

# Working Capital Advances

Presenters:

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# What is it?

- A working capital advance is an up-front payment to a Subrecipient that lacks the financial resources needed to carry out its scope of work on a UC Berkeley project before being reimbursed by UC Berkeley.

# Who gets them?

- SPO usually issues working capital advances to Subrecipients that have a small number of employees and/or have limited or restricted operating budgets.
- SPO does not issue working capital advances to major institutions of higher education, large non-profit institutions, or for-profit institutions.

# Process

- Extra credit if you remember E2E!!
- Before: Letter from an authorized official at Subrecipient institution justifying the need for WCA and confirmation of UCB PI approval, e.g. via email.
- After: Authorized official approval via Subrecipient Commitment Form; UCB PI approval via Phoebe Subaward Request.
- 90 days: no questions asked if organization is eligible; just follow the process.
- More than 90 days or multiple advances: UCB PI must provide a written justification for SPO's review and approval.

# Risk Assessment

- More than 90 days or multiple advances: SPO will conduct a risk assessment, including review of the mini audit questionnaire. The financial needs of the organization and the payment mechanism of the prime award will also be considered.
- PI and PI's department/unit also must provide SPO with an informed consent that they agree to:
  1. Cover the cost of any unallowable use of advanced funds, and
  2. Not issue any additional working capital advances until the Subrecipient has expended at least 75% of the funds from the previous advance.

# High-level analysis

- Balance between facilitating research where a real need is demonstrated vs UCB “floating” organizations on its dime
- Cultural considerations: Understanding that needs in the developing world are unique
- Practical considerations: Are up-front costs needed for special payments, e.g. major equipment or meetings/conferences? Are we merely supporting salaries on the ground?

## Questions?

SPO Guidance on WCAs:

<https://spo.berkeley.edu/procedures/subaward/special.html#working>

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