

College of Charleston

Financial Aid Cash Drawdown and Invoicing Procedures

Scope:

To establish policies and procedures related to cash drawdowns and invoicing for Financial Aid at the College of Charleston, and ensure compliance with federal and state regulations as they relate to the Cash Management Improvement Act. Cash drawdowns should not be processed in advance of actual expenditures, and the amount of the drawdown should not exceed the actual expenditures for applicable program on the funds transfer date.

Definitions

Invoice is a document issued by College of Charleston to another entity based on goods supplied and services rendered.

Letter-Of-Credit is a payment method specified by a sponsor in their award agreement, which guarantees College of Charleston will receive payment in full provided that the sponsor's terms and conditions of the award have been met.

Cost Reimbursable is a reimbursement method specified by a sponsor in their award agreement. College of Charleston will receive funds from the sponsor after College of Charleston provides the sponsor with documentation (e.g. invoice) evidencing costs/expenses have been incurred.

Drawdown is the process for receiving funds from a Letter-Of-Credit.

Procedures

These procedures are applicable to all programs and must be followed by schools, departments, and personnel of College of Charleston involved with Financial Aid. The responsibility for student accounting is shared by Financial Aid, the Treasurer's Office and the Controller's Office (Grant Accounting). Grant Accounting performs many of the duties associated with federal and state cash and accounts receivable management which includes:

- Performing letter of credit drawdowns;
- Submission of invoices for state scholarships for payment;
- Following up on outstanding receivables by reviewing system generated account balance reports;
- Identifying issues causing delays in payment and working to correct such issues;

Roles and Responsibilities

Controller's Office

- **Grants and Contracts Accountant**
 - Maintains the list of all Letter of Credit, and Electronic draw awards.
 - Prepares the back-up documentation for the drawdown and invoice, calculates the amount of the drawdown for the Department of Education (G5) System, and confirms the amount by reconciling the General Ledger Expenses to Financial Aid Banner Form (RFIBUDG) for each program.
 - Obtains official approval from Financial Aid, and performs the actual drawdown.
 - Creates and maintains documentation for each draw.
 - Verifies that the draw funds have been accurately applied to the various programs.
- **General Ledger Manager or Deputy Controller**
 - Reviews the Letter of Credit, and Electronic draw documentation created by the Grants and Contracts Accountant and approves the drawdown of funds.

Letters-Of-Credit

Most federally-funded awards received by College of Charleston are cost reimbursable. Grant Accounting is responsible for preparing and performing Letter-of-Credit (LOC) drawdowns, which are processed through the respective federal agencies' online payment system(s). Grant Accounting submits a LOC payment request (drawdown) on a monthly or quarterly basis for reimbursement of expenditures made on the award(s). Grant Accounting maintains the drawdown support which consists of the Controller's Office generated invoice, Banner forms FGIBDST, FGITBAL and RFIBUDG. Typically payments from Federal sponsors are made to College of Charleston via direct deposit within a few days. Grant Accounting sends a copy of all invoices and a detail excel spreadsheet to the Treasurer's Office for proper credit when the funds arrive in the College of Charleston depository account.

Non Letters-Of-Credit Payment Methods

For non-Federal sponsors, and Federal sponsors with whom College of Charleston does not have a LOC relationship, Grant Accounting submits invoices for an award. The invoice frequency is based upon the billing terms established by the sponsor. Grant Accounting submits the invoices and monitors sponsors' payments to ensure they are received and processed timely and accurately.