



Office of Sponsored Research

Accounts Receivables Management on Sponsored Projects

1. Overview

Accounts Receivable (A/R) refers to payments owed to Phronetik from external sponsors supporting a sponsored project. Phronetik's Financial Services (FS) team is responsible for monitoring A/R on sponsored projects, ensuring timely payments, and resolving any payment issues that arise.

2. Purpose

This procedure provides guidelines for monitoring and collecting Accounts Receivables on sponsored projects. Note that invoicing and cash application are separate, related processes and are covered in the Invoicing and Cash Application procedures.

3. Who Must Comply

This policy applies to the following roles:

- Principal Investigators (PIs)
- Department Administrators
- Financial Services (FS)
- Office of Sponsored Research (OSR)

4. Definitions

- **Accounts Receivable:** Legally enforceable claim for payment on research or services provided by Phronetik to a sponsor.
- **Aging Report:** A report listing outstanding A/R for sponsored projects, grouped by date ranges (e.g., 0-60 Days, 61-90 Days, 91-120 Days, 120-180 Days, 180+ Days).
- **Allowance for Bad Debt:** An estimation of A/R that may not be collected and could require a write-off.
- **Doubtful Account:** Aged A/R (typically over 180 days) considered likely uncollectible.
- **Uncollectible Accounts Receivable:** Billed costs deemed uncollectible due to sponsor's non-payment, failure to meet project deliverables, or disallowance of specific costs.
- **Write-Off:** Reduction in recognized A/R value when deemed uncollectible.

5. Procedure

Collecting Open Receivables

- **Initial Invoice Email**
FS Accounting Specialists will email initial invoices to sponsors and copy the designated A/R mailbox. Each email will include the project and invoice number in the subject line or body for tracking.



- **First 60 Days after Billing**

FS Accounting Specialists will send a follow-up email within 60 days if no payment or response is received from the sponsor, documenting collection progress.

- **60 Days After Initial Billing**

If no payment or correspondence is received after 60 days, FS will escalate with a formal request or demand for payment, tracking collection progress through system reporting and email documentation.

In certain cases, the PI may need to contact the sponsor's Program Officer if payment issues persist. If a sponsor indicates an intent to withhold payment (due to deliverables, performance issues, or disputed costs), the PI must notify FS immediately to initiate recovery efforts. Based on discussions with the sponsor, the PI may need to suspend project spending until the matter is resolved.

Uncollectible Receivables

Receivables may be deemed uncollectible under specific circumstances, including sponsor designation of costs as unallowable or non-performance by the PI. In such cases, uncollectible amounts may be transferred to the PI's discretionary account. FS will manage write-offs to Phronetik's bad debt reserve, following the authorization process.

Write-Off Memos

If a receivable is determined to be uncollectible and written off, FS will prepare a memo including:

- Sponsor name
- Project details (title, budget, project dates, PI)
- Write-off amount (total, direct, and indirect/F&A)
- Justification for write-off
- Collection timeline and action steps
- Required authorizations

FS will continue to monitor written-off projects for any recoveries, with recovered amounts reversing the write-off in the current fiscal year.

High-Risk Sponsors

High-risk sponsors are identified based on payment history and collection challenges. OSR will receive a list of high-risk sponsors to incorporate additional reporting requirements into future agreements if needed. Sponsors with a documented history of unrecovered debts may need to settle outstanding amounts before receiving new awards from Phronetik.

6. Responsibilities

- **Principal Investigators (PIs)**

- Ensure that project expenses align with sponsor terms.
- Submit required project reports to support timely payment.
- Take steps to resolve any overdue receivables.

- **Department Administrators**

- Track project financial health and assist PIs in addressing any issues.



- Ensure PIs submit all necessary reports to meet sponsor requirements.
- **Financial Services (FS)**
 - Monitor sponsor payments and send follow-up notices for overdue invoices.
 - Track A/R aging and assess risk, informing PIs and leadership as needed.
- **Office of Sponsored Research (OSR)**
 - Identify high-risk sponsors at award time and, if necessary, add requirements such as advance payments.

This document outlines Phronetik's A/R management to maintain financial integrity and ensure sponsor compliance. For detailed invoicing and cash application procedures, please refer to the respective guidelines.