

Formal Collection Action

Purpose

This document explains how operating locations should request formal collection action and provides an overview of the Research Foundation (RF) central office formal collection action process.

Collection Process

For decentralized operating locations, the campus is expected to make all necessary and reasonable efforts to collect funds owed by sponsors.

For centralized operating locations, the Office of Sponsored Programs, performs this function on their behalf.

If these attempts to obtain expected payments from a sponsor through the standard steps are not successful, a decision should be made to either write-off the balance (See "[Responsibility for Losses Policy](#)" and "[Write-Offs](#)" procedure) or to pursue formal collection action.

Requesting Formal Action

If it is determined that formal collection action is required, the operating location should send a request to the Accounts Receivable Administrator in the Office of Sponsored Programs/University-wide Support requesting further action, which could include the involvement of the Research Foundation's Office of the General Counsel and Secretary and/or the corporate collection agency.

The request should be accompanied by appropriate documentation, including:

- the original contract or awarding documents and any amendments or modifications.
- any collection correspondence with the debtor, including any schedules that have been arranged for clearance of the debt.
- the history of collection action taken by the operating location prior to requesting formal action. **Important!** This information should be documented in the award files, and the AR module of the Oracle applications. Refer to the AR procedure "[Entering Follow-up on Outstanding AR Invoices](#)" for details on how to enter follow-up information.

Determination of Appropriate Action

After receiving a request from an operating location for formal action, the Accounts Receivable Administrator:

1. reviews the account history and if necessary contacts the operating location regarding any missing or unclear documentation.
2. confers with the RF's Office of the General Counsel and Secretary to determine appropriate action, based on previous collection action; the debtor's

corporate status, including its ability to pay; and the debtor's cooperation with any payment arrangements that may have been negotiated previously by the operating location.

Action could include the following:

- calls made by the central office Accounts Receivable Administrator or the Office of the General Counsel and Secretary.
- letters sent by the Office of the General Counsel and Secretary stating debt amount, deadlines for receipt of payment (within 10 or 30 days), where to send the payment, and what action will take place (i.e., forwarding to collection agency) if payment is not received. If a payment resulting from this activity is received directly by the Research Foundation, the central office Accounts Receivable Administrator forwards the payment to the Finance Office for posting of the amount received to the appropriate award.
- referral of the matter to the corporate collection agency.

Referral to Corporate Collection Agency

The central office Accounts Receivable Administrator confers with the Office of the General Counsel and Secretary and contacts the appropriate operating location official for approval to refer the matter to the corporate collection agency.

If payment is not received or a payment arrangement is not negotiated, the Accounts Receivable Administrator sends a letter to the corporate collection agency requesting that formal collection action be initiated.

Action by Collection Agency

When the corporate collection agency receives a request from the central office Accounts Receivable Administrator for collection action on an account, the agency loads the account to the agency's computer system and assigns the account an identification number for the agency's tracking purposes. The agency produces monthly status reports and sends them to the central office Accounts Receivable Administrator, Office of Sponsored Programs/University-wide Support. The Accounts Receivable Administrator will update the campus on activity.

Collection action that may be taken by the agency includes the following:

- making calls
- sending letters
- obtaining index numbers from the court system, which are needed for filing suits.
- filing summonses and complaints and following up as needed on additional legal processes, such as obtaining summary judgments and securing assets
- filing mechanic's liens
- negotiating settlements

If the collection agency obtains payment from the debtor, the agency forwards the Research Foundation's share with a monthly collection statement to the central office Accounts Receivable Administrator. This statement displays any fees charged. The net payment will be posted to the award. The collection fees are the responsibility of the campus.

Status of Accounts in Formal Collection

Action taken on accounts in formal collection status with The Research Foundation of SUNY at central office will be documented by central office in the AR module of the Oracle applications via a "Customer Contact Record" attached to an outstanding AR invoice. Refer to

the AR procedure "[Entering Follow-up on Outstanding AR Invoices.](#)"

Operating locations can monitor this activity by using the AR Oracle report [RF Accounts Receivable Invoices in Formal Collection](#). Direct communication with the operating locations will be done as necessary based on specific activity.

Operating locations may request a status report on these accounts by contacting the Accounts Receivable Administrator or designee in the Office of Sponsored Programs at central office.

Closing Accounts

When final payment is received based on debt owed or negotiated settlement, any remaining balance should be written-off in accordance with the "[Responsibility for Losses Policy](#)" and "[Write-Offs](#)" procedure.

For decentralized operating locations, the central office Accounts Receivable Administrator notifies the appropriate operating location for closing. For centralized locations, the central office Accounts Receivable Administrator forwards the account to the central office Accounts Receivable unit for closing.

Change History

- **June 24, 2005** - Changed Accounts Receivable Manager to Accounts Receivable Administrator; minor clarification to section "Requesting Formal Action" and added new section "Status of Accounts in Formal Collection."
- **April 24, 2003** - New document.

Feedback

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

Copyright © 2011 The Research Foundation of State University of New York