



Excess Cash Guide Sheet

What is cash on hand?

For Office of Justice Programs (OJP) award recipients (grants or cooperative agreements), **cash on hand** is the readily accessible federal funds drawn down for grant disbursements/reimbursements. Cash on hand is used to meet financial obligations.

What is excess cash?

For OJP award recipients, **excess cash** are federal funds that were not used for allowable costs within 10 days of the drawdown date.

Why is having excess cash a problem?

When drawing down federal funds, the entity must be careful to request only what they have already spent or will immediately spend (within 10 days of drawdown). When too much money is received or isn't spent fast enough, it becomes excess cash. Under certain circumstances, having excess cash can lead to additional oversight by the awarding agency. The awarding agency may withhold funds from the entity.

Solutions

1. If there was a reporting error on the quarter's end FFR, correct the FFR for the period in question.
 - a. Correct the FFR by using a [fillable SF-425 PDF form](#). Then email it to the Office of the Chief Financial Officer, Grants Accounting and Customer Service Branch at ask.ocfoOCFO@usdoj.gov.
2. If the entity determines there is excess cash, then the excess funds must be returned to the federal government.
 - a. Return the excess cash electronically via ASAP. Visit ASAP [Help: Initiate ACH Debit Return](#) for more information.

Payment Options: Reimbursement or Advance

A **reimbursement payment** is a payment made after the entity has disbursed funds. This method uses actual expenditures for the federally funded project/program (including indirect) as the basis for the payment request.

How do I know if I have excess cash?

If the cumulative cash received is beyond grant expenditures and anticipated expenses in the next 10 days, then the entity will have excess cash.

Exercise

For example, the entity has reviewed the total payments received from the federal government compared to what it has reported spending. This can be done by analyzing the cumulative amount of drawdowns from Automated Standard Application for Payments (ASAP) versus the expenditures reported on the quarter's end Federal Financial Report (FFR). You can use the table below to make these calculations.

Transactions	Cumulative
<i>Federal Cash</i>	
1. Cash Receipts Enter the amount of federal cash receipts.	\$
2. Cash Disbursements Enter the amount of federal cash disbursements.	\$
3. Cash on Hand Line 1 minus 2. Federal cash on hand.	\$

If the entity has received more funds in payments than it has reported spending, there will be excess cash unless the funds are expended within 10 days from the date they were drawn down.

- ▶ Example: An entity may maintain a worksheet that shows the monthly award expenditures for each federal award. This can be a summary of items displayed as the total cost in each award budget category. The actual total expenditure for the month is the amount to be requested for reimbursement.

An **advance payment** is a payment made to the entity before disbursement of funds ([2 CFR 200.1](#)). This method utilizes the anticipated minimum amount needed for immediate cash requirements for the federally funded project/program (including indirect). An entity may refer to a monthly rolling budget to request an advance payment based on obligations made but not yet recorded.

- ▶ Example: Purchase orders, shipments in transit, work hours scheduled, or payroll records that show needed cash flow. This obligated amount can be drawn down in advance of disbursement.

Interest Earned

When taking an advance payment from the federal government, the entity is required to put the funds in an insured, interest-bearing account. The entity does not have to put funds into this account if it receives less than \$250,000 in federal funds per year.¹

Up to \$500 per year in **interest earned** on the federal funds can be kept for administrative purposes. Annual interest earned over \$500 must be returned electronically via Payment Management Services ([2 CFR 200.305 Federal Payment](#)). Excess cash may cause the entity to earn too much interest, necessitating a return of funds.

¹Remaining exceptions are listed in 2 CFR 200.305(b)(11) and include: The best available interest-bearing account won't be expected to earn over \$500 per year on deposited federal funds. The financial institution requires an infeasible minimum balance. The entity is prohibited by foreign government or banking system from putting money into an interest-bearing account. The entity cannot readily access the interest-bearing account due to foreign public or political unrest.

Entity Policy Recommendations for Federal Fund Drawdowns

- ▶ Drawdowns are based on actual expenditures **OR** the minimum amount needed for disbursements to be made within 10 days of drawdown.
- ▶ Drawdown amounts are reconciled to supporting documentation **AND** reviewed and approved by management.
- ▶ Maintain a clear separation of duties for the process of accounting for federal fund drawdowns.
- ▶ Maintain backup documentation according to the record retention requirements.
- ▶ Closeout of the award must include a reconciliation that identifies any funds that have been drawn down in excess of expenditures; excess funds must be identified and returned to the federal government.

Resources

- ▶ [2 CFR 200.305 Federal Payment](#)
- ▶ [DOJ Grants Financial Management Guide](#)
 - ▶ [III. Postaward Requirements—3.1 Payments](#)
 - ▶ [III. Postaward Requirements—3.18 Closeout](#)
- ▶ [Grants.gov](#)
 - ▶ [PDF Form](#) (Forms > Post-Award Reporting Forms > Federal Financial Report (SF-425))
 - ▶ [Instructions](#)
- ▶ [ASAP Help](#)
- ▶ [ASAP Drawdown Guide Sheet](#)
- ▶ [How to Make Payment Requests User Guide](#)

About the OJP Financial Management Projects

The Office for Victims of Crime Tribal Financial Management Center (OVC TFMC), Office of Justice Programs Territories Financial Support Center (OJP TFSC), and Office for Victims of Crime Financial Management Resource Center (OVC FMRC) offer grants financial management assistance to American Indian and Alaska Native communities, U.S. territories, and OVC human trafficking and discretionary grantees. To request support, see the contact information below.



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