

# Managing Department Receivables

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Business & Financial Services

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# Topics Covered Today

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- Guidance/Resources (documents to refer to)
- What is a Receivable
- Maintaining Receivables
- Extending Credit
- Customer Information
- Invoice/Receipts
- Bookkeeping

# Topics Covered Today

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- Billing/Collecting/Monitoring
- Revenue Recognition
- Accounting Methods
- Example: how to record a receivable
- Deferred Revenue
- Billing through Banner

# State Guidance

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- State of Colorado Fiscal Procedures Manual
  - Chapter 8
  - <https://www.colorado.gov/pacific/osc/fiscalprocedures>
- CFDCPA – Colorado Fair Debt Collection Practices Act
  - <http://www.coloradoattorneygeneral.gov/sites/default/files/uploads/cab/CFDCPA%20Rules%202011.pdf>

# CSU Guidance

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- Financial Procedure Statement 2-17
  - <http://busfin.colostate.edu/fpi.aspx>

# What is a Receivable?

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- An amount CSU has a right to collect because it has sold goods or services on credit to a student or customer
- Accounts receivable are assets

# Department Receivables

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- Commercial receivables that are not uploaded into ARIES/Banner
- Invoiced, recorded, collected and monitored entirely by a department

# Maintaining Receivables

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- Extending credit
- Customer information
- Invoice/Receipt (disclosure of terms)
- Bookkeeping records (Excel spreadsheet or subledger system)
- Billing/Collection Procedures
- Revenue recognition/Post general ledger receivable



# Extending Credit

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- Department Manager may refuse credit if
  - Reason to believe customer may not be able to pay on time
  - History of non-payment or late payment
  - Currently has past due balance with CSU (contact ARO)
  - Nondischarged debts from bankruptcy in last 7 years
- Use your discretion
- Establish a threshold (min and max)
- Require a deposit

# Extending Credit

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- When credit is voluntarily extended, must obtain adequate information to locate each debtor in even of default
- Either know the person, or you need to get to know them

# Customer Information

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- Name
- Social Security Number/FEIN
  - Store in secure location & shred documents
- Address
- Phone Number
- Alternate Phone Number
- eMail Address
- Date of Birth
- Name & Address of References
- Additional information that is deemed relevant

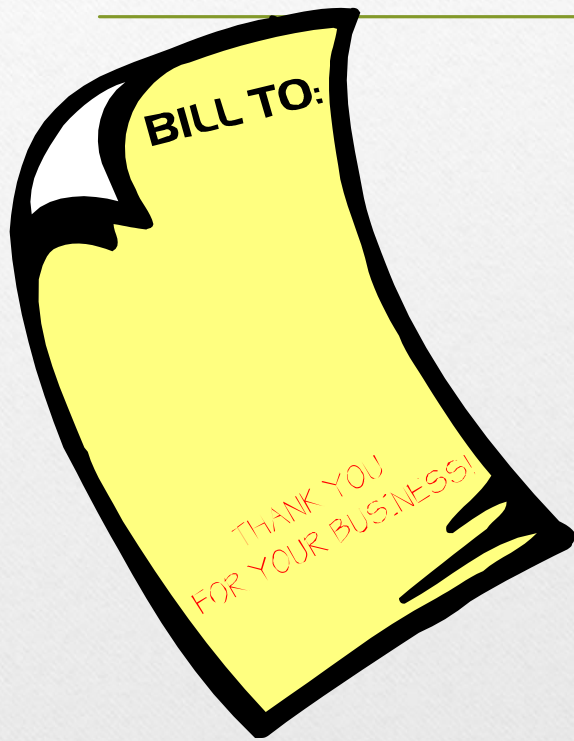
# Customer Information

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- Unique customer identification system
  - Customer or account ID number
- Should be printed on all statements/communication sent to the customer

# Invoice/Disclosure

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## Billing Invoices

- Numbered
- Dept Contact Info
- How to make payment
- Billing Terms – Due Date
- Policy Disclosure

# Invoice/Disclosure

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**What information should be disclosed to the customer?**

- Billing Terms
- Appeal Process
- Penalties for non-payment or returned checks
  - Late Payment Charges Assessed
  - External Collection Action

# Receipts/Disclosure

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## Receipts

- Numbered
- Dept Contact Info
- Policy disclosure
- If payment by check, verify customer contact info
- Do not accept temporary checks



# Bookkeeping Records

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- Record receipt/invoice number and amount
- Book revenue/receivable
- Deposit cash/checks timely
- Maintain spreadsheet to view aging each month
- Record communication with customer
- Maintain records for 6 years



# Billing/Collecting/Monitoring

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- Have procedures in place
- Make contact
  - If unpaid after 30 days
  - Phone or mail
  - At least once/month
  - Establish a payment plan
- Aging report
  - Review monthly to determine next steps

# Billing/Collecting/Monitoring

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- Late payment charges
  - No more than 1.5% per month
  - New invoice/statement generated and provided to customer monthly after assessed
  - Assessed only on principal balance

# Billing/Collecting/Monitoring

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- Unable to collect
  - Forward to State of Colorado Central Collection Services (CCS)
    - Must provide customer a final invoice that states the customer is subject to final agency determination and will be referred to collections if not paid by due date
    - Provide notification to customer of appeal or dispute rights (30 days)
    - For proper verbiage please contact ARO Manager

# Revenue Recognition

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- Revenue is earned at the time of sale or date service is performed
- Ensure revenue and receivables are recorded in KFS

# Accounting Methods

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- An accounting method is the way events and financial position is reported
- There are 2 main methods:
  - Cash
  - Accrual

# Cash vs. Accrual Method

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- Cash
  - Income is recorded when payment is received
    - Personal bank account
- Accrual
  - Income is recorded when the sale occurs
    - Government Agencies
      - Required to follow GASB standards & GASB 34 requires the use of the accrual accounting method

# Accrual Method

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- Accrual = any individual entry recording revenue in the absence of a cash exchange
- Recorded on the transaction date
  - When services are performed (diagnostic testing, veterinary services)
  - When a product is sold (books)
  - When a citation is administered (parking)
  - When equipment is rented

# Example

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- April 30: account 2205000 receives an order to test a soil sample
- May 31: test results completed and customer invoiced for \$200
- July 3: customer pays \$200
- Questions:
  - 1) What KFS document is used?
  - 2) When should the revenue be recognized?



# Answer

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- 1) What KFS document is used?
  - ✓ Adjustment/Accrual Voucher (AV) to record receivable
  - ✓ Cash Receipt (CR) when cash is received to record cash and reverse receivable
- 2) When should the revenue be recognized?
  - ✓ On May 31 when the service is rendered

# AV Doc to record Receivable

## Document Overview ▼ hide

### Document Overview

<b>* Description:</b>	Book revenue earned, but not received	<b>Explanation:</b>	Account 2205000 performed soil test on May 31st, but has yet to receive the revenue. This books the revenue that was earned.
<b>Organization Document Number:</b>			

### Financial Document Detail

<b>* Accounting Period:</b>	MAY 2014	<b>Total Amount:</b>	200.00
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## Adjustment/Accrual Voucher Details ▼ hide

### Adjustment/Accrual Voucher Details

<b>* Adjustment/Accrual Voucher Type:</b>	Adjustment (AVAD)
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## Accounting Lines ▼ hide

### Accounting Lines ?

[hide detail](#)


	* Chart Code	* Account Number	Sub-Account Code	* Object Code	Sub-Object Code	Project Code	Organization Reference Id	Debit	Credit	Actions
1	CO Colorado State University	2205000 Soil, Water & Plant Testing Laboratory		1437 Other Receivables				200.00	0.00	
2	CO Colorado State University	2205000 Soil, Water & Plant Testing Laboratory		4380 Other Sales+Services-Auxiliary/Self-Fund				0.00	200.00	

**Debit Total: 200.00 Credit Total: 200.00**

## General Ledger Pending Entries ▶ show

## Notes and Attachments (1) ▼ hide

### Notes and Attachments

	Posted Timestamp	Author	* Note Text	Attached File	Notification Recipient	Actions
<b>add:</b>				<input type="button" value="Browse..."/> No file selected. <input type="button" value="CANCEL"/>		<input type="button" value="add"/>
1	05/05/2014 04:06 PM	Mercurio, Erin Pillsbury	Attached is invoice that was sent to customer showing work performed and what day it was performed.	 Invoice.xlsx (9 KB, application/vnd.openxmlformats-officedocument.spreadsheetml.sheet)	<input type="text"/>	<input type="button" value="send"/>

# CR Doc to deposit cash & reverse receivable – enter as a negative

Accounting Lines

▼ hide

Accounting Lines ?

hide detail

	* Chart	* Account Number	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amount	Actions
1	<u>CO</u> Colorado State University	<u>2205000</u> Soil, Water & Plant Testing Laboratory		<u>1437</u> Other Receivables				(200.00)	
	<b>Line Description</b>								

Total: 200.00

# Additional Info - Deferred Revenue

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- An amount that is received in advance of earning it
- Represents products or services that are owed to the customer

# Additional Info - Deferred Revenue

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- Fiscal Year is July 1 – June 30
- Examples:
  - Summer tuition paid by the student in June, but the term is Jun - Aug
  - Football season tickets sold in June, games are Aug – Nov
  - Payment received in advance for equipment that will be rented throughout semester

# Should I Invoice through Banner?

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- What is your volume of accounts?
- What is the average dollar amount of each transaction?
- Bad debt rate
  - Based on revenue earned
- Unsure, set up meeting with A/R and/or Campus Services

# Services Available from Business & Financial Services

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Invoicing  
Batch Uploads  
Monthly Statements  
Cashiering Services  
Revenue Recognition/Receivable Entries  
Collection/Returned Check Services

# Contact Info

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ARO Main Phone Line 491-2697

Barb Gustison, ARO Manager 491-6661

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# Questions

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