



UC San Diego

Policy & Procedure Manual

[Search](#) | [A-Z Index](#) | [Numerical Index](#) | [Classification Guide](#) | [What's New](#)

ACCOUNTING PROCEDURES – GENERAL

Section: 300-13

Effective: 02/23/2022

Supersedes: New

Next Review Date: 02/23/2025

Issuance Date: 02/24/2022

Issuing Office: [Office of the Controller](#)

ACCOUNTS RECEIVABLE POLICY

SCOPE

This policy applies to all University faculty, staff, students, and its authorized agents who have responsibilities relating to Covered Accounts Receivables.

POLICY SUMMARY

Accounts receivable are a significant asset and source of revenue to the University. Effective management and oversight of receivables is vital to ensuring the full and timely collection of all amounts owed. Receivables support the costs of resources expended by the University to deliver goods and/or services to external entities.

All University faculty, staff, students, and its authorized agents responsible for handling any Covered Accounts Receivables are responsible to fully adhere to all aspects of this policy.

Covered Accounts Receivables due to the University should not be created outside the confines of this policy.

DEFINITIONS

Accounts Receivable Team - for the purposes of this policy means the unit within UC San Diego's Financial Operations Division under the Controller & Assistant Vice Chancellor Business & Financial Services.

Covered Accounts Receivables - for the purposes of this policy means amounts owed in connection with those transactions, as determined by UC San Diego's Controller, where UC San Diego provides goods or services to a Customer. Covered Accounts Receivables do not include: any point of sale transactions, UC San Diego Health (EPIC Electronic Medical Record) patient-related billings, student receivables (including those covered by PPM 300-29), gifts to the University, and/or internal university department recharges.

Customers - for the purposes of this policy means any business, contractor, vendor, employee, or individual that UC San Diego bills for payments due for services, levies, or products that are provided or assessed by the University.

Financial System - for the purposes of this policy means the University's authorized financial system.

POLICY STATEMENT

Covered Accounts Receivables are an important source of revenue to cover expenses incurred by the university for delivered services and/or products to Customers. The university needs to properly manage all payments due. In order to have visibility of all payments due, the university must ensure all Covered Accounts Receivables are properly invoiced and accurately reflected in our accounting records. The university also needs insight to proactively manage past due Covered Accounts Receivables and, when appropriate, to inform the viability of ongoing business relationships with Customers.

RESPONSIBILITIES

- Faculty, staff, students, and authorized agents of the University shall:
 - Stay current with this policy and Covered Accounts Receivables business processes.
 - Develop and maintain appropriate Customer relationships in partnership with the Accounts Receivable Team.
 - Bill Customers in a timely fashion for services and/or goods.
 - Assist the Accounts Receivable Team to help ensure prompt collection of all amounts due.
 - Review reports of unmatched revenue and cooperate fully with the Accounts Receivable Team to help ensure future automated matching of billing to receipts.
 - Maintain appropriate financial records to document all amounts billed versus collected.
 - Perform timely reconciliations of collections to billed and unbilled amounts for goods and/or services provided by the University and covered by this policy.

PROCEDURES

A. Creating & Managing Customers

Customers may only be created and managed by the Accounts Receivable Team with the appropriate credentials in the financial system. Requests to create new Customers should be routed by departments to the Accounts Receivable Team.

B. Creating & Processing Invoices

Departments may prepare and send invoices from the financial system. Invoice templates may also be created by departments using approved UC San Diego branding including but not limited to logos and text.

All invoice templates must be approved by the Accounts Receivable Team before use.

All invoice templates in the financial system must use the university's common billing address to ensure monies are collected centrally to be properly applied and reconciled to open receivables. The department may not use their department address for billing nor directly collect any amounts due in an invoice or bill.

No billing activities, including invoice or billing statements, should take place outside the financial system or require payment through any unapproved billing address.

Billing frequency, terms (net 30 preferred), and billing contact information must be included in any agreements that will result in Covered Accounts Receivables.

C. Payment Methods for Accounts Receivable

1. Cash

Cash may be collected against receivables. Normally, cash is collected directly via a transaction at the university's Central Cashier. The receipt of cash is manually linked to the receivable at the point of receipt by the cashier's staff. Cash should not be accepted directly by any staff besides the cashier for any payment due to the university unless through an authorized petty cash or change fund approved by Internal Controls & Accounting.

2. Checks

Checks should be sent to the invoice billing address where they are applied to the outstanding receivable. Any checks received at the department level should be immediately delivered to Central Cashier for posting against the receivable and for deposit to the university bank account.

3. Credit cards

Credit cards are acceptable for invoice payment. Credit cards are processed electronically via instructions provided on the invoice. Such transactions are captured via the bank's web payment portal with direct identification to the payee account and the invoice number.

4. ACH

A payee can establish a direct link to the campus' payment portal by registering their banking information with our bank; thereafter, they can then initiate payments against outstanding invoices via ACH.

5. Wires

Wires are the least desirable method of payment for outstanding invoices. Remittance information and guidance for wire payments will be included as an option on invoices only to support foreign Customers.

6. Cash Receipts.

Other than through direct customer service transactions through an approved petty cash or change fund, departments should not receive payments directly including receipt of cash or checks. Unsolicited funds may qualify as gifts and should therefore be promptly routed to The Office of Gift Acceptance and Policy Administration ("Gift Services") for review and processing. Departments should not deposit any gift funds directly without review and processing through Gift Services.

Any receipt of funds not billed through an invoice should be deposited within one business day through the Central Cashier where they will post to a campus cash clearing account to be reviewed by the campus Accounts Receivable Team for proper disposition and accounting. Departments are responsible for claiming unidentified incoming payments and may be asked to provide supporting documentation.

D. Aging of Receivables & Collections Process

The goal of the university is to ensure prompt payment of all amounts due. The campus Accounts Receivable Team will monitor aged Covered Accounts Receivables and generate reports to review outstanding payments. Except for contracts with federal or state government entities/agencies, all departments should ensure that appropriate language is included in contracts and vendor agreements to support all invoices and clearly indicate terms of payments due to the university including assessment of late fees for any amounts past due. Except for contracts with federal or state government entities/agencies, normally, payments are past due after 45 days.

University of California San Diego Policy – PPM 300 - 13

PPM 300 - 13 Accounts Receivable Policy

For internal campus accounting purposes, each campus department incurs the financial risk of any and all amounts owed to it by its Customers, which includes the responsibility to resolve deficits incurred as a result of any uncollectible balances that may lead to a write off. A department in consultation with the Accounts Receivable Team must continually assess the ongoing financial risk to the university of continuing to provide products or services to any delinquent Customer. A determination regarding whether to stop work and/or cease providing services to a Customer with unpaid balances should only occur after consultation with senior leadership.

Collected late fees will be centrally managed by the Accounts Receivable Team and may be applied to the ongoing costs of collection or for other purposes as approved by the Chief Financial Officer.

The Accounts Receivable Team is responsible for estimating and supporting accounting for doubtful Covered Accounts Receivables in the university's reports and financial statements.

E. Reporting

The Accounts Receivable Team is responsible for developing reports that communicate the status of accounts receivable for the campus. This Team will regularly communicate the status of aged receivables to the associated departments.

RELATED INFORMATION

[University of California, Business & Finance Bulletin \(BUS-49\)](#)
[University of California, Accounting Manual](#)

FREQUENTLY ASKED QUESTIONS (FAQ'S)

None.

REVISION HISTORY

2022-02-24 New policy issued.