

Appendix I - External Sales Accounts Receivable Policy and Procedure

Accounts receivable represent balances owed to University departments for credit sales of goods or services to non-University customers. Student related accounts receivables are the responsibility of the Bursar's Office. Sponsored Programs related accounts receivable are the responsibility of Contracts and Grants Accounting. All other accounts receivable are the responsibility of the unit generating the initial credit sale. Departments are responsible for the following:

- Maintaining accounts receivable records including supporting documentation.
- Collecting all fees, dues, and other income.
- Reporting all outstanding receivables to the Associate Vice President for Finance who in turn prepares a consolidated report for UT System Office of General Council.
- Documenting policies and procedures for collecting overdue accounts, plus the dollar amounts and age of past due accounts to write-off.

Minimum documentation supporting accounts receivable includes:

- Record of individual charges reflecting invoice number, date, amount, customer name, address, and description of the charge.
- Record of justification for invoice adjustments. Policy for approving adjustments is documented.
- Record of cash received reflecting the date, amount, invoice number, and customer name.
- Monthly aged trial balance or the Aged Open Invoices Report and the reconciliation between aged open invoices to individual charges.

RETURNED CHECKS, BAD DEBT EXPENSES, UNCOLLECTABLE ACCOUNTS RECEIVABLE AND WRITE-OFFS

Uncollectable checks, because of non-sufficient funds or drawn on a closed account, are returned by the bank to the Bursar. The Bursar charges the departmental account for returned checks. Returned checks must be set up as an accounts receivable except for the following:

- Check was a gift of \$25 or less;
- Sale of goods and/or services generating the funds was cancelled.

Departments are responsible for pursuing further collection efforts where warranted or reducing their recorded revenue. The Bursar's Office will provide information on collection options and relevant laws. All write-offs or cancellations of Uncollectable accounts receivable over \$25 require the approval of the Dean or the Division head of the unit. Amounts under \$25 are approved by unit manager or a person designated by the unit manager who is NOT affiliated with accounts receivable.