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 to the Cores for 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.

The receivables management process is as follows:

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 CORES 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.

Collecting Receivables: Each center 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:

   Mr. or Ms. ____,

   Good Afternoon. I am writing to you concerning an outstanding invoice for ________ in the Vanderbilt ___________. As of today, we are showing that your invoice has been outstanding for over ____ days, and we would like to receive payment for the invoice. The outstanding invoice number is ________ in the amount of ________. Please remit payment for this invoice. If you feel that this information is incorrect and payment has been sent, please provide documentation (copy of check that has cleared the bank) showing that the invoice has been paid.
If you have any questions or concerns, feel free to contact me by email at _________ or telephone _____. 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.

Uncollectible Receivables: If attempts to collect are ultimately unsuccessful, there is a process for writing off these bad debts.

The writing off process is as follows:

1. **Item under $1,000:** The core should provide documentation of efforts to collect for review by Susan Meyn in the Office of Research. Department of Finance (Kate Gibson or Steve Todd) will approve any small write-offs as requested by Susan Meyn. These will be processed to reverse the revenue and receivable in the core via CORES refund process.

2. **Item exceeds $1,000:** The core should provide documentation of efforts to collect for review by Susan Meyn in the Office of Research. Department of Finance will need to review for approval and processing of the write-off. Craig Carmichael will finally approve the write-off from a control standpoint. Department of Finance will book the material amounts as a bad debt write-off rather than as a reversal of revenue.