

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.05

Policy Name: Draw Down of Federal Appropriations

General Policy and Procedure Overview:

The University receives Federal Appropriations annually from the Federal Government with quarterly releases. Congress annually considers 11 or more appropriation measures, which provide funding for numerous activities, for example, education. This policy provides guidance for the University to record and process such appropriations.

Definition of Key Terms:

AR– The PeopleSoft module used in the process of managing outstanding receivables—Accounts Receivable (AR).

ARR - Accounts Receivable Report – An application allowing a user to enter a receipt of cash representing payment by a customer or sponsor applied to an outstanding receivable.

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.

Draw-down - Accessing the payment website designated by the federal agency and transferring funds from the federal government account to the University's account.

Detail Policy and Procedure:

Appropriations are generally released on a quarterly basis from U.S. Department of Agriculture (USDA). The appropriation amount is determined by a statutory formula set by the Congressional Committee on Appropriations. In order to collect the funds released by appropriation the following process described below must be performed.

A letter may be sent to the University by USDA certifying that funds have been released; additionally the Controller's Office periodically checks the payment website designated by the sponsor to determine if new funding has been released.

Once funding is available for draw-down, the Controller's Office contacts the University Department receiving funds to positively confirm expenses and determine if allowable expenditures meet or exceed the amount of funds available. The Controller's Office will validate amounts from the financial system with expenditure amounts submitted by the Department and compare the amounts to the available USDA released amounts.

The draw should not exceed the federal year-to-date expenditure amounts. If expenditures exceed the amount of the draw, the remaining expenditures should be paid from other funding sources, such as general operating funds, or a third party. After verification of the expenditure amounts, the Controller's Office will perform a managerial review to verify the draw amount and document the review with a signature and date indicating approval to make the draw.

When draws are made, the Controller's Office will record an on-line pending item in AR and initiate entries to record revenue to the appropriate ChartField strings, with Account 410000 for Agricultural Experiment Station (AES), or Account 410100 for Cooperative Extension (CO-OP). The following entries are created:

Transaction Description	Account	dr	cr
Accounts Receivable for the total draw-down amount.	Accounts receivable (133050)	X	
Draw-down amount for each appropriate USDA appropriated ChartField string.	Federal revenue (410000 for AES and 410100 for CO-OP)		X
Note: On-line pending item is created in AR.			
Receipt of cash for total draw-down amount.	Cash (190000)	X	
Reduce Accounts Receivable for total draw received.	Accounts receivable (133050)		X
Note: Accounts Receivable Report (ARR) entered when received from USDA.			

Supporting documentation for the draw is retained by the Controller's Office in accordance with the records retention policy for the University and the federal appropriation requirements.

Responsibility

Controller's Office:

- Monitor the release of appropriated funds by sponsor
- Ensure compliance with federal cash management requirements
- Ensure federal compliance for cost sharing

Departments:

- Apply expenses to projects appropriations
- Provide expense totals on appropriations for draw downs
- Ensure cost sharing requirements are met before draw downs

Effective Date: July 1, 2006

Revised Date: June 12, 2008

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.