How Are We Getting Paid?

Sponsor Billing & Cash Management at Northeastern

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Presenters

- **Chris Tiller** – Research Account Analyst, NU-RES Finance

- **Kalina Mathurin** – Director, Research Accounting

- **Lindsay Goldstein** – Manager, Cash Accounting

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Agenda

- Definitions
- Overview & Team roles
- Monthly billing process and timeline
- Funding mechanisms/types & Banner bill formats
  - Federal draws, cost-reimbursement, fixed-price
- Banner billing system constraints & exceptions
  - Role of the Research Admin/PI
- Cash management team
  - Payment processing & cash applications
- Q&A

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Definitions

Cost Reimbursement Projects

Awards or contracts where NU is reimbursed for incurred expenses, up to the budget limit. Cost-reimbursement invoices generally include a breakdown of expenditures grouped by cost categories (e.g. Salary, Fringe, Supplies, Equipment, Tuition, etc.). Invoices are submitted via email or a sponsor system.

Fixed Price Projects

Awards or contracts where NU receives payments based on completed milestones or a set schedule, regardless of incurred expenses. Fixed-price invoices include a description of the event or milestone for the amount being billed. Invoices are submitted via email or a sponsor system.

Letter of Credit (LOC)

An electronic method of payment used by Federal agencies (e.g. HHS, NSF) for requesting reimbursement of expenditures aggregated by funding source. LOC draws are submitted monthly through the corresponding federal portals, and payment issuance is typically automatic. ACH payment is received within 1-3 business days.

EFT/ACH/Wire

Electronic Fund Transfers (**EFTs**) are any transfer of funds from one account to another that occurs electronically. EFTs include both **Wire Transfers** and **ACH** (Automated Clearing House), a U.S. financial network used for electronic payments and money transfers. NU's preferred payment method is EFT via ACH or Wire (international), but checks are also accepted and processed by NU-RES Cash Management.

DDP (Department Deposit Process)

K2 workflow developed to help process checks for deposit that are received by Colleges/Departments. Deposit requests route to Research or Treasury depending on the cost center. Workflow cannot be used for SFS (Student Financial Services) or Advancement deposits.

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Overview

Invoicing requirements and payment terms vary by sponsor and federal agency. The terms and conditions of the award/contract will speak to these requirements.

The RAAs prepare and submit invoices and LOC draws based on actual expenditures incurred in the billing period, or installments as defined in the award agreement.

RAA portfolio assignment is by College/Org

The NU-RES Cash Management team receives and processes all incoming research payments into the Research bank (ACH/Wire and checks), Post Payments, Collections, Sponsor Refunds & Ledger Journal Exceptions.

NURES Finance Team Matrix

How will you interact with our team?

Activity	Research Finance Analyst (RFA)	Senior Compliance Specialist	Research Account Analyst (RAA)	Cash Management Team
Award Setup in Banner	X		X	
Expense Compliance Reviews: -Journal Vouchers -Cost transfers -Vendor Payments (Direct Pay Forms) -PO Requisitions	X			
-Concur Statements & Reimbursements -Payroll Distribution Changes -Summer Salary (Period Activity Pay)		X		
Research Annual Certification		X		
Financial Reporting	X			
Invoicing & Letter of Credit (LOC) Draws			X	
Payments & Collections			X	X
Closeouts	X		X	X

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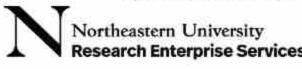5

Billing/AR Team - Core Functions

- **Research Account Analysts** – portfolio distributed by college, align with RFA distribution
  - Exception – Letter of Credit draws (HHS – Felisia Lim; NSF – Nikole Lynch)
- **Banner actions**
  - Review contract following Banner setup (new award/continuation) to identify billing/payment terms
  - Create and manage billing schedules in Banner – schedules drive accounts receivable booking and invoice generation
  - Generate and submit invoices/payment requests to sponsors
  - Process AR corrections/reconcile AR; ensure AR is booked accurately for draws and advance awards
  - Prepare journal entries for AR adjustments for final invoices
- **Other functions / Communication**
  - Manage all communication with sponsors related to billing requirements, issues, or special requests
    - Communication is centralized through Research Billing inbox
    - Examples - invoice rejections by sponsors, invoice revisions, requests for additional information and supporting documentation, cost-share reporting
  - Coordinate with Cash management team on collections, cash reconciliation, and sponsor refunds
  - Coordinate with College RAs (and RFAs, if direct federal award) on final invoice reconciliation

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Billing & Payment Process

- RFAs receive and process setup packet/contract in Banner
- Create G# & fund # as needed

- College RA/PI allocate expenses to project index

- Res. Acctng team runs monthly billing jobs, generates invoices
- RAAs distribute invoices to sponsors

- Apply payments to grant fund

Banner Action

Billing Schedule

Expenses

Monthly Fiscal Close

Invoicing

Receive Payment / Collections

Cash Application

- RAAs set up or update/extend billing schedule in Banner

- Accounting department performs fiscal close on BD5

- Receive and process incoming payments, incl ACH/Wires & checks
- Follow up on open AR

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Banner Billing – Pros & Cons

PROS

- System-generated invoices for certain awards allows for more streamlined approach to billing

- Bill formats allows us to organize different payment terms into general categories to group billing

- Bills/AR is run on a monthly schedule in batches by bill format

- Banner generates invoices and/or AR on **Grant level** for activity across all funds – allows us to capture concurrent funds/budgets in the same invoice

- Controls in place to prevent billing for deficits

- Cash is applied against booked AR/invoices, which gives us the ability to track, age, and report Open AR

CONS

- Banner system configurations are strict and multiple conditions must be met for an invoice to generate

- Due to variation in sponsor requirements, some projects still require manual invoice preparation

- Final invoices are not auto-generated and require reconciliation with the College RA/PI

- Banner generates invoices and/or AR on **Grant level** for activity across all funds - not able to run invoices by fund for single consecutive budget periods

- Not able to invoice in full if account is overspent

- Credit activity on one fund within the total grant activity for the month is recorded by the system as a payment which affects accurate invoice balances

Banner Bill Formats

Bill Format Code	Bill Format Name	Description	Typical sponsors / contract types	Invoice Timeline	Banner System output	Invoice type	Additional requirements	Final Invoice/ draw
CRST	Cost Standard	Grants are billed dollar-for-dollar. Invoices are emailed directly to funding agencies using NU standard invoice template.	Federal pass-through, typically on FDP template	monthly/ quarterly per sponsor requirements	system-generated invoices	Standard templated includes breakdown of costs by category	- Supporting documentation – payroll reports, receipts, vendor invoices, etc. - Cost-share reporting - Portal & e-mail submission	60 days Recon prepared with College RA/PI
CRSP	Cost Special	Grants are billed dollar-for-dollar; submission is typically through a funding agency portal or funding agency-mandated template.	various : fed pass-through, some direct federal (e.g. NEH, VA, NSA, ARPA-E)		system-generated statements	System statements are converted by RAA into sponsor template or submitted via sponsor system		
LOCS	LOC Standard	Letter of Credit draws for direct-federal awards from HHS & NSF	HHS & NSF	monthly	N/A RAAs create AR schedule and book in Banner	Combined draw per agency via upload (NSF via ACMS, HHS via PMS)	none	90 days Recon to FFR
LOCO	LOC OTHER	Letter of Credit draws for direct-federal awards for other federal agencies (non-LOCS)	Direct Federal e.g. DOD, DOJ, NASA, DEN, DED, EDA, NIST, EPA, NOAA			LOC draw via federal agency portal (e.g. ASAP, WAWF, PMS)	additional submission via email may be required (e.g. EDA)	
FXP	Fixed Price Standard	Billing is on contract milestones, deliverables, billing schedule, etc. Action by NU-RES Finance is required for payment	Industry, some direct federal	Per contract billing schedule	system-generated invoices	Standard invoice for scheduled installment/milestone or payment request via sponsor portal	Installment and final payments may be contingent on programmatic deliverables, final progress reports, or completion of milestones. Coordination between RAA and College RA/PI may be needed.	
FPA	Fixed Price Advance	Funding agency releases payment installments No action by NU-RES Finance required for payment	Foundations, non-profit agencies	None	N/A RAAs create AR schedule and book in Banner	none - no action required by NU-RES Finance	Beware of award terms related to financial reporting and residual balances	

FRAEVGA – Billing Schedule

System Invoice Templates

Billing System Configuration

Cost-reimbursement

- $10 billing minimum (Exception – LOCS)
- No expenses = no invoice
- Credit activity/expenses removed = no invoice
- Grant in deficit = no invoice
  - Deficit review based on combined Grant GL budget
- **Final invoices are not auto-generated** – require recon
  - CRST/CRSP Billing schedule is set to <u>budget period end date – 1 month</u>
  - RAAs needs to process a JV if ITD <> final invoice amount
  - AR is booked via on-demand bill runs, not part of monthly cycle

Fixed-Price

- RAAs build schedules in Banner in accordance with the contract billing/payment terms
- Changes to billing schedules are only triggered by contract amendments/Banner actions
  - We do not move AR due to programmatic delays
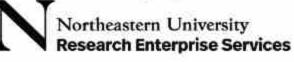 - If there is a delay, the generate invoice will be held until the deliverable is completed

e-invoice

AR reports coming soon!

(Booked AR does not mean sent invoice)

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Role of the College Res Admin

- **Review grant award paperwork and contract for billing and carry-forward terms**
  - Note requirements for supporting documentation, cost share reporting, payment schedules and contingencies, etc.
  - Coordinate with RAA on supporting documentation and cost-share reporting, as needed

- **Ensure expenses are allocated to the appropriate grant fund as soon as possible after account setup, including cost-share**
  - Cost-share reports are prepared based on spending, and invoices may get rejected if cost-share requirements are not met

- **Coordinate with RAA on the preparation and reconciliation for final invoices**
  - Provide projections (if needed), review and approve final invoices timely
  - Monitor carry-forward restrictions, ensure reconciliation of expenses for each budget period up to the approved final invoice
  - Work with NU-RES Admin to submit carry-forward requests as needed

- **Monitor project spending for deficits**
  - Banner cannot generate an invoice for a grant in deficit
  - To prevent manual invoicing and billing delays, expenses must reconcile to the final invoice for each budget period

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Cash Team - Core Functions

- Collect, process & safeguard all incoming payments for Research at Northeastern
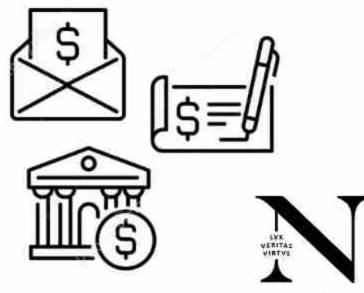
- **Payment processing**
  - Receive, identify, deposit and apply all incoming check payments, including through the K2 Department Deposit Process (DDP)
  - Manage the research bank account and incoming EFTs (ACH and wire payments)
    - Identify incoming ACH/wire payments, process payments from bank, apply payments against AR in Banner
  - Coordinate with other payment-processing teams across campus to ensure accurate accounting of check and ACH/wire payments

- **Other functions**
  - Manage collection efforts and follow-up with sponsors on open AR
  - Process sponsor refunds as needed for closeout
  - ACH and vendor enrollment for NU in sponsor portals
  - Manage invoice and payment processing for internal NU-KRI subcontract invoices

Check Processing

- Received at **Mail Stop 540-177** (177 Huntington, 5th floor)

- Check deposits are processed weekly into RF clearing account – electronic endorsement and remote deposit are completed on site

- Cash applications against AR generally processed within a week of deposit

- Checks received by the Colleges should be sent to the Cash Management team for deposit using the K2 DDP workflow

Department Deposit Process

ACH/Wires Processing

- Received in Research Accounting Bank account *9714

- Bank Accounting team sends daily payment report for previous day transactions

- Cash Management team logs, identifies and assigns payments to grants. Non-research payments remain in Bank

- Payments are processed from Bank semi-monthly into RF clearing account

- Cash applications against AR generally processed within a week of transfer to RF clearing

"Good" ACH payment
- Includes reference to NU invoice #
- Able to complete 3-way verification – sponsor, invoice#, invoice amount

Date	Seq #	Text	Amount	Bank Ref.
05/20/22	950	TIES DES:ACH ID: INDN:NORTHEASTERN UNIVERSIT CO ID:410915592 CCD PMT INFO:INVOICE G6908-5 FINAL	3,326.88	902339014631839

"Bad" ACH payment
- No reference to NU invoice #, contract# or other identifier
- Actual funding agency not specified – payment by US Dept of Treasury
- Requires additional research of payment remittance in sponsor portals
- May include payment for multiple invoices

Date	Seq #	Text	Amount	Bank Ref.
05/20/22	948	TREAS 310 DES: MISC PAY ID:000000001002612 INDN:NORTHEASTERN UNI CO ID:9101036151 CTX ADDITIONAL INFORMATION IS AVAILABLE FOR THIS PMT. CONTACT A TREASURY SALES OFFICER FOR ASSISTANCE.	186,781.54	902339017890283

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Additional Payment Scenarios

- **Payments received for fixed-price projects before account set up in Banner**
  - Held in RF clearing account until ledger 5 fund is established
- **Overlap with Advancement**
  - Advancement office receives and processes some payments against legacy cash for ledger 5 funding (when Advancement can count funding toward University fundraising goals)
  - Cash Management team takes steps on back end to record payment correctly and apply against AR
- **Ledger 3 FFS**
  - Assoc. Director, Cost Accounting submits invoices, payments received by Cash Accounting and applied to ledger 3 FFS fund via JV
- **Refunds to grants**
  - Subrecipient refunds – deposit as credit against expense line
  - Checks received for refunds back to grants – processed through DDP
- **External payments for Cores**
  - Checks for core activities/fees - Core Director submit to Cash Management team as K2 DDP request

Key takeaways

- **Billing is not automatic!** - Billing/AR team manages significant volume of sponsor communication and Banner system work on the back end to make system invoices and AR booking possible and accurate

- **Booked AR does not equal sent invoice!**

- **Billing and payment terms vary by sponsor and type of funding** and are determined by the terms and conditions of the award

- NU-RES Finance manages all billing schedules, accounts receivable, invoices and payments for the research portfolio in six bill formats based on the payment terms of the award

- It is important to **note any special conditions, requirements, or contingencies impacting billing**, and coordinate with your RAA!

- The Research Admins and PIs play an important role in ensuring a smooth billing process – **monitoring and managing expenses and programmatic deliverables is key!**

- **Final invoices are not auto-generated and require reconciliation with the College Research Admin/PI**

- The Cash Management team receives and processes research **payments in the form of checks and EFTs** (ACH/Wire). **EFT/ACH is the preferred payment method for research**

- **ACH/Vendor enrollment process is sponsor-specific and cannot be standardized**

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Contacts / Resources

Billing Team / Research Account Analysts:
Chris Tiller, Felisia Lim, Kruti Desai, Nikole Lynch
Research_Billing@Northeastern.edu + RAA
- Billing Inquiries / AR Management
- Final Invoices and Draws
- Collections

Cash Management Team
Lindsay Goldstein, Manager, Cash Accounting
Sami Reed, Accounts Receivable Coordinator
Research_Accounting@Northeastern.edu
- Incoming payment questions – Checks/ACH/Wire
- Payment application questions
- Payment remittance
- NU-KRI Invoices
- Vendor/ACH enrollment request

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Research AR & payment reports coming soon!

Questions?

Thank You!

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Quiz – Billing vs. Cash

True or False

1. *Billing Team* processes Outgoing Invoices.
2. *Billing Team* processes Incoming Payments.
3. Close-Outs get processed by the *Billing Team*.
4. Refunds get processed by the *Cash Team*.
5. *Cash Team* completes Billing Schedules.
6. *Cash Team* completes EFT/ACH/Wire & Vendor Set-Up Forms.

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Quiz

Question 1:

Which of the following NU awards would be eligible for Letter of Credit (LOC) draws?

a. A contract from the Department of Public Health
b. A grant from the National Science Foundation
c. A subcontract from Boston University (originating funding agency: NIH)
d. Both b and c

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Quiz

Question 2:

Which of the following would generally include a breakdown of expenditures grouped by cost categories:

a. Cost-Reimbursable Agreement invoice
b. Fixed-Price Agreement invoice
c. NIH LOC Draw
d. None of the above

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Quiz

Question 3:

If cost-share is part of the project budget / contract, are we required to report it when invoicing?

a. What is "cost share"?
b. We can report it but it's not mandatory.
c. No, because my cost share fund has no spending.
d. No, because it was voluntary.
e. Yes, because once it's in the contract, it's mandatory.