

THIS IS NOT A POLICY
DRAFT POLICY AND INTERIM GUIDELINES
ACCOUNTS RECEIVABLE POLICY

SCOPE

This policy applies to all University faculty, staff, students and its authorized agents to business processes defined below.

Includes:

- Employee receivables
- Contracts & Grants
- Clinical services and non-patient billing from Medical Center, Physicians Group or Population Health(other than EPIC)
- Other miscellaneous receivables

Does not apply to:

- Medical Center billing through EPIC
- Foundation
- Student Accounts receivables
- Intercampus billing or recharges through UC Financial Control
- Internal recharges
- Campus retail operations

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 as defined in the business scope areas above are responsible to fully adhere to all aspects of this policy. Receivables due to the University under the business scope defined above will not be created outside the confines of this policy. Any activity found not to be in compliance with this policy is subject to disciplinary measures up to and including termination.

DEFINITIONS

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

Financial System - is the University's authorized financial system. All financial transactions associated with receivables must be processed through approved University systems.

POLICY STATEMENT

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 receivables are properly invoiced and accurately reflected in our accounting records. The university also needs insight to

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proactively manage past due 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 accounts receivable business processes.
 - Develop and maintain appropriate customer relationships in partnership with the accounts receivable office.
 - Bill customers in a timely fashion for services and/or goods.
 - Assist the accounts receivable office to ensure prompt collection of all amounts due.
 - Review reports of unmatched revenue and cooperate fully with the accounts receivable office to 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.

PROCEDURES

A. Creating & Managing Customers

Customers can only be created and managed by the accounts receivable office staff with the appropriate credentials in the financial system. Requests to create new customers should be routed by departments to the accounts receivable office.

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 office 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. On very rare occasions, a department request to use a different address may be taken under consideration. Such requests must route through the accounts receivable office for approval by the Controller and are granted as exceptions. All requests to use a different address must be accompanied by the relevant department information, including the business case analysis and justification. No billing will 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 indicated in any agreements for services and/or goods between UC San Diego and external organizations.

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 General 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 the campus 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

The payee can establish a direct link to our payment portal by registering their banking information with our bank. 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.

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 campus gift office for review and processing. Departments should not deposit any gift funds directly without review and processing through the gift office.

Any receipt of funds not billed through an invoice must be deposited within one business day through the campus cashier where they will be posted to a campus cash clearing account to be reviewed by the central accounts receivable office for proper disposition and accounting. When requested departments will support clearing of undistributed cash or wires. Departments are responsible for claiming receipts including providing documentation to support any claim to unclaimed cash or wires. Cash and other receipts will not be applied to department funds without this review including any funds that in rare circumstances may post as credits to expense.

D. Campus Retail Operations

Campus retail operations such as the bookstore, cafeterias, coffee carts, parking, etc. normally receive cash, checks or credit cards in the course of their normal daily business. These transactions are not normally receipts against a receivable since these transactions are not billed via an invoice. These receipts are promptly processed through daily cash deposits to the cashier or through a lockbox. Though not normal, approved long term financing arrangements by campus retail operations should be established and managed through a receivable in the financial system.

E. Internal billing (campus recharges)

Billing for intercampus transactions between departments will not be posted as receivables in the financial system since they are internal billings reflected as a transfer of resources (payment for products and/or services) internal to the university. Internal billings are not recognized as revenue to the university. Recharge or self-supporting business areas billing external entities must comply with this policy.

F. Aging of Receivables & Collections Process

The campus accounts receivable office will monitor aged receivables. Reports will be generated to review late payments. First notices to the customer for an unpaid invoice will be sent at 45 days past due. Second notices will be sent at 60 days (with a late fee assessed as described below) and a final

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notice at 90 days. The final notice will clearly communicate to the customer that the delinquent balance will be sent to a collection agency 30 days after this final notice. At 120 days without settlement of the delinquent balance due, the accounts receivable office will send the invoice to the university's collection agent.

Past due notices do not apply to amounts unpaid from federal and state agencies. All other customers do require follow up action as described above to collect amounts due.

Each campus department incurs the financial risk and assumes the liability for all unpaid past due balances. This includes resolving deficits incurred as a result of any uncollectible balances leading to a write off. The department in consultation with the accounts receivable office must continually assess the ongoing financial risk to the university of continuing to provide products or services on behalf of any delinquent customer. When appropriate, the department should stop work and/or cease providing services when the financial risk is too great. This determination of risk should be a consultative process involving senior leadership.

Late fees may be assessed and collected by the accounts receivable office to invoices after they are 60 days past due. Late fees assessed will be a minimum of \$25 or 5% of the outstanding amount whichever is greater. The accounts receivable office may modify past due invoices to add late fees. Collected late fees will remain in an account managed by the accounts receivable office and may be applied to the ongoing costs of collection or for other purposes as approved by the Chief Financial Officer. Late fees may only be waived by the accounts receivable manager.

After 120 days past due the receivable will be sent to collections by the accounts receivable office. The receivable balance sent to collection will be applied to the allowance for doubtful accounts. When declared as uncollectible by the third party collection agency the balance will then be immediately written off. The uncollected amount will then be assessed as an offset to the cancelled receivable and charged to the department responsible for the billing and invoice. If the invoice is partially settled through the third party collection process, the accounts receivable office will reopen the receivable previously written off and post the payment. Any shortage from the original invoiced amount will remain a department obligation.

Based on statistical experience and subsequent forecasting, the accounts receivable office is responsible for estimating and supporting any financial data to account for doubtful accounts receivable in the university's reports and financial statements.

G. Reporting

The accounts receivable office is responsible for developing reports that communicate the status of accounts receivable for the campus. This office will regularly communicate the status of aged receivables to the campus community.

FORMS

List any related forms and link if possible.

RELATED INFORMATION

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

FREQUENTLY ASKED QUESTIONS (FAQ'S)

None yet. To be revised before Oracle go-live with link to Blink page(s) defining accounts receivable business processes that support this policy.

REVISION HISTORY

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