**INVOICE MANAGEMENT PROCESS**

Section 85.54 of Office of Financial Management requirement states:

"Written procedures are to be developed and followed to ensure that past due receivables are followed up promptly and in a manner that is cost-effective for the overall collection program. These procedures are to provide for the full range of collection procedures to be used as appropriate, including issuance of statements and dunning letters, phone and personal interviews, filing of suits and liens, referral to private collection agencies or letter services, etc."

Late fees are applied at 60 days past due in accordance with SAAM (State Administrative and Accounting Manual) regulations. If the customer qualifies as an exempt customer and the exemption is properly recorded during the upload entry to I/R, late fees will not be added to the invoice. If the customer does not pay the invoice within 30 days, they need to add an additional 1% for each month the payment is late.

If the customer does not include these additional funds, the department budget will receive the amount remaining after the interest and/or late fee is taken. I/R will not collect the remaining balance if the new invoice amount is less than $50.00. Adding the remaining amount to a future invoice is a department decision. If the balance is less than $50.00 the invoice will be brought to a zero balance in the billing system and no further collection efforts will be made.

Based on the invoice date, the I/R department will send past due notices to customers at 15, 45, 75 and 90 days past due (aging at 45, 75, 105 and 120 days from the date of the invoice). When the 90 days past due letter is sent the vendor is warned that their account must be paid in full within 14 days or further credit may not be granted by the University of Washington.

In addition, once an invoice is at 150 days aging, SFS will attempt to contact the customer via email. The I/R advisor will assist with invoices that have an initial invoice amount of $50.00 or more. To aid in the collection of the debt, the I/R advisor will send an email request to the department I/R contact to obtain a copy of the original invoice. We will also request the vendor’s name and email address. The most current information and any contact name at the business or organization is very helpful for getting a payment from the customer. The other past due notifications have been sent through the U.S. postal service. Some vendors will respond to a final demand email.

An invoice will be considered uncollectible at 180 days past due (210 days aging) and the invoice will be moved from “active” status to “written off” in the billing system. The department should remove the account from its open receivables list at 210 days aging. I/R will no longer report invoices over 210 days aging on the Outstanding Balance reports. Records on these debtors should continue to be maintained at the department level, and it is recommended that further credit should not be granted to this customer.If an invoice payment is received, the record in the billing system will be moved to “active” status and the payment will be posted to the department budget. The department’s customer is never informed that their invoice is considered “written off.” The customer will owe the funds until it is paid in full.

**COMMUNICATION WITH DEPARTMENT**

To ensure the billing system records are current, accurate and in agreement with the department records, all departments are sent a listing of outstanding invoices on a quarterly basis. This is completed in February, May, August and November. If there are any discrepancies in the list, please contact us at [invoices@uw.edu](mailto:invoices@uw.edu).

Departments can also be sent a list of outstanding invoices on a monthly basis. This list can be used if the department wants to follow up with their customers prior to the 45 day past due notice being sent. Departments that contact their customers when the invoice was not been paid in 30 days; have the strongest results in receiving payment.

If there are needed corrections or adjustments, send an email to [invoices@uw.ed](mailto:invoices@uw.ed). Also, contact us if you are interested in getting the monthly lists of outstanding invoices.

**WRITE-OFF PROCEDURES**

Departments should document, in writing, the criteria to determine which receivables are uncollectable and write-offs should be based on these criteria.

Several criteria justify write-offs:

* The debtor cannot be located, nor can any of the debtor's assets
* The debtor has no assets and no expectation of having any in the future
* The debt is disputed and there is insufficient documentation to pursue collection efforts
* The debt is discharged in bankruptcy and there is no guarantor or successor
* The debtor has died and there is no estate or guarantor
* Cost of debt collection exceeds amount to recover
* The issue date of unpaid invoice is 210 days or more
* Collection efforts have been exhausted

*After the account is written off, the accounting records pertaining to the debtor's account are to be maintained in accordance with the department's approved records retention schedule. It is recommended that the department not extend credit to this vendor in the future if previous invoices have not been paid in full.*

**BANKRUPTCY NOTICES RECEIVED ON ACCOUNTS**

SFS is the coordinating office for the University of Washington regarding bankruptcy cases. All legal forms, letters, or inquiries regarding bankruptcies for Invoice Receivables customers are forwarded to [invoices@uw.edu](mailto:invoices@uw.edu).