



# WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

<b>Section</b>	<b>10</b>	<b>CONTRACTS, GRANTS AND FEDERAL DRAWS</b>	<b>Effective Date</b>	<b>10/1/2015</b>
<b>Sub-section</b>	<b>01</b>	<b>Central Federal Draw</b>	<b>Revision Date</b>	<b>05/01/2020</b>

## BACKGROUND Authority

In 1975, an Executive Order signed by Governor Patrick Lucy established a statewide, centralized Federal draw process to be managed by DOA and incorporated into the State’s financial systems. A centralized draw process reduces costs and increases efficiency because:

1. It ensures that Federal cash is transferred to the State as quickly as possible, while still meeting Federal regulations.
2. Only SCO Central Federal Draw (CFD) staff are required to establish draw credentials for the various payment systems.
3. Quarterly reconciliations can be performed more efficiently by CFD staff.
4. Cash Management Improvement Act compliance is managed centrally.
5. The SCO-CFD area is staffed each business day without interruption.
- 6.

In the past, the State had utilized separate Federal draw subsystems that interfaced to the State’s enterprise financial system. However, with the STAR implementation in FY 2016, the Federal draw process was developed within the STAR ERP system itself.

## POLICIES

1. Agencies are encouraged to utilize the SCO’s Central Federal Draw process for all federal grants, especially for grants that require multiple draws (daily, weekly, or monthly).
2. The SCO’s Central Federal Draw process requires agencies to establish their centrally drawn federal grant programs within the STAR Grants Module.
3. On Dec 2, 2019, STAR implemented PUM 30 which delays the creation of federal invoices until source accounts payable vouchers and travel expenses are released for payment. This functionality was added to meet the Cash Management Improvement Act’s requirement that federal draws are timed as closely as administratively feasible with the State’s disbursement. State agencies have the capability to change PUM 30 defaults at the Customer Contract Line level which will require a Customer Contract amendment. If PUM 30 payment defaults are changed, State agencies may be allowing the STAR system to create invoices to draw federal funds before accounts payable vouchers and/or travel expenses have been released for payment by ACH or check. It is the State agencies’ responsibility to make sure PUM 30 defaults remain at customer contract line level and track contract lines in which PUM 30 defaults have been turned off. STAR has developed the WI\_CA\_CONTRACTS\_WITHOUT\_HOLD query to track contracts involving federal customers with PUM30 defaults turned off. Agencies who remove PUM 30 holds may be subject to federal non-compliance situations

## PROCEDURES

For agencies that are using the CFD process in STAR, the following fields MUST be populated in the Contracts area:

- Letter of Credit Identification (L/C ID)
- Letter of Credit Document Identification (LOC Doc ID)



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Federal Payment System	LOC Doc ID	Example
Payment Management System (PMS)	Document Number *must also fill in Subaccount ID field if provided on Award letter	05-1505WIINCT = Document ID HIT-INTCTPAY15 = Subaccount
Automated Standard Application for Payments (ASAP)	Account ID	BG99516215
G5 (Education)	Award No.	H126A150074
Grant Payment Request System (GPRS)	Award No.	2014-WF-AX-0044

Note that the LOC Doc ID End Date and Inactive DOC ID checkbox are informational only and will not stop the draw/bill process. You may choose to use these fields for informational purposes, but they are not required by SCO. Please see the Activating a Customer Contract for a Grant Job Aid referenced below.

### The Cash Management Improvement Act (CMIA)

The CMIA requires each state to develop an agreement with the U.S. Treasury which governs the timing of federal cash transfers for the largest federal grant programs. CMIA programs are added or removed from the list depending on the amount of expenditures recorded in the most current Single Audit report.

The CMIA requires states to time the receipt of federal cash with the clearance of payments that are issued for federal program purposes. The state must pay the federal government interest in cases when it receives federal cash in advance of when the payments clear the state’s bank. On the other hand, the federal government must pay the state interest if it does not provide enough funds to cover the payments as they clear the state’s bank. For CMIA grants, the agency must select the specific CMIA Sponsor to ensure the proper reporting. Questions regarding the selection of CMIA sponsors can be directed to the SCO Central Federal Draw section.

### Centralized Draw Overview

All the necessary batch jobs will be run overnight to collect costs and run the billing interface for all Contract’s with a Bill Type of LOC (Central Federal Draw). The State Controller’s office will run and review the current LOC bills query. The State Controller’s office will review the grant balances on the Federal Payment Systems and approve all billing worksheets available to be drawn. After the billing worksheets are approved; the State Controller’s office will rerun the current LOC bills query and enter the draw amounts in the Federal Payment Systems.

### Refunds of Federal Expenditures

When an agency receives a refund or a rebate for a payment that they have made from Federal grant funds, an expenditure credit or “refund of expenditure” is recorded to reduce the grant expenditures, and ultimately return the previously-drawn Federal grant funds to the Federal Program Agency.

When entering the Direct Journal accounting entries for a Refund of Expenditure, choose the Analysis Type ‘GLE’ instead of ‘REV’ on the distribution accounting string. This allows it to be sent to Project



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Costing and processed as a negative BIL (see Job Aid referenced below). Also, please see the Wisconsin Accounting Manual section 07-05 Refund of Expenditures for more information on refunds.

### Cash Receipts

The SCO will enter in all Cash Receipts related to central Federal draws in STAR. The Cash Receipts will be applied by the L/C ID in STAR.

### Job Aids

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Search for the following job aids on [STAR Confluence](#)

- Activating a Customer Contract for a Grant
- Credit Memos and Refund of Expenditures
- Deposits Processing