



Office of Research

SUBJECT: OR Standard Operating Procedure (SOP): Sponsor Exclusions for Unpaid Debt	Effective date:	Policy Number:
	Supersedes:	Page of 1 2
	Responsible Authorities: Associate Vice President of Research Director of Sponsored Programs, Proposals Director of Sponsored Programs, Contracts Director of Sponsored Programs, Post Award University of Central Florida Research Foundation	

Purpose: The purpose of this SOP is to provide procedural guidelines to limit future financial risk from external sponsors with Unpaid Debt to the University of Central Florida Board of Trustees and University of Central Florida Research Foundation (collectively referred to as “University”).

SOP: The Office of Research will exclude sponsors with Unpaid Debt from future sponsored agreements.

Definitions:

- **Unpaid Debt** – Funds from sponsored project, incubator, and license activities owed by external sponsors to the University after collection efforts have concluded.

Background: The Office of Research has primary responsibility for obtaining funds for sponsored projects according to the award terms and conditions. Such funds are used to meet the direct and indirect costs incurred by sponsored project activities. The Research Foundation has primary responsibility for obtaining funds according to incubator and intellectual property license agreement terms and conditions. Although most of these entities meet their payment obligations, Unpaid Debt may remain after unsuccessful measures to recoup all funds owed by an entity. This occurrence results in the use of other, unrestricted University resources to meet the debt obligation. The Office of Research will identify those sponsors with Unpaid Debt to the University and take affirmative measures to prevent incurring financial risk in future proposed agreements with those sponsors.

Procedures: The Office of Research will check sponsors of new proposals and again in draft agreements if a sponsor is on the University’s list of sponsors with Unpaid Debt. A report of sponsors with Unpaid Debt from sponsored projects will be made available to Proposals and Contracts teams weekly by Sponsored Programs - Post Award. Reports on sponsors with Unpaid Debt from incubator and license activities will be made available to Proposals and Contracts teams monthly by the Research Foundation.

The Sponsored Programs, Proposals Office will verify if sponsors of new proposals and proposed subrecipients are on the list of sponsors with Unpaid Debt as part of the proposal review process at initial review. If the sponsor or proposed subrecipient is identified on the list, the Proposal Specialist will note the record and create an ancillary review to the Assistant Director - Grants Accounting to notify them of the proposal, or the proposed subrecipient arrangement, to an entity in arrears. Based on Grants Accounting’s review of the Unpaid Debt, they will escalate to Office of Research leadership as needed to determine if submission of the proposal, or the proposed subaward arrangement, is in the best

interest of the University. If it is advised that the proposal or subaward arrangement may move forward, Grants Accounting shall submit their response via ancillary review and the Proposal Specialist will inform the unit research administrator, who will be responsible for discussing the potential ramifications with the Principal Investigator. If it is decided that the proposal or subaward arrangement may not move forward, Office of Research leadership will inform the Principal Investigator, Associate Dean of Research, and other unit contacts as deemed appropriate.

The Sponsored Programs, Contracts Office verifies requests for agreements against the list as part of its intake process. If a request for an agreement is received where the sponsor is on the list, the Sponsored Programs, Contracts Office notes this in the file for the requested agreement. The Contracts Officer will notify their Assistant Director and they will work together to identify the appropriate path forward given the agreement type based on the criteria below.

For funded proposals and/or funded agreements, in the event the sponsor is named on the Unpaid Debt list, the Office of Research leadership will inform the Principal Investigator (PI), their department or college, and sponsor that UCF may not proceed with the funded proposal and/or funded agreement due to the sponsor's history of Unpaid Debt, unless such Unpaid Debt is paid in full.

Unfunded agreements such as a nondisclosure agreement may move forward if the other party is named on the Unpaid Debt list with Sponsored Programs, Contracts Office leadership approval. The Sponsored Programs, Contracts Office leadership will communicate to the other party and internal parties, including department and PI, of the other party's Unpaid Debt to ensure transparency if there are plans for future funded agreements.

In the event the sponsor pays in full the Unpaid Debt to the University, the Office of Research may consider a new project, with the following provisions.

- Office of Research leadership consults with the principal investigator and their department or college, and Post Award Management to determine whether the proposed project will move forward.
- If the decision is made to proceed, the agreement will require payment before the Office of Research releases spending authority to the PI. Project expenditures may not exceed revenue received.
- The scope of work and funds may be structured as one up-front payment in full of the entire agreement amount or in increments. Each new increment will require the receipt of funds for the full amount of the increment prior to the release of additional spending authority. Project expenditures may not exceed revenue received. If no additional funds are received within a reasonable timeframe, the award agreement will be terminated, the project will end, and the account will be inactivated.
- The up-front payment terms and ability to terminate will be specified in the award agreement.

The Subawards Office will verify requests for subaward agreements to determine if the subrecipient is on the list as part of the risk assessment process at intake. If the subrecipient is named on the Unpaid Debt list and was not approved prior to award, the Subawards Specialist will create an ancillary review to the Assistant Director - Grants Accountant, and notify the Principal Investigator and unit research administrator. Based on Grants Accounting's review of the Unpaid Debt, they will escalate to Office of Research leadership as needed to determine if issuance of the subaward is in the best interest of the University. If it is advised that the subaward may move forward, Grants Accounting shall submit their response via ancillary review and the Subawards Specialist will inform the unit research administrator who will be responsible for discussing the potential ramifications with the Principal Investigator. If it is decided that the subaward agreement may not move forward, the Office of Research leadership will inform the Principal Investigator, Associate Dean of Research, and other unit contacts as deemed appropriate.

If there are collection efforts currently underway for a sponsor and a new funded proposal or agreement request is received by the Sponsored Programs, Proposals Office or Sponsored Programs, Contracts Office, the Office of Research Accounts Receivable Committee will determine if any restrictions or special considerations are needed for the new proposals or funded agreement. The Accounts Receivable Committee will work with Office of Research leadership as

appropriate in making such determinations. The Accounts Receivable Committee will be responsible for communicating any restrictions or considerations to the appropriate departments in the Office of Research via email.

POLICY APPROVAL

Initiating Authority

Signature: *Dorothy Yates*
Dorothy Yates, Associate Vice President of Research

Date: _____