Contract and Grant Accounting Policy 14 Sponsored Project Billing and Collections

The University of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

1. Purpose

Contract and Grant Accounting is responsible for submitting invoices to the sponsors and collecting payments from the sponsors for all sponsored projects. The award document for each sponsored project contains specific requirements for either invoicing the sponsor or for drawing down (drawdowns) funds from the sponsor. Sponsored project expenditures must be identified, appropriately documented, and the resulting costs invoiced in the appropriate manner as often as necessary.

2. Scope

This policy will provide guidance for the invoicing, monitoring, and collection of receivables on sponsored projects in accordance with federal and other non-federal sponsor requirements.

3. Definitions and Roles and Responsibilities

3.1 Definitions

Cost Reimbursable – a payment term for a sponsored project whereby payments are based on actual allowable costs incurred in performance of the work up to an agreed maximum award amount.

Fixed Price – the University negotiates a fixed price with the sponsor to be invoiced at set intervals, regardless of actual expenditures incurred at the time of the request. Fixed price billing is based on agreed upon amounts for completion of milestones or deliverables, payment amounts at predetermined dates or intervals, or a combination.

Draw-down (Draw) A request for funds from the sponsor based on expenditures incurred by the institution, most often associated with federal sponsors. The request is submitted no less frequently than monthly. The request is submitted electronically through a federal website and funds are transmitted as an Electronic Funds Transfer (EFT).
Letter of Credit (LOC) – A letter from the bank that guarantees that wire payments from the sponsor’s allocated funds to UNC Greensboro will be received on time and for the correct amount.

3.2 Roles and Responsibilities

The Principal Investigator (PI) is responsible for:

- Preparing programmatic reports, including technical and invention reports, as required by the sponsor
- Ensuring that deliverables are met in accordance with award agreement and communicating completion of deliverables with Contract and Grant Accounting to assure timely invoicing
- Managing expenditures by ensuring that costs are reasonable, necessary, allocable, appropriate, and within the award budget and project period.
- Certifying expenditure confirmation at close-out
- The PI’s department is responsible for:
  - Managing expenditures and cost transfers in a timely manner
  - Ensuring that costs are reasonable, necessary, allocable, allowable, and within the award budget and project period
  - Monthly review of e-Print reports and prompt action for any overdrafts, unallowable charges, and cost allocation corrections
  - Maintaining and providing backup documentation timely when required by sponsor terms and conditions

Notifying your CGA Grant Specialist immediately if:

- the sponsor requests backup documentation
- the sponsor requests invoice prior to award execution
- project is experiencing technical issues or setbacks
- you receive communication to update or change sponsor contact information or address changes

Contract and Grant Accounting is responsible for:

- Capturing invoicing type and frequency in Banner
- Preparing invoices based upon award terms and conditions
- Obtaining supporting documentation and submitting invoices to sponsor based upon award terms and conditions
- Requesting drawdowns in accordance with award terms and conditions
- Receipting payments from sponsors
- Managing accounts receivable per Systems, Contract and Grant Accounting, and FIT standards
4. **Policy**

Contract and Grant Accounting (CGA) will review award documentation and identify invoice method and frequency in Banner. CGA will monitor monthly invoicing status lists to identify upcoming invoicing deadlines, and Letter of Credit fund balances to prepare drawdown requests.

CGA will prepare invoices, following these general guidelines:

- For cost reimbursement invoicing, invoices will be based on transactions that have been posted to the University general ledger account for the sponsored project for the applicable invoicing period as of the most recent closed accounting month. Encumbrances will not be included.
- Departments are responsible for ensuring that costs are allowable, reasonable, and allocable to the project.
- For milestone/task-based invoicing, CGA will work with the PI/Department to determine when invoicing can occur.
- If any unallowable transactions are identified, CGA will notify the PI/Department. Unallowable costs should be moved to an unrestricted funding source as soon as possible.

CGA will not invoice if:

- The award is not fully executed, i.e., final agreement is not signed (unless sponsor specifically requests an invoice).
- The budget period has ended, and an expected extension or renewal has not been received (unless the sponsor specifically requests an invoice).
- The total expenses for the billing period are zero or a net credit (unless the sponsor specifically requests an invoice), or.
- The cumulative expenditures exceed the budget (unless the sponsor specifically requests an invoice).

Most sponsored projects operate on a cost reimbursement basis, so billing and drawdowns should occur as frequently as it is practical or contractually permissible. Unless otherwise restricted by the sponsor, requests for funds will occur no less frequently than once a month. Timely monitoring and follow-up on accounts receivable is required to ensure sponsor obligations for payment are met.

**Final Invoice**

Many award documents set a date for receiving the final invoice. If the final invoice is submitted late or if there are expenditures not reflected on the final invoice, the sponsor may refuse to pay for those expenses. If this happens, the department may be responsible for the unpaid expenditures. It is therefore extremely important that expenditures be reflected accurately and promptly in Banner.
Monitoring Accounts Receivable
An aging report will be prepared monthly from the Banner Billing database. The report is organized to show awards with receivables that are 30, 60, 90, and 120-days overdue. CGA reviews and sends out past due notices and additional actions as needed.

Uncollectible Invoices
Uncollectible invoices can be charged back to departments due to:

- Untimely PI progress reports
- Disallowed costs by sponsor
- Failure to pay because sponsor is not financially viable
- When a sponsor defaults on accounts receivable balance after CGA attempts collection

Transfer of the amount equal to the unrecovered balance will occur six months (180 days) after the issuance of the invoice through the Banner system.

CGA is responsible for uncollectible account receivables that were due to CGA processing.

5. Compliance and Enforcement
Contract & Grant Accounting is responsible for ensuring compliance with this policy.

6. Additional Information

6.1 Supporting Documentation
UNC Systems Office of Grant Management: “Contracts and Grants Standards”

6.2 Approval Authority
This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.3 Contacts for Additional Information
- Responsible Executive: William Walters, Director, Contract & Grant Accounting, (336)334-5824, wdwalter@uncg.edu