

Resolution of Outstanding Balances on Sponsored Awards

Policy Owner: Post-Award Research Administration	Effective Date: October 16, 2017
Policy Contact: Associate Vice Provost for Research Administration and Development	Last Updated: November 13, 2018

REASON FOR POLICY

This policy formalizes resolution of outstanding balances on sponsored award accounts that are the result of expenditures which the University does not expect the sponsor to fund. Such outstanding balances on sponsored accounts complicate the ability of departments, schools, and centers as well as the University as a whole to accurately assess financial liabilities and receivable amounts at any given time. Outstanding balances covered by this policy include: (1) over-expenditures that are the result of charges in excess of the obligated budget, and (2) delinquent payment or non-payment by the sponsor of the obligated award costs due to Tufts under the terms of the award. Management of advance award accounts is outside of the scope of this policy.

POLICY PRINCIPLES

Over-expenditures at award closeout

Timely [closeout](#) is part of effective management of sponsored awards and includes reconciliation of expenditures and funds received for each project on sponsored accounts. Over-expenditures are the result of charges on a sponsored account in excess of the budget that the sponsor committed to fund. Over-expenditures must be removed from the sponsored account as soon as possible, and no later than 90 days after the award end date / the date of award termination, as applicable.

As part of the award account closeout, over-expenditures up to the *de minimis* threshold of \$50 will be routinely moved by the Post-Award Research Administration office to an account (DeptID) designated by the school/center. Notifications will be sent to the Principal Investigator (PI), Local Research Administrator (LRA), and the individuals designated for such notifications by the school or center. Cost transfer paperwork is not required for *de minimus* over-expenditure transfers. Schools and centers can establish higher *de minimus* thresholds.

The LRA assigned to the award is responsible for submitting to the Post-Award Research Administration office the paperwork necessary to resolve over-expenditures **exceeding** the *de minimus* threshold as soon as the over-expenditure is identified but no later than 60 days after the award end date. Post-Award will notify the Lead Research Administrator of the school/center, the Executive Administrative Dean (EAD) or equivalent, and the representative of the Budget Center of any unresolved over-expenditures in excess of \$500 that still exist 60 days after the award account end date.

Post-Award will continually work to coordinate transfer of outstanding balances, but in the absence of the [cost transfer](#) paperwork, any outstanding award balance (direct costs only) will be transferred to the respective school/center DeptID 90 calendar days after the award account end date. Notification will be sent to the EAD or equivalent, the PI, the LRA, the Lead Research Administrator, and to the Budget Center representative assigned to the school/center.

Outstanding balance resulting from non-payment by the sponsor

Invoicing and collection of payments on sponsored awards is the responsibility of the Post-Award Research Administration office. Post-Award staff identifies specific financial points of contact with sponsor organization and follows up quickly with the sponsor regarding late payments. Per the Uniform Guidance section [CFR 200.305\(b\)\(3\)](#), the Federal awarding agency or pass-through entity must make reimbursement payments within 30 calendar days after receipt of the billing.

The internal procedures include:

- 45 days from the date when the invoice was sent: Post-Award initiates a phone call and email contact with the funding agency.
- 60 days: Post-Award will share information with the Pre-Award office, LRAs, and the Principal Investigator (PI) in order to effect payment. This may include exchange of sponsor contact information, deliverables confirmation, etc. The PI will be asked to communicate with their collaborator and to hold deliverables until payment has been made.
- 90 days: Post-Award will notify the Executive Administrative Dean (EAD) or equivalent, the Lead Research Administrator, the PI, the LRA, and the representative of the Budget Center and communicate the reasons for non-payment. With limited exceptions that may be determined after consultations with the school/center, the award account will be frozen to prevent future charges.
- 120 days: the outstanding balance (direct and indirect costs) will be transferred to the designated respective school/center DeptID or to another appropriate account provided by the PI's department. This transfer does not forgive any unrecovered debt from the sponsor.

University collection efforts may continue beyond 120 days for the closed awards that have outstanding invoices. Any payments received on these invoices will be credited to the school/center that absorbed the unpaid award balance. Delinquent sponsors may be disqualified from doing any further work with the University.

All engagement of an outside legal firm or a collection agency to collect on an outstanding amount must be requested by the EAD or equivalent at the school or center, and approved and coordinated by the Office of University Counsel. If the school/center elects to engage an outside legal firm or a collection agency to pursue a legal complaint or a collection effort against the sponsor who is delinquent on payment, all legal costs and collection fees will be charged to the school or center where the award with non-payment resides. Exercising this position does not affect the timeline of the closure of the sponsored account and the resolution of the outstanding unpaid balance.

POLICY IMPLEMENTATION

PIs are encouraged to suspend providing subsequent deliverables or continuing with additional research if they are notified directly by Post-Award or through the LRA that a sponsor is not current in payment obligations.

Each school/center will provide to the Post-Award office a designated DeptID for the transfer of unresolved over-expenditures and outstanding award balances resulting from non-payment from the sponsors. In the absence of cost transfer paperwork resolving the outstanding balance in a different manner, a Journal Entry to this DeptID will be processed by the Post-Award using 5498 Accounting Adjustment G/L code for clearing over-expenditures and 5508 Bad Debt G/L code for clearing non-payments by the sponsor. Schools/centers will make internal determinations which accounts, including PI discretionary accounts if available, will ultimately absorb such unresolved balances.

Roles and Responsibilities

Post-Award Research Administration – generate and send out invoices according to the award schedule. Continuously undertake proactive collection efforts for payments on sponsored awards. Communicate in a timely manner about payment issues with the PI, the LRA, the Lead Research Administrator of the school or center, the EAD, and the Budget Center representative. Close out aged receivables timely to support accurate records of financial position of the University.

Local Research Administrators (LRAs) – submit to Post-Award the paperwork necessary to resolve over-expenditures exceeding the *de minimus* threshold as soon as the over-expenditure is identified but no later than 60 days after the award end date. Upon receiving a notification from Post-Award, alert the PI if a sponsor is not current in payment obligations.

Lead Research Administrators – oversee resolution of outstanding balances on sponsored awards in their school or center and assist in resolution of complex issues. Communicate with the EAD or equivalent regarding matters that impact the school/center financial situation.

DEFINITIONS

Closeout – administrative actions performed at the end of the award.

De minimis threshold – Tufts established \$50 dollar threshold as the amount of over-expenditures on a sponsored award that can be routinely cleared by the Post-Award Research Administration office. Schools and centers can establish higher *de minimus* thresholds.

Obligated budget – a part of the project budget that the sponsor committed to fund.

Outstanding balance on sponsored award – the result of expenditures on an award which the University does not expect the sponsor to fund.

Over-expenditure – a result of charges that are in excess of the obligated budget.

Sponsored award – funding from an external entity, such as a governmental agency, a private corporation, or a foundation for an activity with a defined scope and purpose. Sponsored awards do not include gifts.

RELATED LINKS AND INFORMATION

[Closeout](#)

[Cost Transfers](#)

[CFR 200.305\(b\)\(3\)](#)