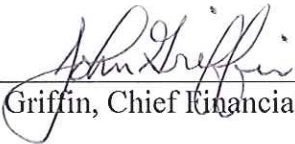




The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

Procedure Number: AC023

Date: September 29, 2006
Revised: June 18, 2012


John Griffin, Chief Financial Officer

Title Procedure for Accounts Receivable billing and collection

Statement

This procedure is established to document the billing and collection of accounts receivable as they relate to The University Corporation Accounting office.

Purpose

To provide The University Corporation, (TUC), with a procedure that: a) documents the creation of invoices for services provided by TUC and b) details the methods by which accounts receivable are monitored and collected.

Procedure

Billing/Invoicing

The University Corporation's accounting office is responsible for the billing and collection of various receivables as follows:

1. Memorandums of understanding, (MOUs), and purchase orders with CSUN and campus auxiliaries are billed monthly by the Accounting department. These are for space rental, payroll processing services and licensing management fees. The MOU or PO provides the amounts to invoice. A PeopleSoft query of account 120120 provides the amount of payroll and related benefit expenses to invoice. Invoices are also created for outside vendors where amounts are due for phone services, supplies, labor, bank fees, etc. that TUC has paid on their behalf. These types of items are communicated to the Accounting Tech via a memo from the appropriate manager. Examples of these outside vendors are Follett, Quick Copies and Subway.
2. The Accounting Technician responsible for billing and accounts receivable receives Banquet Event Orders (BEOs) from the Club Manager for catering provided by The Orange Grove Bistro. These are invoiced once a week. BEOs are sequentially numbered, so a log kept by the Accounting technician insures that each BEO is billed.

3. Club members can sign for their meals and be billed at the end of the month. The Accounting Technician receives the daily lunch tickets from the Club, via the cash room, accumulates them and bills the member at the end of the month.

Club membership fees are billed monthly, semi-annually and yearly depending on the preference of the member. A log is kept indicating the members preference. Some State employees had their Club membership fees paid via payroll deductions. The Accounting Technician has access to a state website where this information can be downloaded and then applied to the member's account in Peoplesoft.

4. BEOs are also generated in other food service areas that provide catering. Food Service Managers in the units are responsible for the timely submission of BEOs to the Accounting Technician so that the appropriate department on campus can be billed.

Monitoring and collection of A/R

1. Commercial operations

Each month, the accounting technician who is responsible for the billing of receivables reviews the invoices that are still outstanding.

- a. Invoices 60 days past due - The Accounting Technician writes a formal collection letter to the client indicating that the account must be made current. Each collection effort is logged on the face of a copy of the invoice that is kept in the A/R clerk's files.
- b. Invoices 90 days past due – A copy of the invoice and collection efforts to date is forwarded to the Associate Director of Accounting for follow-up. The Associate Director of Accounting will call, email or write a letter in an effort to collect the past due amount. Again, these efforts are currently documented on the face of the copy of the invoice. Since a majority of TUC's clients are campus related, it is not unusual for payments to take 90 days or longer to be paid. The Assoc. Director of Accounting will write letters to individuals and organizations outside of the CSUN campus community after 90 days. A copy of any letter is maintained with the invoice copy. Copies of emails sent to CSUN related clients are kept in the Associate Director of Accounting's email files. These accounts may be sent to an outside collection agency sooner than 90 days.
- c. Accounts are reviewed for write-off or outside collection efforts when they reach greater than 180 days past due.
- d. Special consideration is paid to OGB patrons who are not affiliated with the campus and who have had a special event at the Club but have not paid the invoice. Although deposits are collected up front, there have been occasions where checks have bounced after the event has taken place. These accounts may be sent to an outside collection agency sooner than 90 days.
- e. The Associate Director of Accounting will review the outstanding accounts receivable report with the CFO at the end of each quarter.

- f. The Associate Director of Accounting and CFO will review the outstanding accounts receivable report with the Executive Director as part of the year end process.

Accounts recommended for write-off are shown to the CFO and his approval is obtained before any write-offs take place. Small balance write-offs (less than \$25) can be approved by the Associate Director of Accounting.

2. Sponsored Programs –

Sponsored Programs administrators are responsible for billing their accounts receivable and monitoring the payment status of their assigned sponsored programs. The administrator reviews the accounts receivable report on a weekly basis and investigates overdue invoices. The Sponsored Programs Director will review the accounts receivable aging report on a monthly basis and will work with the Administrators to resolve any outstanding issues. The Chief Financial Officer will review the accounts receivable aging report with the Sponsored Programs Director on a quarterly basis.

Monitoring and collection of A/R –

Based on the circumstances, the following procedure is suggested:

- a. Invoices up to 90 days past due – No action is necessary during this time.
- b. Invoices 91 to 180 days past due – The Administrator will contact the client by telephone and ask about the outstanding balance. If necessary, additional supporting documentation will be provided including a new invoice. The Administrator will forward the necessary information to the client and notify the Sponsored Programs Director of the delay.
- c. Invoices 181 to 270 days past due – The Administrator will send a formal past due notice to the client requesting payment. Additional letters will be sent on a bi-weekly basis if no response is received. The Sponsored Programs Director will notify the Chief Financial Officer about the delay.
- d. Invoices 271 to 360 days past due – The Administrator will continue to send formal past due notices to the client requesting payment. The Sponsored Programs Director will ask the Principal Investigator for assistance with contacting the responsible people at the client. The Chief Financial Officer is notified of this step.
- e. Invoices over 360 days past due – The Administrator will continue to send formal past due notices to the client. The Sponsored Programs Director and CFO will consult with the Executive Director to decide next appropriate step.

Invoice write off authority –

All invoices are written off against the Sponsored Programs Reserve.

- a. Up to \$100 – Sponsored Programs Administrator
- b. Up to \$500 – Senior Sponsored Programs Administrator
- c. Up to \$5,000 – Sponsored Programs Director
- d. Up to \$10,000 – Chief Financial Officer

- e. Over \$10,000 – Executive Director with the Associate Vice President Research

Payment defaults –

The Sponsored Programs Director with the approval of the Executive Director will notify the Associate Vice President Research and the Principal Investigator concerning all payment defaults. The Dean and the Manager of Academic Resources of the respective college will be notified as necessary. The Executive Director and Associate Vice President Research will jointly determine the allocation of the related charges.