Advances of Federal Funds

Section:  Treasury Management
Title:  Advances of Federal Funds
Number:  105.400

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.100 POLICY STATEMENT

This policy establishes system-wide standards for the management of advances of federal funds.

.110 POLICY RATIONALE

OUS seeks to ensure that the policies and procedures related to the management of federal funds are documented, communicated, clearly understood, and consistently applied.

.120 AUTHORITY
34 CFR Subpart K Cash Management
OMB A-110, Subpart C, Section 22 – Post Award Requirements – Payments
ORS 351.085 - Duties and Powers of Chancellor
ORS 351.506 Oregon University System Fund
OMB 580-040-0005 - Delegation and Assignment of Responsibility
IMD 6.001 - Finance and Business Affairs Accounting Policies - Assignment of Responsibility
IMD 6.002 - Finance and Business Affairs Accounting Policies - Institutional Responsibility

.130 APPROVAL AND EFFECTIVE DATE OF THE POLICY

Effective retroactive as of July 1, 2009

.140 KNOWLEDGE OF THIS POLICY

All Chancellor’s Office and institutional personnel with federal funds management responsibilities should have knowledge of this policy.

.150 DEFINITIONS

Advanced Federal Funds: Funds received from the Federal Government in advance of expenditure and outside of the guidelines of 34CFR Subpart K Cash Management.

Bank Code: Identifies the bank account associated with a particular Banner fund code. Each Banner fund code is associated with a single Bank Code.

BV Bank Code: The Bank Code that has been established for the purposes of separately tracking advances of federal funds for purposes of calculating and remitting interest earned on advances to the federal government. The Treasury bank account associated with this bank code is interest bearing.

.160 RESPONSIBILITIES

A. Chancellor’s Office

- Calculate and disburse interest to OUS institutions quarterly.

B. Institution

- Carefully review terms and conditions of all Federal awards and contracts to determine if funds are considered received in advance.
- Set-up a separate fund in Banner for federal awards and contracts for which advanced federal funds are received, using bank code BV Advanced Federal Funds.
- Minimize the time elapsing between transfer of funds and disbursement of funds.
• Supply OUS Treasury Operations with a Banner index to which interest earnings and charges will be disbursed.
• Remit interest in excess of $250 to the appropriate federal agency annually.

.170 PROCESS

• OUS deposits all cash received into the Oregon University System Fund as described in ORS 351.506.
• When an institution receives an advance of federal funds on an award or contract, a fund in Banner will be established with bank code BV Federal Advanced Funds.
• Federal Student Aid (FSA) received by Advance Payment method or Just-in-Time payment method should be disbursed within the time requirements outlined in 34 CFR Subpart K Cash Management. An interest bearing bank code should not be used for FSA funds unless pre approved by Treasury Operations.
• OUS Treasury Operations will calculate interest on funds associated with bank code BV Federal Advanced Funds quarterly. The interest rate for this calculation will be the rate declared by the Internal Bank, which is a blend of the rate earned on the State Treasurer’s Short Term Investment pool, the State Treasurer’s Intermediate Term Investment Pool, and earnings on other investments including any unrealized gains or losses on value of securities.
• Interest is earned on funds with positive balances and will be charged to funds with negative balances. OUS will disburse Interest earnings/charges to each campus by inter-institutional journal voucher to the Banner Index supplied by the campus.
• The institution is responsible for remitting interest in excess of $250 annually to the appropriate federal agency. Interest earned on research funds are remitted to the campus cognizant agency, interest earned on student aid funds are remitted to the US Department of Education. Interest of less than $250 per annum may be retained by the institution for administrative purposes.

.690 Contact Information

Direct questions about this policy to the following offices:

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<th>Subject</th>
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<tr>
<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
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<tr>
<td>General questions from institutional central administration and Chancellor's Office personnel</td>
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.695 History

04/26/11 - Approved

APPENDIX

NONE