Invoicing and Letter of Credit Policy

Policy Number: 600-031
Effective Date: April 3, 2007
Last Updated: April 3, 2009
Issuing Authority: Vice President for Research and Compliance
Responsible Offices: Grant Contract Accounting

Purpose:

To complete timely, accurate, and compliant invoicing (or online payment requests) for sponsored projects at Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as "Howard University").

Policy:

It is the policy of Howard University to provide timely and accurate invoices (or online payment requests), consistent with agreed upon terms and conditions, to sponsors who provide support for sponsored programs.

Business Process Description:

Once a sponsored program account is established (see Award Acceptance and Set-up Policy #600-006, the Principal Investigator/Project Director (PI/PD) may charge incurred expenses in the university accounting system that relate to the sponsored program. During the account set-up process, Grant Contract Accunting (GCA) is responsible for entering the type (e.g., expense reimbursable, fixed price, etc.) and frequency (e.g., monthly, quarterly, etc.) of invoices into the university accounting system based on the terms and conditions of the agreement. GCA also enters the invoicing method requested by the sponsor (e.g., paper invoice, Letter of Credit, etc.) into the university accounting system.

Most federal sponsors, in addition to a number of other sponsors, require Howard University to submit payment request online as an alternative to receiving a paper invoice. The most frequent online payment requests submitted by Howard University are 1) Letter of Credit (LOC) and 2) Automated Standard Application for Payments (ASAP):

- Letter of Credit (LOC) - http://www.dpm.psc.gov/access_pms/system_status.aspx

  Sponsors include:
  - Department of Interior
  - The National Institutes of Health (NIH)
  - National Aeronautics and Space Administration (NASA)
  - Geological Survey
  - National Science Foundation (NSF)
  - Department of State

- Automated Standard Application for Payments (ASAP) - www.asap.gov

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Sponsors include:
- The Environmental Protection Agency
- National Oceanic and Atmospheric Administration
- Department of Energy

Each month, GCA runs a report to determine which invoices and payment requests (such as Letter of Credit) are due to the sponsor. These invoices and payment requests are prepared based on the expenses entered into the university accounting system by the PI/PD. When preparing the invoices and payment requests, GCA contacts the PI/PD for additional information or documentation if necessary. The PI/PD is responsible for providing the additional documentation or clarification required. This may include written justification for expenses, copies of deliverables, or other information to ensure accurate and compliant invoicing that is consistent with the Direct and Indirect Charging Policy and sponsor requirements, including those listed in the terms and conditions of the agreement. If appropriate justification cannot be provided or an expense is not consistent with all applicable requirements, the expense is not included in the amount invoiced (or online payment request). In these circumstances, GCA provides written communication, such as an email, to the PI/PD, Department Chair, and Dean notifying that the expense could not be invoiced (or submitted for online payment request) and requesting that the expense be moved to an appropriate account. If notified, the PI/PD is responsible for completing this adjustment by performing an appropriate cost transfer in a timely manner, not to exceed 10 business days. (See Cost Transfer Policy).

Roles and Responsibilities:

Academic Department
- **Principal Investigator/Project Manager (PI/PD)**: The PI/PD is responsible for appropriately charging costs to the sponsored program account and doing so in a timely manner. If notified by GCA that an expense cannot be included in the amount invoiced (or online payment request), the PI/PD is responsible for completing a cost transfer to move the expense to an appropriate account within 10 business days.

Grant Contract Accounting (GCA)
- **Assistant Director:** The Assistant Director supervises the invoicing and online payment request (including Letter of Credit) process, including review and approval of all invoices and payment requests prior to submission to the sponsor.
- **Accountant:** The Accountant enters the type and frequency of invoices into the university accounting system based on the terms and conditions of the agreement. This includes information specifying the invoicing method requested by the sponsor (e.g., paper invoice, Letter of Credit, etc.) Each month the Accountant prepares all paper invoices for their assigned departments. During this process, the Accountant reviews the expenses for consistency with the terms and conditions of the agreement, as well as the Direct and Indirect Charging Policy. If expenses cannot be charged or additional documentation is required, the Accountant sends written notification, such as an email, to notify the PI/PD. If it is determined that the expense cannot be invoiced, an email is sent to the PI/PD with a copy to his/her Department Chair and Dean requesting an account to charge for these expenses.

- **Accountant (as assigned):** Each month the Accountant assigned to preparing the LOC draw (or other online payment request) is responsible for running the Federal Draw queries in the university accounting system, exporting them to excel, and confirming the amount of the drawdown. The Accountant is responsible for obtaining official approval for the draw from the Manager of GCA, and performing the drawdown. The Accountant is also responsible for creating and maintaining documentation for each draw and applying payments to the correct sponsored program accounts in the university accounting system when they are received (see the Accounts Receivable Policy).

Related Processes/Events:

- Award Acceptance & Set-up Policy
- Direct and Indirect Charging Policy
- Cost Transfers Policy
- Prior Approvals Policy
- Award Closeout Policy
- Accounts Receivable Policy

Forms and Links:

- OVPRC Website http://ovprc.howard.edu

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