Vanderbilt University Medical Center
Office of Research
Standard Operating Procedures for Managing and Collecting Receivables for Core Facilities

Rationale: To provide receivable managing and collecting standard operating procedures for the core groups working with external customers.

Managing Receivables: Although the Office of Research is available to assist with the collection of receivables, each core is responsible for maintaining a process or procedure to manage receivables.

<u>The receivables management process is as follows:</u>

1. Provide services and/or products and appropriately bill in a timely manner. Accounts should be billed according to Vanderbilt University Medical Center Office of Research core billing guidelines and any other specific contractual agreements which entail billing terms.

2. Maintain monthly documentation of each transaction that affects the receivables for record keeping purposes.

3. At year-end, if necessary, provide the Office of Research with any vital receivable documentation to explain year-end balances.

<u>Collecting Receivables:</u> Each core is required to attempt to collect receivables before referring a past due receivable to the Office of Research for collection.

The collection process is as follows:

1. After billing the external customer in a timely manner and no payment has been received, then contact the external customer for payment via telephone or email. If the method of contact is by email, below is an example email to use for collection of payment:

Subject: Invoice – XXXXX Core at Vanderbilt University Medical Center (PAST DUE INVOICE)
Attachment: Invoice (s)

Dear,

I'm writing concerning an outstanding invoice for the _____ Core. As of today, we are showing that your invoice has been outstanding for over ____ days. Please remit payment for this invoice. The payment can be sent to the address on the attached invoice.

If you feel that this information is incorrect and the payment has been sent, please provide documentation (copy of the check that has cleared the bank) showing that the invoice has been paid.

Please feel free to reach out via phone or email with any questions or concerns. Thank you in advance for your cooperation, and we look forward to hearing from you soon so that we can rectify this matter.

2. Contact the Accounts Payable department of the external customer if the contact person on the account does not respond to the payment request. The Accounts Payable information usually can be found on the external customer's web site.

3. If the external customer does not respond thirty days after the second notice to collect the receivable, the core may send all collection attempt information (telephone attempt notes, email attempts to contact, etc…) to the Office of Research for further collection efforts.

4. The Office of Research may also contact the external customer for collection of the receivable.

<u>Uncollectible Receivables:</u> If attempts to collect are ultimately unsuccessful, there is a process for writing off these bad debts. <u>The writing off process is as follows:</u>

- **Amount due is under $25:**
    1. The core should provide documentation of efforts to collect for review by Susan Meyn in the Office of Research.

    2. Approved write-offs will be processed to reverse the revenue and receivable in the core recharge center via refund process in VUMC C.O.R.E.S. or iLab.

    3. If the amount due is a short-pay of an invoice, a journal entry will be used to process the reversal of the receivable to the core's recharge center.

       <u>Journal Entry:</u>
       Debit 44995 (Core's Recharge Center) & Credit 13155 (Core's Recharge Center)
       - Record the invoice number in the JE transaction description field so that it is recorded on the general ledger.

- **Amount due exceeds $25:**
    1. The core should provide documentation of efforts to collect for review by Susan Meyn in the Office of Research.

    2. Once the Office of Research has reviewed, the core will need to contact VUMC Finance for final approval to proceed with the writeoff.
       - Per VUMC Policy Number R 6.0 (Non-Patient Accounts Receivable Write Off), the <u>VUMC Corporate Controller</u> must approve all write-offs for non-patent related accounts receivable irrespective of dollar amount.

    3. Approved write-offs will be processed to reverse the receivable to an unrestricted cost center via a journal entry completed by the core's administrative officer.

       <u>Journal Entry:</u>
       Debit 61480 (Unrestricted Cost Center) & Credit 13155 (Core's Recharge Center)

- In all situations, the core administrative officer should contact VUMC Finance to update the AR management database.