



Interest Income and Quarterly Interest Allocations

Effective Date: October 14, 2016
Function: Treasury
Contact: [Debbie O'Connor](#)

Basis for Procedure

This document provides information on interest earned on surplus funds in sponsored program accounts and describes the process for allocation and distribution of the interest.

Procedure Summary

When an award is established in the Research Foundation Oracle business system the "Income Interest" field is used to indicate whether the sponsor requires that interest earned on surplus funds be returned to the sponsor or is allowed to be spent on the project, and if required, how the payment is processed.

Procedure for Identifying Awards Requiring Interest Postings

Quarterly Central Office will run a query to determine awards to have interest posted to them, based on the Interest Income field. The interest amount to be posted will be calculated using month end surplus balances and the appropriate rate of return. The following table identifies sponsor requirements and related interest income field values, which define how the interest should be distributed:

Step	Role or Responsibility
Spent	Decrease Future Billing
	Quarterly Distribution to Account
Returned to sponsor	Quarterly Payment to Sponsor
	Annual Payment - Account Specific
	Payment at Term - Account Specific
	Federally Sponsored - Annual Bulk Payment

Campus Interest Allocation

An "Interest Award" for each campus location has been established by Central Office to apply the quarterly interest to be returned to sponsors or used to fund future expenditures on sponsored awards. Central Office will post the interest earned to campus Interest Awards as follows:

Step	Role or Responsibility	References or Tips
Notify campuses of the awards that earned interest and the amount.	Central Office	
Process one payment to be applied to multiple invoices	Central Office	
On each campus' interest award, create, approve,	Central Office	Note: Binghamton is the only Decentralized campus that

and release AR invoice for cash (interest earned) to be applied.		does this step for their location.
Apply cash to interest awards for all locations.	Central Office	
Fund and budget the interest award appropriately.	Operating Location/Central Office	

Campus locations must notify Central Office of any incorrect interest allocation. Funds will be reduced from the next quarter's interest payment.

Distribution of Interest Income

Federally Sponsored - Annual Bulk Payments

For interest earned on awards with an Interest Income field equal to "Federally Sponsored - Annual Bulk Payment," central office processes the payment once a year based on month end surplus balances (July - June).

All Others

For awards that require that interest earned be returned to the sponsor, the campus must process the necessary payments to the sponsors.

If the interest income requirement is that interest earned should be spent, the campus can either fund the sponsored project from the interest award or credit the sponsored program award by processing a zero clearing invoice in the AP module using the GNS Interest Sponsor expenditure type. Refer to the work instruction [Enter an Invoice](#).

Note: The indirect cost customization applies to interest awards, therefore, if you choose to fund the sponsored project from the interest award, the indirect cost rate at the task level must be entered in the Override Rate field in the Oracle Grants Module. For more information refer to work instructions Indirect (F&A) Cost Controls and [Change Award Information](#).

Definitions

None

Related Information

None

Forms

None

Change History

Date	Summary of Change
October 14, 2016	Revised to update format and minor changes to wording for clarity.
February 19, 2004	Revised to update process for posting the interest earned to campus Interest Awards (Campus Interest Allocations section).
June 27, 2003	New Document

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.