

## Cash Management -- Federal Funding

### BACKGROUND:

According to 45 CFR 75.305, the recipients of federal funding must "minimize the time elapsing between the transfer of funds from the US Treasury or the pass-through entity and the disbursement by the non-federal entity whether the payment is made by electronic transfer, issuance or redemption of checks, warrants, or payment by other means".

### POLICY:

ISDH minimizes the time from when funds transfer from the US Treasury to disbursement into a specific number of days. The HIV STD Viral Hepatitis Division allows up to 30 days between drawdown, expenditure and payment. ISDH uses the cost-based reimbursement method for payment of Federal grants. To the extent possible prior to requesting federal funds program income, rebates, contract settlements, audit recoveries and interest earned on such funds should be expended first.

### PROCEDURE:

1. The Federal drawdowns are requested by the ISDH Finance Office on a monthly basis.
2. The ISDH Finance Office Accountants prepare the Federal drawdowns requests once a month for the prior month's expenses, after they have completed the appropriation reports and confirmed the expenses are all valid and appropriate.
3. Drawdowns are based on budget forecasting and subrecipient encumbrances.
4. Properly prepared invoices are sent for payment within prescribed time frames.
5. To the extent possible prior to requesting federal funds program income, rebates, contract settlements, audit recoveries and interest earned on such funds should be expended first.

### DOCUMENTATION:

Documented paid expenses for the Subrecipient invoice to the recipient.

### GUIDANCE:

The collecting, reimbursement and managing of federal award at the Subrecipient level needs to address the maintenance of accounting methods and internal controls that assure the payment of invoices within 30 days of receipt at ISDH, and that there are accounting processes to support the receipt of payment on a reimbursement.

Reimbursements

**Indiana State Department of Health (ISDH)  
HIV Services Program (HSP)  
HSP Policy # 18-15**

1. The recipient will initially charge federal grant expenditures to federal funds.
2. The Subrecipient will request reimbursement for actual expenditures incurred under the federal grants
3. Such requests shall be submitted to ISDH accounts payable liaison with appropriate documentation and on ISDH authorized invoice template.
4. According to federal requirements the subrecipient will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for review upon request.
5. Reimbursements of actual expenditures do not involve interest calculations.

**EXCEPTIONS:**

Can only be granted by the state

**REFERENCES:**

eCFR: [https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75#\\_top](https://www.ecfr.gov/cgi-bin/text-idx?node=pt45.1.75#_top)

***Implemented: May 22, 2019***