



WPI

Title: Cash Management
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Updated: April 21, 2016

Purpose

To establish cash management procedures for federal grant awards

Policy Statement

WPI will request cash from sponsors according to federal and sponsor regulations and based on the terms and conditions of the sponsored agreement. WPI will request cash as reimbursement, advance, or per a schedule defined in the agreement.

Most federal funds are drawn on a reimbursement basis using sponsor drawdown sites such as G5, PMS, Research.gov, ASAP, etc. Expenditures on subawards are collected via an invoice. When federal grant funds are provided on a reimbursement basis, costs are paid for with University funds before reimbursement is requested.

Internal Control and Procedures

Reimbursable Payments

1. WPI pays for approved expenditures through the University's established payables and payroll processes.
2. Grant expenditures are coded to unique funds and orgs that separate them from other university expenditures.
3. A budget to actual expenditure report is reviewed monthly by a member of SPA.
4. Based on the expenditure report, the amount of the cash request is calculated.
5. The support for cash reimbursements is reviewed by SPA for accuracy of calculation, completeness, and general adherence to grant(s) restrictions. When the support is deemed sufficient for the request, SPA will draw the cash in the automated systems or generate an invoice to submit. Some federal drawdown sites require certification. In those cases, another member of SPA will also review and authorize the draw before it is processed.
6. A SPA accountant prepares a monthly reconciliation of receivables each month to ensure awards were properly drawn. The Director of Sponsored Programs Accounting reviews and certifies this report each month.
7. When payment is made, cash is credited to a receivable account for each sponsored award.

Advance Payments

The general practice to fund grants on a reimbursement basis does not preclude WPI for certain grants to seek advance payments. When grant funds are drawn down in advance of anticipated expenditures, WPI will do the following:

1. WPI will minimize the time elapsing between the transfer of funds and the disbursement of those funds for grant related expenditures. WPI will comply with the three day rule, which requires the expenditure of funds within three days of the receipt of such funds. Excess cash balances will be returned to the sponsoring agency after the three days have expired.
2. Funds received by an advance are placed in an interest bearing account per the federal regulation and terms of the agreement. The amount of interest earned is calculated and tracked by the SPA to determine the amount of interest owed to the grantor, if any, at the end of the year. WPI will return interest earned exceeding \$500 on federal grants annually to the Department of Health and Human Services.

Definitions

Advance Payments – Amount requested to be paid in advance either anticipating WPI's cash needs or as detailed in sponsored agreement.

Scheduled Payments – Fixed amount requested tied to dates, reaching a milestone, or providing a deliverable to sponsor.

Deliverable - a tangible or intangible object produced as a result of the project that is intended to be delivered to the sponsor. A deliverable could be an item, a report, data, or any other building block of an overall project.

Reimbursement – Amount requested has already been previously paid in full by WPI (generally within 30 days of initial payment).