PURPOSE: To outline ECU/OGC actions related to collecting aged receivables (late payments) from sponsors.

1. COLLECTION RESPONSIBILITIES

The Office of Grants and Contracts (OGC) is responsible for billing and collecting payments from sponsors and for following up on delinquent payments. With the exception of clinical trials, OGC will bill the sponsor for costs allowable to a sponsored project fund as frequently as the award documents allow.

The PI (Principal Investigator) is normally responsible for billing and collecting payments for clinical trials and some other fixed rate awards.

There can be many reasons for a sponsor’s failure to make timely payments, including:

   a. Sponsor’s lack of cash flow;
   b. Sponsor’s mismanagement of project funding;
   c. Sponsor’s accounting error;
   d. Sponsor’s bankruptcy or dissolution; or
   e. Sponsor’s dissatisfaction with the work being performed or its timely delivery.

1.1. PI Responsibilities

The PI’s primary responsibilities in this area are to ensure that:

   a. Work is performed to the satisfaction of the sponsor;
   b. Work activity, data, deliverables and reports are submitted to the sponsor on a timely
basis; and

c. Expenses charged to the sponsored project are accurately reflected in the Banner accounting system in a timely manner; and

d. Expenditures are controlled so that project funds do not accrue deficits.

1.2. Departmental Administrator’s Role

The PI, in coordination with the DA (departmental administrator), should review the Banner fund expenditures, for accuracy and completeness, on a monthly basis. The PI is also responsible for working with the DA to assure that a project is ready for close-out and that all final expenditures are accurately reflected on the fund as of the project termination date.

The DA will provide Banner and other systems reports, as needed. The DA will be the primary administrative point of contact for OGC.

PIs/DAs are expected to review all sponsored project Banner statements, for deficits or overruns, on a monthly basis. Where expenditures are greater than the authorized budgets or the anticipated revenue the PI/DA must notify OGC in a timely manner and work with OGC to resolve the deficits. The PI/DA should clear all deficits within 30 days of discovery or notification from OGC.

1.3. OGC’s Role

In addition to invoicing sponsors, in accordance with award terms and conditions, OGC may unilaterally transfer deficits to a non-sponsored departmental account when deficits and unallowable charges are not removed by the PI/DA on a timely basis. Overruns and unallowable costs may not be charged to another sponsored project.

2. DELINQUENT PAYMENT COLLECTION FROM SPONSOR

Occasionally, a sponsor fails to reimburse the University on a timely basis. While it is the responsibility of OGC to submit invoices or financial reports, as required by the award document, the PI, the department and the college play important roles in resolving situations where a sponsor will not or cannot reimburse the University. The PI/Department/College are responsible for funding all costs incurred on behalf of any activity; including sponsored projects.

UNC FIT policy and NC State Law G.S. 147-86.11 require collection actions at specific time periods. As appropriate, the NC Office of the State Controller (for NC State agencies) and the NC Attorney General’s Office (for all other sponsors) will be contacted, as needed, to pursue collection activities and other legal remedies when a sponsor has not made payment.

Whenever possible, collection letters are sent via email or fax to ensure the timeliest receipt.
3. **ECU’s STANDARD COLLECTION PROCESS**

OGC’s standard collection procedures are as follows:

3.1. **30 days from billing date**: If payment has not been received, OGC will forward a collection letter to the sponsor, with a copy to the PI/DA. The letter will request payment within 30 days. The letter will be addressed to the normal billing contact. OGC will contact the PI to see if s/he has any information as to why payment is being withheld.

3.2. **60 days from billing date**: If payment has not been received, OGC will forward a second collection letter to the sponsor, with a copy to the PI/DA/Chair. OGC will contact the PI to see if s/he has any information as to why payment is being withheld. The PI may be asked to make contact with the other institution’s PI to determine cause of non-payment. The letter will cite UNC FIT and state GS147-86-11(e) (4) requirements. The letter will request payment within three weeks. In addition to the normal contact, the letter will be copied to the administrator or supervisor or other higher contact within the sponsor’s organization.

3.3. **90 days from billing date**: If payment has not been received, OGC will forward a final collection letter to the sponsor, copying all appropriate personnel at the sponsor, including division chiefs or other senior administrators, with a copy to the PI/DA/Chair/ADR/AVCRGS. The letter will advise sponsor that the payment may be referred to the OSC/AG’s office for collection, unless payment is received within two weeks. As appropriate, notification will include:

- 3.3.1. Reference to General Statute 147-86-11(e) (4) unpaid balances will be referred to OSC/AG if payment not received within designated time period.
- 3.3.2. Notice to stop work and cease incurring expenditures (if project is supposed to be ongoing) will be issued to PI/Dept if payment is not received within designated time period.
- 3.3.3. Notice will be sent to sponsor that stop work or termination of award may occur.

3.4. **120 days from billing date**: If payment has not been received, and there is no cause, OGC will contact the PI/DA/Chair/ADR/AVCRGS/sponsor and any of the following actions may be taken.

- 3.4.1. Advise PI/Chair/ADR that no work/expenditures should be incurred.
- 3.4.2. Advise PI/Chair/ADR that uncollected expenditure balances will be treated as a deficit and must be covered by non-sponsored funds.
- 3.4.3. OGC/OSP will notify sponsor of stop work order and suspension of activities with cause/remedy, as needed.
- 3.4.4. OGC will follow up with the sponsor and with the state AG’s office for collection.
- 3.4.5. In accordance with award terms/conditions, OGC/OSP may issue an award termination notice to the sponsor.
- 3.4.6. OGC/OSP may advise the sponsor that the sponsor is suspended from doing further business with the University and no additional projects may be accepted.
until previous liabilities have been paid and/or that future agreements must be on an advance payment schedule.

3.5. If at any time during the collection process, it is determined that the sponsor is withholding payment for cause (e.g., poor or disputed performance, untimely deliverables, late reports), the PI/DA/Chair/ADR will be notified and will be requested to provide corrective action to remedy and quickly remove the cause so that payment can be secured.

3.5.1. OGC may establish a deadline for resolution or uncollected costs will revert to overrun procedures.

3.5.2. OGC may issue a stop work order and may disallow additional costs until the cause is remedied or payment has been secured.

3.6. If at any time during the collection process, it is determined that the payment is uncollectible, OGC may invoke the overrun policy, removing costs to a non-sponsored fund and the award may be terminated.

4. DELINQUENT PAYMENT COLLECTION FROM PI/DEPARTMENT/DEAN

At 150 days from billing date, if all prudent collection efforts and corrective actions have failed or if cause continues to be the reason for non-payment, unless compelling circumstances dictate otherwise, as determined by the Vice Chancellor for Research and Graduate Studies (VCRGS), any/all of the following actions may be taken.

4.1. OSP/OGC will notify the sponsor of termination of the agreement, in accordance with award terms.

4.2. OGC will invoke the overrun policy and costs will be transferred to the PI/Department’s (administrative home of the award) non-sponsored funds or the Dean’s overrun fund. The award fund will be closed. Costs cannot be transferred to another sponsored project.

4.3. Unless for cause, OGC will notify OSP that the sponsor is suspended from doing further business with the University and no additional awards may be accepted, until previous liabilities have been resolved or unless sponsor provides funding in advance. OGC will notify OSP not to negotiate any new awards with the sponsor without advance funding or other favorable payment terms (e.g., interest or penalty for late payment) and specific approval from VCRGS and ADR.

4.4. If cause is the continuing cause for non-payment (i.e., late progress report or some other activity under the control of the PI/Dept/ECU) and the matter has not resolved, the unpaid invoices will be declared deficits and treated as overruns. Costs will be transferred to non-sponsored funds. Costs cannot be transferred to another sponsored project.

4.5. In the event partial or full payment is received from the sponsor, after the deficit has been cleared to non-sponsored funds, the payment will be remitted to the fund that provided the payment.
5. **CLINICAL TRIALS AND OTHER FIXED FEE COLLECTIONS**

The PI/Dept. is normally responsible for billing/collecting on certain award types. However, OGC will assist the PI in those collection activities when requested.

OGC will implement the overrun policy at the time of award termination and/or at any point when it is determined that the liabilities are uncollectible or that expenditures exceed projected revenue. OGC may unilaterally transfer deficits to a non-sponsored fund when deficits are not removed on a timely basis. Overruns may not be charged to another sponsored project.

The PI/DA should clear all deficits at termination of the award or within 30 days of determination that projected revenues will not cover projected expenditures or upon notification from OGC; whichever comes first.