Policy Statement

Boston College receives external funding from various sources for sponsored programs, with the largest funding source being the Federal government. Boston College 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.

Boston College requires all individuals who receive sponsored funding to comply with Boston College’s policies and procedures, the sponsor’s terms and conditions, and any regulations regarding the charging, and reporting of costs on sponsored awards.

Boston College 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 Boston College must adhere to final reporting, cash management/collection, and sponsor closeout requirements.

Purpose

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 Boston College’s exposure to delinquent or uncollected funds.

Scope

This policy is applicable to all sponsored awards and must be followed by schools, departments, centers, and personnel of Boston College involved with sponsored awards.

Effective Date and Revision Date

The effective date of this policy was December 26, 2014. This policy was revised in April 2016 and is effective as of January 4, 2016.

Definitions

Accounts Receivable is funds owed to Boston College by another entity based on invoices for goods supplied and services rendered.
Invoice is a document issued by Boston College to another entity based on goods supplied and services rendered.

Letter-Of-Credit is a payment method specified by a sponsor in their award agreement, which guarantees Boston College will receive payment in full provided that the sponsor’s terms and conditions of the award have been met.

Cost Reimbursable is a payment method specified by a sponsor in their award agreement. Boston College will receive funds from the sponsor after Boston College provides the sponsor with documentation (e.g. invoice) evidencing costs/expenses have been incurred.

Drawdown is the process for receiving funds from a Letter-Of-Credit.

Aging is the tracking of days since an invoice has been issued (the accounts receivable was created) and payment has not been received from the sponsor.

Refund is a remittance of funds from Boston College to a sponsor.

Write-off is the removing of funds from a sponsored award by OSP.

Over-expenditure is when costs charged to an award exceed the amount of funds from the sponsor (a negative balance).

Under-expenditure is 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 Boston College.

**Procedures**

The responsibility for cash and accounts receivable management for sponsored awards is shared by the Principal Investigator (PI’s), the Department Research Administrator (DRA’s) and the Office for Sponsored Programs (OSP). OSP performs many of the duties associated with cash and accounts receivable management which includes:

- Performing letter of credit drawdowns;
- Submission of invoices to sponsors for payment;
- Following up on outstanding receivables and delinquent accounts (monitoring accounts receivable by reviewing system generated account balance aging reports);
- 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.
An account receivable is established for a sponsored award in Boston College’s PeopleSoft Accounts Receivable Module at the time OSP generates monthly invoices (immediately following the month end close). When payment is received, it is processed by OSP through the PeopleSoft Accounts Receivable Module. 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 Boston College are cost reimbursable. OSP 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 Boston College to utilize for the purpose of drawing down funds. Funds drawn must agree to the aggregate expenditure activity of the sponsor’s award(s). OSP submits a LOC payment request (drawdown) on a monthly basis for reimbursement of expenditures made on the award(s) in the previous month. OSP maintains the drawdown support which consists of the OSP generated monthly invoice, LOC report and the Excel file used to track expenses by month. Typically payments from Federal sponsors are made to Boston College via direct deposit within a few days.

**Non Letters-Of-Credit Payment Methods**

For non-Federal sponsors, and Federal sponsors with whom Boston College does not have a LOC relationship, OSP 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. OSP Post-Award team reviews the PeopleSoft 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 OSP to the sponsor. OSP 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)**

On a daily basis, OSP Post-Award team logs into the bank’s system (CashPro) to look for any wires for sponsored awards. OSP Post-Award team reviews the data and identifies any applicable wires with the award (project/grant number) and customer number (sponsor’s number). The OSP Post-Award Contracts and Grants Assistant “claims” the payment(s) in the bank’s CashNet system. The following day, the payments deposited to the CashNet system are processed by another staff member of OSP into Boston College’s PeopleSoft Accounts Receivable Module. Once in the Accounts Receivable Module, OSP Post-Award team is able to apply the payment to the appropriate sponsored award. The bank statements for Boston
College’s account(s) are sent from the bank directly to the Controller’s Office and they perform the monthly reconciliation.

**Physical Payments (e.g. checks received by mail)**
Boston College may receive payments from sponsors in the form of a physical check which is mailed to Boston College. OSP will identify the check with the award (project/grant number) and customer number (sponsor’s number), and makes deposits into Boston College’s bank account via the bank’s CashNet system. The following day, the payments deposited to the CashNet system are processed by another staff member of OSP into Boston College’s PeopleSoft Accounts Receivable Module. Once in the Accounts Receivable Module, OSP Post-Award team is able to apply the payment to the appropriate sponsored award.

**Documentation of Bank Deposits**
OSP maintains documentation of bank deposits that are processed by OSP. A copy of the wire and/or check is kept on OSP’s server with the appropriate award (project/grant number). In addition, a backup copy of the daily deposit is also kept in a separate file on the OSP server. The physical check(s) and a copy of any wires are delivered by OSP to the Controller’s Office, Cash Services Department on a regular basis (typically daily).

**Refunds**
When award closeout procedures are being performed, it may be determined by OSP 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. OSP will work with the PI and Departmental Grant Administrator to determine if there is a need to request a no-cost extension. If there is, then OSP will contact the sponsor and make the request.

When a no-cost extension is not an option and there are funds remaining, OSP 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 then OSP will process a refund. OSP will inform the PI and/or Departmental Grant Administrator when OSP initiates the refund to return the remaining funds to the sponsor.

If the award terms do not specify disposition, then OSP will apply the following rules:

- Remaining funds that total greater than $200.00 will be refunded by OSP to the sponsor.
- Remaining funds that total $200.00 or less will be removed from the award by OSP and go to the write-off account.

If an award is a fixed price agreement, then the remaining funds are not refundable to the sponsor.

If Boston College is not entitled to retain funds received in excess of expenditures/costs incurred per the terms of the award, OSP will remit a refund to the sponsor for the excess amount. The OSP Refund Form (which serves as a request from OSP to the Controller’s Office for funds) is
created and signed by the appropriate OSP Post-Award team member. The OSP Director reviews the Refund Form and signs as approver. The OSP Director reviews all refunds to sponsors. The Refund Form is submitted via a Boston College voucher to the Controller’s Office Accounts Payable. Accounts Payable is responsible for review, approval, and processing of the refund check.

**Write-Off Account**
As noted above in the Refund section of this policy, there may be circumstances when funds are removed from a sponsored award and go to the write-off account. Write-off decisions are made on a case by case basis by OSP.

The Write-Off Form (which serves as a request from OSP to the Controller’s Office for funds to be written off) is created and signed by the appropriate OSP Post-Award team member. The OSP Director reviews the Write-Off Form and signs as approver. The OSP Director reviews all write-offs. OSP has an account to which all write-offs are processed (referred to as the write-off account). This account is reconciled each fiscal year by the Controller’s Office.

When award closeout procedures are being performed, it may be determined by OSP that funds have been overspent (over-expenditure). OSP will discuss the situation with the PI and/or Departmental Grant Administrator. OSP may determine the over-expenditures should be removed from the sponsored award and charged to a non-sponsored account. Once the award is at a zero balance, then OSP can continue the award closeout process.

**Accounts Receivable Reserve Analysis**
At each fiscal year end an OSP reserve analysis is completed. OSP reviews all older accounts receivable balances and determines the likelihood that they will be collected and makes the determination to either write-off, fully reserve, or to include an amount in the general reserve requirement. OSP creates a schedule showing which awards will be fully reserved. OSP then provides this information to the Controller’s Office for their review.

**Contacts**

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area’s OSP Liaison (OSP Staff).