputted into the system. • The projected indirect cost would be budgeted based on the current percentage of direct costs allowed, and the expectation that the full grant would be expended. • Indirect costs computed by the departments must be drawn down from the federal Payment Management system on a bi-weekly basis with the payroll draw, or as is necessary, when other expenditure draws are made. • Draw downs will be posted to the ERP, into the 457200 Indirect Cost revenue object for the related accounts, using the Miscellaneous Cash Receipts entry module. • Once the draw down is done the Department or Agency prepares an Accounts Payable Invoice (API) entry against the 563300 account. A check is then prepared in the Department of Finance (DOF) accounts payable and forwarded to the DOF treasury department. Attached to the API should be the Statement of Remittance (SOR) for DOF showing the allocation of the central and departmental portions to the Indirect Cost 2098 accounts • (Indirect cost is allocated based on percentages determined by the Office of Management and Budget.) • The Federal Grants/Treasury area at DOF, matches the checks with the SOR, signs off on the SOR, and then forwards the check to the Revenue Collection section for deposit to the bank and entry into the ERP system. The authorized SOR is then forwarded by the Department or Agency to OMB with the related budgets. Copies of the documents are retained, or sent out as appropriate. • The budget showing how the funds are allocated, a copy of the

	<p>API, the related SOR, and the draw request forms should be included with the package to the Federal Grants Management Unit of OMB.</p> <ul style="list-style-type: none"> • OMB will post the indirect cost to the budgets, as requested and authorized by the Departments and Agencies and the DOF. • The DOF Federal Grants Specialist will monitor draw downs in general. • OMB will monitor draw downs that specifically impact the Indirect Cost Fund as well as the consistent usage of the rest of the fund. • The Award Budget and/or the department’s Indirect Cost expenditure budget must include the department’s <u>prorated share of the Single Audit cost</u>. • If the department anticipates that any of its federally funded program employees will be retiring and/or resigning from government service, then those projected lump sum payments should also be budgeted. <p>End of Year Draw Downs</p> <ul style="list-style-type: none"> • Draw downs done at or near the end of the fiscal year should be immediately transferred out of the indirect cost budget into the 2098 accounts. These accounts can be used in the next year. • This is especially important if the grant which has the indirect cost account 563300 is a one year grant. That grant would close at the end of the current fiscal year.
<p>Responsibilities</p>	<p>Departments and Agencies are responsible for:</p> <ol style="list-style-type: none"> 1. Determining and drawing down the amounts for the indirect costs, into the 457100 revenue account and the local government’s bank accounts. The funds can now be used against the established indirect cost budget. 2. Determining the amount of the check to be drawn against the 563300 account and preparing the documentation and the corresponding SOR to move the money into the pre-designated department and central services accounts associated with the indirect cost. 3. Preparing the budgets for OMB to assign to the central services areas, and to the indirect cost accounts of the

	<p style="text-align: center;">department doing the draw down</p> <p>The Department of Finance (DOF) is responsible for;</p> <ol style="list-style-type: none"> 1. Posting the funds drawn down into the revenue account 2. Assigning the drawn down funds into the bank accounts hosting the budget 563300 accounts 3. Generating the check from the 563300 to move funds into the indirect cost accounts for the departments, and the central services accounts. 4. Matching the SOR against the check from disbursements. The SOR must be completed by the applicable department or agency and forwarded to DOF. <p>The Office of Management & Budget (OMB) is responsible for</p> <ol style="list-style-type: none"> 1. Entering the Award Budget and the Department’s Indirect Cost Budget, to facilitate utilization of its Departmental Indirect Cost Revenues.
<p>Procedures</p>	<p><u>Departments and Agencies will:</u></p> <ol style="list-style-type: none"> 1. Prepare the annual budget to include in the object 563300, the indirect cost amount. 2. Draw down into the revenue account object 457200 the reimbursement for the direct cost and the corresponding percentage for the indirect cost into the 457100. 3. Prepare an accounts payable transaction to initiate a check against the 563300 object, 4. Prepare, at the same time, a Statement of Remittance (SOR) and send to the Department of Finance’s (DOF’s) Federal Grant Specialist/Treasury area. 5. Submit an indirect cost expenditure budget to the Office of Management and Budget (OMB).

	<p>Department of Finance:</p> <p>Federal Grants Specialist/Treasury will;</p> <ol style="list-style-type: none">1. Document the SOR as being received at DOF's Federal Grants Specialist/Treasury, then match it with the check from the Disbursement Section.2. Forward the check to Revenue collection area for deposit.3. Ensure that the accounts for the central services and the department's specific indirect cost accounts are set up. <p>Revenue Collection will:</p> <ol style="list-style-type: none">4. Deposit the checks written against indirect cost on the federal accounts bank into the local government bank.5. Forward the SOR to the departments <p>Office of Management & Budget (OMB) will;</p> <ol style="list-style-type: none">1. Review the budgets for indirect cost sent by the Departments and Agencies2. Allocate funds into the budget accounts1. Forward completed documents to the departments and Agencies
--	--

Revision History

Revision #	Date	Description of changes	Requested By
0	04/03/09	Initial Release	CB, JL,PA
1	03/04/10	Review & update	AD, JL