
2133 ADVANCES OF CASH FROM EXTERNAL SPONSORS

Effective: January 2003
Last Revision: April 2016
Last Reviewed: April 2018
Resp. Office: Research Services
Approval: Research Services

PURPOSE:

Some federal agencies and some non-federal sponsors provide 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 (a) 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 Temporary Investment Fund (TIF) interest income on positive cash balances.
2. Research Services will ensure that all such Sponsored Projects will be identified and designated as funds to earn TIF income.
3. The Division of Finance will post the amount of any TIF interest earned on the funds identified by Research Services on a monthly basis, calculated according to their written procedures
4. The amount of interest earned will be based on the monthly TIF interest rate calculated by the Treasurer's Office.
5. Interest earned on all federally supported projects will be reported to the sponsor as required at termination, and then transferred to a designated holding account
6. Within 90 days of the close of each fiscal year (close of ADJ period), the total amount of interest income earned on federal funds within the fiscal year will be remitted to DHHS, less the administrative allowance allowed. The amount of the allowance is currently \$250.

7. Interest earned on non-federal awards will be accounted for in accordance with the terms of the specific award.
8. This policy does not apply to awards funded under a letter of credit.

ROLES AND RESPONSIBILITIES:

PRINCIPAL INVESTIGATORS

- Reviews awards with business administrator to understand which accounts are advance payment and require interest to be earned
- Reviews awards at final close with business administrator to determine any remaining balances as to whether it should be retained or remitted

BUSINESS DEPARTMENTS

- Reviews awards with Principal Investigators to determine which accounts are advance payment and require interest to be earned
- Reviews awards to determine how much money has been received and how much interest has been earned.
- Reviews awards at final close with principal investigators to determine any remaining balances as to whether it should be retained or remitted, communicates determination to Research Services.

RESEARCH SERVICES:

- Identifies awards as advance payment in PennERA and G/L , identifies if those awards should be earning interest and set them up to earn interest as required
- Coordinates with Business Administrators for closeout and identifying amounts that need to be retained or remitted.
- Reports the amounts of cash earned and interest earned on reports as required
- Processes journals and/or C-Forms to retain or remit interest earned during the funding period per the terms of the award

The source of this document is Research Services.