

Billing and Collections

Prepared By: Grant and Contract Accounting

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Purpose

Illinois Institute of Technology receives substantial funding in the areas of sponsored research, education, public service and other funding agencies. The University ensures all cash payments are billed out and collected in a timely and efficient manner thereby improving cash availability.

Policy

Grant and Contract Accounting is responsible for the invoicing of funding sources and the collection of outstanding receivables.

Definitions

Cost Reimbursement – The University is reimbursed for *actual, allowable expenditures* that do not exceed the award amount. (These reimbursements may be made by Letter of Credit (LOC) or payment of invoices for actual costs incurred)

Letter of Credit – Payment is received through electronic transfers of cash from the Federal Reserve Bank to the University.

Fixed Price - A sponsored award in which the agency pays a “fixed” dollar amount for certain agreed-upon deliverables, services, or milestones.

Schedule Payment (Automatic) – Payment is made by the agency using a pre-determined payment schedule. The payment amount is not dependent on the performance of the project. No invoice is required.

Scheduled Payment (Invoice) – Payment is made by the agency using a pre-determined payment schedule. The payment amount is not dependent on the performance of the project. The Sponsor is billed/invoiced by the Grant and Contract Accounting Office based upon the schedule via an invoice.

Procedures

Grant and Contract accounting conducts billing no less than on a monthly basis unless otherwise specified in the award terms and conditions.

- Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner.
- Review of current grant receivable will be conducted on a monthly basis.
- Amounts not collected through routine follow-up by grant and contract accounting staff will then be forwarded to upper management.
- Payments not received within 3 months of the last date of invoice, the PI will be informed to stop spending (if no cash available) or to spend up to cash received until payment issues have

been resolved.

- On expired agreements, if payments have not been received prior to the end date of the award and collection efforts by upper management have been unsuccessful, it will then be forwarded to legal counsel to determine if it meets the requirements for potential litigation.
 - If it is determined that the award qualifies for litigation, legal counsel will assume the responsibility to perform further collection efforts on behalf of the University.
 - In the event that legal counsel is unable to proceed with litigation, the university will determine if the award is recorded as bad debt.

PENDING AGREEMENTS WITH AGENCIES

Grant and Contract Accounting will provide Office of Sponsored Programs any agencies that have not satisfied outstanding payments under previous agreements. The Office of Sponsored Programs may elect to delay signing a new agreement with the agency until previous payment(s) has been satisfied.

Guidelines

See terms and conditions of award.

References

None

Responsibilities

Principal Investigator – To insure that all milestones and deliverables have been met under the terms and conditions of the award. To provide any agency contacts that may be helpful in the resolution of outstanding payments.

Grant and Contract Accounting – To insure that billing has been completed timely and accurately and to insure that all collection efforts have been and are documented. To assist principal investigators with status of account and

Sponsoring agency – To insure that payments are made timely and to inform the University of any changes to location for receipt of payment or changes in contact personnel.

Required Forms

None