Managing Accounts Receivable

Jen Ear
Managing Accounts Receivable

- Zoom Out
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WHAT DO YOU MEAN

I DIDN’T GET PAID?
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WHAT DO YOU MEAN

REVENUE DOESN'T ALWAYS MEAN CASH?
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UMM, YEAH...

IF YOU COULD CHECK A/R THAT WOULD BE GREAT
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- What is the underlying lesson?

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

IT MAKES PEOPLE CRY
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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
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- 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
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- 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

<table>
<thead>
<tr>
<th>Reason</th>
<th>Dept/PI</th>
<th>EFM</th>
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</thead>
<tbody>
<tr>
<td>Late Deliverables (Financial &amp; Non-Financial)</td>
<td>• Regular reconciliation of G/L and timely recording of expenses to G/L</td>
<td>• If required, reach out to dept to obtain information required to submit invoice</td>
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<td>• Timely submission of pertinent documentation to EFM (e.g. backup, COP, justification)</td>
<td>• For finals, apply closeout procedures</td>
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<td>• Timely submission of non-financial requirements</td>
<td>• 90 &amp; 120 day communication practice</td>
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<td>• Request extension for submission of deliverables</td>
<td>• Work with parties to collect payment</td>
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<td></td>
<td>• Work with EFM and any other parties to assist in collecting payment</td>
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<tr>
<td>Billing Issues</td>
<td>• Regular reconciliation of G/L against budget</td>
<td>• During billing, alert department of any costs not allowable per T&amp;C</td>
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<tr>
<td></td>
<td>• Timely removal of disallowed costs</td>
<td>• 90 &amp; 120 day communication practice</td>
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<tr>
<td></td>
<td>• If required, obtain approval for budgetary changes</td>
<td>• Work with parties to collect payment</td>
</tr>
<tr>
<td></td>
<td>• Work with EFM and any other parties to assist in collecting payment</td>
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<tr>
<td>Dispute with Sponsor</td>
<td>• Ongoing communication with Sponsor</td>
<td>• 90 &amp; 120 day communication practice</td>
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<td>• Retain records of non-financial submissions</td>
<td>• Work with Dept, PI and OCGA to determine how to resolve disputes</td>
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<td>• Confirm deliverables were provided to the specifications of the agreement</td>
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</tr>
<tr>
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<td>• Work with EFM and OCGA to resolve disputes</td>
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</tbody>
</table>
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- Resources
  - [http://ora.research.ucla.edu/EFM/Pages/FAQ.aspx](http://ora.research.ucla.edu/EFM/Pages/FAQ.aspx)
    - Question #4 & 5
  - Contact Information
    - x42834
    - jen.ear@research.ucla.edu
Questions?