

Cash Application on Sponsored Programs

1. Overview

As the recipient of sponsored funds, the University is responsible for ensuring that accounting records are complete and accurate. Timely and accurate cash application ensures that Rutgers and the Research Financial Services (RFS) department can generate meaningful accounting statements, actively manage sponsored awards and related Accounts Receivable (AR), and submit accurate financial reports to sponsors.

RFS receives and deposits cash (payments) from sponsors and ensures that all cash is applied to the appropriate sponsored award AR entry. RFS is supported in this by Principal Investigators (PIs) and Personnel who forward sponsor payments to RFS for processing and respond to RFS inquiries about unidentified and unapplied cash.

2. Purpose

Provide guidance on the accurate and timely application of sponsored award related cash.

3. Who Must Comply

Department Personnel
Research Financial Services
Principal Investigators

4. Definitions

Electronic Funds Transfer (EFT): Payment method whereby funds are transferred electronically from one financial institution (sponsor's), to another (Rutgers), eliminating the need to issue a paper check. May also be referred to as direct deposit or ACH payment.

Letter of Credit (LOC): Payment method whereby the University is authorized to drawdown funds from the sponsors financial account based on actual expenditures posted to the general ledger. The funds are received electronically by Rutgers as an EFT.

Applied Cash: Cash received by Rutgers that has been applied to an associated AR entry.

Unapplied Cash: Cash received by Rutgers that is associated with a sponsor and/or award but has not been applied to the associated AR entry.

Unidentified Cash: Cash received by Rutgers that is associated with sponsored award activities but has not been associated with the appropriate sponsored project or AR entry.

5. Procedure

Cash Receipt and Deposit

Rutgers receives sponsor payments via paper checks and Electronic Funds Transfer (EFT). Sponsors are directed via award terms to remit all checks directly to RFS for processing, In some cases, another member of the Rutgers community may receive a sponsor check. If this occurs, the

recipient shall immediately forward the payment to RFS for further processing. Where possible, the recipient shall also identify the appropriate sponsored project associated with the payment.

Cash Application and Review

All sponsored award payments shall be applied by the RFS AR Analyst to the appropriate AR entry. In instances where the AR Analyst cannot easily identify the AR entry, the payment will be applied to the clearing account for follow-up.

The RFS AR Analyst will regularly review all unidentified and unapplied cash in the sponsored award clearing account, consulting with Grant Analyst, the PI, and department personnel to assist when necessary.

Letter of Credit Cash Application

Cash application related to Letter of Credit (LOC) awards follows a different process. As noted in the RFS Procedure - Sponsored Projects Invoicing, the LOC Analyst prepares and submits the drawdown requests at regular intervals based on expenditures recorded in the Rutgers financial system (Oracle). The AR Analyst will then apply the payments to the appropriate AR entry based on the data used to calculate the drawdown.

6. Roles & Responsibilities

Department Personnel	<ul style="list-style-type: none"> • Respond to RFS inquiries related to unidentified or unapplied cash • Forward sponsored award related payments and documentation to RFS • Notify RFS of concerns related to sponsor payments
Research Financial Services Accountant	<ul style="list-style-type: none"> • Respond to RFS AR Analyst inquiries related to unidentified or unapplied cash • Respond to PI and/or department inquiries related to unidentified or unapplied cash
Research Financial Services Cash Analyst	<ul style="list-style-type: none"> • Continually monitor and reconcile the sponsored award unidentified or unapplied cash • Apply sponsored award payments to the appropriate AR entry • Request additional information from PIs to identify unapplied cash • Request additional information from sponsors to reconcile unidentified cash • Respond to PI and/or department inquiries related to unidentified or unapplied cash
Principal Investigators	<ul style="list-style-type: none"> • Respond to RFS inquiries related to unidentified or unapplied cash • Forward sponsored award related payments and documentation to RFS • Notify RFS of concerns related to sponsor payments

7. Resources

Related Procedures

- Accounts Receivable Management on Sponsored Projects
- Sponsored Projects Invoicing