Office of Sponsored Proposals and Awards (OSPA) Collection Procedure

I. OVERVIEW

Georgia State University (GSU) receives sponsored project awards from various governmental and private entities. As a recipient of federal, state, and privately sponsored grants and contracts, the University is required to comply with all policies and regulations set forth by the federal, state, and private sponsors, including compliance with the Office of Management and Budget (OMB) Uniform Guidance. Sponsors generally require an invoice or cash drawdown request before paying the University for an award. Invoices/Cash drawdowns are generated in accordance with the requirements set forth by the sponsor in the agreements. OSPA manages the billing and collections activities for all sponsored projects while working closely with the Principal Investigator (PI), and department.

While most sponsors pay invoices reliably, occasionally a sponsor is unable/unwilling to pay the award they made to the University. This procedure provides guidelines in collecting accounts receivables and writing off uncollectible balances.

II. DEFINITIONS

Grants Receivable — Any amounts billed for a sponsored project by means of an invoice/cash drawdown. Receivables include billings for expenditures on a reimbursement basis, payment schedule, or a fixed price contract. Invoices are generated via the University’s
financial system in accordance with the award agreements. Once an invoice has been emailed, mailed, or a cash drawdown has been completed, OSPA tracks the invoice to confirm payment.

**Aging report** — A list of outstanding receivables grouped or summed by category in the GSU’s financial system. Categories are based on the invoice due dates. These categories include:<90 days, 90-120, 120-150, 150-180, 180-210, 210-240, >240. For this accounting process, aging is determined by the due date of the invoice. Using the OSPA Aging Report, collections efforts and comments are logged monthly by OSPA.

**Write-off of Uncollectible Balances**— After a thorough collection process is followed by the University and it is determined that an invoice will not be paid in a reasonable time, the balance is no longer considered collectable, and revenue should be adjusted accordingly. The process of removing the balance from the accounts receivable balance on the financials is called a write-off.

### III. WHO IS AFFECTED BY THIS PROCEDURE?

This procedure applies to all sponsored projects and programs as of the beginning of each award. It must be understood and followed by Principal Investigators (PIs), Department/College Managers and Staff, Department Chairs, Deans, and OSPA. All University faculty, staff, and students who are responsible for administering federal, state and privately sponsored grants/contracts should be familiar with this collection procedure.

### IV. PROCEDURES

This section describes the procedures to follow during the collection process. Throughout the process, it is critical that communication between OSPA, Principal Investigator (PI) and department administrators (Deans, Chairs, and Departmental/College Administrators) be both timely and consistent. The steps are designed to obtain uniform results of high collection rates and maintain a working relationship with the sponsor.

OSPA will continue to use prudent judgment in collection efforts until all avenues of resolution have been exhausted. These methods may include phone calls to the sponsor, continued notifications and legal letters, legal action, or other means to continue contact and collect past due invoices. The following procedures should be followed based upon the aged date of the receivable.

At any time, the Vice President for Research and Economic Development in coordination with the appropriate parties to include the PI, Dean or Research Dean may order the work stopped...
or to proceed at risk. If the decision is to continue the project, the PI and his/her department may become wholly responsible for all additional deficits that occur after the date of the stop work order. For state or federally funded awards, ceasing work will be evaluated on a case-by-case basis. This information will be relayed to the Assistant Vice President, OSPA.

A. **90 Days Outstanding Receivables - 90 days or less are considered current.**

B. **90 - 120 Days Outstanding - When a receivable has been outstanding for 90-120 days, the following steps should be taken by the Officer/AD, OSPA.**

   - Email or mail correspondence to the sponsor informing them of the outstanding invoice
   - Send a copy of the email/mailed correspondence to the PI and Department/College Administrator
   - Place a phone call to sponsor to ensure contact information is valid
   - Document the steps taken in the award file using the Correspondence Folder for the PI on the Shared Drive.

**Notes.** If the sponsor refuses to pay due to work performance (deliverables, reports, and other technical functions) the PI/AD/AVP should be notified. These sponsor’s comments regarding work performance will be relayed to the PI, Department/College Administrator via email or memorandum. If either party feels the situation warrants it, a meeting will be scheduled to discuss the account status before any decision regarding further collection is made. All Accounts Receivables will continue to age and be subject to all other collection procedures as stated below, even if collection efforts with the sponsor have been suspended. The assigned PI/AD and Officer of OSPA will be notified when collection efforts with the sponsor can resume.

If, at any time during the collection process, a sponsor notifies either OSPA or the PI that they do not believe the receivable is their obligation, notification will be sent by the AD or Officer of, OSPA to Legal, for their assistance and opinion in considering the validity of the claim. Until OSPA and/or the PI resolve the issue, all other collections procedures may cease. As part of the review process, Assistant VP, OSPA may engage the appropriate parties depending on risk factors, to determine if work should continue.

Keep the appropriate Associate Director, OSPA informed so that needed information can be provided to the Assistant VP, OSPA and the VP for Research and Economic Development.
C. 120 - 150 Days Outstanding - When a receivable has been outstanding for 120-150 days, the Officer, OSPA will notify the appropriate Associate Director, OSPA and the Assistant VP, OSPA via a monthly report. The report will identify those awards which have not been settled due to the fault of the University and those that are not the fault of the University.

When a receivable has been outstanding for 120-1 days, the following steps should be taken by the Officer of OSPA:

- Email or mail a letter to the sponsor informing them of the outstanding invoice
- Send a copy of the email/mailed correspondence to the PI and Department/College Administrator
- Inform the appropriate Associate Director, OSPA that the invoice is 90 days past due and provide background/corresponding information
- Contact the Department/College Administrator and inform him/her of the outstanding payment
- Document the steps taken in the award file using the Correspondence Folder for the PI on the shared drive

Appropriate Associate Director, OSPA may engage appropriate parties regarding continuation of work based on risk factors. Upon review by Assistant VP, OSPA and Legal items deemed uncollectible may be submitted for Write-Off.

D. After 150 Days - When a receivable has been outstanding for more than 150 days (150 - 240 days), The Assistant VP, OSPA will notify the VP for Research and Economic Development in a monthly report. The report will identify those awards which have not been settled due to the fault of the University and those that are not fault of the University.

When a receivable has been outstanding for >150 days, the following steps should be taken by the assigned Officer, OSPA:

- Email or mail correspondence to the sponsor informing them of the outstanding invoice
- Contact the Department/College Administrator and inform of the outstanding payment
- Document the steps taken in the award file using Correspondence Folder for the PI in the Shared Drive.
Appropriate Associate Director, OSPA will engage appropriate parties regarding continuation of work. Upon review by appropriate Associate Director, OSPA and Assistant VP, OSPA items deemed uncollectible may be submitted for Write-Off.

E. **After 180 Days**

After 180 days, the Officer, OSPA will submit accounts to the appropriate Associate Director, OSPA and the Assistant VP, OSPA for possible referral to GSU’s General Counsel for legal recourse. GSU’s General Counsel will review existing information as provided by the Associate Director, OSPA and the Assistant VP, OSPA and determine if legal action is necessary. The VP for Research and Economic Development shall be kept informed accordingly.

When a receivable has been outstanding for 181-365 days, the following steps should be taken by the assigned Officer OSPA:

- Email or mail correspondence to the sponsor informing them of the outstanding invoice
- Contact the Department Administrator and inform him/her of the outstanding payment
- Document the steps taken in the award file using Correspondence File for the PI on the Shared Drive.

Upon review by Associate Director, OSPA and the Assistant VP, OSPA items deemed uncollectible may be submitted for Write-Off.

F. **After 365 Days**

If after 365 days, all collection efforts fail, including examination of legal recourse, OSPA will notify the PI and dean of the status of the receivable. OSPA will provide information to AVP, OSPA to determine the best course of action on an award-by-award basis. For Sponsors that have defaulted on a debt, further project assignments will be evaluated on a case-by-case basis by OSPA. Upon review by Associate Director, OSPA and the Assistant VP items deemed uncollectible may be submitted for Write-Off.

G. **After 2 years**

If after 2 years, a receivable is deemed uncollectible by the Associate Director, OSPA and the Assistant VP, regardless of the actions taken by the sponsoring agency, it will be written off. The AVP OSPA will work with the VP for Research and Economic Development to determine the source of the write off. If payment is received after it
has been written off, the ADP will review and issue credit for payment to the appropriate parties.

V. APPENDIX

Closeouts

There are several scenarios under which costs may not be reimbursed. This situation may come to be known at any time throughout the life of a project. To timely assess the reasons and potential resolution of any outstanding invoices or deficit, it is critical that the financial closeout activity occur prior to the closeout period, as defined by the sponsoring agency for the project in question.

Aging Report Schedules

• An aging report is generated monthly and managed by the OSPA. Collection efforts are logged, and comments are added for each invoice that is past due.
• An aging report is generated quarterly and is shared with the Vice President for Research and Economic Development documenting outstanding invoices by Sponsor type (Federal, State, and Other)

Exceptions to Write Offs

• If an invoice is outstanding due to an unfinished task or un-met deliverable(s), the Associate Director, OSPA and the Assistant VP will review and take the appropriate internal actions to update the receivables within the University’s financial system.

Institutional Responsibility Issue

If the costs are allowable and the payment is delayed due to a late technical report submission or other resolvable situation, OSPA will:
• Send an email notice to the PI and Department Administrator requesting resolution within two weeks (completing the report/deliverable or providing and update of when the task will be completed)
• A reminder email will be sent to the PI and Department/College Administrator after the two weeks. If a path-forward (resolution) is not provided to the Officer/AD, OSPA after a month, a follow up email will be sent to the PI with copies to the PI’s chair/dean, departmental administrator, college business officers, Associate Director, OSPA and the Assistant VP. If the problem is not resolved the issue will be escalated to the Vice President for Research and Economic Development