Sponsored Projects: Cash Deficit Prevention and Remediation

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Sponsored Research Deficit

Sponsor Nonpayment

Collection and resolution attempts are unsuccessful.

Cost Overrun

Expenses exceed the budget. Expenses post after the final invoice or period of availability.
Common Reasons for Nonpayment

- Expenses posted to award after final invoice or expiration of letter of credit
- Sponsor not invoiced or not invoiced correctly due to bad setup
- Sponsor invoiced but claims to not receive it
- Sponsor receives invoice after funds have expired
- Sponsor receives invoice but fails to pay due to internal mistakes or misrouting
- Sponsor does not have funds to pay because of reducing or ceasing operations or bankruptcy
- Sponsor rejects work or deliverables, refuses payment
- Sponsor funds withdrawn due to legislation or budget cuts
- Sponsor not responsive
Common Reasons for Cost Overruns

- Lack of monthly reconciliation
- Payroll is not properly managed
- There is a delayed invoice from a subrecipient
- Late reallocations
Cash Deficit Decision Tree

1. **Sponsor Paid**
   - Yes → **Close Out**
   - No → **Collection Attempted and Successful**

2. **Collection Attempted and Successful**
   - Yes → **Fully Invoiced**
   - No → **Delayed Invoice Due to Department Action**

3. **Fully Invoiced**
   - Yes → **Expenses After Final Invoice**
   - No → **Technical Reports Submitted**

4. **Expenses After Final Invoice**
   - Yes → **Department**
   - No → **Close Out**

5. **Technical Reports Submitted**
   - Yes → **Accounting Error**
   - No → **Sponsor Rejects Work**

6. **Accounting Error**
   - Yes → **Division of Research**
   - No → **Close Out**

7. **Sponsor Rejects Work**
   - Yes → **Division of Research**
   - No → **Close Out**

8. **Delayed Invoice Due to Department Action**
   - Yes → **Award Setup Problem**
   - No → **Invoicing Failure**

9. **Award Setup Problem**
   - Yes → **Division of Research**
   - No → **Close Out**

10. **Invoicing Failure**
    - Yes → **Write Off**
    - No → **Sponsor Unwilling to Pay**
Sponsored Research Deficit: Prevention

Sponsor Non-Payment

Division of Research

- Timely, electronic invoices
- Improved invoice scheduling
- ID points of contact
- Ongoing review of invoices and payments
- Follow-up on late payments
- Coordinated collections

Cost Overrun

Colleges/Departments

- Monthly reconciliations
- Appropriate termination on payroll assignments
- Follow-up with subrecipients to ensure timely invoices
Collection Action Plan

Federal Funds
  - Letter of Credit
    - Contact Sponsor
    - Legislative Follow-up / Governmental Relations
      - Write Off
        - Close Out
  - Write Off
    - Close Out

State Funds
  - Invoice
    - Contact Sponsor
    - Miscellaneous Claims (Await Legislative Action)
      - Legislative Follow-up / Governmental Relations
        - Write Off Unrecovered Funds
          - Close Out

University/Educational/Medical Partners
  - Contact Sponsor
  - Executive Contact
  - Sponsor/Write Off
    - Evaluation by Committee
      - Research, Legal, PI, CFO
      - Write Off
        - Close Out
      - Write Off and Disqualify
        - Close Out

Private Corporations
  - Non Profit
    - Contact Sponsor
  - Profit
    - Contact Sponsor
Under Implementation

- Reduction of **grant budgets** to the amount of the final invoice to alleviate cost overruns.
- Deadline for all adjustments, when applicable, is 60 days. Refer to NOA.
- If cost overruns remain at the time of final invoice, the institution will determine which expenses to **move off the award** to department IDC (default).
- Revisions of 30-60-90 day **tails letters** (emailed, consolidated reports).