UNCOLLECTIBLE SPONSORED PROJECT ACCOUNT POLICY

SCOPE

This document sets forth the California Institute of Technology (Caltech) policy on uncollectible sponsored project accounts. It applies to all sponsored projects accounts and to Principal Investigators, Division Chairs, Division Administrators, Grant Managers, and other Caltech staff involved in the management and administration of sponsored projects.

The primary objective of this policy is to facilitate communication between the Office of Sponsored Research (OSR), the Office of Post Award Administration (PAA), Principal Investigators (PI), the Divisions, the Office of General Counsel (OGC), and other interested parties when there are costs on sponsored projects that have been determined to be uncollectible.

Uncollectible costs on sponsored projects are problematic because Caltech must utilize other revenue sources to cover these costs which diverts these funds from other important institutional uses. In addition, the closeout process cannot be completed until the uncollectible amount has been removed from the sponsored project account.

DEFINITIONS

As used in this policy:

An uncollectible sponsored project account is an account for which a sponsor has not provided payment in accordance with the terms and conditions of the sponsored project.

POLICY

The Office of Post Award Administration (PAA) bills most sponsors on a monthly or quarterly basis.

Sponsors are usually provided 30-60 days to pay invoices as outlined in the terms and conditions of sponsored awards.

When payment has not been received by the end of the billing period outlined in the sponsored project agreement, PAA will forward collection notices requesting payment to the sponsor. PAA will also contact Division Administrators, PIs and/or sponsors (in conjunction with OSR) to attempt to resolve the problem.

If non-payment continues, PAA will contact Caltech Division personnel and the PI as shown below:
Duration of payment problem  Parties to be included in email notification

90+ days past due  PI, Grant Manager

For projects that have an active, ongoing scope of work, the PI and/or Grant Manager will be asked if PTA(s) should be placed on hold or closed. If PTA(s) remain active, PAA will continue to monitor expenditures and unpaid invoices. If the PI or Division decide to stop work on the project, PAA will place PTA(s) on hold. PAA will continue to seek payment from the sponsor.

120+ days past due  PI, Grant Manager, Division Administration

PAA, in consultation with OSR, the PI, and Division Administration, will determine whether additional time for collection activities is warranted based on documentation provided. Additional time may be necessary when the scope of work has not been completed or there are delays obtaining payment that are not the fault of the sponsor (for example - a pass through entity that must obtain funds from a prime contractor). When additional time is warranted, and the award remains active, PAA will monitor expenditures and communicate with the Grant Manager and/or Division Administration on a regular basis. PAA will continue to seek payment from the sponsor.

180+ days past due  PI, Division Administration, Division Chair, Associate Vice President of Finance and Treasurer, Office of General Counsel

In most cases, the PTA will be placed on hold and PAA will forward billing information and collection documentation to OGC for a determination on legal action. Additionally, PAA may request an unrestricted PTA from the Division to cover unpaid costs. If there are mitigating circumstances that led to the unpaid costs (for example, bankruptcy of sponsor), PAA will initiate a discussion with Division Administration and the Associate Vice President of Finance and Treasurer to determine allocation of unpaid costs.

ROLES AND RESPONSIBILITIES

Division Chairs
- Assists with decisions regarding work stoppage due to non-payment of outstanding bills
- Assists Post Award Administration with uncollectible PTA process questions

Principal Investigator
- Provides overall project financial management, including on related subawards and vendor agreements.
- Submits timely progress reports
- Keeps Post Award Administration informed of any relevant information

Division Administration
- Encourages timely submission of technical reports
- Assist PIs with financial oversight of sponsored projects
- Assist Post Award Administration with collection process questions
• Assist PIs with responses to collection process email
• Stops charges when PTAs have been placed on hold or closed
• Provides unrestricted PTAs for unpaid costs when necessary

Office of Research Administration
• Reviews payment provisions in proposed sponsored project agreements to insure that they are consistent with the Institute’s financial management practices and minimize the risk to the Institute.
• Makes initial contact with sponsor when payment problems first arise.

Office of Post Award Administration
• Sends invoices and credits payments in a timely manner
• Reviews late payments; resolves whenever possible
• Notifies PI, Division Administration, and Division Chair when a payment problem exists; seeks information, makes recommendations
• Suspends PTAs when appropriate for non-payment

Office of General Counsel
• Determines when contact with a sponsor’s legal office is necessary
• Determines if legal action against sponsor is appropriate

POLICY ISSUED BY

This policy is issued by the Office of Financial Services and the Office of Research Administration.

EFFECTIVE DATES AND UPDATES

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<td>Approved by Office of Financial Services and the Office of Research Administration</td>
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