



Accounts Receivable Internal Procedure

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OVERVIEW

The purpose of monitoring accounts receivable (A/R) is to ensure timely payment by sponsors and minimize write-offs. A sponsored project A/R is created when an invoice is sent to a sponsor for payment. This document details the steps completed by SFSU to manage sponsored projects A/R.

ROLES AND RESPONSIBILITIES

Fiscal Affairs

- Accounts Receivable Accountant (ARA)
 - Creates all accounts receivable reports relating to sponsored projects.
 - Monitors invoice payments and sends late payment notification letters to sponsors who have outstanding invoices.
 - Contacts the Fiscal Affairs Accountant and the Grants Administrator to remedy any issues the sponsor has with an invoice or to assist in determining payments that were not received.
 - Sends e-mails to notify Principal Investigator (PI) to complete remaining tasks so that payment can be received.
 - Creates journal entry to transfer funds from PI's college or department to the sponsored project.

- Fiscal Affairs Accountant (FAA)
 - Sends a copy of the invoice to the ARA for their records and tracks payment after an invoice is created.
 - Assists in correcting or investigating any unpaid invoices that may have a financial misstatement or other invoice related errors.

- Controller
 - Monitors and manages the A/R process for sponsored projects.
 - Works with ORSP to determine the best approach to obtain payment from sponsors for A/R.

Office of Research and Sponsored Programs (ORSP)

- Grants Administrator (GA)
 - Serves as the primary point of contact for the FAA and the ARA when determining the cause of an unpaid invoice.
 - Contacts the PI to determine if any outstanding issues relating to technical reports may affect the payment. Informs the ARA of the outstanding issues.
 - Contacts the PI and sponsor to resolve any additional issues.

- ORSP Director
 - Works with the Post-Award Manager and the Controller for Fiscal Affairs to contact PI's and sponsors and to resolve any unpaid invoice related issues.

PROCEDURE

A. Obtain A/R Reports

1. Accounts Receivable Accountant (ARA) generates the **Sponsored Project Invoice Aging Report** form on a monthly basis. This report lists all unpaid invoices for “SP” and “SG” project accounts and the number of days the invoice is outstanding. The invoices are grouped by the CRS number and then by:
 - a. 1 to 30 days
 - b. 31 to 60 days
 - c. 61 to 90 days
 - d. 91 to 180 days
 - e. 181 to 365 days
 - f. Over 365 days
2. There are times when adjustments are made to an invoice and the dollar amount may change on the invoice. In this case, two methods can be used to accurately reflect the change. (1) The invoice is credited, so that it is paid, and a new invoice is created for the adjusted amount. (2) The same invoice number is used and the adjusted amount is changed on the invoice. In either case, the Sponsored Project Invoice Aging Report will remain accurate.

B. Sending the Late Notification Letter

1. The outstanding invoices remaining on the **Sponsored Projects Invoice Aging Analysis** require follow-up by SFSU to collect payment. A late invoice notification letter is sent to all vendors with outstanding invoices older than 45 days from the invoice date.
 - a. The ARA sends letters to vendors on the 45th day, 75th day, 105th day, and 135th day stating that the invoice is outstanding.
 - b. The ARA identifies outstanding invoices listed on the Sponsored Projects Invoice Aging Analysis in each category that will require a letter. For each invoice in a column other than “0-30 Days,” the ARA counts the number of days outstanding on the template, and uses a copy of the invoice to draft the letter.
2. The ARA opens the letter template and includes the following information. (Invoice copies can be found in the A/R File Cabinet in folders organized by days outstanding).
 - a. Current date
 - b. Vendor name and address
 - c. Invoice number
 - d. Invoice date
 - e. Invoice amount
 - f. Attaches a copy of the invoice to the letter
3. ARA gives the letters to the A/R Senior Accountant to sign and approve.
4. Once the letters are signed and approved, the ARA sends the letter.

C. A/R Follow-up

1. The ARA follows-up with the sponsor after the second Late Notification Letter is sent to the sponsor on the 75th day from the invoice date. The ARA determines if the sponsor is not paying due to a financial misstatement on the invoice, because the PI has not completed certain tasks, or any other reasons. In some instances, a sponsor may contact the ARA to discuss the invoice or the delayed payment.
2. If the invoice is not paid due to a financial issue, the ARA discusses the issue with the FAA and decides if an amended invoice is required. If the reason the invoice is not paid because the PI has not completed the requirements set forth in the Notice of Grant Award, the ARA discusses the situation with the GA in ORSP. The GA follows-up with the PI, or contacts the sponsor to discuss the problem.
3. If the GA determines that the late payment is due to a PI-related issue (late technical report or inactivity), the GA contacts the PI in order to verify that all requirements of the award have been completed and provides this information to the ARA.
4. If no payment has been received after four months, the ARA sends an email under the Controller's name to the PI inquiring about any outstanding tasks that may prevent the sponsor from issuing a payment. This email also notifies the PI that if the PI does not complete his/her tasks within two additional months, a funds transfer will be made and the PI's unit will cover the expenses until payment is received with a copy to the ORSP Director. If the PI has completed the requirements and no payment has been received, the GA sends a third Late Notification Letter to the sponsor.
5. If the PI has not responded and payment is not received after 5 months, the ARA sends a second email under the Controller's name to the PI asking the PI to complete the remaining tasks so that payment can be received. This email also notifies the PI that if the PI does not complete his/her tasks within one additional month, a funds transfer will be made and the PI's unit will cover the expenses until payment is received. The ARA copies the ORSP Director, the Department Chair and the Dean of the College.
6. If the PI has not responded after two notices and payment is not received after 6 months, the ARA sends a third email under the Controller's name to the PI informing the PI that a funds transfer will take place that month and the PI's unit will cover the expenditure until the PI completes his/her tasks and payment is received from the sponsor. The ARA copies the AVP for Fiscal Affairs, the AVP for ORSP, the ORSP Director, the Department Chair and the Dean of the College.
7. The ARA initiates a journal entry transferring funds from the PI's College or Dept IDC account to the sponsored project account.
8. If payment is received from the sponsor, the ARA creates another journal entry returning the funds in the sponsored project account to the PI's unit.
9. There may also be scenarios when a sponsor's unpaid invoice is due to reasons other than the PI not completing the requirements of the award, or the invoice amount indicating the wrong amount. In these situations, after the 4th Late Notification Letter is sent to the sponsor, the Fiscal Affairs Controller meets with the ORSP Director to discuss who should contact the sponsor, or to write-off the debt. The debt write-off should follow the procedure described in

the Allocation of Financial Responsibility to Colleges, Deficit Policy & Procedures and in the Closeout Procedure.

D. Invoices Filing and Record Keeping

1. All **Sponsored Project Invoice Aging Reports** and **Invoice Payment Reports** are maintained in the file cabinet with unpaid invoices in a folder named “Trust/SP Reconciliations” organized by month.
2. The ARA maintains unpaid invoices in the file cabinet with unpaid invoices sorted in folders by number of days outstanding. At the end of each month, the ARA attaches any late payment notification letters and any correspondence about the invoice to the original invoice; creating an “invoice packet.” Then, puts the invoice packet in the correct folder that corresponds with the number of days the invoice is outstanding. The folders are categorized as follows:
 - a. 0-30 days
 - b. 31-60 days
 - c. 61-90 days
 - d. 91-120 days
 - e. 121-365 days
 - f. Over 365 days
3. If an invoice is paid, the ARA obtains the invoice from the folder in the file cabinet with unpaid invoices, attaches any additional documentation (e.g. report showing receipt of payment), and files the invoice (sorted by month and invoice number) for a minimum of 2 years in the Paid Invoices File Cabinet. After storing the invoices and reports for 2 years on site, the records are moved to storage for a period of five additional years (see Fiscal Affairs Records Retention Policy).

RELATED DOCUMENTS

- [Deficit Policy and Procedure – Allocation of Financial Responsibility](#)
- [Closeout Procedure](#)
- [Fiscal Affairs Records Retention Policy](#)