

Virginia State University Policies Manual

Title: Miscellaneous Accounts Receivable

Policy: 5008

Purpose

The purpose of this policy is to provide guidance on how credit is extended to our customers and how Miscellaneous Accounts Receivable is managed, recorded and reported at Virginia State University. This policy applies to the billing and collection for all goods and services provided by the University to individuals and organizations, with the exception of the billing and collection of tuition and fees charged to students.

Authority, Responsibility, and Duties

The University's policy is to apply the Commonwealth of Virginia's policies and accounting standards to all accounts receivable transactions, regardless of the source of funds. The University's procedures are in accordance with the Commonwealth Accounting Policies and Procedures (CAPP) Manual published by the Department of Accounts, section number 20500.

Prior to generating accounts receivable and billing for services, Departments must obtain approval from the University's Financial Reporting Office to establish accounts receivable. All billing and accounts receivable of the University are subject to review by State authorities, auditors and internal accounting staff. Persons authorizing the granting of credit or generating accounts receivable must ensure that such transactions are necessary, reasonable and directly related to the goals and mission of the University.

By extending credit, University departments are assuming the risk that their "customers" may not pay. A receivable becomes past due if payment is not received by the payment due date. The University is required to report all receivables to the Department of Accounts on a quarterly basis. Past due receivables must be less than 10% of total receivables or the University is in violation of the Commonwealth's Management standards for Higher Education. The University is required to take all appropriate and cost effective actions to aggressively collect accounts receivable including any related collection costs, penalties or fees assessed. Collection procedures are in accordance with policies and guidelines established by the Office of the Attorney General and the Department of Accounts CAPP Manual.

Effective immediately, Departments beginning any billing/accounts receivable operation, continuing such operations and any Department not currently reporting these operations should contact the Financial Reporting Office for guidance and approval of this accounts receivable activity. The management, reporting and collection of University accounts receivable are the responsibility of the Controller's Office.

Definition

Accounts receivable are monies owed to the university, for good or services or other liabilities. Credit extended to students, faculty, staff and/or to outside customers is a receivable. This can include, but is not limited to, library fines, parking fines, personal telephone charges, overpayments or athletic game tickets/guarantees.

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Past Due receivables are those receivables that remain unpaid from 1 to 90 days beyond the initial due date.

Delinquent receivables are those receivables that are past due 91 days and beyond.

Policy Statements

It is the policy of Virginia State University that all receivables are to be processed and recorded through the University's Financial Reporting Unit using the appropriate documentation and procedures specified by this unit. These receivables must be reported quarterly to Financial Reporting so that the University can report them to the Department of Accounts in accordance with State policy. University receivables are also required to be reported on the University's annual financial statements. Departments and activities generating receivables must report them to the Financial Reporting Unit 30 days after the end of each quarter.

Whenever possible, University departments should require payment at or before the time goods or services are provided to our customers. In cases where this is not possible or practical, University departments may grant credit (accounts receivable) to such customers who provide sufficient demographic information to enable the establishment of an accounts receivable record. This record must include sufficient information to allow subsequent collection procedures to be applied if payment is not received by the due date.

Minimum Demographic Information:

Departments should obtain the following minimum information on prospective debtors:

- Full name and any previous names
- Home and office address
- Billing address if different than above
- Telephone numbers for home and place of employment or office
- Federal Employer ID number
- Social security number for individuals or sole proprietorships contracting with the University
- Place and type of employment and employer's address, where applicable

References

CAPP Topic Number 20505 – Accounts Receivable
Office of Attorney General Policies and Guidelines
University Collection Policy

Virginia State University
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Approved by: Eddie N. Moore, Jr., President

Date: December 10, 2007