



SRA INTERNATIONAL
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**Blood and Turnips:
The Love Hate Relationship between the Institution and the
Invoice-Ignoring Sponsor**

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Learning Objectives

- Overview of contract process
- Evaluate and discuss real examples
- Review tips and tricks to minimize risk of sponsor non-payment
- Discuss steps to resolve non-payment

Getting to Know GSU

Description	Fiscal Year ending 6/30/2024
New awards	\$185.7 million
Grants & Contracts Submitted	\$760.5 million #945
Cognizant Agency	DHHS

Getting to Know UA

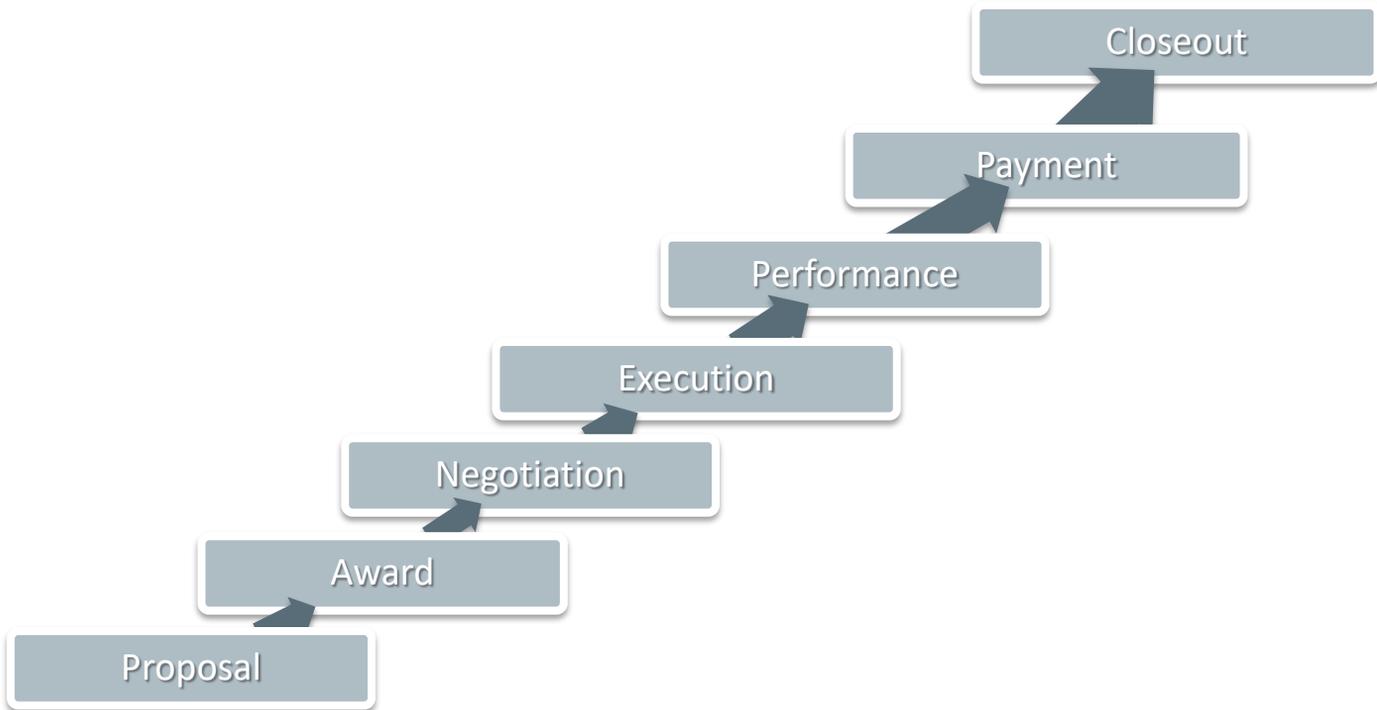
Description	Fiscal Year ending 9/30/2024
New awards	\$269.9 million
Grants & Contracts Submitted	\$782.6 million #1,273
Cognizant Agency	DHHS

Poll of Audience

1. What type of organization do you work for?
2. In what type of office/unit do you work?
3. In what area of research administration do you work?



Overview - Sponsored Contract Workflow



Now What?

- ✓ Negotiated terms
- ✓ Done the work
- ✓ Time to get paid
- ✓ Sponsor is M.I.A



Perfect World vs. Real World

Perfect World

Agree on Everything

Sign the contract

Perform the work

Invoice

Get Paid

Perfect World vs. Real World

Real World

Make Concessions, Sign the contract
Preserve Relationships, Advance Research
PI Leaves, Conflicts, Delays
Disputes, Deliverables
Sponsor Becomes Insolvent

True Story

University and Small
Business
Fixed Price
Industry Contract
\$580,375

To be invoiced and
paid
8 quarterly
increments of
\$72,546.88

Contract Ended
April of 2023

Sponsor authorized
18-month
extension

True Story

At the time of the NCE
Sponsor made 6 of
8 Payments
(\$435,281.28)

University invoiced
remaining
payments \$145,093.72.
Sponsor did not respond
to invoices.

University sent inquiry

Sponsor advised of
financial hardship
Offered to settle for 75,000.

Cash balance
(aka actual expenses)
\$26,270.87

Let's Discuss...



True Story

University and
Industry Sponsor
Fixed Price Contract
\$379,683

To be invoiced
following
established
payment schedule
(4 invoices total)

Contract Ended
April of 2024

Sponsor division
funding the project
closed before
contract ended

True Story

At the time of notification,
Sponsor had paid 1 of 2
invoices
\$75,936.60

University sent
notification of balance
due \$151,873.20 and
billed remaining contract
amount \$151,873.20

Sponsor paid an additional
227,809.80 before division
closed

Worked with PI contact at
Sponsor corporate; withheld
final report and extension
until last payment received
\$75,936.60

Let's Discuss...

Squeezing Blood Out of Turnip

Have you ever tried?

Tip:
Don't wait until you've run
out of blood.





How to Avoid

- Avoid Late cost transfers (> 90 days)
- Ensure expenses are allowable
- Manage budget versus actuals
- Submit invoices and reports timely
- Complete scope of work and deliverables in accordance with sponsor expectations



How to Avoid

- Conduct a risk assessment
- Create an invoicing/payment plan
 - Upfront Payment
 - Special Payment Terms
- Build relationships (internal and external)
- Contract modification - review billing/payment status



Contracting Tips & Tricks

- Performance end dates at the end of the month
- Award Type – Is it really fixed price?





Contracting Tips & Tricks

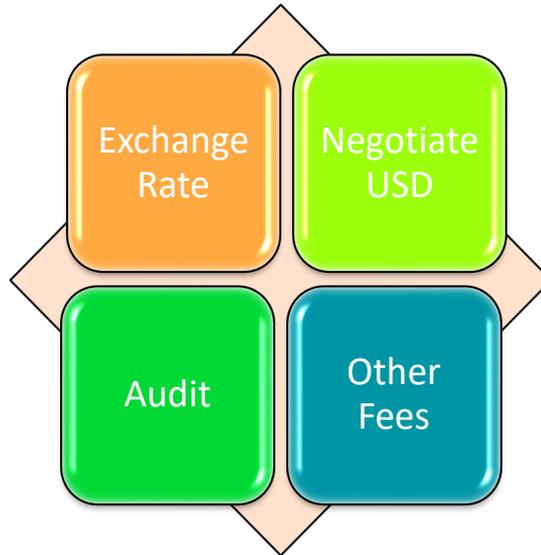
Invoicing Requirements

- Identify billing frequency
- Invoice format
- Invoice certification required?
- Supporting documents required?
- Special Terms (Due “No Later Than”)
- Submission to web-based portal required?

Financial Reporting

- Identify reporting frequency
- Clearly identify due dates
- Report template
- Cost share reporting included?
- Supporting documents required?
- Special Terms (Due “No Later Than”)
- Submission to web-based portal required?

Foreign Sponsor Considerations





Foreign Sponsor Considerations

- Sample term and condition – exchange rate

Requests for payment and financial statements shall be drafted in euro.

Where the beneficiary keeps its general accounts in a currency other than the euro, it shall convert costs incurred in another currency into euro at the average of the daily exchange rates published in the C series of *Official Journal of the European Union*, determined over the corresponding reporting period. Where no daily euro exchange rate is published in the *Official Journal of the European Union* for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm), determined over the corresponding reporting period.



Foreign Sponsor Considerations

- Sample term and condition – audit requirement

where required by Article 1.4.1 or where both the total contribution in the form of reimbursement of actual costs as referred to in Article 1.3(a)(i) is at least EUR 750 000 and the beneficiary requests a reimbursement in that form of at least EUR 325 000 (when adding all previous reimbursements in that form for which a certificate on the financial statements has not been submitted), a certificate on the financial statements and underlying accounts (“certificate on the financial statements”);

This certificate shall be produced by an approved auditor or, in case of public bodies, by a competent and independent public officer and drawn up in accordance with Annex VI. It shall certify that the costs declared in the interim or final financial statement by the beneficiary or its affiliated entities for the categories of costs reimbursed in accordance with Article 1.3(a)(i) are

Foreign Sponsor Considerations

- Consider other risks/costs to your institution
 - Bank transaction fees
 - Tax reporting in other countries
 - Some countries withhold taxes from invoice payment



A digital display showing exchange rates for various countries and currencies. The display is blue with white text and red numbers. The countries and currencies listed are:

Country	Currency	Rate 1	Rate 2
CHINA	CNY	7442	5663
DENMARK	DKK		
EURO	EUR	1006	1136
UNITED KINGDOM	GBP		
HONG KONG	HKD	92474	682
INDIA	INR		
	JPY	0494	



Write Offs

- What is a write-off?
- University funds not generally available for write-offs
- Consider timing relative to fiscal year-end
- Last Resort
- Institutional Impact
- Impact on Research



I'm confused

- Aren't these legally binding contracts?
- What's the point of a contract if it must be written off?
- What are we even here for?





Collections and Legal Recourse

- **Establish Collections Process**
 - Cost
 - Likelihood of success
 - Does the PI have a sponsor contact that can help?
- **Litigation**
 - Costs (attorney's fees)
 - Damages – must prove damages
 - Not ideal



Summary

- Understand important triggers that may come up during the contracting process that impact post award billing and collections.
- Identify important financial terms and conditions during negotiations that may create challenges during post award administration.



Questions

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