



UNIVERSITY OF NORTH FLORIDA
Office for Research and Sponsored Programs (ORSP)

COLLECTION PROCEDURES

- I. Overview
- II. Definitions
- III. Who is Affected by This Procedure
- IV. Procedures
- V. Appendix

I. OVERVIEW

UNF receives sponsored projects awards from various governmental and private entities. Sponsors generally require an invoice or cash drawdown before paying the University for the award. Invoices/Cash drawdowns are produced by the payment due date identified on the ORSP Accounts Receivable log. The ORSP Accounts Receivable log is kept in Microsoft Access and identifies the following:

- Index #
- Project Title
- Invoice(s)/Cash Draw Due Date
- Invoice/Cash Draw Amount
- Amount Received from Agency
- Date Received from Agency

While most sponsors pay invoices reliably, occasionally a sponsor is unable to fund the award they made to the University. This procedure provides guidelines in collecting accounts receivables and writing off uncollectible balances.

II. DEFINITIONS

Grants Receivable – Any amounts billed for a sponsored project by means of a invoice/cash drawdown. Receivables include billings for expenditures on a reimbursement basis, for a prepaid contract or a fixed price contract.

Invoices are created by index number using Microsoft Word. The first 6 digits of the invoice # represent the assigned Banner index #. The last three digits of the invoice # represent the sequential number of invoices sent to the agency. Once an invoice has been mailed or a cash drawdown has been completed, the ORSP Accounts Receivable log is updated by the assigned Post-Award Coordinator of the award. The assigned Post-Award coordinator is responsible for updating the log when the agency has been billed and when the payment has been received from the agency. The review of grant receivables occurs during weekly Post-Award staff meetings.

Aging report – A list of receivables that is grouped or summed by category. Categories are based on date ranges from the time the invoice was mailed or a cash drawdown has been completed. These categories include: <30(Current), 30-60, 61-90, 91-120, and >120 days. For this accounting estimate, aging is determined by the date of the invoice.

Using the ORSP Accounts Receivable log, invoices are aged based upon the payment due date. The review of aged accounts receivables occurs during weekly Post-Award staff meetings.

Write-off of Uncollectible Balances – After a thorough collection process is followed by the university and it is determined that an invoice will not be paid in a reasonable time, the balance is no longer considered an asset and is not reflected on the financial statements. The process of removing the balance from the accounts receivable balance on the financials is called write-off.

Allowance for Doubtful Accounts – A reasonable estimate based on historical collections and/or other reasonable rationale is used to record an estimate of the invoiced amounts that will become uncollectible during the period. This amount is reflected as a contra-asset on the statement of net assets.

III. WHO IS AFFECTED BY THIS PROCEDURE

This procedure applies to all new sponsored projects and programs as of January 1, 2007. It should be understood by Principal Investigators (PIs), Department Managers and Staff, Department Chairs, Deans, and the Office of Research and Sponsored Programs (ORSP).

IV. PROCEDURES

This section describes the procedures to follow during the collection process. The steps are designed to obtain uniform results of high collection rates and maintain a working relationship with the sponsor, if practical:

ORSP should continue to use prudent judgment in collection efforts until all avenues of resolution have been exhausted. These methods may include phone calls to the sponsor, continued notifications and legal letters, legal action or other means to continue contact and collect past due invoices. The following procedures should be followed based upon the aged date of the receivable:

A. 30 Days Outstanding

Receivables 30 days or less are considered current.

B. 31 to 60 Days Outstanding

Receivables 31 to 60 days outstanding will be reviewed by the Assistant Director, Post Awards. The following initial steps should occur by the assigned Post-Award coordinator/Assistant Director:

- Contact the sponsor to confirm receipt of the invoice and verify accuracy of address
- Determine if there may be problems with the invoice that prevent payment
- Determine if a revised invoice or second notice is necessary
- Send Cover Letter #1 with invoice (*See Attachment A*)
- Document the initial steps taken in the award file using the Accounts Receivable Collection Efforts Log (*See Attachment C*)

Notes: If the sponsor is non-responsive, the assigned Post-Award coordinator should follow the steps for 61-90 Days Outstanding, 91-120 Days Outstanding, and so-forth.

If the sponsor refuses to pay due to poor quality service, collection efforts should be suspended and the Assistant Director, Post Awards should be notified. These comments will be relayed to the PI and Director of ORSP via email or memorandum. The assigned Post-Award coordinator will be notified when collection procedures can resume. If either party feels the situation warrants it, a meeting will be scheduled to discuss the account status before any decision regarding further collection is made. All Accounts Receivables will continue to age and be subject to procedures at 60-90, 91-120, and >120 as stated below, even if the collection efforts have been temporarily suspended.

If, at any time during the collection process, a sponsor notifies either ORSP or the PI that they do not believe the receivable is their obligation, notification will be sent by the Director of ORSP to the Vice President of ORSP for their assistance and opinion in considering the validity of the claim. Until the issue is resolved by ORSP or the PI, all other collections procedures will cease.

C. 61 to 90 Days Outstanding

When a receivable has been outstanding for 61-90 days, the following steps should occur by the assigned Post-Award coordinator/Assistant Director:

- Mail a certified letter to the sponsor informing them of the outstanding invoice
- Send a copy of the certified letter to the PI
- Send Cover Letter #2 along with a copy of the invoice (*See Attachment B*)
- Make a copy of the certified letter, Cover Letter #2 and place returned certified receipt in the award file
- Document the steps taken in the award file using the Accounts Receivable Collection Efforts Log (*See Attachment C*)

D. 91-120 Days Outstanding

When a receivable has been outstanding for 91-120 days, the Assistant Director, Post Awards will notify the Director of ORSP in a monthly report. The report will identify those awards which have not been settled due to the fault of the university and those that are not fault of the university.

At this time, the Vice President of ORSP may order the work stopped after consultation with the dean or director. For state or federally funded awards, ceasing work will be evaluated on a case-by-case basis. This information will be relayed to the Assistant Director, Post Awards by the Director of ORSP.

E. After 120 Days

After 120 days, ORSP will submit a report to the Vice President of ORSP for possible referral to UNF's General Counsel for legal recourse. UNF's General Counsel will review existing information as provided by the Vice President of ORSP and determine if legal action is necessary. The Vice President of ORSP shall be kept informed accordingly.

F. After 180 Days

If after 180 days, all collection efforts fail, including examination of legal recourse, ORSP will notify the PI and dean of the status of the receivable. A journal voucher will be processed to charge bad debt expense and credit the receivable. If a privately held company has defaulted on a debt, further contract assignments will not be accepted by UNF. For federal or state funded projects that have defaulted on a debt, further contract assignments will be evaluated on a case-by-case basis by the Director and Vice President of ORSP.

G. After 365 Days

If after 365 days, a receivable is deemed uncollectible by the Vice President of ORSP, regardless of the actions taken by the sponsoring agency, it will be written off. If payment is received after it has been written off, the PI will be notified and receive credit for payment.

V. APPENDIX

ATTACHMENT A - COVER LETTER #1

XXXX XX, XXXX

Assigned Post Award Coordinator Name
The University of North Florida
Office of Research and Sponsored Programs
1 UNF Drive
Jacksonville, Florida 32224

John Delinquent
123 Anyway Street
Jacksonville, Florida 32222

Re: Second Notification

Dear Mr. Delinquent:

According to our records, invoice XXXXXX in the amount of \$XXXX.XX is currently outstanding. You will find attached a copy of this invoice dated XX/XX/XXX. As of today, we have not received payment.

If there is a reason why you cannot make this payment immediately, please call me. I can be reached via telephone at (XXX) XXX-XXXX or email, postawardcoordinator@unf.edu.

Thank you for your prompt attention to this matter and I look forward to hearing from you soon.

Sincerely,

Assigned Post Awards Coordinator Name
Accounting Coordinator

Attachment
Cc: PI
File

Revised 03/2012

ATTACHMENT B - COVER LETTER #2

XXXX XX, XXXX

Assigned Post Award Coordinator Name
The University of North Florida
Office of Research and Sponsored Programs
1 UNF Drive
Jacksonville, Florida 32224

John Really Delinquent
123 Anyway Street
Jacksonville, Florida 32222

Re: **FINAL NOTICE** - Overdue Invoice # _____ Amount: _____

Dear Mr. Really Delinquent:

Our records indicate that invoice XXXXXX in the amount of \$XXXX.XX is seriously past due. You will find attached a copy of this invoice date XXXX XX, XXXX. Our office, on several occasions, contacted your agency trying to resolve this matter. Please see below for the collection efforts attempted by our office:

XX/XX/XX - A second invoice was mailed as a reminder that the invoice had not been paid

XX/XX/XX – Sandy Wirth spoke with Jane Doe. Jane stated that she was unaware that the invoice had not been paid and would send payment immediately.

XX/XX/XX – Sandy called again to get status of the invoice payment. She left a message for Jane Doe to call her.

As of today, we have not received payment. Please understand that this is our final notice to you. However, we give you one last opportunity to clear the account by **XXXX XX, XXXX**. After this date, it is our normal policy to forward delinquent accounts to our legal counsel. Your immediate attention is sought to this urgent matter.

Sincerely,

Assigned Post Awards Coordinator Name
Accounting Coordinator

Attachment
Cc: PI
File

ATTACHMENT C - COVER LETTER #3

XXXX XX, XXXX

Assigned Post Award Coordinator Name
The University of North Florida
Office of Research and Sponsored Programs
1 UNF Drive
Jacksonville, Florida 32224

John Really Delinquent
123 Anyway Street
Jacksonville, Florida 32222

Re: **FINAL NOTICE** - Overdue Invoice # _____ Amount: _____

Dear Mr. Really Delinquent:

Our records indicate that invoice XXXXXX in the amount of \$XXXX.XX is seriously past due. You will find attached a copy of this invoice dated XXXX XX, XXXX. It is our understanding that you are refusing payment because the deliverables have not been met for this award. For our records, please provide a written justification with specifications on why you believe the deliverables were not met and thus payment will not be made at this time.

Please provide this written justification by XXXX XX, XXXX and mail to the address listed above or email to XXXXXXXXXXXXXXXXXXXX. After this date, it is our normal policy to forward delinquent accounts to our legal counsel.

Your immediate attention is sought to this urgent matter.

Sincerely,

Assigned Post Awards Coordinator Name
Accounting Coordinator

Attachment
Cc: PI
File

ATTACHMENT D

**ACCOUNTS RECEIVABLE
COLLECTION EFFORTS LOG
INDEX_____**

DATE	ACTION <i>Ex. Called, Sent Email</i>	CONTACT PERSON	COMMENTS	INITIALS