

0.00 Accounts Receivable Policy (non-student)

Purpose

To define uniform policies and procedures intended to manage and safeguard University accounts receivable assets, and facilitate the timely conversion of receivables to cash.

Policy

In order to accomplish early conversion of receivables to cash and minimize credit losses, each department, in conjunction with the Office of Business Operations, must maintain a diligent program for managing receivables as described below.

Procedures

1. Granting of Credit

Payment at the time of transaction (when goods are sold or services are rendered) should be collected whenever possible by cash, check, or debit/credit card. University credit may be granted when the collection of payment at the time of transaction is not practical or when deemed to be in the best interest of the University. In these cases, prudence with respect to the credit risk incurred must be observed at the time of transaction.

2. Collecting Customer Data

At a minimum, customer name, address, and telephone number must be obtained prior to granting credit. For businesses, the name of a contact person must be collected.

Obtaining a Taxpayer Identification Number (e.g. FEIN, SSN) is not mandatory; however, it is a useful collection tool and should be considered to minimize risk, depending upon your familiarity with the customer, the amount of the credit extended, and the nature of your business with them. Also see UNI Policy 13.12, Policy on Use of Social Security Numbers (<http://www.uni.edu/policies/1312>).

3. Payment Terms

Implicit in the granting of credit by university departments is the intention that payment will be made in full within 30 days of invoicing. Any formal arrangements authorizing credit for more than 30 days must be approved by the Bursar unless other University policies or regulations exist to the contrary.

4. Timeliness of Invoicing

Prompt invoicing is essential for effective management of receivables. Departments should enter and complete invoices in the accounts receivable (A/R) system as expeditiously as possible, but no later than five business days after the debt to the University is incurred, unless other guidelines/requirements indicate otherwise, i.e. sponsored program invoices. In lieu of invoicing through the A/R system, payroll and travel advance related obligations may be recovered through a written payroll deduction agreement, signed by the employee. However, these obligations should be promptly invoiced if these recovery efforts are unsuccessful.

5. Invoice Printing and General Ledger Posting Schedule

Invoices entered and marked "Complete" by departments will be printed and mailed each business day by Office of Business Operations/Accounts Receivable staff.

Completed invoices will be posted to the General Ledger daily. Revenue will be recognized in the General Ledger upon posting.

6. Collection Procedures

Collection of receivables is a joint responsibility of the department originating the invoice and the OBO/Accounts Receivable. Departments should coordinate this collection effort with the Bursar. Care will be taken to protect the department's business relationship with the customer and departments are encouraged to utilize their business relationship to help obtain timely payment of invoices.

Account statements, letters, and phone calls will be utilized to collect past due accounts. Accounts that remain past due for an extended period of time will be referred to an outside collection agency. Payment arrangements may be agreed to by Accounts Receivable staff, at the direction of the Bursar, in lieu of referral to outside collection. Litigation may be authorized by the Bursar when appropriate. Past due accounts will also be forwarded to the Iowa Department of Revenue for collection (off-set) from Iowa refunds or lottery winnings.

7. Write-Off Procedures

When an account is determined to be uncollectible it should be written off, subject to appropriate documentation and approval as described below.

- 7.1. Departments may write-off an account/invoice up to \$1,000 with the approval of the department head or director. The Bursar must be notified of the date, amount, and reason for each write-off at the time of the write-off.

Departments may write-off an account/invoice exceeding \$1,000 with the approval of the department head or director, and the Bursar.

The department must maintain supporting documentation to justify each write-off (see 8. Record Retention).

This includes, but is not limited to, debt settlements that are determined to be in the best interest of the University, a business decision to forgive a debt due to financial hardship of the customer, and invoice adjustments due to legitimate disputes over goods or services. Contact the Bursar if further guidance is needed.

- 7.2. An account will be written-off per a court order (e.g. bankruptcy or litigation).
- 7.3. An account may be written-off upon the death of the debtor. As a general practice, a claim will not be filed against the estate unless the Bursar determines filing a claim is appropriate under the circumstances. Please contact the Bursar in these situations.
- 7.4. An account may be written-off upon dissolution of the business entity unless an individual is legally liable and the Bursar determines pursuing the individual is feasible and appropriate under the circumstances. Please contact the Bursar in these situations.
- 7.5. Unpaid non-student accounts receivable will normally be considered uncollectible and written-off to bad debt expense after two years of inactivity. A list of eligible accounts will be produced regularly and provided to departments for review. Departments must then notify the Bursar if they do not want an account written-off. The Bursar has the discretion to remove an account from this write-off list.

8. Record Retention

The department must maintain supporting documentation for invoice activity, customer data, and write-off's in accordance with the University's Record Retention Schedule (http://www.vpaf.uni.edu/fars/policies/records_retention.pdf).

Office of Business Operations, approved / /09

President's Cabinet, approved / /09

Subject to Final Approval