

# RESEARCH ADMINISTRATION

**Extramural Fund Management**

**March 9, 2017**

# Managing Accounts Receivable

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# Managing Accounts Receivable

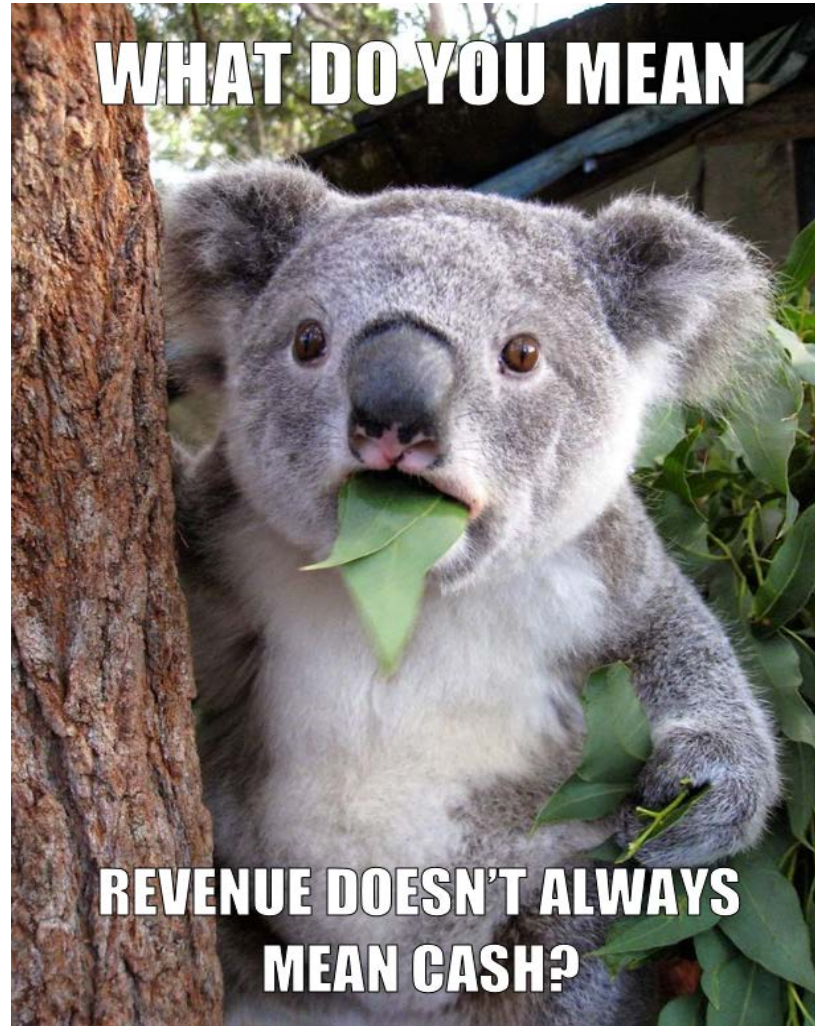
- Zoom Out



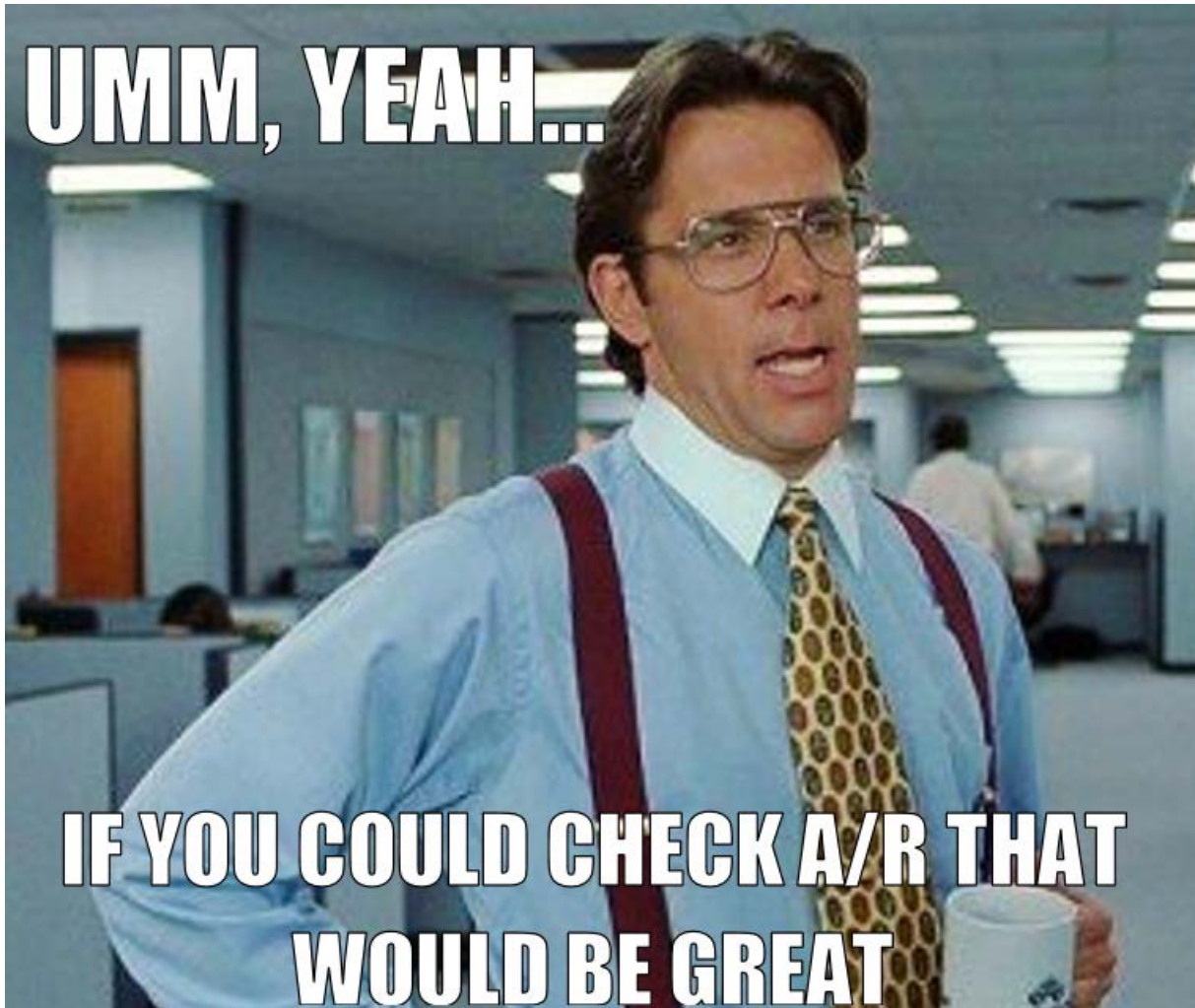
# Managing Accounts Receivable



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# Managing Accounts Receivable

- What is the underlying lesson?

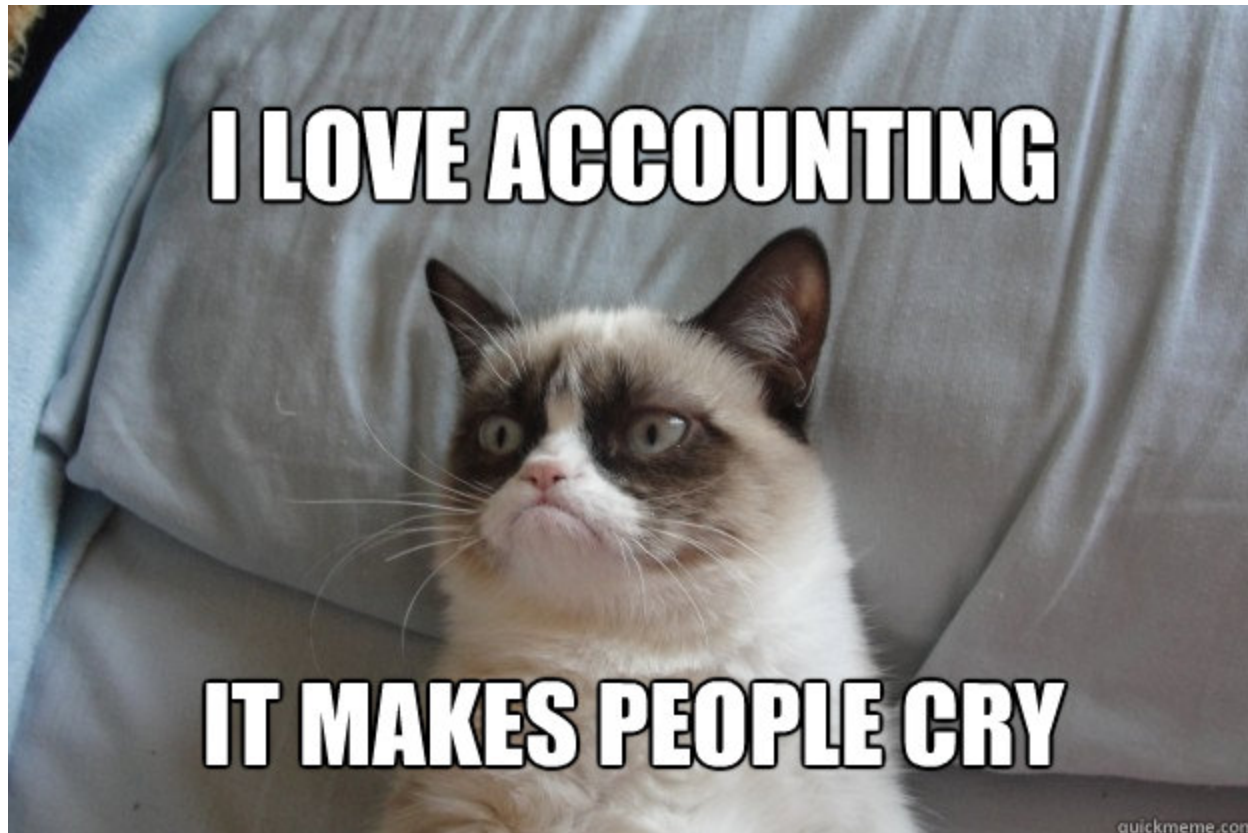
**Focusing on one narrow aspect of anything can cause us to lose sight of the bigger picture.**

# Managing Accounts Receivable

- What is Accounts Receivable (A/R)?
  - Money that UCLA has the right to receive because we have performed work and/or provided goods to our sponsoring agency
  - When money is due to UCLA and an invoice is submitted, revenue and A/R increase. Recorded in our financial system by debiting A/R and crediting revenue.
  - When payment made to UCLA for open A/R, cash is recorded in our financial system by debiting cash and crediting A/R.



# Managing Accounts Receivable



# Managing Accounts Receivable

- Why is this important?
  - Revenue can mean
    - UCLA has received payment, *or*
    - Recorded a request for payment due to UCLA
  - Revenue does not always indicate the cash payment has been received
  - To ensure the cash is actually received, you must check the A/R for your award
  - Risk for non-recovery of outstanding A/R increases with time

# Managing Accounts Receivable

- Common Reasons for Outstanding A/R
  - Late deliverable submission
    - Non-financial Reports
    - Financial Reports and/or Invoices
    - Other Deliverables
  - Billing issues
    - Disallowances
    - Missing or insufficient backup documentation
  - Disagreement between UCLA and sponsor

# Managing Accounts Receivable

- Standard Communication Practice for Aging A/R
  - EFM sends a standard template 90 day delinquency letter
  - EFM Cash Management will follow up if A/R ages to 120 days
  - EFM alerts the department administrator and PI in each of these intervals since risk of outstanding A/R has increased

# Managing Accounts Receivable

## ■ Preventative and Corrective Action

Reason	Dept/PI	EFM
Late Deliverables (Financial & Non-Financial)	<ul style="list-style-type: none"> <li>• Regular reconciliation of G/L and timely recording of expenses to G/L</li> <li>• Timely submission of pertinent documentation to EFM (e.g. backup, COP, justification)</li> <li>• Timely submission of non-financial requirements</li> <li>• Request extension for submission of deliverables</li> <li>• Work with EFM and any other parties to assist in collecting payment</li> </ul>	<ul style="list-style-type: none"> <li>• If required, reach out to dept to obtain information required to submit invoice</li> <li>• For finals, apply closeout procedures</li> <li>• 90 &amp; 120 day communication practice</li> <li>• Work with parties to collect payment</li> </ul>
Billing Issues	<ul style="list-style-type: none"> <li>• Regular reconciliation of G/L against budget</li> <li>• Timely removal of disallowed costs</li> <li>• If required, obtain approval for budgetary changes</li> <li>• Work with EFM and any other parties to assist in collecting payment</li> </ul>	<ul style="list-style-type: none"> <li>• During billing, alert department of any costs not allowable per T&amp;C</li> <li>• 90 &amp; 120 day communication practice</li> <li>• Work with parties to collect payment</li> </ul>
Dispute with Sponsor	<ul style="list-style-type: none"> <li>• Ongoing communication with Sponsor</li> <li>• Retain records of non-financial submissions</li> <li>• Confirm deliverables were provided to the specifications of the agreement</li> <li>• Work with EFM and OCGA to resolve disputes</li> </ul>	<ul style="list-style-type: none"> <li>• 90 &amp; 120 day communication practice</li> <li>• Work with Dept, PI and OCGA to determine how to resolve disputes</li> </ul>

# Managing Accounts Receivable

## ■ Resources

- <http://ora.research.ucla.edu/EFM/Pages/FAQ.aspx>
  - Question #4 & 5
- Contact Information
  - x42834
  - [jen.ear@research.ucla.edu](mailto:jen.ear@research.ucla.edu)

# Questions?

