



WPI

Title: Cash Management
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Purpose

To establish cash management policies and procedures for sponsored 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 as defined in the fully executed 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

1. WPI pays for approved expenditures through the University's established payables and payroll processes.
2. Sponsored expenditures are coded to unique worktags which separate them from other university expenditures.
3. On a regular basis, or according to schedule in agreement, an invoice is generated.
4. The invoice is reviewed by SPA for accuracy and completeness. When the support is deemed sufficient for the request, SPA will submit the invoice to the sponsor.
5. SPA prepares reconciliations of receivables each month to ensure awards were properly drawn.
6. In addition, the Director of Sponsored Programs Accounting reviews and certifies a quarterly accounts receivable reconciliation.
7. When payment is made, cash is credited to a receivable account for each sponsored award.
8. Followup of unpaid receivables is done in accordance with the Collection of Sponsored Programs Receivables policy.

Types of Payment Requests

Cost reimburseable invoices are typically generated on a monthly basis to capture prior month actual expenses. The invoice itemizes project expenditures that have been incurred and are billable.

Federal Advance Payments are 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.

Letter of credit drawdowns are used to request funds for a group of sponsored awards for certain government agencies on a monthly basis to capture prior month actual expenses. Some federal drawdown sites require certification. In those cases, another member of SPA will also review and authorize the draw before it is processed.

Milestone or scheduled payments are invoices for a fixed amount that is predetermined based on the payment schedule of an award and in some cases requires the completion of project deliverables or milestones to coincide with the invoice submission. Fixed amounts could be based on scheduled dates or deliverables. A deliverable is a tangible or intangible object produced as a result of the project that is intended to be delivered to the sponsor which could be an item, a report, data, or any other building block of an overall project.

Prepayments are payments made before costs are incurred. Prepayments are consumed monthly based on prior month actual expenses.