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

Managing Receivables Overview: 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 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.

Helpful Resources

Workday Report: WDRG-128 Invoice Payment Status for My Organizations: All cost center managers and financial analysts can access the report. Displays all customer invoices and payment status. Includes payment information for all invoices generated in Workday (legacy system invoices excluded).

Weekly VUMC Cores Receivables Report: Office of Research distributes a report each week of all unpaid or partially paid invoices (inclusive of both workday-generated and legacy core invoices). This report is generated to all core administrative officers.

Best Practices: Collecting Receivables:

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 the uncollectible receivables. The invoice must be over 365 days old before a write-off can be considered.

<u>**Small Balance Write-off: Invoice Amount due is under $200:**</u>

- Core must provide collection documentation with write-off request to OOR (Susan Meyn & Jessie Pirtle)
- If approved, the past due amount will be cleared as a small balance write off to a central cost center.
    a. OOR will notify Staci Turner to process the small balance write-off.
    b. OOR will validate completion of write-off by reviewing the core receivables report.
    c. OOR will notify core AO of approval and completion of the write-off.

<u>**Bad Debt Write-off: Invoice Amount due is over $200:**</u>

- Core must provide collection documentation with write-off request to OOR (Susan Meyn & Jessie Pirtle)
- If approved, the past due amount will be cleared as a bad debt write off to the core's home department. The home department will need to provide an unrestricted funding source.
    a. OOR will notify Staci Turner to process the bad debt write-off.
    b. Staci will initiate the bad debt write-off centrally and route for approvals via Workday business process workflows.
    c. OOR will validate completion of write-off by reviewing the cores receivables report.
    d. OOR will notify core AO of completion of the write-off.

The Office of Research will obtain all required institutional approvals. If approved, OOR will coordinate the small balance or bad debt write-off with the Department of Finance. Core Leaders or Administrators should not contact the Department of Finance directly requesting a write-off.

<u>**Non-Patient Approval Limits**</u>	
Any Amount	**Central Business Officer (CBO) Susan Meyn**
Under $10k	**Non-patient Finance AR leader/director | Kelley Thurmon**
Over $10k	**Corporate Controller**

<u>Invoice Over-Payment Resolution:</u>

If customer reports invoice over-payment, notify Office of Research (Susan Meyn/ Jessie Pirtle). OOR will discuss with Staci Turner (DOF). If overpayment found, Staci Turner will initiate refund of overpayment centrally.

IDS Recovery

IDS Recovery Overview: Revenue received from external customers may be subject to internal overhead allocations, known as IDS taxes. External users are therefore charged a higher rate to cover the internal IDS taxes.

Monthly Prorate: Each month, the Department of Finance will automatically charge the core's recharge center the applicable tax (9.09%) on the revenue collected from external customers in 4300 Other Operating Revenue – RC039 Miscellaneous Revenue. The prorate expense will post to 6495 Allocations – SC056 Overhead Recovery

- Given the automatic prorate, no additional action is required by the core to process the IDS recovery on revenue collected from External Not-for-Profit users.
- If the prorate is not automatically occurring, contact the Office of Research to activate the prorate on the core's cost center. OOR will coordinate the CC update with the Department of Finance.

Revenue Collected from External Commercial/For-Profit/International Users: The rate charged to this group of external users includes, at minimum, a markup equal to the institution's current indirect cost rate. The core will need to process a journal entry to transfer the IDS recovery amount to the institution.

- When processing the journal entry:
    - The core should account for the amount already deducted through the monthly prorate.
    - The amount to be transferred to the institution is the markup amount equal to the institution's current indirect cost rate. If the core's external rates are higher than the current indirect cost rate, the additional revenue will stay on the core's recharge center.
- Journal Entry Accounting
    - Credit PG000258 (6495 Allocations SC056 Overhead Recovery)
    - Debt Core's Cost Center (6495 Allocations SC056 Overhead Recovery)

For additional information or journal entry templates, contact your core administrative officer or Susan Meyn in the Office of Research

Working with NIH Customers

NIH Project Overview: All NIH Customers using a for-profit/ international third-party payment processing system will pay the 'external-for-profit' rate.

- The core should not reference "indirect cost recovery" language when quoting service rates.
- The core can decide to provide services to external customers on case by case basis.

Workflow Overview:

1. NIH Customer approaches core for services.
2. Core asks customer to complete the NIH Customer REDCap survey.
3. Core reviews survey to provide the applicable quote.
   a. If customer confirms a for-profit/international third-party system will be used, the core will quote the 'external-for-profit' rate.
   b. If customer states that the NIH is paying directly, the core will quote the 'external-not-for-profit' rate. The bottom of the quote should include the following statement:
   c. **QUOTE STATEMENT:**
      i. *Quoted pricing applies to a non-profit institutional customer. If customer later decides to use a third-party processor to remit payment, we will revise pricing on invoice to reflect unsubsidized rates.*

4. If customer wishes to continue, complete the Research Core Services Agreement. If changes are made, submit via PEER.

REDCap Survey:

- Survey Link: http://j.mp/2v4i9Ts
- The VUMCcores@vumc.org email address will receive a notification when a survey has been completed.
- The OOR support team will forward a copy of the notification to the core's AO.

Considerations

- Third Party Payment Processing: If customer invoices will be paid by a third-party payment processing group, then terms & conditions are required to provide services.
- A W9 is required in the REDCap survey. In the event an external customer cannot provide a W9, review Susan Meyn or Jessie Pirtle in the Office of Research.