

Managing Department Receivables

Business & Financial Services

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Topics Covered Today

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

Topics Covered Today

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

State Guidance

- 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

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

What is a Receivable?

- 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

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

Maintaining Receivables

- 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

- 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

- 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

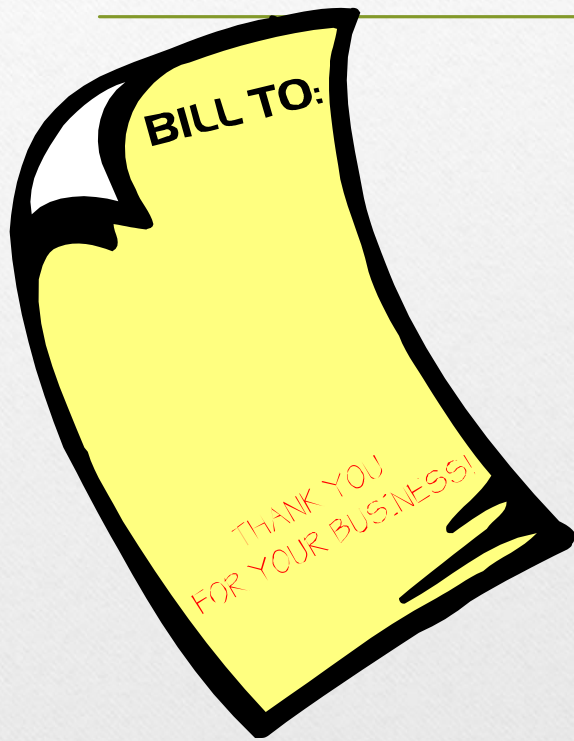
Customer Information

- 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

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

Invoice/Disclosure



Billing Invoices

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

Invoice/Disclosure

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

Bookkeeping Records

- 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

- 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

- 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

- 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

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

Accounting Methods

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

Cash vs. Accrual Method

- 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

- 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

- 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

- 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

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

Financial Document Detail

| | | | |
|-----------------------------|----------|----------------------|--------|
| * Accounting Period: | MAY 2014 | Total Amount: | 200.00 |
|-----------------------------|----------|----------------------|--------|

Adjustment/Accrual Voucher Details ▼ hide

Adjustment/Accrual Voucher Details

| | |
|---|-------------------|
| * Adjustment/Accrual Voucher Type: | Adjustment (AVAD) |
|---|-------------------|

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 |
|-------------|---------------------|--------------------------|---|---|------------------------|-------------------------------------|
| add: | | | | <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) | |
| | Line Description | | | | | | | | |
| | | | | | | | | | |

Total: 200.00

Additional Info - Deferred Revenue

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

Additional Info - Deferred Revenue

- 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?

- 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

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

Contact Info

ARO Main Phone Line 491-2697

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Questions

