

# Contracts and Grants Accounting Policy Sponsored Project Billing and Collections and Drawdowns

Winston Salem State University

Approved by Dana Dupree, Associate Vice Chancellor for Financial Services

Revised February 14, 2024

## 1. Purpose

Contracts and Grants Accounting is responsible for submitting invoices to the sponsors and collecting payments from the sponsors for all sponsored projects. The award document for each sponsored project contains specific requirements for either invoicing the sponsor or for drawing down (drawdowns) funds from the sponsor. Sponsored project expenditures must be identified, appropriately documented, and the resulting costs invoiced in the appropriate manner as often as necessary.

## 2. Scope

This policy will provide guidance for the invoicing, monitoring, and collection of receivables on sponsored projects in accordance with federal and other non-federal sponsor requirements.

## 3. Definitions and Roles and Responsibilities

### 3.1 Definitions

**Cost Reimbursable** – a payment term for a sponsored project whereby payments are based on actual allowable costs incurred in performance of the work up to an agreed maximum award amount.

**Fixed Price** – the University negotiates a fixed price with the sponsor to be invoiced at set intervals, regardless of actual expenditures incurred at the time of the request. Fixed price billing is based on agreed upon amounts for completion of milestones or deliverables, payment amounts at predetermined dates or intervals, or a combination.

**Draw-down (Draw)** A request for funds from the sponsor based on expenditures incurred by the institution, most often associated with federal sponsors. The request is submitted as often as necessary, typically monthly. The request is submitted electronically through a federal website and funds are transmitted as an Electronic Funds Transfer (EFT).

**Letter of Credit (LOC)** – A letter from the bank that guarantees that wire payments from the sponsor's allocated funds to Winston Salem State University will be received on time and for the correct amount.

### **3.2 Roles and Responsibilities**

The Principal Investigator (PI) is responsible for:

- Preparing programmatic reports, including technical and invention reports, as required by the sponsor.
- Ensuring that deliverables are met in accordance with award agreement and communicating completion of deliverables with Contracts and Grants Accounting to assure timely invoicing.
- Managing expenditures by ensuring that costs are reasonable, necessary, allocable, appropriate, and within the award budget and project period.
- Certifying expenditure confirmation at close-out.
- Managing expenditures and cost transfers in a timely manner
- Monthly review of Budget Manager (FRIGITD) - Grant Funds reports and prompt action for any overdrafts, unallowable charges, and cost allocation corrections.
- Maintaining and providing backup documentation timely when required by sponsor terms and conditions.
- Notifying Contracts and Grants immediately if:
  - the sponsor requests backup documentation.
  - the sponsor requests invoice prior to award execution.
  - project is experiencing technical issues or setbacks.
  - you receive communication to update or change sponsor contact information or address changes.

Contracts and Grants Accounting is responsible for:

- Capturing invoicing type and frequency in Banner.
- Preparing invoices based upon award terms and conditions.
- Obtaining supporting documentation and submitting invoices to sponsor based upon award terms and conditions.
- Requesting drawdowns in accordance with award terms and conditions  
Receipting payments from sponsors.
- Managing accounts receivable per Contracts and Grants Accounting, standards
- Complete agency drawdowns, typically monthly

## **4. Policy**

Contracts and Grants will review award documentation and identify invoice method and frequency in Banner. Contracts and Grants will monitor monthly invoicing status lists to identify upcoming invoicing deadlines, and prepare drawdown requests.

Contracts and Grants will prepare invoices, following these general guidelines:

- For cost reimbursement invoicing, invoices will be based on transactions posted to the University general ledger account for the sponsored project for the applicable invoicing period as of the most recent closed accounting month. Encumbrances will not be included.
- PIs are responsible for ensuring that costs are allowable, reasonable, and allocable to the project .
- For milestone/task-based invoicing, Contracts and Grants will work with the PI to determine when invoicing can occur.
- If any unallowable transactions are identified, Contracts and Grants will notify the PI Unallowable costs should be moved to an unrestricted funding source as soon as possible.

Contracts and Grants will not invoice if:

The award is not fully executed, i.e., final agreement is not signed (unless sponsor specifically requests an invoice).

- The budget period has ended or the “no later than” date has passed and an expected extension or renewal has not been received (unless the sponsor specifically requests an invoice).
- The total expenses for the billing period are zero or a net credit (unless sponsor specifically requests an invoice).
- The cumulative expenditures exceed the budget (unless the sponsor specifically requests an invoice).

Most sponsored projects operate on a cost reimbursement basis, so billing and drawdowns should occur as frequently as it is practical or contractually permissible. Unless otherwise restricted by the sponsor, requests for funds will occur as often as necessary, typically monthly. Timely monitoring and follow-up on accounts receivable is required to ensure sponsor obligations for payment are met.

### **Final Invoice**

Many award documents set a date for receiving the final invoice. If the final invoice is submitted late or if there are expenditures not reflected on the final invoice, the sponsor may refuse to pay for those expenses. If this happens, the department may be responsible for the unpaid expenditure. It is therefore extremely important that expenditure be reflected accurately and promptly in Banner. In the event that a sponsor refuses to pay for expenses, the deficit will be eliminated with the use of Indirect Cost funds, per the Indirect Cost Policy.

## **Monitoring Accounts Receivable**

An aging report will be prepared monthly from the WebFOCUS reporting system. The report is organized to show awards with receivables that are 30, 60, 90, and 120 days overdue. Contracts and Grants reviews and sends out past due notices and additional actions as needed.

## **5. Compliance and Enforcement**

Contracts & Grant Accounting is responsible for ensuring compliance with this policy.

## **6. Additional Information**

### **6.1 Supporting Documentation**

[UNC System C&G Business Process Standards](#)

[Indirect Cost Policy rev. 12.17.21](#)

### **6.2 Approval Authority**

This policy will be approved by the Associate Vice Chancellor for Financial Services

### **6.3 Contacts for Additional Information**

Responsible Executive: Caryel Ivy, Director Contracts & Grants Accounting, (336) 750-2736, [ivycm@wssu.edu](mailto:ivycm@wssu.edu)