

Billing and Collection

When and How to Bill Contracts

Interim (monthly, quarterly or annual) billings requesting reimbursement for contract expenditures will be prepared in Grants and Contracts Accounting. Billings reflect periodic expenditures per Banner report. Corrections to the amount billed, if needed, should be entered in Banner and will be reflected on the next billing submitted to the agency.

Where contracts require billings based on "per patients," the principal investigator should provide Grants and Contracts Accounting the number of patients for billing the sponsor.

Should the department take the responsibility for billing the sponsor, the department is responsible for collecting funds for all transactions billed by the department. In the event funds are not collected from the sponsor, the principal investigator will be responsible for the cash deficit balance.

If costs are disallowed on an interim billing, the department will be contacted to provide adequate documentation for rebilling or to remove the charges from Banner.

In the event costs become uncollectible for the following reasons, the department will cover the costs:

- there is a termination of business by the sponsor,
- the department performing the work fails to complete the project to the sponsor's satisfaction,
- or the department began the work prior to receiving the award, and then the award was not made.

How to Make Deposits

All grant and contract funds should be mailed directly to Grants and Contracts Accounting from sponsors. If a sponsor inadvertently sends a check to a department, the check along with any sponsor's correspondence, must be delivered to Grants and Contracts Accounting on the same day. The department should keep a copy of the check and correspondence as documentation received by a department. Grants and Contracts Accounting and Cashiering Operations encourage sponsors to deposit funds electronically.

If a check is received by the Principal Investigator prior to Banner index creation, the check along with a copy of any sponsor or vendor correspondence must be either hand or special courier delivered (on same day as received) to Grants and Contracts Accounting. Grants and Contracts Accounting will determine Banner index to be used for the deposit or deposit the funds to the Grants and Contracts suspense index. Deposits must be made on a daily basis. If the deposit is made to suspense, the funds will be transferred to the appropriate Banner index after Sponsored Programs Administration authorizes the creation of the Banner index. If authorization is not provided, the deposit will remain in suspense until the University receives an award notice for creating an appropriate sponsored program index.

Deposits from program income must also be deposited daily based upon program income alternative required by the sponsor.

Grants and Contracts Accounting Collection Procedures

At 30 Days-The Grants and Contracts Accountant submits all monthly and quarterly billings to the sponsoring agency within 30 days after the close of Banner for the previous month. Final invoices should be submitted by the sponsor's due date.

At 1-30 Days Past Due-The Grants and Contracts Accountant notifies the sponsor in writing that the payment has not been received. This letter will be signed by the accountant. On all past due amounts, the accountant will make phone contact with the sponsor and get a promise to pay. The promise to pay should be followed-up with written documentation from the agency which should include a date when the payment should be sent. The grant folder will be documented with this information.

Exhibit I-Sample Collection Letter

At 31-60 Days Past Due-The Grants and Contracts Accountant calls the sponsor again to remind them of their promise to pay, documenting the telephone call in the folder. The accountant will also prepare another follow-up letter and send it to the sponsor and the Principal Investigator. This letter will be signed by a manager. The folder will again be documented.

Exhibit II-Sample Collection Letter

At 61-90 Days Past Due-Separate letters submitted for Private & Local accounts (Exhibit III) and State & Federal accounts (Exhibit IV).

The Grants and Contracts Accountant calls the sponsor and reminds the sponsor of the agreement, documenting the telephone call in the folder. The accountant will prepare the follow-up letter to send to the sponsor, send a copy of the agreed terms and conditions with the past due letter. This letter will be signed by the Director.

Exhibit III-Private and Local Sponsors

Exhibit IV-State and Federal Sponsors

At 91-120 Days Past Due-The Grants and Contracts Accountant prepares a letter of notification to the sponsor that the account has been referred to collections. This letter will be signed by the Director.

Exhibit V-Sample Collection Letter

At 121-130 Days Past Due-The Grants and Contracts Accountant prepares the collection referral letter to be signed by the Director and sends it along with documentation, which consists of a copy of the contract, copies of follow-letters, copy of the promise to pay and any other pertinent information requested in the following web-sites to State Attorney General Office and or NCO Financial Services, Inc. NCO Financial Services is a alternative collection agency authorized for use by the Commonwealth of Virginia.

State Attorney General Office information for claims \$3,000 or greater can be found on the following web-site:

http://www.doa.virginia.gov/Financial_Reporting/Accounts_Receiveable/CollectionProcedures.pdf

Claims under \$3,000 shall be referred to a private collection agency such as NCO Financial Services found on the following web-site:

<http://dps.dgs.virginia.gov/DPS/Download/E194-241%20Renewal%20Revised%20-%20Collection%20Services.pdf>.