

**OPERATING GUIDELINES FOR CASH ADVANCES
CASH ADVANCE (8511)**

The use of object code "8511" — Cash Advances is **limited**:

1. Where advances are to be placed in **foreign bank** accounts.
2. When **special circumstances** warrant advances to subcontractors. The Contract Administrator must approve all check requests for advance funds to subcontractors.
3. For **One time, short term** (two months or less) **small dollar amount** (insufficient to justify the expense of opening an account and printing checks).

Cash Advances should be reconciled at least **quarterly**. **Pre audit staff** will monitor the timeliness in reconciling cash advances. Requests for replenishment checks **will not** be approved without reconciliation.

REQUEST FOR CASH ADVANCE (8511)

Submit an Application for Advancement of Contract and Grant Funds along with a check request to the Office of Sponsored Research (OSR):

1. Request no more than **two months** operating cash (unless accompanied by supporting documentation).
2. State the need and necessity for a cash advance as well as the anticipated use.
3. Explain the need for the amount requested and indicate the period to be covered by the advance. Indicate by major UNC object code to which the advance will be reconciled.
4. Indicate how advance will be disbursed

A. Foreign Bank Accounts

1. Check Requests should be made out by Bank of America to the foreign bank account
2. Name of foreign bank
3. Bank account number and name of bank account
4. Authorized signatory (ies)
5. Other Information as necessary

B. Advances to Subcontractor (exception basis only)

1. Check Request should be made out to the subcontractor
2. Advance to subcontractor will be applied to the first invoice

C. Cash Payments

Cash to be distributed should be for one time, short term, and small dollar amount (insufficient to justify the expense of opening an account and printing checks).

1. State method of documentation. Original receipts will be required.
2. State physical safeguards of cash.
3. **Pre-audit staff** forwards approved check request to Accounts Payable.
4. **Accounts Payable** draws a check and returns to the department.

INCREASE TO EXISTING/REPLENISHMENT OF CASH ADVANCE

1. **Department** prepares Check Request made out to foreign bank with necessary wire transfer information.
2. Existing Cash Advance should be **reconciled before the advance is increased**. Only in unusual circumstances will the advance be increased without partial or total reconciliation of the original advance. The **Contract Administrator** must approve all check requests to increase advances **without reconciliation**.
3. **OSR Pre-audit staff** reviews and approves Check Request and justification for replenishment or increasing of existing Cash Advances.
 - a. Verify FRS account number.
 - b. Verify amount to be replenished under object code 8511 is not more than the amount of the reconciliation.
 - c. Verify Check Request and check number being reconciled was issued from the same FRS account. If account numbers do not agree request written explanation.
 - d. Verify original receipts and documentation are attached.
 - e. If foreign currency, verify the exchange rate is listed on the reconciliation.
 - f. Initial and date the reconciliation and place the original receipts in a brown envelope labeled with account number and number of reconciliation (if applicable) and forward to Journal Entry Control.
 - g. **Pre audit staff** forwards approved check request to Accounts Payable.
4. **Accounting Services** wires the funds to the foreign bank account

RECONCILIATION OF CASH ADVANCE

To reconcile a cash advance (8511): In a memorandum format the **department**:

1. Identifies the UNC contract and grant FRS account number and budget period.
2. Identifies the UNC Principal Investigator.
3. Includes the Check Request number, date and check number of the cash advance being reconciled.
4. List all receipts numbers, checks, payees, date of checks/receipts to be reconciled
5. List the appropriate UNC object code and the amount to be charged to each object and total.
6. The following statement is required as well as signature of the principal investigator: “The checks (cash payments) listed on this reimbursement have been made for the purpose of the award and conditions of the agreements.”

Certified by Principal Investigator

7. **OSR Pre audit staff** reviews receipts for validity of the reconciliation and approves any request for replenishment or advance. (Follow the steps under number 3 Increase to Existing/Replenishment Cash Advance)
8. **Post award services staff**
 - a. Review account(s) receiving 8511 reconciliation to be sure reconciliation does not exceed advance amount outstanding on that account.
 - b. Check addition on memorandum for accuracy (exchange rates can cause rounding differences and journal voucher must balance).
 - c. Match receipts with the memorandum, checking amounts, spot checking for addition and conversion of currency. Check for description match between memo/receipt.
 - d. For multiple reconciliation's, compare and add memoranda by account number and object code to be sure reconciliation journal voucher is supported. Check object codes for validity in C&G (i.e., equipment object codes, travel object codes).
 - e. If all above checks out **Post award services** prepares journal voucher for **Data Management** to input into the FRS.
 - f. Original journal voucher and reconciliation memorandum are forward to **Data Management**. A copy of the journal voucher, memorandum, and original receipts are placed back into the brown envelope(s), indicate date reconciled on the label and then file with contract folder.
 - g. Clarification/Request for additional documentation is coordinated with the PI and departmental staff before processing journal voucher.

Journal Vouchers reconciling cash advances will be prepared and recorded in FRS within two weeks after receiving the reconciliation memorandum in the OSR. Irreconcilable items will be returned to the department.

For assistance please contact: Director, Financial Operations in OSR at 962-4675.