



Department of Information Technology

TITLE: *Federal Grant Drawdown and Reimbursement Policy*

POLICY NUMBER: *DOIT-361-106-A Version 1.0*

POLICY OWNER: *Grants Office*

POLICY SPONSOR: *Secretary Ackley*

AGENCY: 361

ISSUE DATE: 08/31/2011

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03/01/2011

1. AUTHORITY:

- 1.1 Office of Management and Budget (OMB) Circular A-102 Grants and Cooperative Agreements with State and Local Governments
- 1.2 15 C.F.R. Part 24 – Uniform Administrative Requirements for Grants.

2. REFERENCES:

- 2.1 OMB Circular A-102 Grants and Cooperative Agreements with State and Local Governments
- 2.2 OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments
- 2.3 OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations
- 2.4 Cash Management Improvement Act H.R. 4279
- 2.5 State of New Mexico Manual of Model Accounting Practices
- 2.6 Title 1 General Government Administration, Chapter 4 State Procurement, Part 1 Procurement Code Regulations
- 2.7 State Personnel Board Rule, 1 NMAC 7, 11 Discipline

3. PURPOSE AND SCOPE:

- 3.1 The purpose of the Grant Drawdown and Reimbursement Policy is to assure that the Department as an Award Recipient follows Federal and State laws, rules, regulations, policies and best practices for grant federal cash draws and reimbursements.

- 3.2 Grant funds are subject to the Cash Management Improvement Act (CMIA). The Department should drawdown funds as close to expenditures as possible to comply with the CMIA.
- 3.3 The Department receives grant revenue as early and as often as allowable under the terms of the explicit grant.

4. DEFINITIONS:

- 4.1 Agency: A department, commission, board, or institution of the State of New Mexico.
- 4.2 American Reinvestment and Recovery Act (ARRA or Recovery Act): Economic stimulus package enacted by the 111th U.S. Congress in February 2009.
- 4.3 ASAP: U.S. Department of Treasury's Automated Standard Application for Payments System.
- 4.4 Authorized Organization Representative (AOR): Individual authorized by an award recipient to act for the recipient organization and to assume the obligations imposed by the Federal laws, regulations, requirements, and conditions that apply to a grant application or grant award.
- 4.5 Award Recipient: Organization awarded a grant to implement a project. Recipient or Award Recipient is the preferred term in place a Awardee or Grantee.
- 4.6 CIO: Chief Information Officer.
- 4.7 Contractor: A person that is not a state payroll employee and has an active contract with the DoIT.
- 4.8 Department: Department of Information Technology
- 4.9 DoIT: Department of Information Technology.
- 4.10 Drawdown: The process to request and receive awarded funds.
- 4.11 Federal Program Officer (FPO): The Department of Commerce official responsible for the technical, scientific, or other programmatic aspect of an award/program.
- 4.12 Financial Coordinator: The individual responsible for the financial reporting obligation for the grant.
- 4.13 Grant: A federal grant is an award of financial assistance from a federal agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States.
- 4.14 Grantor: A federal grantor agency; i.e. Department of Commerce
- 4.15 Official Grant Files: The source of record for grant related documents.

- 4.16** Recipient: Organization awarded a grant to implement a project. Recipient or Award Recipient is the preferred term in place a Awardee or Grantee.
- 4.17** Reimbursement Grant: Grant which requires the grantee to make grant expenditures first prior to invoicing the grantor for the reimbursement.

5. POLICY:

- 5.1** The Department of Information Technology shall comply with The Office of Management and Budget (OMB) Circular A-102 Grants and Cooperative Agreements with State and Local Governments and the 15 C.F.R. Part 24 – Uniform Administrative Requirements for Grants.
- 5.2** The Department may not request grant revenue as either drawdown or reimbursement until the grant award has been received and accepted by the Federal grantor.
- 5.3** The Department’s process and procedure for receipt of awarded funds shall minimize the time elapsing between the incurred grant related expenses and the request for receipt of funds.
- 5.4** The Department’s request for receipt of funds for a grant with reimbursement payment method shall be no less than one time per calendar quarter and no more than one time per month unless the Grant Cash Management Plan or Grant Special Award Conditions has other specific requirements.
- 5.5** The Department’s request for receipt of funds for a grant with allowable advance payment method shall not exceed the amount of cash required for a 30-day period unless the Grant Cash Management Plan or Grant Special Award Conditions has other specific requirements.
- 5.6** The Department must return funds that are not expended within 30 days of being drawdown.
- 5.7** The Department’s request for receipt of funds shall be made for only expenses that are consistent with the grant program purposes, applicable laws and Treasury regulations. See reference OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, attachment A - General Principles for Determining Allowable Costs.
- 5.8** The Department must follow the State of New Mexico Manual of Model Accounting Practices, Policy and Procedure FIN 11 Receivable (Federal Grant).

6. PROCEDURES:

- 6.1** The process of drawdown of awarded funds should be completed by the Financial Coordinator or the individual assigned the responsibilities of the Financial Coordinator.

- 6.2** The Financial Coordinator should review all transactions expensed against the Department fund assigned to the specific grant to ensure that all cost incurred are allowable to the grant and follow procurement code regulations.
- 6.3** The Financial Coordinator should keep record of all expenses incurred for the grant and reconcile to the SHARE Financial General Ledger Detail and the Accounts Payable Detail monthly.
- 6.4** The week preceding the end of the month the Financial Coordinator should export the General Ledger Detail and Accounts Payable Detail to be used as backup for the drawdown request.
- 6.5** For the drawdown reimbursement the Financial Coordinator should determine the amount for the request which will be the total expensed less the cash received.
- 6.6** The Financial Coordinator should prepare all documents required for backup and justification for adjustments that need to be made to the fund assigned to a specific grant. The documents should be routed to the Administrative Service Division (ASD) who will be responsible for preparing the Journal Entry. Adjustments may include the Internal Request for Drawdown or documented work performed on a grant by Department staffs that are not funded by the grant.
- 6.7** The Internal Drawdown Request Form should be completed by the Financial Coordinator and routed to the Principle Investigator for review and approval. Backup documents should be attached to the form.
- 6.8** The Grant Principle Investigator should review the Internal Drawdown Request and sign if the request is approved or approved with changes and return the request to the Financial Coordinator. If the request is not approved by the Principle Investigator the request will be returned without a signature.
- 6.9** As a grant award recipient the payments received should be made through an electronic funds transfer using the U.S. Department of Treasury's ASAP system unless the Grant Program Manager has required use of an alternate method. The Financial Coordinator should process the approved request reimbursement or advance payment using the ASAP system.
- 6.10** The Internal Drawdown Request and Payment Transaction Confirmation should be email to the Department Accounts Receivable Bureau and General Ledger Bureau with a hard copy to follow by the Financial Coordinator.
- 6.11** All documents related to a grant drawdown or reimbursement process should be filed in the official grant files and made available for a single audit. See reference OBM Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.
- 6.12** All Department staffs who are assigned work related to a grant should read and sign the Acknowledgement Form for this policy.

7. FORMS:


- 7.1** Policy Acknowledge Form

7.2 Internal Drawdown Request Form

8. MANAGEMENT:

- 8.1** Appropriate and timely notification will be made regarding change(s) in policy or procedures, as deemed appropriate by the Department Secretary.
- 8.2** Each reported infraction of this policy will be handled on it's own merit and may be subject to disciplinary action in conjunction with the State Personnel Board Rule, 1 NMAC 7, 11 Discipline.
- 8.3** The Department's Office of Policy and Assessment will review this policy in accordance with the Department's Policy Management Plan.

9. APPROVAL:

Approved By:  Date: 8/31/11
Darryl Ackley, Secretary
Department of Information Technology

ATTACHMENT A: Acknowledgement Form

I have received, read, and understood the **Policy: *Policy Title DOIT-361-106***. I understand it is my responsibility to adhere to this policy.

Should I have any questions I will notify the DoIT Human Resources Office.

Printed Name

Signature

Title

Date (mm/dd/yyyy)