



Non Standard Financial Billing and Payment Terms for Work for Others

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I

Originally issued:	September 14, 2007
Effective date:	September 14, 2009
Revision number:	0
Scheduled review date:	September 14, 2011 (every two years)
Primary contact:	Manager, Contract Accounting

Summary

The purpose of this policy is to define the guidelines for non standard financial billing and payment terms for Work for Others' agreements to ensure compliance with DOE reimbursable work cash management requirements. Non standard financial terms are only considered when specifically requested by a sponsor.

Most non standard terms are associated with non-federal awards. However, there are instances when federal sponsors require additional processing and are governed by this policy.

There are a number of non standard financial billing and payment terms for [Work for Others Exceptions](#) previously approved by the Office of the Chief Financial Officer (OCFO). A sponsor is added to the exception list once it is approved by the OCFO.

Policy

The following are defined sponsors' contractual standard financial terms requirements:

- Receipt of a 120-day advance payment (four highest months of costs) prior to the start of work on the award (see [Advance Payment Required for Non-Federal WFO](#) policy)
- Maintenance of a 120-day advance payment throughout the period of performance of the contract until such time as Advance Paid + Invoice Payments = Contract Funding Limit. At such time, the advance balance is drawn down (see [Advance Payment Required for Non-Federal WFO](#) policy).
- Full advance for agreements that have an estimated cost of \$25,000 or less or that are completed performance-wise in 90 days or less (see [Advance Payment Required for Non-Federal WFO](#) policy).
- Monthly invoices with payment due upon receipt of the invoice.

The following are examples of sponsors' non standard financial billing or payment terms:

Financial Policies and Procedures Manual

- Special billing or payment periods such as scheduled payments or quarterly billings, other than those exempted (see [Work for Others Exceptions](#)).
- Monthly or other periodic invoices with additional requirements such as certifications, letters of truth and accuracy, notarized invoices, invoices accompanied by financial reports matching scientific tasks/milestones to invoice costs, inclusion of spend plans, budgets or receipts for items purchased, or payment withholds (retention) until receipt of final reports or task completion or award close out.
- Advance insufficient to cover the 120 days or 4 months of highest costs.
- Waiver of advance requirement for non-federal awards excluding approved WN funded awards (see [WN Funding Requests](#) policy).
- Use of bridge funding to begin work or cover contract cost (see [Bridge Funding](#) policy).

Procedures

Approval Criteria

Division Resource Analyst	Terms are reasonable and possible to meet. Agrees to provide sponsor's requested reporting / certification / documentation requirements if applicable.
Division Director (or designate - limited to Deputy Division Director or Business Manager)	Accepting the terms are in the best interest of LBNL given required resources and agrees to provide sponsor's requested reporting / certification / documentation requirements if applicable. Approves division's administrative effort to accommodate terms.
Division Director - if payment is at risk (no designate)	Accepting the terms is in the best interest of LBNL given the potential risk of uncollectible receivables.
Office of Sponsored Projects and Industry Partnerships	Reviews Non Standard Financial terms form to include sponsor's justification.
Budget Office Analyst	Reviews terms that result in the need for bridge funds in excess of \$50,000 for bridge funds availability.
Accounts Receivable	Terms are reasonable and possible to meet.
CFO (or designate)	Approves deviation of standard terms.

Financial Policies and Procedures Manual

Roles and Responsibilities

(Prior to inclusion of non standard financial terms in a reimbursable work agreement) – see [Non Standard Billing and Payment Approval Process Flow Chart](#)

Office of Sponsored Projects and Industry Partnerships (OSPIP)

- Submits the sponsor's proposed terms on the [Non Standard Financial Terms Request form](#) with the agreement language to the Accounts Receivable Help Desk, ARHelp@lbl.gov, for review and comment, with copies to the Division Resource Analyst and Budget Office Analyst. For repeat customers, this is not required if the terms have not changed since the last approval. Accounts Receivable also refers the names of sponsors with a history of delinquent payment issues to OSPIP.

Accounts Receivable (AR)

- Reviews the financial terms, identifies accommodations required to meet terms and identifies potential risks, including impacts to cash status, prior history with sponsor, and delinquent payment issues within **2 business days** from receipt of form from OSPIP.
- Forwards completed form to Budget Office Analyst and Division Resource Analyst for review.
- Receives and reviews Non Standard Financial Terms Request form and Bridge Funding Request, if applicable, from the Division Director via the Division Resource Analyst within **2 business days** from receipt of form.
- Notifies OSPIP, the Division Resource Analyst, and the Budget Office if there are any issues with the Non Standard Financial Terms Request form.
- Secures approval from the CFO (or designee).
- Sends notification of approval to the Division, OSPIP, and the Budget Office within **2 business days** of receipt of completed form.

Division Resource Analyst

- Reviews the terms and evaluates the administrative effort needed to meet identified accommodations and confirms with the Principal Investigator that the terms are acceptable.

Financial Policies and Procedures Manual

- Prepares and submits the Bridge Funding Request, as defined in the [Bridge Funding](#) policy, for terms requiring bridge funding in excess of \$50,000. Bridge funding usage determination is based on the proposal's highest two months of costs. The standard assumption is that the terms will result in a two month delay in payment from the sponsor. If the highest two months of costs are less than \$50,000 then bridge funding approval is automatic once the Non Standard Financial Terms are approved. If the highest two months of costs are greater than \$50,000, a Bridge Funding Request is required.
- Forwards Non Standard Financial Terms Request form and the Bridge Funding Request, if applicable, with the Division Director's approval to the Accounts Receivable Help Desk, ARHelp@lbl.gov, within **2 business days**.

Budget Office

- For terms requiring bridge funding in excess of \$50,000, reviews and completes [Bridge Funding Request](#) and Non Standard Financial Terms Request forms.
- Forwards the Bridge Funding Request and Non Standard Financial Terms Request form to the Accounts Receivable Help Desk, ARHelp@lbl.gov, with copies to the Division Resource Analyst and OSPIP within **2 business days**.

Roles & Responsibilities

(For signed reimbursable agreement with approved Non Standard Financial Terms)

Office of Sponsored Projects and Industry Partnerships (OSPIP)

- Assigns the appropriate billing attribute in the Research Administration, Proposal/Project Information Database (RAPID) noting the non standard financial terms or billing requirements on the Sponsored Projects Award Authorization (SPAA) document in the comments section.
- Includes all agreed to non standard criteria on the contract SPAA document.
- Assists Accounts Receivable with payment resolution (in the event the sponsor is late with payment remittance due to the non standard terms).
- Checks the status of receivables prior to renegotiating contract terms (e.g., funding increased or reduced or period of performance changed) for those receivables reported delinquent by the AR Manager.
- Ensures all billing information includes name, address, phone and fax numbers, email, and/or sponsor's reference number of the financial payment contact is accurate and completed on the contract at the time of contract signature.
- Sets up the non-federal award as a partial advance if the award proposes to use scheduled billing and payment terms is not paid with full advance.

Financial Policies and Procedures Manual

- Sets up scheduled billing in the contract to coincide with financial report schedule or sponsor payment calendar, if requested by the sponsor. Due dates are required when requesting scheduled billing.
- Notifies the Accounts Receivable Help Desk, ARHelp@lbl.gov, via the SPAA as soon as the negotiation is completed, if the award is terminated prior to the contractual expiration date.

Division Resource Analyst

- Prepares the financial reports (e.g., quarterly spend plans).
- Signs all letters of certification or truth on the schedule outlined by the sponsor (see [Financial Certifications for WFO Awards](#)).
- Submits certifications to Accounts Receivable Help Desk, ARHelp@lbl.gov, by the **10th business day** of the month.
- Sends out Accounts Receivable's generated invoices if additional information is required and coordinated in advance with Accounts Receivable. Notifies Accounts Receivable when the invoice is sent to the sponsor.
- In the event the sponsor is late with the payment remittance due to the non standard terms, assists Accounts Receivable with payment resolution.

Principal Investigator

- Ensures the technical reports are submitted to the sponsor in a timely manner.

Accounts Receivable

- Notifies the Division Resource Analyst and OSPIP for assistance with payment resolution with the sponsor in the event the sponsor is late with payment remittance per the non standard terms.
- Notifies OSPIP if the award can proceed forward to completion for receivables reported delinquent.

Non Standard Invoices

- Issues non standard invoices with required backup to sponsor after receipt of Division prepared reports unless the Division sends out the invoices.
- Sets the advance to be drawn down first if the award uses scheduled billing/payment terms with partial advance.

Financial Policies and Procedures Manual

- Cancels the scheduled billing, reviews the account activities, and/or applies advance balance against open invoices with AR Manager's approval if award is terminated prior to the contractual expiration date (SPAA notice).

Budget Office

- Enters the Bridge Funding Request into the Budget System based on two month cost estimate for life of proposed contract.

Authority

- [DOE Accounting Handbook, Chapter 8, Receivables](#)
- [DOE Accounting Handbook–Chapter 13, Reimbursable Work, Revenues, and Other Collections](#)

Contacts

- Manager, Contract Accounting
- Budget Analyst, Budget Office
- Manager, Office of Sponsored Projects and Industry Partnerships

Glossary

- **Work for Others:** Work for non-DOE entities performed by DOE/contractor personnel and/or utilize DOE facilities and are not directly funded by DOE appropriations. Work is in accordance with [DOE Order 481.1C](#).

Related Documents

- [Advance Payment Required for Non-Federal WFO policy](#)
- [Bridge Funding policy](#)
- [Financial Certifications for WFO Awards](#)
- [Accounts Receivable website](#)
- [WN Funding Requests policy](#)