



## Administration and Finance

Policy No: 3701

**Policy Name:**

Contract and Grant Billing and Collections

Effective Date:  
January 1, 2009

**Policy:**

The University of Maryland, Baltimore (UMB) will invoice to and collect from external contracting and granting agencies in a timely and accurate fashion using the UMB financial system.

Revision Date:  
N/A

**Definitions and Terms:**

Approved by:  
Marc E. Wasserman  
Director  
Financial Services

Standard Grant or Contract – Payments are based on actual expenses incurred and allocable to the performance of the project. This is the most common cost basis used in grants (but not used for all grants). Indicators for a STANDARD cost basis include:

- Requirements to return unexpended (unobligated) funds to the Sponsor
- If the actual costs of the work are not as much as the budgeted amount, you do not get paid the entire budgeted amount
- Financial expenditure report may be required
- Invoicing based on actual expenses incurred doing the work
- Cost-reimbursement type agreement
- Expenses “shall not exceed” a stated amount

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Deliverable Grant or Contract - Payments based on an agreed, set amount (price or fee) for the specified work to be performed rather than actual costs incurred in doing the work. UMB is required to provide the work for that amount, whether the actual costs incurred are greater than or less than the amount of the agreed fee. Indicators for a DELIVERABLE cost basis include terms such as:

- Not required to return funds to Sponsor that were paid but not expended for project costs (other than reconciliation of advance payments, as below)
- Fixed Price/fixed fee type agreement
- Payment is based on providing a “deliverable” to the Sponsor, such as:
  - Amount per Hours of Service
  - Amount per patients enrolled, per procedure, per sample
  - Amount per Case Reports Forms (Data) submitted
  - Amount per Technical Report submitted
  - Amount per milestone achieved
- Rarely requires a financial expenditure report of actual costs incurred doing the work
- Invoicing may or may not be required. For example,
  - invoices may be required to request a payment for the number of deliverables provided during a certain time period (monthly, quarterly); or
  - the Sponsor may make payments automatically upon its receipt of the deliverables, achievement of milestones or a calendar-based schedule
- Sponsor not required to pay an additional amount when actual costs of providing the deliverables exceeds the agreed price/fee

Refer Questions to:  
Manager  
Restricted Funds  
410-706-0487

USM Board of Regent's  
Policy Reference:  
N/A



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- Required to return “unearned” funds to Sponsor when advanced payments are made based on an estimated number of deliverables being provided but the estimated number is not achieved

**Purpose:**

To identify the procedures to ensure the timely and accurate billing and collections for contracts and grants, and to clearly define the responsibilities of Restricted Funds and the departments within this process.

**Scope:**

Contracts and grants received from external agencies where payments are due to UMB based on a payment schedule, costs incurred, services provided or milestones being met as outlined in the award documents.

**Restrictions and Exclusions:**

Federal and State Student Financial Aid are excluded from this policy.

**Related / Impacted Policies:**

Administration and Finance Policy #3311 – Cost Transfers  
Administration and Finance Policy #2111 – Effort Reporting

**Procedures:**

I.) Contract and Grant Billing

- All procedures are performed by Restricted Funds except in certain instances where noted.
- In order to ensure the accuracy of any Restricted Funds billing a monthly review of activity by the department using the UMB financial system is expected.

A.) Billing for Letter of Credit (LOC) Grants

- 1.) The billing process is run weekly to update the UMB financial system accounts receivable and a report is generated to determine the proper amount to request from the sponsoring agency.



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- 2.) Depending on the sponsor, funds are requested via the web or phone.
- 3.) For requests made via the web, the confirmation printout from the web and a cover letter noting the requested amount are signed by the Manager of Restricted Funds and faxed to the sponsor.
- 4.) The U.S. Department of Housing and Urban Development (HUD) uses a phone system (LOCCR VRS) for payment requests. A Request Voucher for Grant Payment is prepared and the system gives a Voice Response Number to enter on the form. The completed form is retained in Restricted Funds.
- 5.) Due to the method for requesting payment and the large number of LOC projects involved per request, invoices are not printed.

**B.) Billing for Standard Grants or Contracts**

- 1.) Billings other than fixed amount and final invoices
  - a.) The billing process is run for a given month/quarter and an invoice is generated for each appropriate contract or grant.
  - b.) All invoice amounts are then verified against the UMB financial system.
  - c.) Once the verification is complete, each invoice is signed by the Manager of Restricted Funds and sent to the granting agency for reimbursement.
- 2.) Fixed amount invoices
  - a.) The Restricted Funds biller generates a "prepaid" invoice in the UMB financial system based on the amount and due date stipulated in the agreement.
  - b.) The invoice is signed by the Manager of Restricted Funds and sent to the granting agency for payment.
- 3.) Final invoices
  - a.) Within thirty (30) calendar days after the end of the project period, a Final Invoice Expenditure Report based on the UMB financial system is sent to the Department Administrator or other designated individual (to be referred to as "department" from this point forward).
  - b.) The department will review the report for completeness and accuracy, process any adjustments, have the Principal Investigator (PI) sign the corrected report, and return it to Restricted Funds.



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- c.) If the signed report and any necessary documents are not returned within fourteen (14) calendar days, a second request is sent to the department and the PI.
- d.) If the signed report and any necessary documents are not returned within seven (7) more calendar days, a third request is sent to the department, PI, Restricted Funds Manager and Dean's Office.
- e.) If the report is not returned within seven (7) calendar days with appropriate documentation and PI's signature, the final invoice will be sent out based on the most recent UMB financial system report (not to exceed the budget) without department/PI approval.
- f.) The final invoice is generated, signed by the Manager of Restricted Funds and sent to the grant agency for reimbursement.
- g.) If the final invoice is due sooner than sixty (60) days, the above procedures will be condensed.

**C.) Deliverable Grants or Contracts**

- 1.) The Deliverable Invoice/Receivable Request Form (DIRRF) is received in Restricted Funds prior to the payment.
  - a.) Once a deliverable or milestone has been met as outlined in the agreement, the department completes and forwards the DIRRF to Restricted Funds.
  - b.) Within seven (7) calendar days, the Restricted Funds biller generates an invoice so that a receivable is set up in the UMB financial system.
  - c.) If requested (per the form), the invoice is signed by the Manager of Restricted Funds and sent to the granting agency. Otherwise, the invoice is filed.
- 2.) The DIRRF is not received or received after the payment arrives.
  - a.) The payment is deposited into a holding account until a receivable is generated in the UMB financial system.
  - b.) Once the receivable appears in the UMB financial system, Restricted Funds will transfer the amount from the holding account to the appropriate project within seven (7) calendar days.



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- 2.) For start-up payments only, the Center for Clinical Trials submits their own form to Restricted Funds, instead of the DIRRF.

II.) Standard Collections Procedures

- A.) Restricted Funds runs an open item detail report from the UMB financial system.
- B.) For each invoice listed on the report the corresponding project id folder is pulled to verify that collection procedures should be initiated.
- C.) Within thirty (30) calendar days after the invoice date, a reprint of the invoice is forwarded to the agency with the following information included on it.

“Second Request – This invoice has not been paid. Please forward payment as soon as possible. If the payment has already been sent, please disregard this notice. Thank you.

State Law requires the transference of all accounts overdue by more than 180 calendar days, to the State Central Collection Unit for further processing. This will result in an additional 17% collection fee, plus any legal fees required, being added to the amount due.”

- D.) Within thirty (30) calendar days after the second request, a reprint of the invoice is forwarded to the agency with the following information included on it.

“Third Request – This invoice is still outstanding. Please forward payment as soon as possible. If the payment has already been sent, please disregard this notice. Thank you.

State Law requires the transference of all accounts overdue by more than 180 calendar days, to the State Central Collection Unit for further processing. This will result in an additional 17% collection fee, plus any legal fees required, being added to the amount due.”

- E.) Within thirty (30) calendar days after the third request, a reprint of the invoice is forwarded to the agency with the following information included on it.

“FOURTH REQUEST – This invoice remains outstanding. Payment is requested immediately. If the payment has already been sent, please disregard this notice. Thank you.



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- F.) Other means of contacting the sponsor are invoked – phone calling, emailing, web searching to verify the correct mailing information and sometimes department intervention.
- G.) Within seven (7) calendar days after the additional means of contacting the sponsor, a follow-up to the phone call or email is initiated.
- H.) Within thirty (30) calendar days after the fourth request, a reprint of the invoice is forwarded to the agency by certified mail with the following information included on it.

“FIFTH REQUEST – This invoice remains outstanding. The courtesy of a reply is requested. If the payment has already been sent, please disregard this notice. Thank you.

State Law requires the transference of all accounts overdue by more than 180 calendar days, to the State Central Collection Unit for further processing. This will result in an additional 17% collection fee, plus any legal fees required, being added to the amount due.”

- I.) Copies of the fifth request will also be sent to the department and principal investigator.
- J.) Within thirty (30) calendar days after the fifth request, a reprint of the invoice is forwarded to the agency by certified mail with the following information included on it.

“FINAL REQUEST – This invoice will be turned over to the State Central Collection Unit (SCCU) if payment is not received within 15 calendar days. If the payment has already been sent, please disregard this notice.”

- K.) Within thirty (30) calendar days after the final request, the invoice is sent to the State Central Collection Unit (SCCU).
- L.) Notifications of non-payment and bankruptcies are sent to the Office of Research and Development to match with any grant or contract proposals currently in process.



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III.) Special Collections Procedures

- A.) In order to prevent being sent to SCCU, the sponsoring agency may request a payment plan to cover past due invoices and possible future obligations.
- B.) The terms of the payment plan will be negotiated between the agency and the Restricted Funds Manager.
- C.) The signed agreement must be accompanied with an upfront payment agreed upon by both parties.
- D.) If a future payment is not received timely, as outlined in the payment plan agreement, the remaining amount due will be sent to SCCU without any notification to the sponsor (as outlined in the payment plan agreement also).
- E.) Notifications of default are sent to the Office of Research and Development to match with any grant or contract proposals currently in process.

**Responsibilities:**

Restricted Funds:

- A.) Submits all billings to granting agencies on a timely basis.
- B.) Submits final billings to the department for review.
- C.) Works with department to ensure that final billings are accurate and match the balances appearing on the UMB financial system.
- D.) Collects funds from granting agencies.

Departments:

- A.) Perform monthly reviews of all project IDs to ensure the accuracy and validity of the balances in the UMB financial system.
- B.) Assign a Senior Administrator and/or designee to perform a sample quality review to ensure that monthly reviews are being performed.
- C.) Submit all correcting journal entries in a timely fashion according to Administration and Finance Cost Transfer policy #3311.
- D.) Respond to Restricted Funds in a timely fashion as stipulated in the above procedures.



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- E.) Revise Effort Report(s), if necessary in accordance with Administration and Finance policy #2111 – Effort Reporting.
- F.) Assist in the collection of funds from granting agencies, if necessary.

**Sample Forms:**

The Deliverable Invoice/Receivable Request Form (DIRRF) is located on the Restricted Funds web page under Forms and is to be used for Deliverable projects only.

<http://www.fincsvc.umaryland.edu/images/DeliverableInvoice-ReceiveableRequestForm.xls>

**Instructions for Completing Forms:**

The instructions for completing the DIRRF are located on the second tab of the form.