Accounts Receivable

POLICY  Each University department administering accounts receivable is responsible for following University and state of Washington regulations for documenting monies owed and monies actually received.

Definition  Receivables are defined as amounts due, which are expected to be collected from private persons, businesses, agencies, funds, or other governmental units.

Immediate Payment  Whenever possible, a vendor department is to collect payment at the time goods or services are provided to non-University clients. The Controller's Office specifically recommends that vendor departments immediately collect payment for the following types of transactions:

- Sales for goods or services costing less than $5.00.
- Sales to customers with accounts more than 30 days past due.

Computer System  The University's official Financial Receivables System (Student Financial System in myWSU) provides automated receivables processing for University departments. See BPPM 30.57 for information about accessing and using the Student Financial System (myWSU).

If myWSU does not meet the business requirements of a department, the department may request that the Controller's Office approve the use of an independent receivables system.

Applicability  The following procedures apply to all University departments providing goods and services to non-University clients on a credit basis.

NOTE: For purposes of this procedure, the term non-University client includes:

- Any WSU student, staff, or faculty member making a personal purchase.
- Any external client.
Accounts Receivable

BILLING/COLLECTION SYSTEM

Invoicing

At the time of the sale, the vending department issues a sequentially-numbered invoice to the client. MyWSU users issue WSU Invoices. Other departments must use invoice forms that have been approved by the Controller.

All payments are to be mailed directly to the University Receivables/Cashiers Office. Departments may not change the Make checks payable and remit to address section at the bottom of the form. Payments are to be mailed to University Receivables. The client should include a copy of the invoice to ensure proper posting of the payment when received.

Establishing a Customer

When a customer first purchases from the vending department, the vending department provides the following information to University Receivables:

- Customer name
- Customer address
- The customer's social security number or tax ID number
- The customer's classification code. Codes and definitions are as follows:

<table>
<thead>
<tr>
<th>Definition</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private persons or businesses</td>
<td>0</td>
</tr>
<tr>
<td>Federal government</td>
<td>1</td>
</tr>
<tr>
<td>State of Washington agencies (except WSU)</td>
<td>2</td>
</tr>
<tr>
<td>Other foreign, state, or local governments</td>
<td>3</td>
</tr>
</tbody>
</table>

Recording Receivables

The vendor department must maintain a written record (subsidiary ledger) of outstanding receivables. This ledger is to be maintained and updated on an open-item basis, i.e., an entry must be included for each outstanding amount due. NOTE: MyWSU provides this ledger for user departments.
Accounts Receivable

Recording Receivables (cont.) The vendor department record must include the following information for each receivable:

- Name of debtor
- The debtor's WSU Customer ID Number (provided by University Receivables)
- Description of each outstanding charge and/or credit
- Invoice number
- Date of invoice
- Invoice due date
- Amount of each charge or credit
- The WSU fund code

The vendor department should periodically purge the ledger of items that are no longer outstanding, moving items that have been paid to a historical file for retention purposes.

Payment Due Dates The vendor department routinely notifies clients when payments are due.

The department issues an invoice at the time the goods and services are provided or prior to an installment payment coming due. The invoice indicates the date payment is due or indicates that payment is due upon receipt of the invoice.

Long-Term Receivables The vendor department must obtain the Controller's specific approval before establishing due dates more than 12 months from the current date.

PAST-DUE AND DELINQUENT ACCOUNTS The vendor department is responsible for vigorous pursuit of all past-due and delinquent receivables.

Past Due Accounts Accounts with unpaid balances 1 to 90 days past the due date are considered past due.

The department is to issue a minimum of two reminder notices between 30 and 90 days after the bill becomes past due. (Notices to debtors with account balances of less than $5 are not required.)
Accounts Receivable

Past Due Accounts (cont.) These notices request immediate payment of the outstanding balance and notify the debtor of additional actions that may be taken if the debt is not paid.

When warranted, the vendor department should make additional collection efforts, e.g., telephone contacts.

Collection—
Delinquent Accounts Accounts with unpaid balances more than 90 days past the due date are considered delinquent and are subject to collection procedures.

Collection procedures include intensive efforts to recover amounts owed. (Collection procedures are not required on accounts with a remaining balance of less than $25.)

Collection Area The vendor department may refer uncollected receivables to the Collection Area of University Receivables when:

• An account is 90 days or more past due.

• The appropriate past-due notices have been sent.

• The amount is at least $25.

NOTE: This service is automatically provided for invoices that are processed through myWSU.

Once an account has been referred to the Collection Area, departmental efforts to collect the money should cease. Double collection efforts may be considered as harassment of the debtor.

The vendor department is to refer all subsequent debtor contacts to the Collection Area.

Collection Area Actions Actions by the Collection Area may include, but are not limited to:

• Sending additional notices and making telephone contacts.

NOTE: When a receivable is collected 150 days or more past the due date, the Collection Area charges the vendor department a collection fee of 25 percent of any monies collected. The collection fee charge appears on the department's online Account Balances/Detail or monthly Budget Statement. See BPPM 30.07.

• Reporting the account to the credit bureau.
**Accounts Receivable**

*Collection Area Actions (cont.)*

- Referring the account to an outside collection agency.
- Referring the account to the Attorney General's Division for action.

**Referral**

Before referring an account to an outside collection agency or seeking redress through the court system, the Collection Area notifies the vendor department. NOTE: The contracted collection fee for first-time outside agency referrals is 33 1/3 percent of monies collected. The collection fee for second-time outside agency referrals and legal action accounts is 40 percent of monies collected. *The department is responsible for paying this fee.*

**WRITE-OFF PROCEDURES**

The vendor department may request that uncollectible accounts be written off if the billing and collection procedures as detailed in this section have been exhausted.

**Write-Off Criteria**

Several criteria may justify write-offs, such as:

- Neither the debtor nor the debtor's assets can be located.
- The debtor has no assets and no expectation of having any in the future.
- The debt is disputed and WSU has insufficient documentation to pursue collection efforts.
- The debt is discharged in bankruptcy and there is no guarantor or successor. (See *BPPM 30.60* for bankruptcy procedures.)
- The debtor has died and there is no guarantor or successor.
- The amount of the debt is insufficient to justify additional collection efforts.

Other criteria to be considered include the type of debt, how long the debt has been outstanding, and debtor's status.

**Review and Approval**

The vendor department is responsible for requesting approval to write off uncollectible accounts at least quarterly. In each request, the vendor department indicates the collection procedures followed and the reasons the accounts are considered uncollectible.
Accounts Receivable

**Review and Approval (cont.)**

University management reviews all write-offs in accordance with the following guidelines:

- All write-offs for amounts equal to or less than the amount of undergraduate resident tuition for the current year are reviewed by the vendor department and the University Receivables Manager before being written off.

- Write-offs for amounts greater than the amount of undergraduate resident tuition up to $10,000 are routed to the Executive Director of Business Services/Controller for final approval after review by the vendor department and the University Receivables Manager.

- Write-offs for amounts greater than $10,000 are routed to the Attorney General's Office for review after approval by the vendor department, the University Receivables Manager, and the Executive Director of Business Services/Controller.

The Attorney General's Division reviews the submitted information for legal sufficiency.

**Write-Off Entry**

After administrative approval, the vendor department enters the write-off into the department's receivables system. The entry includes the following information:

- Name of the debtor
- Item type of the account
- Amount of the account

**CENTRAL REPORT**

Each vendor department maintaining receivables systems other than myWSU is responsible for reporting receivables information to the Controller's Office on the central report. The central report is due annually as required by the state of Washington's Office of Financial Management. The Controller's Office notifies vendor departments when reports are due.

The report includes the following information:

- Gross amount receivable
- Receivables written off
- Current receivables (amounts not due on the report date, but due within 12 months)
Central Report (cont.)

- Long-term receivables (amounts due more than 12 months from the report date)
- Past-due receivables (1 to 90 days past due)
- Delinquent receivables (over 90 days past due)

The vendor department routes the report to the Controller's Office.

Records Retention

Records of receivables are to be retained in accordance with the All-University Records Retention Schedule. See BPPM 90.01.