

# University of Missouri System

## Accounting Policies and Procedures



**Policy Number:** APM-60.16

**Policy Name:** Billing—Non-Letter of Credit

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### **General Policy and Procedure Overview:**

The specific requirements for billing (invoicing) and cash management are unique to each federal program and are found in the laws, regulations, and the provisions of award agreements pertaining to the program. This policy and procedure pertains to cash requests for federal awards paid through invoicing.

### **Definition of Key Terms:**

Cost Reimbursable: Reimbursement is made by the sponsor for expenditures paid by the University, not to exceed the award amount.

Fixed Price: The University negotiates a firm price with a sponsor for the completion of a project regardless of the expenses associated with the project.

### **Detail Policy and Procedure:**

#### Funding Methods:

*Cost Reimbursement* - Payments are made based upon the terms of the award. The following are typical payment mechanisms:

- Periodic billings are submitted to the sponsor as soon as practical (usually monthly) after the incurred costs are paid unless the terms of the award provide otherwise.
- An advance may be provided to cover working capital needs, followed by periodic billings for incurred costs that have been paid. The advance is normally applied to the final billing.
- The entire award amount may be prepaid in advance and any unused funds returned to the sponsor at the conclusion of the award.
- Amounts are paid on scheduled dates. The sponsor may automatically send payments or the University may invoice the sponsor on the scheduled dates as determined in the award.
- Sponsor reimbursement may occur upon completion of established milestones. The Principal Investigators (PI) will collaborate with the Sponsored Programs Office (SPO) to notify the sponsor of milestone or progress information necessary for reimbursement.

The SPO is responsible for managing the cash position of the respective projects to maximize the University's cash balance. Receipts on federal awards in excess of expenditures must be reported quarterly to the sponsor on the Office of Management and Budget Federal Cash Transactions Report 272 along with interest earned on the funds. Excess funds plus interest must be remitted to the sponsor per the terms and conditions of the award.

*Fixed Price* - Predetermined payments are provided upon completion of tasks, periods of time or some other basis. Invoicing schedules are established in accordance with the terms specified in the award. Final payment is normally based upon submission of the final work product.

End of the Award:

The SPO will obtain certification of final expenses from the PI at the end of the award. The PI will certify that all expenditures charged to the award were allowable, reasonable, and allocable in accordance with the provisions of the award and accounting corrections have been or will be made (See [APM 60.07.01](#)).

Funds remaining at the end of a cost-reimbursable award may need to be returned to the sponsor. The SPO will verify the final expenses with the PI and departmental administrator before refunding unspent funds to the sponsor.

**Responsibility:**

Principal Investigator (PI) or Delegate:

- Identify and direct necessary corrections for expenditures over budget.
- Monitor award activity on a timely basis for allowable and allocable expenditures.
- Certify expenditures annually and at the end of the award in accordance with [APM 60.07](#).

Departmental Administrator:

- Make necessary corrections for unallowable, unallocable, or unreasonable expenditures as directed by the PI.

Sponsored Programs Office (SPO):

- Review automated invoices for accuracy.
- Conduct managerial review and certify that invoices are in accordance with the provisions of the award.

*Effective Date: July 1, 2007*

*Revised Date: April 1, 2009*

**Questions and Comments?**

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.