

UCORP
Accounts Receivable Policy and Procedure

Revised: November 20, 2015

Policy Statement

The University Corporation, SF State (UCorp), in the administration of various projects/accounts, will prepare invoices as required by each project/account. Collections will be performed on a regular basis for goods and services provided. Outstanding receivables for potential write-off will be reviewed prior to the end of each fiscal year.

Types of Invoices created:

- Grants and contracts where an agreement exists stipulating the amount awarded to UCorp and the related billing requirements.
- Commercial tenants that provide services on campus. The current contract stipulates the rent and ancillary charges to be invoiced.
- Interdepartmental invoices between the campus and a UCorp project for services provided or reimbursement of expenses paid. The PI/Project Director is responsible for providing the appropriate information for creating an invoice to the A/R accountant.
- Fee for Service invoices to third parties where a UCorp project has provided a service. The PI/Project Director is responsible for providing the appropriate information for creating an invoice to the A/R accountant.

Collections

All outstanding invoices are aged and reviewed on a monthly basis. Past Due notices are sent out on the 1st day following the due date.

Customers with invoices 30 days past due are sent a second notice.

All invoices 60 days past due are reviewed by the AR/Program Manager and the collectability is assessed by conferring with the project director who initiated the need for an invoice.

Commercial Tenants

Outstanding invoices related to commercial subtenants for rent and ancillary charges are handled according to each tenant's sublease, which dictates the course of action for late and non-payment of invoiced charges. The Retail & Commercial Services Manager works with the A/R accountant to monitor the status of payments on a monthly basis. The Retail & Commercial Services Manager is responsible for collection and follow-up for non-payment of invoiced charges related to commercial vendors pursuant to the terms of the related agreement.

On-Campus accounts

Outstanding invoices related to on-campus departments, or colleges would be followed up with the UCorp PI/Project Director and the appropriate personnel within the college department.

Bad Debt Review, Allowance for Doubtful Accounts and Bad Debt Write-off

Allowance for Doubtful Accounts Valuation and Write-off

The allowance for doubtful accounts amount would in general be less than 10% of outstanding invoices over 90 days because the largest customer for UCorp is San Francisco State University and the probability of non-payment has been determined to be very small. During our annual review, those delinquent invoices, with the exception of invoices related to grants and contracts receivables from SFSU, over 90 days or older, are summarized and given to management for review. Based on the review of outstanding invoices over 90 days, management will determine whether an allowance for doubtful accounts needs to be recorded for that fiscal year end and determine the appropriate percentage.

The accounting supervisor summarily presents those items suggested to be written-off for each fiscal year. Management reviews the recommendation made, and if an invoice to be written-off is \$20,000 or greater, approval will be sought from the Board of Directors.

Outstanding receivables will be written off, based on a determination that a particular receivable is uncollectable. A final review of outstanding receivables and write-offs will be completed before the end of each fiscal year. UCorp will not write off an outstanding receivable if there is potential to collect. Write-offs will be approved and initialed by the Director of Finance and Administration or Executive Director.