

Appalachian Procedures to Comply with UNC General Administration on Policy on Non-reimbursement by Contract or Grant Agency (UNC FIT, 2009)

The financial responsibility for any non-reimbursement by the contracting or granting agency of expenditures made by the principal investigator rests with the department or school having primary responsibility for the project.

In the event of such non-reimbursement, the principal investigator, the department and college/school will be accountable for reimbursement to the University for the expenses of that specific project. However, in some instances of non-reimbursement there are complexities beyond the control of the principal investigator. When such instances occur, an exception may be made based upon the merits of the specific situation. All affected parties (PI/PD, department, institute, college or school) have shared responsibility for addressing the deficit. Each will be expected to contribute an appropriate amount toward reducing the deficit.

Recurring problems with a sponsoring agency or other symptomatic issues regarding non-reimbursement will be reviewed by Appalachian official(s) responsible for sponsored projects administration, who will take appropriate measures to address any significant problems.

Post-Award/Non-payment Procedures for All Grants and Contracts Regardless of Sponsor Type:

1. First payment is missed/payment 30 days past the stated due date:
Staff from Special Funds Accounting will contact PI. Either the PI or Special Funds Accounting staff will contact sponsor to determine reason for non-payment. If there is no response or reply from the PI/PD ten days after the initial contact, SFA will contact sponsor directly.
2. Payment is missed/payment 60 days past the stated due date:
Director of Special Funds Accounting sends formal letter to sponsor asking for payment. PI and Chair notified. (*FIT requirement*)
3. Payment is missed/payment 90 days past the stated due date:
Director of Special Funds Accounting freezes the fund until all overdue payments are made in full. Contacts the PI and Chair and informs them of the fund status.
3. Payment is missed/payment 120 days past the stated due date:
Director of Special Funds Accounting contacts the Office of the General Counsel who will begin the process of collecting funds via the Attorney General's office. Funds will be identified from Department, College, Institute and/or Graduate School to be moved to a separate fund for use if account is not paid by 180 days. Director of Special Funds Accounting will contact PI to determine if any deliverables are outstanding. (*FIT requirement*)
4. Payment is missed/payment 180 days past the stated due date:
The available funds in the fund established at the 120-day mark will be applied to the deficit fund. (*FIT requirement*)
5. If the deficit in excess of the resources available from the department, college, institute, and/or Graduate School, the Provost and Vice Chancellor for Business Affairs will be consulted to provide additional resources to reconcile the deficit.
6. If the sponsor pays, funds used to reconcile the deficit will be refunded. (Proportionally, if sponsor still fails to pay in full)

Procedures for Addressing Deficits in Grant and Contract Funds

Deficit less than \$10,000

At the 180 day point, the sum of the deficit will be divided equally among all available non-state funds assigned to the following affected parties:

- The PI/PD
- The Chair/Director of the department
- Dean of College/Associate Vice Chancellor (if deficit fund not in Academic Affairs)
- Director of the Institute (as applicable. If the Institute serves as the fiscal agent for a grant or contract where the PI is employed 100% by the Institute, department and college have no shared responsibility. If the Institute serves as the fiscal agent for a grant or contract where the PI's home department is in an academic department, college or another administrative division, there is shared responsibility among all affected parties.)
- Dean of Graduate School

Any payment made by the sponsor will be allocated to each affected party according to the proportion each party's contribution comprised of the whole.

Example 1: Deficit \$8000, contract held by PI who is a full time faculty member in Communications

- The PI/PD, \$2000
- Department Chair, \$2000
- Dean of College, \$2000
- Dean of Graduate School, \$2000

If payment made: \$6000 to university to be re-distributed to the affected parties

- The PI/PD, \$1500
- Department Chair, \$1500
- Dean of College, \$1500
- Dean of Graduate School, \$1500

Example 2: Deficit \$5000, contract is held by PI from HLES, the IHHS is the fiscal agent for the contract. Deficit split 5 ways because of the IHHS as fiscal agent.

- The PI/PD, \$500 (because that is total available to her in a non-state, unrestricted fund)
- IHHS, \$1000 (20% of total)
- Dean of College, \$1000 (20% of total)
- Department Chair, \$1000 (20% of total)
- Dean of Graduate School, \$1500 (20% of total plus the amount the PI was unable to provide)

Scenario 1, Deficit greater than \$10,000: If the deficit is greater than \$10,000, it is unlikely that any one source will have adequate resources to cover the deficit. In this situation, the following procedures would apply.

Greater than 120 days past due, less than 180 days past due:

- 25% of total non-encumbered balance PI residual or F&A fund moved to new fund
- 25% of total non-encumbered, non-state, unrestricted funds under control of department moved to new fund
- 25% of total non-encumbered, non-state, unrestricted funds under control of college moved to new fund
- 25% of total non-encumbered F&A funds under control of the Graduate School moved to new fund
- 25% of total non-encumbered F&A funds under control of the affected Institute moved to new fund, as applicable.

Greater than 180 days past due:

- 25% of total non-encumbered balance PI residual or F&A fund transferred to deficit fund; if deficit remaining, funds transferred from department non-state, unrestricted fund
- 25% of total non-encumbered, non-state, unrestricted funds under control of department transferred to deficit fund; if deficit remaining, funds transferred from college non-state, unrestricted fund
- 25% of total non-encumbered, non-state, unrestricted funds under control of college transferred to deficit fund; if deficit remaining, funds transferred from Graduate School
- 25% of total non-encumbered F&A funds under control of the Graduate School transferred to deficit fund; if deficit remaining, Provost and Vice Chancellor for Business Affairs will identify a source to cover the deficit. In extreme cases, the Provost and Vice Chancellor for Business Affairs will consider all sources of available funding.
- If the IHHS or the RIEEE is the fiscal agent for the grant and the PI/PD is not employed by the Institute at 100%, the proportions will be PI: 20%/ Institute: 20%/Department: 20%/College: 20%/ Graduate School: 20%. If the IHHS or RIEEE is the fiscal agent and the PI/PD is paid 100% by the Institute, the proportions will be PI: 33%, Institute: 33%, and Graduate School: 33%
- If payment is made, funds will be redistributed to the appropriate funds in the manner they were tapped.

Example 1: Deficit \$80,000, project housed in department

- The PI/PD, residual fund \$12,000, \$3000 frozen and applied
 - Department, non-state, unrestricted fund \$20,000, \$5000 frozen and applied
 - Dean of College, non-state, unrestricted fund \$10,000, \$2500 frozen and applied
 - Dean of Graduate School, \$100,000 F&A fund, \$25,000 frozen and applied
- Total collected from department, college and Graduate School is \$35,500. The remaining funds, \$44,500 would come from sources identified by the Provost and VC for Business Affairs.

Example 2: Deficit \$20,000, project housed in department

- The PI/PD, residual fund \$15,000, \$3750 frozen and applied
 - Department, non-state, unrestricted fund \$40,000, \$10,000 frozen and applied
 - Dean of College, non-state, unrestricted fund \$40,000, \$6250 frozen and applied
- Total collected from PI, Department, and College will cover the deficit without depleting any one account.

Example 3: Deficit \$15,000, project housed in Institute

- The PI/PD, residual fund \$0, therefore no funds from this source.
 - Institute, non-state, unrestricted fund \$20,000, \$5000 frozen and applied
 - Department, non-state, unrestricted fund \$10,000, \$2500 frozen and applied
 - Dean of College, non-state, unrestricted fund \$10,000, \$2500 frozen and applied
 - Dean of Graduate School, \$100,000 F&A fund, \$5,000 frozen and applied
- Total collected from Institute, department, college and Graduate School is \$15,000.