

ORA-02-07.01 Definition(s)

Accounts Receivable: Funds owed to The University of Akron by another entity based on invoices for goods supplied and services rendered.

Invoice: A document issued by The University of Akron to another entity based on goods supplied and services rendered.

Letter of Credit (LOC): A payment method specified by a sponsor in their award agreement, which guarantees that The University of Akron will receive payment in full provided that the sponsor's terms and conditions of the award have been met.

Cost Reimbursable: A payment method specified by a sponsor in their award agreement. The University of Akron will receive funds from the sponsor after UA provides the sponsor with documentation (e.g. invoice) evidencing costs/expenses have been incurred.

Drawdown: The process for receiving funds from a Letter of Credit.

Aging: The number of days since an invoice has been issued and payment has not been received from the sponsor.

Refund: A remittance of funds from UA to a sponsor.

Write-Off: Removal of an expense from a sponsored program account by ORA.

Over-expenditure: When costs charged to an award exceed the amount of funds from the sponsor (deficit or a negative balance).

Under-expenditure: When costs charged to an award are less than the amount of funds from the sponsor (surplus or a positive balance).

Sponsored awards, or the term sponsored programs, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than The University of Akron.

ORA-02-07.02 Related Regulations

[2 CFR 200](#) – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called Uniform Guidance).

ORA-02-07.03 Purpose for Policy

The purpose of this policy is to provide guidance for the monitoring and collection of cash and accounts receivable on sponsored awards in accordance with federal and other non-federal sponsor requirements. The objective is to ensure consistent and timely processing of sponsored revenues as well as reducing The University of Akron's exposure to delinquent or uncollected funds.

UA receives external funding from various sources for sponsored programs, with the largest funding source being the federal government. UA must comply with federal regulations including those from the Office of Management and Budget (OMB). OMB's [2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) requires recipients of federal funds to maintain a system of internal controls that documents and supports the individual distribution of activities and associated costs charged to sponsored programs.

The University of Akron requires all individuals who receive sponsored funding to comply with UA's policies and procedures, the sponsor's terms and conditions, and any regulations regarding the charging and reporting of costs on sponsored awards.

UA is required to provide accurate, timely, and complete disclosure of the financial results of sponsored awards. Timely recording of transactions to awards is critically important, especially as an award's end date approaches, and UA must adhere to final reporting, cash management/collection, and sponsor closeout requirements.

This policy is applicable to all sponsored awards and must be followed by colleges, schools, departments, centers, and personnel of The University of Akron involved with sponsored awards.

ORA-02-07.04 Procedures

The responsibility for cash and accounts receivable management for sponsored awards is managed by the Office of Research Administration (ORA).

ORA performs many of the duties associated with cash and accounts receivable management which include:

- Performing letter of credit drawdowns;
- Submission of invoices to sponsors for payment;
- Following up on outstanding receivables and delinquent accounts;
- Identifying issues causing delays in payment and working to correct such issues;
- Recording payments to sponsored awards;
- Preparing and submitting financial reports to sponsors detailing payments/revenues and expenses;
- Scheduling and tracking of payment terms.

ORA generates monthly invoices (immediately following the month end close). When payment is received, it is processed by ORA. The cash received is applied to the sponsored award and the applied

payment will offset the accounts receivable amount.

Letters of Credit

Most federally-funded sponsored awards received by The University of Akron are cost reimbursable. ORA is responsible for preparing and performing letter-of-credit (LOC) drawdowns, which are processed through the respective federal agencies' online payment system(s). The federal agencies authorize a line of credit for UA to utilize for the purpose of drawing down funds. Funds drawn must agree to the aggregate expenditure activity of the sponsor's award(s). ORA submits a LOC payment request (drawdown) on a monthly basis for reimbursement of expenditures made on the award(s) in the previous month. ORA maintains the drawdown support which consists of the ORA generated monthly invoice, LOC report, and the Excel file used to track expenses by month. Typically payments from federal sponsors are made to The University of Akron via direct deposit within a few days.

Non Letters of Credit Payment Methods

For non-federal sponsors, and federal sponsors with whom The University of Akron does not have a LOC relationship, ORA submits invoices for an award. The invoice frequency is based upon the billing terms established by the sponsor and are documented in the sponsor's award agreement. ORA's Financial Research Administration (Post-Award) team reviews the generated invoices, submits the invoices, and monitors sponsors' payments to ensure they are received and processed timely and accurately.

Other payment methods for an award may exist and are based upon the terms and conditions noted in the award agreement (such as milestones, deliverables, or scheduled periodic payments). These types of payments do not usually require a monthly invoice be submitted by ORA to the sponsor. ORA will monitor the award and funding on an on-going basis to ensure that payments are received from the sponsor in a timely fashion, and are in accordance with the terms of the award agreement.

Payments

Electronic Payments (e.g. wires, ACH)

When a sponsor is expected to pay by wire, ACH, etc., ORA sends a direct banking form to the Office of General Accounting at the same time as the invoice is submitted to the sponsor. On a daily basis, General Accounting logs into the bank's system(s) and identifies wires for sponsored awards and applies those payments to the correct award. ORA reconciles these payments monthly.

Physical Payments (e.g. checks received by mail)

The University of Akron may receive payments from sponsors in the form of a physical check through the mail. ORA matches the check with the award and customer and prepares a banking deposit. As needed, UAPD delivers the sealed banking deposit bag to the Cashier's Office. The Cashier's Office returns a receipt detailing the amount deposited and the account (speedtype). For checks received from the UA Research Foundation, ORA also creates a deposit in the PeopleSoft system and applies the payment to the appropriate award.

Documentation of Bank Deposits

ORA maintains paper documentation of bank deposits that are processed by ORA. A copy of every wire and/or check, with its corresponding invoice, deposit form, and Cashier's Office receipt, are filed by the deposit date. These records are maintained separately from the award files.

Refunds

When award closeout procedures are being performed, it may be determined by ORA that there are funds remaining that will not be spent (under-expenditure).

When there are significant funds remaining at the end of an award, it may be possible to request a no-cost extension from the sponsor to allow for the continuance of the project. ORA will work with the PI to determine if there is a need to request a no-cost extension. If the need exists, ORA's Pre-Award team will contact the sponsor and make the request.

When a no-cost extension is not an option and there are funds remaining, ORA will review the terms of the award to determine the sponsor's policy on the disposition of the remaining funds. If the terms specify that the remaining funds must be returned to the sponsor, ORA will process a refund and notify the PI. ORA initiates the return of the remaining funds to the sponsor via (1) a check request sent to Accounts Payable or (2) as a credit in the sponsor's LOC system.

If the award terms do not specify disposition, ORA will follow [ORA-02-03 Residual Funds Transfer Policy](#).

Write-Off Account

There may be circumstances when a sponsored award will require a write-off. Write-off decisions are made on a case-by-case basis by ORA and follow the [ORA-02-06 Deficit Write-Off Administration Action policy](#).

The ORA Write-Off Administrative Action form (which serves as a request from ORA to the Controller's Office for funds to be written off) is created by the Grant Accountant, approved by the Manager of Financial Research Administration and by the Assistant Vice President, ORA.

Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact your Grant Accountant ([ORA Staff](#)) or call the Office of Research Administration main number at 330-972-7666.