

AR / Collections Responsibility & Escalation Policy

Grace Design Studios

Purpose

Establish a consistent, efficient process for following up on outstanding client invoices while ensuring Accounting, Project Management, and Leadership are engaged at the appropriate time.

Ownership & Responsibility

The Project Manager (PM) holds ultimate responsibility for AR collection on their projects. This responsibility does not change based on who makes the actual call or sends the actual email — the PM must remain actively aware of overdue invoice status.

Role	Responsibility
Accounting	Sends monthly Client Statements. Contacts the client's Accounts Payable department beginning at 31 days outstanding. Continues follow-up until payment is received, AP becomes non-responsive, or a project-related issue is identified.
Project Accountant	Resolves PO/Invoice issues identified by Accounting. Assists PM with collection.
Project Manager	Becomes involved when Accounting identifies a project issue, dispute, or lack of response. Reviews the BST aging report and collection notes before contacting the client.
Client Relationship Holder	Executes client-facing follow-up when escalation is required beyond the Project Accountants process. Could be the Project Manager, Studio Leader, or other.
Practice Leader	Engages formally once an invoice passes 90 days outstanding.
Executive Leadership	Reviews invoices exceeding 120 days and determines if additional escalation or legal action is appropriate.

Escalation Summary

Day	Flag	Required Action	Responsible Party
31-45	First Follow-Up	Friendly check-in. AP follow-up. Document in BST.	Accounting
46-90	Escalation Flag	Provide notes to PM/PA if issues arise beyond AP. Phone check-in by the PM if required. .	Project Accountant Project Manager
91-120	Practice Leader Flag	Practice Leader becomes involved and assists with client relationships and payment resolution.	Project Accountant Project Manager Practice Leader
120+	Executive Leadership Flag	Determine final escalation strategy.	Executive Leadership