Cash Management Policy

Policy Number: 600-025
Effective Date: April 3, 2007
Last Updated: April 3, 2009
Issuing Authority: Vice President for Research and Compliance
Responsible Offices: Restricted Fund Accounting (or Grant/Contract Accounting once established by the university), Office of Sponsored Programs/Research Administration

Purpose:

To provide timely and accurate application of remittances for sponsored programs made to Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as "Howard University").

Policy:

Grant Contract Accounting (GCA) is responsible for overseeing all payments for sponsored programs. This includes electronic payments (e.g., letter of credit draws) as well as payments of invoices sent to Howard's sponsors.

Business Process Description:

Payments for sponsored programs are received after:
- GCA submits an invoice in an electronic (e.g., letter of credit (LOC)) or paper form to the sponsor,
- GCA or the PI/PD notifies the sponsor or, for fixed price sponsored program, submits a deliverable (e.g., the terms and conditions provide for $10,000 payment upon receipt of a designated report from the PI/PD), or
- Program income is earned on a sponsored project (e.g., on a conference grant, participants may pay a fee to attend the conference, which is considered program income earned by the sponsored project).

Electronic Payments
When GCA completes the LOC draw or other electronic payment request (see Invoicing Policy), documentation is sent to the Cashier's Office stating which sponsored project accounts the payment should be applied to when it is received. Upon receipt of the electronic payment, the Cashier's Office applies the payment to the appropriate sponsored projects in the university accounting system.

Payments received by mail
Sponsor payments may be received in the mail by OSP/RA, the Cashier's Office, or by the PI/PD and are to be forwarded to GCA. In GCA, the Accountant identifies the sponsored program to which the payment applies and then forwards all necessary information and support to the Howard University Cashier's Office who applies the payment accordingly. Checks received directly by the Howard University Cashier's Office are deposited in an "Un-Cleared Collections" account with a copy sent to GCA to determine which account to apply the payment. As necessary, GCA coordinates with OSP/RA, PI/PD, and/or the sponsor.

Cash Management Policy

All payments should be routed according to the process outlined in this policy. In the event that the Accountant cannot determine to which account the payment should be applied, the payment is applied to the Un-Cleared Collections account until a clear designation can be made for the payment. GCA is responsible for reviewing the Un-Cleared Collections account and ensuring timely application of payments to sponsored programs.

Roles and Responsibilities:

Grant Contract Accounting (GCA)
- **Assistant Director:** Is responsible for overseeing this process including review of the Un-Cleared Collections account to ensure timely application of payments to sponsored programs.
- **Accountant (assigned to letter of credit):** When GCA completes the LOC draw or other electronic payment request (see Invoicing Policy), documentation is sent to the Cashier's Office stating to which sponsored project accounts the payment should be applied when it is received.
- **Accountant:** When a payment is received by mail for a sponsored project, the Accountant is responsible for the following:
  - Determining to which account in the university accounting system the payment should be applied;
  - Determining the corresponding account number;
  - Maintaining a check log to track information about each processed check, and;
  - Forwarding the check, account number, and any necessary document to the Howard University Cashier's Office.

  If the Accountant is not able to determine where the payment should be applied, the Accountant contacts OSP/RA, the PI/PD, and/or the sponsor for additional information. If it is still not possible to determine the correct sponsored program, the Accountant forwards the payment to the Howard University Cashier and requests that it be deposited in the "Un-cleared Collections" account.

Office of Research and Sponsored Programs (OSP/RA)
- **Research Administrator (RA):** As requested by GCA, the RA assists in determining the correct sponsored program to which payments should be applied.

Academic Department
- **Principal Investigator/Project Director (PI/PD):** As requested by GCA, the PI/PD assists in determining the correct sponsored program to which payments should be applied.

Howard University Cashier's Office -

Electronic Payments
Upon receipt of the electronic payment, the Cashier's Office applies the payment to the appropriate sponsored projects in the university accounting system based on documentation received from GCA.

Payments received by mail
The Howard University Cashier's Office occasionally receives checks from sponsors. In this event, the check is deposited in the "Un-cleared Collections" account and a copy of all information received is sent to GCA for a determination as to the correct payment application. For payments received or routed to GCA, the account to which the payment is applied is determined by GCA. The Howard University

Cash Management Policy

Cashier's Office receives the payment from GCA with the account number to which it should be applied. The check is then cashed and applied accordingly.

Related Processes/Events:

- Invoicing Policy

Forms and Links:

- Grants and Contracts Accounting insert link – to be developed
- University Cashier's Office http://www.howard.edu/cashier/
- OVPRC Website http://ovprc.howard.edu