

Identifying and Collecting Past Due Accounts Receivable Invoices

Purpose

This document describes the procedure for identifying and collecting past due payments on Accounts Receivable (AR) invoices for billable awards. It provides a timeline for follow-up and actions that should be taken at each interval in requesting payment from a sponsor on a specific past due invoice(s).

Background

Accuracy, timing and repetition are critical to any collection strategy. The accuracy of system-generated AR invoices produced in Oracle is based on information that is entered into the award management form. The following are some grants management fields attributed to invoice creation:

- Billing terms – based on award notice from sponsor, determines payment terms of invoices
- Billing format – determines the printed invoice type (form on which invoice is printed)
- Bill-to address – determines where the invoice is mailed
- Due dates of reports – dates for submittal of financial and technical reports, including submittal of a final invoice based on sponsor requirements.

It is imperative that sponsor deadlines are met and that deliverables are completed. If this is not possible, an extension should be requested from the sponsor.

If an invoice is not paid in full within the billing term, it is considered “past due.” Procedures for follow-up on past due invoices should be performed in a timely basis throughout the term of the award and after the award end date has been reached until the award is closed. Operating locations should have campus-specific policies on whether to accept an award if there are known receivable issues with a sponsor. If there are known receivable issues, it is recommended that payment is received at the time the contract is fully executed.

While many sponsors will routinely process and pay invoices in full, this does not occur in some situations. Some of the common reasons for delayed payment include the following:

- Sponsor did not receive Invoice.
- Sponsor received but cannot locate invoice and needs an additional copy.
- Additional back-up documentation required.
- Sponsor has made a partial payment of the invoice.
- Sponsor is experiencing cash-flow problems and cannot pay.
- There is a dispute regarding work performed.
- A project deliverable has not been submitted.
- Invoice includes disallowed expenditures.
- Invoice amount exceeds the total budget amount.

- Invoice is not submitted on a timely basis in accordance with award terms.
- Funding has lapsed or budget approval is needed.
- Budget modification is in process.
- Invoice is not accurate and needs to be corrected.
- Technical Report has not been received.
- Incorrect invoice form is used.

Roles and Responsibilities

For decentralized locations, the campus is expected to make all necessary and reasonable efforts to collect overdue payments from a sponsor. For centralized campuses, the Office of Sponsored Program Services performs this function.

Identifying Past Due Invoices

Oracle reports and Discoverer queries may be used to identify which awards require follow-up activity. However, the [RF Past Due Invoice Report](#) is the recommended tool for identifying outstanding invoices that require follow-up with a sponsor. This report should be run at least monthly or more frequently, if possible. The report includes the customer (sponsor) name, award number, invoice amount, current balance due, as well as the following information:

- AR Invoice Number – 6-digit unique number assigned in the AR module to an invoice that is approved and released, or the invoice number that is assigned to an advance invoice created in the AR module.
- Invoice Date – Date the invoice was released in the Grants Management module, or the date the advance invoice was created in the AR module.
Note: This field can be changed by the user when releasing the invoice.
- Due Date – Due date of the invoice based on the relationship between the invoice date and the billing terms of the award defined in the Award Management screen. The table below provides an example of the relationship between the invoice date and billing terms in determining when payment is due from a sponsor.

Invoice Date	Billing Terms	Due Date
10-JUN-04	IMMEDIATE	10-JUN-04
10-JUN-04	30 NET	10-JUL-04
10-JUN-04	60 NET	10-AUG-04
10-JUN-04	90 NET	10-SEP-04

- Days Past Due – The system-calculated number of days that the payment is past due at the time that the report is run. As defined above, the payment due date is based on the billing terms of the award and the invoice date.

Methods of Follow-up

Collection procedures may vary depending on the sponsor and/or campus procedures. However, it is important that communication between the campus and the sponsor is continuous throughout the follow-up process. Follow-up methods can be any one or combination of the following:

- Initial call – Verify that sponsor received invoice. If invoice has been received, determine when payment is expected. If invoice has not been received, verify that sponsor name and address are correct. If address is not correct, make the appropriate changes in the RF Oracle

business application and resend invoice. **Note:** If the address is not correct and does not exist as a selection for that sponsor (customer), complete a "Request for New and/or Change to Customer" and submit to CustomerFile@rfsuny.org for processing.

- Follow-up calls – Determine reason(s) for nonpayment of invoice and appropriate follow-up action. Follow-up calls may require numerous attempts to make contact via leaving messages or aggressive calling in order to make direct contact with a person.
- Follow-up Letters – Send sponsor either a campus-specific letter or one of the RF Past Due Invoice Letter.

It is best practice to use a combination of regular follow-up calls and written follow-up (letters or e-mail.)

RF Past Due Invoice Letter

The RF Past Due Invoice Letters are formal written notifications of past due amounts owed to The Research Foundation of SUNY. These letters are generated through the AR module of the RF's Oracle business application and are available in three versions based on the stage of delinquency and/or prior contact with the sponsor. The versions are as follows:

- [First Past Due Invoice Letter Request](#) – friendly reminder that an outstanding invoice exists.
- [Second Past Due Invoice Letter Request](#) – message conveyed is stronger; provides two options for resolution of the outstanding invoice(s) (remit payment or contact RF to make payment arrangements).
- [Third Past Due Invoice Letter Request](#) – message conveyed communicates that this will be the final notice sent from the business office, if payment is not received the accounts will be transferred to The Research Foundation of SUNY, Office of Sponsored Program Services/ University-wide Support at central office.

Generating a Past Due Invoice Letter

The RF Past Due Invoice Letters are generated using the same method as running a report. For more information on how to run reports, refer to the [Run Monitoring Reports in the Grants and Accounts Receivable Modules](#) process help. The responsibilities with access to the RF Past Due Invoice Letters are OGM Billing Specialist and AR Billing Specialist. Choose RF Past Due Invoice Letter from the list of values to generate a RF Past Due Invoice Letter. Once selected, the Parameters window displays.

Complete the following steps:

1. Enter the following parameters:

Field Name	Description
Letter	Standardized Past Due invoice letter to send to sponsor.
Award Number	Award number associated with the outstanding invoice(s).
Invoice Number	Past Due invoice(s) to be included in letter. Note: If multiple invoices are overdue, enter first invoice in first Invoice Number field, second invoice in next field, etc.
Address 1 - 4	Sponsor address; enter address if address to send letter to, is different than the address on the AR invoice. Note: If left blank, the information printed for this field on the letter will default from the AR invoice.

City, State, Zip	City, state and zip; enter if Address field is populated.
Telephone Number	Sender telephone number; enter if different than telephone number on AR invoice. Note: If left blank, the information printed for this field on the letter will default from the AR invoice.
Email	E-mail address of sender. Note: If left blank, the information printed for this field on the letter will default from the AR invoice.
Name	RF person the sponsor should contact regarding payment arrangements. Note: If left blank, the information printed for this field on the letter will default from the AR invoice.
Title	Title of person sending letter; enter if different than title on AR invoice. Note: If left blank, the information printed for this field on the letter will default from the AR invoice.
cc1	Name of first person to receive carbon copy of letter.
cc2	Name of second person to receive carbon copy of letter.

2. Click OK to run the request.
3. When completed, view output, and then print the letter on letterhead.
4. Make copies of invoices to enclose with the letter.
5. Mail letter to sponsor. (As necessary, mail copies of the original to carbon copies.)
6. Retain copy of letter in billing file.

The letters will include the current date, sponsor name and address, sponsor reference, award number, and the detail of outstanding invoices, including AR invoice number, draft invoice number, invoice date, and amount.

Documentation

All follow-up actions taken with a sponsor should be documented in the Oracle business application and copies of correspondence should be retained in the award files. For more information, refer to [Entering Follow Up on Outstanding AR Invoices](#).

Timeline for Follow-up

The table below provides a timeline of follow-up actions to be taken based on the number of days the payment is past due for routine collection items.

Important: If at any stage, extenuating circumstances warrant more aggressive action, including referring the award to Formal Collection Action, this should be done at the discretion of the operating location. Referrals to formal collection should be made to the attention of the Accounts Receivable Administrator, Office of Sponsored Program Services/University-wide Support at central office following the procedure outlined in the Accounts Receivable document Formal Collection Action.

Past Due	Actions
30 - 60	<ol style="list-style-type: none"> 1. Initial call – Verify that the invoice has been received. If received, determine when payment is expected. If not received, verify that the sponsor name and address are correct. If address is not correct, take corrective action and resend invoice. 2. Initial letter – Send the sponsor an RF Past Due Invoice Letter - First Past Due Invoice Letter Request or a campus-specific letter. <ul style="list-style-type: none"> • Print the letter on letterhead. • Make copies of invoices to include with letter. • Mail letter to sponsor. • Retain copy of letter in billing file. <p>Note: A campus-specific letter may be substituted that captures the same information and message. The letter should include the current date, sponsor name and address, sponsor reference, award number and outstanding invoice(s) detail, including invoice number, draft invoice number, invoice date, and amount.</p> 3. Follow-up call – Telephone the sponsor if payment has not been received and after letter has been sent to determine reason for nonpayment.
61 - 90	<ol style="list-style-type: none"> 1. Follow-up call – Telephone the sponsor to determine the reason for nonpayment. 2. Follow-up letter – Send the sponsor an RF Past Due Invoice Letter - Second Past Due Invoice Letter Request or a campus-specific follow-up letter (based on the stage of delinquency and/or prior contact with the sponsor). The letter should include the following information and statements: <ul style="list-style-type: none"> • Where to remit payment ("The Research Foundation of State University of New York") and where to mail the payment. • "If your check is already in the mail, please disregard this notice." • "If there are circumstances delaying payment at this time, please advise the undersigned in writing or by telephone."
91- 120	<ol style="list-style-type: none"> 1. Follow-up call – Telephone the sponsor to determine the reason for nonpayment. If all deliverables have been met, a follow-up letter should be sent. 2. Follow-up letter – Send the sponsor an RF Past Due Invoice Letter - Third Past Due Invoice Letter Request or a campus-specific follow-up letter (based on the stage of delinquency and/or prior contact with the sponsor). The letter should include the following statements: <ul style="list-style-type: none"> • "We appreciate your business and do not want anything to mar our relationship. However, your Past Due balance has aged considerably beyond our terms. I am sure that you can understand our concern." • "It appears from our records that we have met all the terms required of the University. If there is a problem we are not aware of that is delaying payment, please advise us. This will afford us the opportunity to help resolve it. If a check has been sent, thank you, and please disregard this letter. If not, I shall look forward to hearing from you or receiving payment within the next week." • "Thank you for your cooperation in addressing this matter." 3. Determine if Formal Collection Action is required or warranted.
121 - 150	<ol style="list-style-type: none"> 1. Follow-up call – Telephone the sponsor to determine the reason for nonpayment. If all deliverables have been met, a follow-up letter should be sent. Campuses should have a campus-specific procedure established to notify the Pre-Award office that there is a problem with payment from a sponsor; that procedure should include what the campus should do regarding any future work with this sponsor.

	<p>2. Follow-up letter – Send the sponsor a campus-specific follow-up letter (based on the stage of delinquency). The letter should include the following statements:</p> <ul style="list-style-type: none"> • "Your account is seriously in arrears. As we have had no response from you to our last reminder, we are obligated to consider the possibility of seeking help in collecting the Past Due amount with the assistance of a collection agency." • "If at all possible, we would like to avoid taking this action. We have always had a satisfactory working relationship with your company and hesitate to take any action that would harm this relationship. However, as I am sure you can understand, we must also ensure that we can cover the costs that have been incurred in supporting this research endeavor." <p>3. Determine if Formal Collection Action is required or warranted.</p>
151+	<p>Determine if Formal Collection Action is required. If so, send letter and all supporting documentation to the RF central office Accounts Receivable Administrator.</p>

Change History

- **June 24, 2005** - Revised section: Past Due Invoice Letter to include standardized collection letters.
- **January 12, 2005** - New Document.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.