

## **Accounts Receivable**

**NOTE:** The website URL for **Workday reference guides** that are referenced in this section is:  
<https://confluence.esg.wsu.edu/display/WKB/Workday>

### **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**

#### **Non-Grant Receivables**

The University's official non-grant-related financial receivables system (Student Financial System in myWSU) provides automated processing of non-grant receivables 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.

#### **Grant Receivables**

The University's official grants receivables system in Workday provides automated processing of grant receivables for University departments. See the applicable Workday Grants reference guides.

### **Applicability**

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

## **Accounts Receivable**

### **Applicability (cont.)**

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.

## **BILLING/COLLECTION SYSTEM**

### **Invoicing**

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

At the time of a grant-related sale, the vending department issues a sequentially-numbered Customer Invoice to the client, created in Workday. (See the applicable Workday Revenue reference guides for instructions.)

All payments are to be mailed directly to the Bursar's Office. Departments may not change the *Make checks payable and remit to* address section at the bottom of the invoice. 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 the Bursar's Office.

- 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:

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

## **Accounts Receivable**

**Exception** Transportation Services, the Washington Animal Disease Diagnostic Laboratory (WADDL), the College of Veterinary Medicine, and the Libraries may create their own customer accounts in myWSU.

**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 with non-grant receivables. Workday provides this ledger for grant receivables. (See the applicable Workday reference guides (Contracts and Receivables; Revenue) for instructions regarding recording grant receivables, including payments received and amounts due.)

The vendor department record must include the following information for each receivable:

- Name of debtor
- The debtor's WSU Customer ID Number (provided by the Bursar's Office or Workday, as applicable)
- 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 worktag

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.

## **Accounts Receivable**

### **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.)

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 Bursar's Office 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 Bursar's Office, 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 Bursar's Office.

#### **Collection Area Actions**

Actions by the Bursar's Office 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 Bursar's Office charges the vendor department

## Accounts Receivable

### *Collection Area Actions (cont.)*

a collection fee of 25 percent of any monies collected. The collection fee charge appears on the department's account details in Workday. See *BPPM 30.07* and the applicable Workday reference guides (Contracts and Receivables; Revenue).

- Reporting the account to the credit bureau.
- 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 Bursar's Office 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.

## **Accounts Receivable**

### **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.

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 Bursar before being written off.
- Write-offs for amounts greater than the amount of undergraduate resident tuition up to \$10,000 are routed to the Controller for final approval after review by the vendor department and the Bursar.
- 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 Bursar, and the 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**

The Controller's Office is responsible for reporting receivables information to the state of Washington's Office of Financial Management annually. The Controller's Office compiles the report from non-grant receivables data in myWSU, grant receivables data in Workday, and receivables data from vendor departments maintaining receivables systems other than myWSU or Workday.

The central report includes the following information:

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

## **Accounts Receivable**

- 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)

Each vendor department maintaining a receivables system other than myWSU or Workday routes a receivables report with the information above 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.