**DRAWDOWN SCHEDULES FOR CONSTRUCTION**

This construction bulletin provides guidance on creating and maintaining drawdown schedules, which are required for all projects that use funds to pay third parties (consultants, contractors, and others). Drawdown schedules are not needed for local agency projects that do not use state funds and are not advertised by CDOT.

**DEFINITION:**

**Encumbered Funds; Commitment; Still To Be Invoiced/Delivered:** Funds that are reserved for a specific purchase requisition (to be paid to another party not internal to CDOT). These funds are no longer available for any other purpose on a project. Such funds are encumbered for, but not limited to, one of the following:

* construction contracts
* consultant task orders
* Utility agreements
* ROW purchases
* Inter Governmental Agreements (IGA).

**GUIDANCE IS AS FOLLOWS:**

In accordance with the February 1, 2010 Memorandum issued by Executive Director, Russell George, all projects are required to create drawdown schedules within the SAP system. The purposes of this policy change are as follows:

* To aid CDOT in becoming a “cash management” organization.
* To providing more accurate time and cost estimates – before and after budgeting projects.
* To enhance internal communication links at key times.
* To provide a standardized tool and approach to project management.

The memo regarding project Drawdown Schedules from Russell George is attached below:



Drawdown schedules must be created for all funds paid out to third parties. The most common expenses that require a drawdown schedule for their respective projects include, but are not limited to:

* Contractor Payments
* Third Party invoices for Uniformed Traffic Control
* Local Agency invoices from IGA’s – Only if the project includes State Funding

CDOT personnel and consultant construction engineering charges do not need to be accounted for since these charges will be captured through other processes.

Drawdown schedules do not need to be entered for the months prior to issuance of this construction bulletin. Data does not need to be corrected for discrepancies between actual cash flow versus the drawdown schedules for previous months. Drawdown schedules need to reflect the current remaining amounts of encumbered funds. Drawdown schedules need to be updated monthly for all eligible projects. Drawdown schedules need to be entered for all fiscal years in the future into which the project continues.

Drawdown schedules should be entered as soon as funds are encumbered for each Work Breakdown Structure WBS element (12345.20.10) . Drawdown schedules should be updated monthly for all future months for the remaining encumbrance. Contractors are required to provide drawdown schedules for their monthly billings, but this must be entered into the SAP system by a CDOT representative.

Instructions for entering drawdown schedules into SAP can be found at the following link:

[cjr2 - create drawdown schedule](http://vupweb.dot.state.co.us/gm/folder-1.11.29168?mode=EU&originalContext=1.11.30033)

Online resources are also available at <http://saptraining>. Select Document Library 🡪 E-online learning 🡪 Project Systems🡪Drawdown schedules. These resources include e-learning courses on how to complete a drawdown schedule ([Drawdown on-line e-learning](http://vupweb.dot.state.co.us/gm/folder-1.11.30079)).

Below is the highlighted information needed for drawdown entry into SAP:

1. To review the contractor pay amounts, use transaction ME2J and enter the project number. The transaction will display all purchase orders for each WBS element. Drawdown schedules need to be performed on the “Still to be delivered” and/or “Still to be invoiced” amounts on all purchase orders for WBS elements (xxxxx.xx.xx) .

The amount still to be paid to the contractor is $2,638,811 in the screen shot above.

1. To enter a drawdown schedule, use transaction CJR2. The following fields need to be filled:
	* Planner Profile: ZWBSCF – CDOT Cash Flow Profile (i.e. Drawdown, F65 Plan Exp)
	* Version: ZCF – PS Draw Down Version
	* Fiscal Year: The fiscal year for which you wish to perform a drawdown schedule (Note: each fiscal year will require a separate drawdown schedule)
	* WBS Element (to): Enter the WBS elements that need a drawdown schedule (e.g. XXXXX.20.10)
	* Grant: NON-GRANT
	* Fund: 400 – STATE HIGHWAY FUND or 538 – SW BRIDGE ENTERPRISE SPECIAL FUND (Only for Bridge Enterprise Projects)
	* Functional Area: NOT RELEVANT
	* Cost Element: 4010000000 – PROJECT DRAWDOWN SCHEDULE
	* Entry: Form-Based

When prompted, enable Macros by the security window. Unprotect the sheet from the Microsoft Excel menu in order to enter drawdown values.

1. To review previously entered drawdown schedules, use transaction CJi4 with *DRAWDOWN SCH* variant entered into the *Variant* field (remove user name from the *Created by* field) and enter the project definition. Link to cji4 instructions: [CJi4 display drawdown schedules](http://vupweb.dot.state.co.us/gm/folder-1.11.29176?mode=EU&originalContext=1.11.30033)

For support on creating and maintaining project drawdown schedules, each region has a drawdown support representative:

* Region 1: Jessie Morehouse
* Region 2: Laura Zamora and Michelle Malloy
* Region 3: Rocky Baker
* Region 4: Bryan Schafer
* Region 5: Karen Peterson
* Region 6: Earl Selvage
* Headquarters: Darius Pakbaz and Allison Wilson

There is a report that will track accuracy and it will be sent to the Region representatives on a monthly basis.

**LOCAL AGENCY PROJECT GUIDELINES:**

To locate local agency projects, use transaction ZJ40 in SAP and enter your Resident Engineer, and filter the Advertised field by “L” which means “Local”.

When the report is executed, review the report to see if any of the projects have a fund provider “S” as one of the funding sources. If it does, the project will need a drawdown schedule for the local agency.

“S” means State funds, “L” means Local funds, “F” means federal funds.

Project code 14396 shown above will need a drawdown schedule because it has “S” state funds in the Fund Type.

If the Local Agency project is advertised by the Local Agency and only had Federal and local match, no drawdown schedule is required for that project. This should be the majority of local agency projects. For example, project 15533 above does not need a Drawdown Schedule because it only shows “F” for federal and “L” for Local.

If a project is advertised by CDOT, the project should have a drawdown schedule completed even if it is funded by a local agency.

**FREQUENTLY ASKED QUESTIONS:**

**When do I enter in my drawdown schedule or update it to make sure it is within the month of the payment?**

When you get a construction estimate you should update your drawdown to coincide with the time the invoice or estimate will be paid. Your drawdown region representative may choose a specific date to update schedules or you may choose the best time for you to do it. If most expenditures occur within a month or two of when you estimated the Drawdown Schedule, this should be good enough for estimating cash flow. However, try to get the drawdown in the month it occurs, especially for bigger projects. The larger the payment the more accurate you need to be forecasting it on the Drawdown Schedule.

**For ROW, Railroad, or Utility projects I don’t have control over when these funds will be paid or be billed from the agency. How can I do a drawdown for these types of projects?**

Do your best to guess on when these funds will be paid. Since they are generally a one-time payment type of drawdown, you only need to put the full project or estimated amount sometime into a future month. When that amount gets close to the present month and you still have no idea when the invoice will be received or the property will be bought, then just move that payment out a few more months. Repeat procedure until the project is paid or until you have a better time frame of when the payment is expected to be made.

**Is someone (Region support or HQ) expecting the reported drawdown to be within X% of the encumbrance or 100% accuracy?**

Right now there is no specific accuracy figure that is expected. The information is being gathered on how accurate the drawdowns are to see how we can use the data to forecast cash flow. The bigger the project and funds encumbered, the more accurate the Drawdown Schedule should be.

**How do you determine that percentage or 100% accuracy?**

There are reports being developed and generated to give feedback on accuracy of the drawdown effort that will indicate your percentage of accuracy. These accuracy reports will be distributed to the region representatives for drawdowns so you can get feedback on how accurate your effort will be.

**What happens if the encumbered balance and drawdown schedules do not match?**

Many project drawdowns and the encumbered balance will not match and this is expected in order to be accurate.

Examples are:

1. A construction or design project where you do not expect to spend the full encumbered amount. A contract may be under budget so the encumbered funds will be more than the drawdown schedule.
2. A construction project that has been completed and there are still funds encumbered but the project has not had final payment yet. The encumbered amount will be more than the drawdown schedule.

**Is a drawdown required if a project has an encumbered balance yet no further project-related payments are expected?**

If you know there will be no more payments to a project, you can either enter $1 each month for the remainder of the fiscal year or just set to zero. If you put the $1 in the field, it shows a drawdown schedule was entered but funds are not expected to be spent. If you leave it blank, others may think a schedule was just missed. Coordinate with your region drawdown representative on the best way to communicate these circumstances.

**What if I entered a drawdown schedule for a local agency project and didn’t need one because there are no state funds? Do I need to take it out?**

You do not need to remove a drawdown schedule if you have entered it for a project where it is not needed.

**Why don’t I have to enter drawdown schedules for the consultants I have under contract for construction services?**

The construction engineering consultant task orders are charged against the CE POOL. The CE POOL (cost center) is not included in the drawdown short term cash flow. These charges are tracked another way.

The exception will be Bridge Enterprise projects where the consultant construction task order is directly charged to the project. In that case you will need to do a drawdown schedule for the consultant task order in addition to one for the Contractor payments.