

Other Policies and Procedures

SCHEDULED ADVANCES OF CASH FROM EXTERNAL SPONSORS

PURPOSE:

Some federal agencies and some non-federal sponsors provide scheduled cash in advance of the work to be performed under a sponsored project. This policy establishes the appropriate accounting treatment of these cash advances.

1. OMB Uniform Guidance 2 C.F.R. Part 200.305 (b) 8-9 requires that cash advances be deposited into an interest bearing account, and that interest earned on those advances be remitted annually to the Department of Health and Human Services (DHHS), Payment Management System.
2. Non-federal sponsors that provide cash advances and require that the cash be deposited into interest bearing accounts, may require that the interest earned be returned to the sponsor, or used to further the objectives of the award, depending on the terms of the award.

POLICY:

1. Sponsored projects awarded to the University as described above must be credited with Wells Fargo/US Bank interest rate (updated monthly) to provide interest income on positive cash balances.
2. Research Accounting will ensure that all such Sponsored Projects will be identified and designated as funds that earn interest income.
3. The amount of interest earned will be based on the monthly Wells Fargo/US Bank interest rate provided by the Controller's Office (see attached example).
4. Interest earned on all federally supported projects will be reported to the sponsor if required by the terms of the award.
5. On a quarterly basis (see attached), the total amount of interest income earned on federal funds will be remitted to DHHS by Research Accounting, less the administrative allowance allowed. The amount of the allowance is currently \$500.
6. Interest earned on non-federal awards will be accounted for in accordance with the terms of the specific award.
7. This policy does not apply to awards funded under a letter of credit.

ROLES AND RESPONSIBILITIES:

RESEARCH ACCOUNTING:

- Identifies awards as advance payment , identifies if those awards should be earning interest and set them up to earn interest as required

- Reports the amounts of cash earned and interest earned on reports as required
- Processes Accounts Payable Approval Forms on a quarterly basis to remit interest earned to DHHS during the funding period