

102 Cash Management

PURPOSE

The purpose of this policy is to provide guidance for monitoring and collecting sponsored programs cash and accounts receivable on sponsored program awards in accordance with Federal and other non-Federal sponsor requirements.

DEFINITIONS

Accounts Receivable is funds owed to CMU by another entity based on invoices for goods supplied and services rendered.

Invoice is a document issued by CMU to another entity based on goods supplied and services rendered.

Letter-Of-Credit is a payment method specified by a sponsor in their award agreement, which guarantees CMU will receive payment in full provided that the sponsor's terms and conditions of the award have been met.

Cost Reimbursable is a payment method specified by a sponsor in their award agreement. CMU will receive funds from the sponsor after CMU provides the sponsor with documentation (e.g. invoice) evidencing costs/expenses have been incurred.

Drawdown is the process for receiving funds from a Letter-Of-Credit.

Refund is a remittance of funds from CMU to a sponsor.

Sponsored awards or the term sponsored programs, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than CMU.

PROCEDURES

The responsibility for cash and accounts receivable management for sponsored programs is shared by the Principal Investigator (PI) and/or Project Director (PD), the Office of Sponsored Programs, and the Office of Accounting and Financial Services which includes the Deputy Controller for Accounts Payable.

Responsibilities for the Office of Sponsored Programs (OSP) include:

- Reviewing payment terms and conditions for sponsored program awards and notifying the PI/PD and the Deputy Controller for Accounts Payable of those terms on the award account brief.
- Reviewing charges on sponsored program awards at least once every quarter.
- Preparing invoices and/or the drawdown amount for sponsored program awards.
- Submitting invoices to the funding agency and providing a copy of the invoice to the Deputy Controller for Accounts Payable Manager.
- Submitting the drawdown amount for the sponsored program award to the Deputy Controller for Accounts Payable Manager.
- Preparing and submitting financial reports to sponsors detailing payments and expenses. If the financial report is submitted using a federal agency drawdown system, OSP will work with the Deputy Controller of Accounts Payable on the financial report.
- Following up on outstanding receivables with funding agencies.

Responsibilities for Office of Accounting and Financial Services include:

- Reviewing invoices and drawdown requests prepared by OSP.
- Creating an account receivable for the sponsored program award in CMU's financial system.
- Performing letter of credit drawdowns.
- Recording payments to sponsor awards.
- Submitting financial reports in federal agency drawdown systems. The Deputy Controller for Accounts Payable will work with OSP on the financial report and provide OSP with printout of the financial report.

Letter-of-Credit

Most federally funded sponsored programs are cost reimbursable awards. OSP is responsible for preparing the amount for Letter-of-Credit drawdown and the Deputy Controller for Accounts Payable is responsible for performing the drawdown which is processed through the respective Federal agency online payment system. Federal agencies authorize a line of credit for CMU to utilize for the purpose of drawing down funds. Funds drawn down must agree to the aggregate expenditure activity of the sponsor's award. For the majority of CMU's federal awards, Letter-of-Credit payment requests are prepared on a monthly basis for reimbursement of expenditures made in the prior month. OSP maintains the drawdown support documents in its award file. Payments to CMU are typically made via direct deposit from the Federal agency within a few days.

CMU does not utilize cash advance payment procedures on Federal awards.

Invoices

For funding agencies with whom CMU does not have a Letter-of-Credit relationship, invoices are submitted in accordance with the award terms and conditions. OSP prepares and submits the invoices and monitors sponsor payments to ensure they are received and processed timely and accurately.

Other payment methods for awards may exist and are based upon the terms and conditions noted in the award (such as milestones, deliverables, or a set periodic payment schedule.). These types of payments do not usually require a monthly or quarterly invoice be submitted by OSP to the sponsor. OSP will prepare and submit invoices accordingly for these types of awards. Occasionally a private funding agency, such as a foundation or company, may make an advance payment which funds the award in whole or in part. Expenditures for all awards, whether they require an invoice or not, are reviewed by OSP on a quarterly basis.

Electronic Payments

The Office of Accounting and Financial Services will identify electronic payments (wire-transfers) for sponsored program awards recorded in CMU's bank statement or online banking system and apply the payment to the appropriate sponsor award in the University's financial system. Electronic payment requests are made for respective grants based on information provided by the OSP. Once an electronic payment request is made for any grant, a copy of the Journal Voucher used to book the receivable funds is given to the University Bursar. The Bursar checks each subsequent morning following the request of electronic payments to see if the funds have been transferred into the University's Treasury Sweep or Operating bank accounts. Once the electronic payment transfer has been verified by the Bursar, the funds are then allocated to the appropriate Grant fund in the University's accounting system and a receipt sent to the Deputy Controller of Accounts Payable.

Payments Received by Mail

Funding agencies may submit invoice payments in the form of a physical check. Checks received from funding agencies should be routed to the Office of Sponsored Programs. OSP will identify the check and write or highlight orgn number on the check and ensure that payment for the invoice has been received in full. If partial payment is made, OSP will follow-up with the funding agency to identify and resolve issues associated with the partial payment. OSP will deliver the check with identifying information to the Office of Accounting and Financial Services. The Office of Accounting and Financial Services will deposit the check and record the payment against the appropriate sponsor award in the University's financial system.

Refunds

OSP reviews expenditures on all sponsored program awards on a quarterly basis. If during routine review of an award either by OSP or the Office of Accounting and Financial Services it is determined that there has been overpayment, CMU will refund the overpayment back to the funding agency. CMU is required to remit to the Federal government amounts drawn down in excess of expenditures.