

Sponsored Projects: Cash Deficit Prevention and Remediation

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DIVISION OF RESEARCH

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.

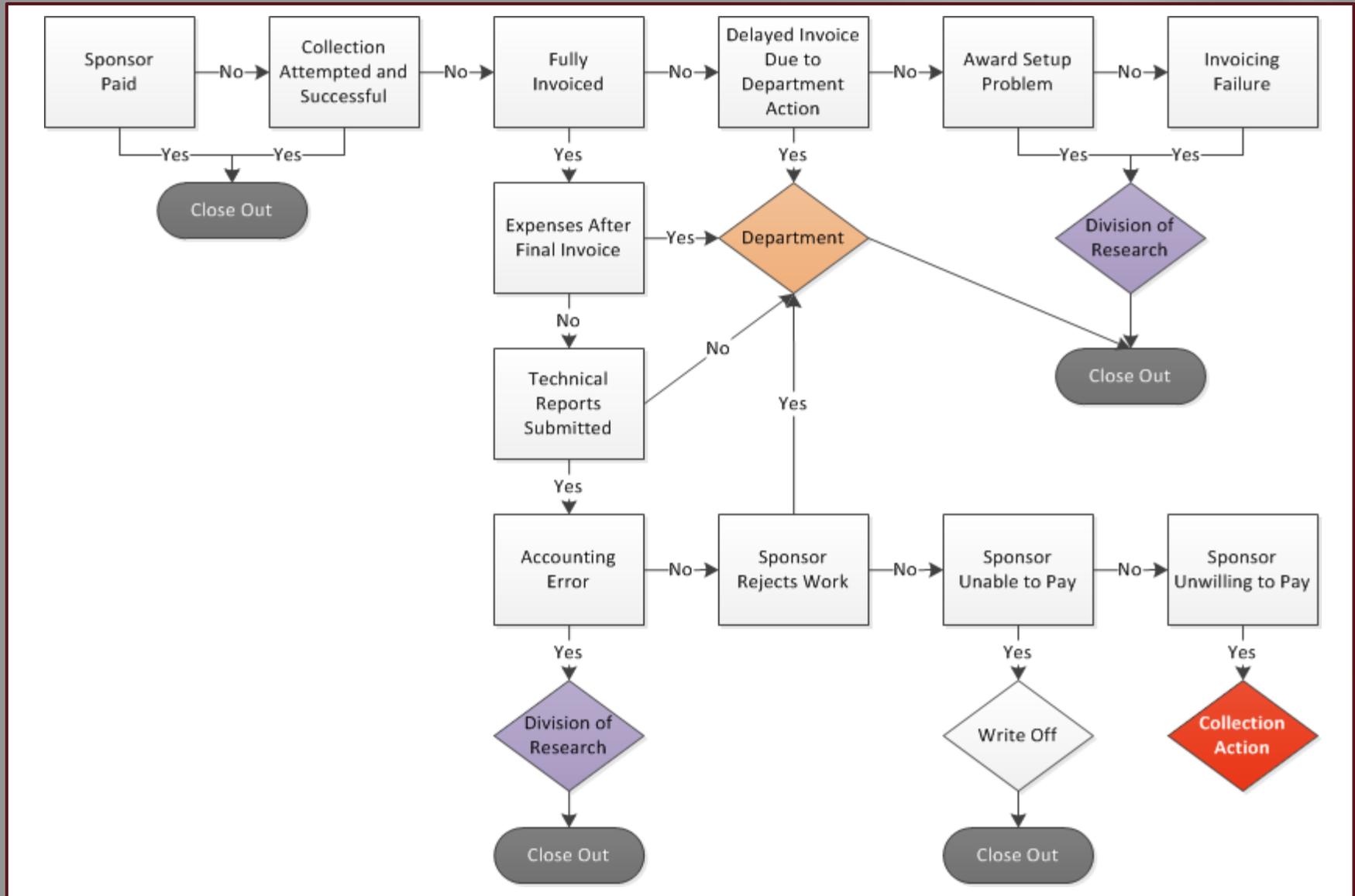
Common Reasons for Nonpayment

- 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- Sponsor funds withdrawn due to legislation or budget cuts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



Sponsored Research Deficit: Prevention

Sponsor Non-Payment

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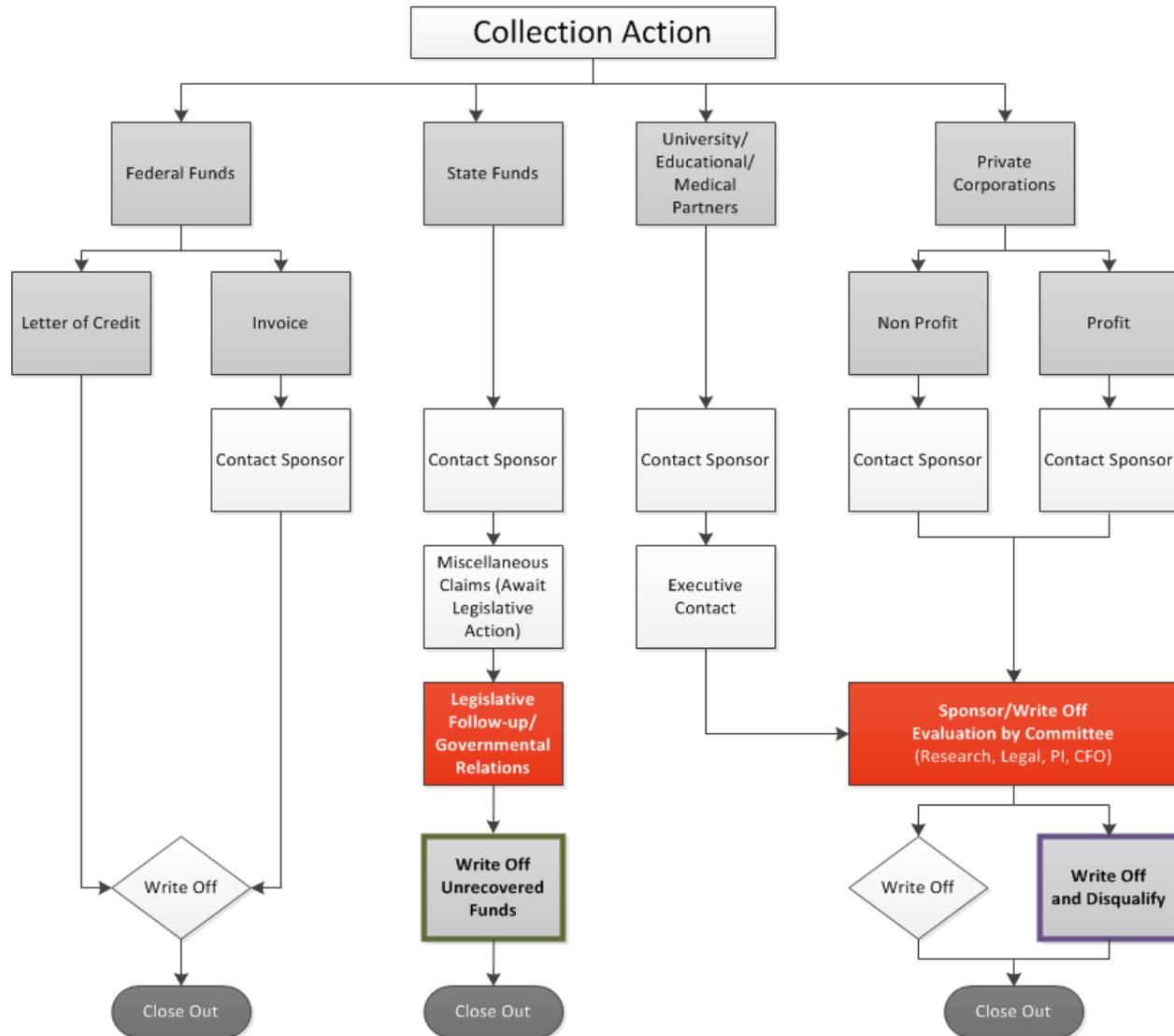
- Timely, electronic invoices
- Improved invoice scheduling
- ID points of contact
- Ongoing review of invoices and payments
- Follow-up on late payments
- Coordinated collections

Cost Overrun

Colleges/Departments

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

Collection Action Plan



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).