



# OFFICE OF SPONSORED PROGRAMS

## LETTER OF CREDIT AND CASH DRAWDOWN REQUESTS

Effective: September 1, 2016

### GENERAL STATEMENT

The Office of Sponsored Programs (OSP) is responsible for initiating requests for cash drawdowns on funds that have a Letter of Credit option. The Office of Treasury Services (OTS) is responsible for the requesting of funds from the sponsor's payment site and the receipting of funds within the University's financial accounting system. The OSP conducts periodic reviews and reconciliations to ensure that the funds requested are receipted accurately within the financial accounting system.

### INITIATING A CASH DRAWDOWN REQUEST

The OSP Financial Accountant prepares cash drawdown requests at least monthly on all systems. A daily web notification is sent via email from Document Direct with provides the Daily LOC Report Detail (FBAR141). This report is used to prepare the request for drawdown. This report calculates the current amount of funds available for drawdown (estimated cash on hand) for each LOC group by project, by subtracting the cumulative expenses incurred on a project from the cumulative revenue receipted on a project. Information from this report is pulled directly from the financial accounting system's FRS and SPR modules.

FBAR141		PRAIRIE VIEW A&M UNIVERSITY						02/16/2017 00:25	
FY 2017 CC 05		Letter of Credit by LOC Group, GL - Thru February 2017						PAGE: 68	
		Daily Expenses for the period from 02-15-17 Through 02-15-17							
LOC Group	GL	SL	Net Rev-Exp Budg.	Cumulative Revenues	Daily Expenses	Cumulative Expenses	Estimated Cash	Unrealized Revenue	
DEDPV	048000	480303	0.00	21,339,199.46	0.00	21,350,843.46	11,644.00-	7,864.00	
		480304	0.00	11,621,378.49	0.00	22,294,366.00	10,672,987.51-	11,621,378.49-	
		480401	0.00	12,220.00	0.00	12,220.00	0.00	0.00	
		480402	0.00	16,015.40	0.00	16,015.40	0.00	0.00	
		480403	0.00	14,912.00	0.00	14,912.00	0.00	0.00	
		480404	0.00	8,845.00	0.00	18,621.00	9,776.00-	1,855.00-	
TOTAL GL: 048000			0.00	85,646,065.30	0.00	97,029,169.76	11,383,104.46-	9,926,933.44-	
TOTAL LOC: DEDPV			0.00	189,429,961.21	0.00	200,833,486.13	11,403,524.92-	9,919,658.25-	
DHHS	041000	416870	0.00	743,114.86	0.00	834,718.38	91,603.52-	154,965.14	
		417180	0.00	221,275.10	0.00	214,609.02	6,666.08	138,926.90	
TOTAL GL: 041000			0.00	964,389.96	0.00	1,049,327.40	84,937.44-	293,892.04	
TOTAL LOC: DHHS			0.00	964,389.96	0.00	1,049,327.40	84,937.44-	293,892.04	
DOENET		417200	0.00	78,457.28	0.00	87,778.26	9,320.98-	171,538.72	
TOTAL GL: 041000			0.00	78,457.28	0.00	87,778.26	9,320.98-	171,538.72	
TOTAL LOC: DOENET			0.00	78,457.28	0.00	87,778.26	9,320.98-	171,538.72	
DOENSA		415780	0.00	1,268,160.31	0.00	1,268,160.31	0.00	6,839.69	

On the determined day for requesting funds, the Financial Accountant verifies the balance of the LOC groups as follows:

- Verifies that previous request(s) have been received and receipted.
- Runs the FBAR141 report through Document Direct.

- Verifies that projects have not been overspent by reviewing the cumulative expenditures column to the budget column on the FBAR141 report.
- Reviews the end dates of the project to determine if funds are still eligible to request.]
- Identifies interim funded projects.
- Fills out the Request for Funds forms (Attachment A, B and C), omitting overspent, interim amounts and any past the end date to request funds. The final date to request funds on projects is usually 90 days past the end date of the project, although there may be exceptions, especially projects which reach the five (5) year appropriation mark. In those cases, funds are normally cancelled on the last day of the project. NSF and NIH have recently extended the final draw date to 120 days past the end date.

After filling out the request for funds and attaching the FBAR141 report, the request is signed by the OSP Financial Accountant and sent for review and approval to the OSP Associate Director. The request is then sent to the Office of Treasury Services.

### **DRAWING DOWN FUNDS FROM THE SPONSOR**

The OTS Director or OTS Assistant Director inputs the request for funds based on the information that is on the Request for Funds forms into the appropriate request system and records the action on the form. The OTS Director or OTS Assistant Director will contact the OSP Financial Accountant or the OSP Associate Director for any request problems. Either the OSP Financial Accountant or the OSP Associate Director will review the request and if the problem cannot be solved at that time, the funds will not be requested. Once funds are requested the Office of Treasury Services sends the confirmation page of the request back to the Office of Sponsored Programs for their file.

### **RECEIPTING OF FUNDS**

The funds from LOC transactions are normally received within 1 – 2 business days from the date the request was submitted in the appropriate sponsor website. Once the funds are transferred into the University's bank account, the Office of Treasury Services receipts/posts the funds directly against the revenue GL object code for each account. The OSP Financial Accountant ensures the accurate receipting of funds by conducting periodic review and reconciliations prior to initiating the next cash drawdown request.