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## CASH MANAGEMENT PROCEDURE

# Cash Management Procedure

### Procedure Sections

**Last Revised:** August 2014

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### Reason for Procedure

This policy outlines the procedure for properly managing grant drawdowns and for other cash management situations.

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### Who Should Know This Procedure

- Principal Investigators
- Administrative Staff
- Winter Conference/Summer Workshop Organizers
- Proposal Committee
- Officers
- Trustees
- General Members

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### Contacts

<b>Subject</b>	<b>Contact</b>
Cash Management Questions	Principal Investigators Treasurer Administrative Vice President Finance Manager



## Applicable ACP Policies

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- Grant processes
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## Cash Management Procedure at ACP

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### Cash Management for Federally Sponsored Projects

For Federal awards, each month the Finance Manager will complete a bank reconciliation, reconcile the Cash Disbursements Journal, Cash Receipts Journal and the General Journal and make sure all transactions have been entered on the ACP books. Rather than monthly, accruals will be made when a formal financial report is required, or when another event dictates the need for an accurate accrual of income and expense. Thus, grant draws will usually be made on a cash reimbursement basis, rather than accrual so that there is no gap between the actual disbursement of any accounts payable and the request or receipt from Treasury of Federal awards.

For each applicable grant, the Finance Manager completes a Revenue and Expense Statement. This report includes Program Income, which for NSF grants must be spent before drawing down grant funds. The deficiency in funding will then be drawn down from the grant. For NSF Grants, starting in summer 2014 draw-downs will be reviewed and made monthly when physicists are in attendance. Because the NSF grant starting October 1, 2014 will be only for direct expenses which support physicists directly, along with a small subsidy for each physicist's overhead, grant funds must be accessed as a reimbursement when physicists are in attendance, making monthly draws impossible. For other grants, draw-downs will depend on the terms of the award. Draw-downs are reimbursements of actual funds spent and tie to the Center's accounting system.

Some awards are delivered as cash advances. These monies are recorded in separate funds for the restricted use for which they are designated. ACP follows award guidelines as to the timing of acquiring the cash advance. Should ACP earn interest over the limit allowed by each granting agency (\$250 interest limit for NSF funds), ACP will forward interest earned over each agency's cap to the appropriate agency.

### Internal Cash Management

The Front Desk Personnel or the Administrative Vice President prepares bank deposits. Daily credit card deposits are automatically submitted to the bank. Online charges go directly to the bank. The Finance Manager monitors cash levels and informs the President or signer on the Reserve Investment account that funds may be needed for day-to-day financial activities. If a surplus exists in a fund that should be in the Investment Account, the Administrative Staff will send funds to the Investment Firm.

The Administrative Vice President receives the monthly bank statement to review and approve it,



and then forwards it to the Finance Manager who prepares a bank reconciliation by fund which is then reviewed by the Administrative Vice President.

### **Control Environment:**

The Finance Manager prepares a Revenue and Expense Statement which is reviewed by the Administrative Vice President. PIs will review these expenses quarterly, at which time adjustments in the draw-down will be made. Should funds be misappropriated, an immediate Cost Transfer will be initiated per ACP's Cost Transfer Policy.

### **Risk Assessment:**

ACP's annual budget anticipates cash needs. Deposits are required of all winter and summer participants to cover the cash needs for planning and preparing for that season's Physics Programs. Some sponsored research funds are prepaid, and management, including organizers who acquire these funds, are aware of the proper allocation and disbursement requirements of such funds.

### **Control Activities:**

Revenue and Expense reports by each fund within each ACP program, when applicable, are prepared when a sponsored award functions on the draw-down method. All awards are tracked in the ACP accounting system in their own funds to provide transparency of revenue and expense. Funds are zeroed after the program goal has been achieved.

The Board reviews changes in cash via an annual Cash Flow Statement.

### **Information and Communication:**

The Administrative Vice President and PIs are kept informed by the Finance Manager of any variances between expected and actual cash disbursement of Federal awards and draw-downs.

### **Monitoring:**

ACP hires an external auditor annually. Due to the small size of the Center, it is infeasible to have an internal auditor on staff. The auditor reviews the financial records and procedures of the Center. Center management acts on the auditor's recommendations for change or improvement.

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## **Roles & Responsibilities**

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**Administrative Staff:** Responsible for monitoring cash draw-downs to assure substantial compliance to the standards of timing and reimbursements.



**Officers:** Responsible for the Reserve Fund Investment account and for overseeing cash management.

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## **Appendix: Applicable Federal Regulations & Criteria**

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The Cash Management Improvement Act of 1990 (CMIA) 31 CFR Part 205 is the overriding public law for cash management. It was enacted by Public Law 101-453, 31 U.S.C. 3335 and 6503. The implementing regulations are in Title 31 of the Code of Federal Regulations (CFR), Part 205, <http://www.fms.treas.gov/fedreg/31cfr205final.pdf>. In addition, the Education Department General Administrative Regulations (EDGAR) defines the CFR specific to administering the U.S. Department of Education's (the Department's) grants in 34 CFR, Part 74 and Part 80, [http://www.access.gpo.gov/nara/cfr/waisidx\\_08/34cfrv1\\_08.html](http://www.access.gpo.gov/nara/cfr/waisidx_08/34cfrv1_08.html)

