Accounts Receivable – Sponsored Programs Administration Project Accounts

Policies and Procedures

1. Introduction:

   The Accounts Receivable Department's goal is to provide efficient and effective processing of accounts receivable and cash receipts for Sponsored Programs Administration project accounts including Centers & Institutes and programs (program). To achieve this goal, accounts receivable administers record keeping, file retention and maintenance and collection process if appropriate. The accounts of programs are maintained and reports are prepared on the accrual basis of accounting. Revenues are reported as earned.

   The staff within the programs have direct contact with customers and have first-hand knowledge of billing information such as name of customer, billing amount, billing address, etc. The nature of business from each program varies and it can range from registration of classes and seminars, to sales of manuals, to services provided on historical and geological record search.

   Due to the nature of each program and billing process of the account within the program, the handling of program accounts receivable is categorized into three groups.

2. Accounts Receivable and Cash Receipts Handling

   Group 1 – Program with billing and cash receipts accounting system in-house

   When the program has an accounting system in-house to take orders from customers, generate invoices and collect payments, the program is responsible for monitoring the billings and submitting payments to Business Services as soon as possible but no later than one business day upon receipt. On June 30 of each year, the program is required to submit an aging report to Business Services. Business Services will use the information from the aging report to accrue revenue at June 30 if the balance is over $5,000. An example of a Group 1 program would be Office of Water Programs (OWP).

   Group 2 – Program receives pre-payment for service rendered

   When the project receives pre-payment prior to service rendered such as registration fees for classes, training, seminars; and membership fees, the program is responsible for administering the activities and collecting payments in-house. Once payment is received, the program will need to submit payment to Business Services as soon as possible but no later than one business day upon receipt. Accounts receivable will not apply in this group. Accounting of cross fiscal year pre-payments will be handled in the following manner:

When payments are pre-paid during the year for service to be rendered in the following fiscal year, a separate Cash Transmittal Form needs to be filled out and notated as such. Do not comingle current year revenue with the following fiscal year revenue on the same Cash Transmittal Form. An example of a Group 2 program would be the Renaissance Society. An exception to Group 2 program would be Academic Talent Search. See exception below.

Exception: Academic Talent Search (ATS) primarily provides courses to 4th through 9th grade students during the summer between June and August. ATS processes registration and enrollment and collects registration fees in-house. A majority of the registration fees are collected in June for summer classes. Due to the volume of enrollment, ATS does not have to prepare separate Cash Transmittal Form in June for the following fiscal year's revenue, instead; Business Services will perform an analysis at June 30 to determine how much of prepaid registration fees should be classified as deferred revenue based on number of days of instruction in June, July and August.

Group 3 – Program receives payment after service is rendered

When the program receives an order from the customer, the program will generate an invoice and collect payment in-house. Business Services will provide a log in a spreadsheet format to the program gathering accounts receivable information such as customer name, transaction date, purpose of the transaction and dollar amount. The program will update and submit the log to Business Services on a weekly basis as transactions incur.

The program will submit payment along with Cash Transmittal Form to Business Services no later than one business day upon receipt. Cash Transmittal Form should reflect same billing information provided previously for cross reference purpose. Business Services will match payment against the log. Any unpaid items over 60 days on the log will be identified by Business Services and communicated to the program.

On June 30 of each year, the program will submit a list of outstanding unpaid items. Business Services will compare the list provided by the program against the log and determine if revenue needs to be accrued at year-end. The threshold of recording accounts receivable is $5,000. An example of Group 3 program would be Northern California Information Center (NCIC).