



Office of Research

SUBJECT: Standard Operating Procedure (SOP) for Accounts Receivable Collection	Effective date: 10/31/2019	Policy Number:	
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	Responsible Authorities: Associate Vice President of Research Director of Sponsored Programs, Post-Award		

Purpose: The purpose of this SOP is to provide procedural guidelines for the management of accounts receivable activities to ensure accountability and adherence to compliance requirements.

Standard: Payments from sponsors are due within thirty (30) days of the invoice date or according to specific Award Terms and Conditions. The Office of Research will facilitate collection of unpaid sponsor invoices and will escalate for further action to relieve balances owed to the university.

Definitions:

- **Accounts Receivable** - Amounts due to the University for goods or services that have been provided, but payment has not been received.
- **Aging Report** - A list of Accounts Receivable grouped and summed based on the age of each receivable.
- **Award** - Financial assistance that provides support or stimulation, which include grants, or procurement of goods or services through contracts and other agreements, in the form of money by the federal, state, and local government or private organization to an eligible recipient or contractor to accomplish a specified purpose.
- **Business Unit (Unit)** - College, department, institute or center that has budgetary authority.
- **Collection Letter** - A formal letter of request demanding amount due and providing a demand period, after which the account will be forwarded to the legal office and/or third party (external) collection agent for further action.
- **Delinquent** - The status of the Invoice that has not been paid by the close of business of the due date.
- **Invoice / Bill** - The formal document describing the date, amount due, and activity specific to the event and Award.
- **Award Terms and Conditions** - The legal obligations agreed upon by the parties to the Award.

Background: The steps necessary to obtain the funding promised by the sponsor through the executed Award form a vital component of sponsored projects management. The Office of Research is required to collect all Accounts Receivables from federal and non-federal sponsors in accordance with the Award Terms and Conditions. Although most sponsors fulfill Award payment obligations, delinquencies may arise that require additional efforts to resolve. In collaboration with other stakeholders, the Office of Research implements specific activities to address sponsor delinquencies and recoup Award payment.

Procedures: Grants Accounting will review the status of Delinquent Accounts Receivable on a monthly basis and will send a monthly Aging Report to the Unit Deans, Directors, Research Administrators, and Budget Directors. This report will contain the project #, sponsor name, Principal Investigator, invoice number, invoice date, invoice amount and aging category for all Delinquent invoices. Unit Deans, Directors, Research Administrators and Budget Directors are expected to review the Aging Report on a monthly basis and discuss report with the Principal Investigators.

Grants Accounting will issue subsequent Invoices with the outstanding balance shown and an informal notification of delinquency (i.e. email, telephone, or facsimile), and will escalate for further action and engage others in process as noted in table below. Grants Accounting shall also document collection efforts within the financial system.

Timeframe	Grants Accounting Actions
>30 days delinquent	<ul style="list-style-type: none"> • Call Sponsor. • Send email notice to Sponsor (copy Principal Investigator and Research Administrator) with the invoice date, invoice number, and the invoice amount together with a demand for payment.
>60 days delinquent	<ul style="list-style-type: none"> • Call Sponsor. • Send email notice to Sponsor (copy Principal Investigator and Research Administrator) with the invoice date, invoice number, and the invoice amount together with a demand for payment.
>90 days delinquent	<ul style="list-style-type: none"> • Call Sponsor. • Send email notice to Sponsor (copy Principal Investigator, Research Administrator, Unit Budget Director) with the invoice date, invoice number, and the invoice amount together with a demand for immediate payment. • Request Principal Investigator to notify their technical contact at sponsor about Delinquent payments and forward responses to Grants Accounting, Research Administrator and the Unit Budget Director.
>120 days delinquent	<ul style="list-style-type: none"> • Combine Accounts Receivable collection correspondence with supporting documentation to present to the Associate Vice President of Research for a Collection Letter. • Provide a copy of the Collection Letter, when issued to Sponsor, to the Principal Investigator, Research Administrator and the Unit Budget Director.
Submission of Sponsor's Account to Collections Agent	
>20 day from date of Collection Letter	<ul style="list-style-type: none"> • Submit sponsor's account to an external collection agency. <i>Note: Accounts less than \$250 will be written off due to the time, effort and money expended to collect these small balances.</i>

Collection agency shall maintain the account in its portfolio for up to one year, or longer if an active repayment arrangement is underway. While placed with the agency, the University may not pursue separate collection efforts. Debts recovered by the collection agency bear an agency fee per the campus contract. If a payment is received by the University, payment will be accepted and reported to the collection agency so the agency fee can be billed to the University. The net amount collected will be applied to the outstanding receivable. The amount equal to the fee will be charged to the Unit and Office of Research.

Grants Accounting will review collection events and circumstances, as appropriate, to determine if the project should be placed on hold, including but not limited to temporarily suspending programmatic activities and deliverables to sponsor. If the project is placed on hold, future expenses (payroll and non-payroll) may be prevented from being charged to the project until such time that the Accounts Receivable delinquency has been settled. This status is unrestricted and may be employed at any time during the Accounts Receivable collection process. The Associate Vice President of Research will lead discussions with Unit leadership on activities to be placed on hold, suspended or terminated. The Unit along with the Office of Research shall assess risk of continuing business with delinquent sponsors in any type of sponsored arrangement. The Unit should resolve technical or programmatic disputes with sponsors timely.

During any of the collection attempts, if the sponsor conveys that non-payment is caused by an unresolved dispute (deliverables or otherwise), supporting documentation will be presented to General Counsel for appropriate guidance to resolve such dispute.

POLICY APPROVAL

Initiating Authority

Signature: _____


Dorothy Yates, Associate Vice President of Research

Date: _____

11/13/19