

NUMBER: FINA 3.17 (New)  
SECTION: Administration and Finance  
SUBJECT: Grants and Contracts Uncollectible Receivables  
DATE: July 1, 2019  
Procedure for: All Campuses  
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Issued by: Administration and Finance – Controller’s Office

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## **Procedure**

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 3.17 in the guidelines and procedures outlined below. This procedure is applicable to all grants and contracts within the university system.

### **A. Background**

This procedure is for identifying and collecting past due payments on invoices for billable awards. It provides a timeline for follow up and actions that should be taken at each interval in requesting payment from a sponsor on a specific invoice or project.

If an invoice is not paid in full within 90 days of the invoice date, it is considered past due. Procedures for follow up should be performed in a timely manner throughout the term of the award and after the award end date until the award is closed.

### **B. Identifying Past Due Invoices**

The **AR Aging Report** should be used to identify invoices that are more than 90 days past the invoice date. This report is produced weekly and emailed to all Grants and Funds Management staff, Assistant Controller and Controller.

### **C. Methods of Follow Up**

It is important that communication between the Accounts Receivable Office and the sponsor is continuous throughout the follow up process. Follow up methods can be any one of the following:

- Initial call – Verify that the sponsor received the invoice. If the invoice has been received, determine when payment is expected. If the invoice has not been received, verify that the sponsor name and address is correct. Update the contact information if necessary.
- Follow up calls – Determine reason(s) for nonpayment of invoice and appropriate follow up action. Follow up calls may require numerous attempts to make contact via leaving messages or aggressive calling in order to make direct contact with a person.
- Follow up letters – Send sponsor a Past Due Invoice Letter.

It is best practice to use a combination of follow up calls, emails, and letters. **Regardless of method of communication, it is required to document each communication in AR Conversation Notes within the PeopleSoft AR module.**

**D. Past Due Invoice Letter**

The Past Due Invoice Letters are formal written notifications of past due amounts owed to the University of South Carolina. There are three versions based on the stage of delinquency and prior contact with the sponsor.

- First Past Due Invoice Letter Request – friendly reminder that an outstanding invoice exists.
- Second Past Due Invoice Letter Request – message is conveyed stronger
- Third Past Due Invoice Letter Request – message conveyed communicates that this will be the final notice sent from Grants and Funds Management, and if payment is not received the account will be sent to collections.

**E. Timeline for Follow Up**

The table below provides a timeline of follow up actions to be taken based on the number of days the payment is past due for routine collection items.

**Important:** If at any stage, circumstances warrant aggressive action, to include but not limited to contacting a collection agency, the award Principal Investigator (PI) and operating unit’s business manager should be contacted, in order for them to be given the opportunity to contact the sponsor.

Aging	Actions
90 days	<ol style="list-style-type: none"> <li>1. Initial call – Verify the invoice has been received. If the invoice has been received, determine when payment is expected. If the invoice has not been received, verify that the sponsor name and address is correct. Update the contact information if necessary.</li> <li>2. Initial letter – send sponsor First Past Due Invoice Letter Request</li> <li>3. Follow up call – call the sponsor if payment has not been received and after letter has been sent to determine reason for nonpayment.</li> <li>4. Notify the USC Sponsored Awards Management (SAM) Office. Sponsor will need to be on hold for future awards until payment is made.</li> </ol>
90-120	<ol style="list-style-type: none"> <li>1. Follow up phone call – call sponsor to determine the reason for nonpayment.</li> <li>2. Follow up letter – send sponsor Second Past Due Invoice Letter Request. The letter should include the following information and statements: Where to remit payment, “if your check is already in the mail, please disregard this notice,” “if there are</li> </ol>

	<p>circumstances delaying payment at this time, please advise by phone or email.</p>
121-180	<ol style="list-style-type: none"> <li>1. Follow up call – call sponsor to determine the reason for nonpayment. If all deliverables have been met, a follow up letter should be sent.</li> <li>2. Follow up letter – send the sponsor Third Past Due Invoice Letter Request. The letter should include the following statements: “we appreciate your business and relationship. However, your past due balance has aged considerably beyond our terms. We are sure you can understand our concern,” “it appears from our records that we have met all the terms required of the University. If there is a problem we are not aware of that is delaying payment, please advise us. If a check has been sent, thank you, and please disregard this letter. If not, we look forward to hearing from you or receiving payment within the next week.”</li> <li>3. Contact Project PI and operating unit business manager.</li> </ol>
180+	<ol style="list-style-type: none"> <li>1. Follow up call – call sponsor to determine reason for nonpayment. If all deliverables have been met, a follow up letter should be sent.</li> <li>2. Follow up letter – send the sponsor with the following statements: “your account is seriously in arrears. As we have had no response from you to our last reminder, we are obligated to consider using a collection agency,” “if at all possible, we would like to avoid taking this action however, as we are sure you can understand we must also ensure we can cover the costs that have been incurred in supporting this research endeavor.”</li> <li>3. Determine if Formal Collection Action is required or warranted.</li> <li>4. Follow up with SAM Office. No further contracts may be issued with this sponsor and work on the project should cease. Further charges to the grant are the department’s responsibility to cover.</li> </ol>