**University of Washington**

**RECOMMENDED RECEIVABLES PROCEDURES FOR DEPARTMENTS NOT UTILIZING CENTRALIZED I/R PROCESSING AT STUDENT FISCAL SERVICES**

**OVERVIEW & REPORTING REQUIREMENTS**

Student Fiscal Services (SFS) oversees the central billing service for the University of Washington Invoice Receivables and is charged with the responsibility of ensuring that UW departments follow the state guidelines. These guidelines can be found at <https://www.ofm.wa.gov/sites/default/files/public/legacy/policy/85.54.htm>.

The services provided at Student Fiscal Services meet the requirements of the state for the billing, collection and reporting of miscellaneous receivables for departments. Using the central services provided by SFS ensures the department is meeting state guidelines.

The UW Administrative Policy Statement regarding Sales of Goods and Services can be found at <http://www.washington.edu/admin/rules/policies/APS/59.05.html>.

The details of the services provided by the Invoice Receivables department at Student Fiscal Services can be found on the website at <https://f2.washington.edu/fm/sfs/ir/intro>. If there are any questions concerning the Invoice Receivables services that are available, please send an email to [invoices@uw.edu](mailto:invoices@uw.edu).

Departments who process their own billing and do not utilize central services via SFS need to ensure they follow all regulations related to billing. The following guidelines are provided for departments not choosing to use the central services.

**DEFINITION OF RECEIVABLES**

Receivables are defined as amounts due, which are to be collected from private persons, businesses, agencies, funds, or other governmental units. Receivables are to be recorded as soon as the underlying accounting event has occurred and the amount is determinable.

**REQUIRED ACCOUNTING STANDARDS FOR THE STATE OF WA**

The University’s accounting standards reflect policies established by the state’s Office of Financial Management and apply to all University departments, including those that maintain their own billing systems. The required accounting standards for aging of Receivables are as follows:

* Current - Accounts not yet due. Date due is calculated from the invoice date and stated term (e.g. “net 30").
* Past Due – Accounts become past due 31 days after the invoice issue date.
* Collection of Invoices – With the recent changes in consumer protection the collection of past due invoices has been impacted. Contact I/R at [invoices@uw.edu](mailto:invoices@uw.edu) for details.
* Uncollectible – Departments that do not use Invoice Receivables will need to determine when an invoice is determined to be uncollectible. All departments must have written procedures for what is marked as uncollectible. The total amount of write offs must be reported to Financial Accounting each year. See details below.

**MAINTAINING AN ALLOWANCE FOR UNCOLLECTIBLES**

The allowance for uncollectible is the amount of the total receivables outstanding that is not expected to be collected in the future. The allowance must be calculated annually.

**REPORTING REQUIREMENTS**

The University must submit an annual receivables report to the state’s Office of Financial Management that shows receivables by aging category and the allowance for uncollectibles. Departments that do not use Invoice Receivables must submit a copy of their June 30th Aging Invoice Receivables report and write offs to Financial Accounting ([accountg@uw.edu](file:///\\nebula2.washington.edu\uw\groups\sfs\receivables\Invoice%20Receivables\accountg@uw.edu), 206-221-7845, Box 354965).

**GENERAL DEPARTMENTAL BILLING/COLLECTION GUIDELINES**

Whenever possible, a department should collect payment at the time goods are delivered or services rendered. Immediate payment provides substantial savings in recording invoices and payments, reconciling accounts, and following up on collection of unpaid invoices. Generally, amounts under $20 should not be billed; payment should be collected at the time of the transaction.

**BILLING AND COLLECTING REVENUE, AND ACCOUNTING FOR DEPARTMENT RECEIVABLES**

Departments that do not collect payment at the time goods are delivered or services rendered should issue an invoice at that time. The department must maintain all documents and records including all pertinent information relating to the transactions.

Part of the billing is to include sales tax when appropriate. The UW Tax Office website can be contacted for detailed sales tax questions. <https://f2.washington.edu/fm/tax/home>. Questions not answered by the website can be emailed to [taxofc@uw.edu](mailto:taxofc@uw.edu) or call 206-685-0571.

**COMMUNICATIONS**

When communicating with [invoices@uw.edu](mailto:invoices@uw.edu) ensure that you continue to reply to the ongoing chain of conversation with Student Fiscal Services. You will receive an email from our Request Tracker (RT) management system. A RT number is assigned to each conversation chain so please reply directly to the email sent. Creating a new message can create confusion as more than one staff member may be working on these emails. Using one ongoing message also keeps the documentation together.

**FORMS TO USE FOR INVOICING**

An invoice template is available in Word format. Invoices may be electronically generated. The departments are responsible for keeping records of invoices issued as well as issuing all invoices to customers. Please use this updated version with the two disclosures required on all invoices generated by the department.

**This invoice example was updated 12/2018**

* [Word template for Departments not using I/R (blank)](http://f2.washington.edu/fm/sfs/sites/default/files/doc/Invoice_example_Word_Depart.doc)

Departmental information and contacts **must** be added to the invoice. The PO Box address of 94224 **cannot** be used by departments doing their own invoicing. This lockbox system is reserved for the use of only departments that are utilizing the services provided by SFS. More vendors want to issue electronic payments; checks are not as popular. If the department needs electronic wire or ACH options; please consider the services I/R can provide for the department and send an email to [invoices@uw.edu](mailto:invoices@uw.edu) to get set up as an I/R department. If the department is self-supported, the main UW bank account with the Banking & Accounting Operations department must be used for wire payments.

If a self-supported department wants to use a series of alpha characters at the beginning of the invoice number, the prefix MUST be prior approved with the I/R department at SFS. I/R has the authority to ask a self-supported department to use different alpha characters if another department on campus is already using the same prefix. We cannot have two departments using the same alpha characters. Often vendors send payments to the I/R address in error. Two departments using the same prefix causes lots of confusion and accounting concerns. Check with the I/R department by sending an email to [invoices@uw.edu](mailto:invoices@uw.edu) to get the alpha characters prior approved.

**INTEREST**

Interest accrual is required by state RCW 43.17.240. More information regarding interest accrual can be found at: <http://apps.leg.wa.gov/RCW/default.aspx?cite=43.17.240>. Interest will begin to accrue starting 31 days from the date of the invoice. The department is responsible for calculating interest, collecting it as appropriate and crediting the central budget for interest collected.

All departments are required to charge interest on their receivables unless your customer is a federal or state agency, hospital, University or registered Non-Profit organization. Customers that meet these qualifications will not be charged late fees or interest.

Invoices begin accruing interest at a rate of 1% per month/12% annually starting the 31st day from the date of the invoice. **All invoices must contain the following two disclaimer notifying customers of the potential for interest accrual.**

* “A finance charge may be added to past due balances at a periodic rate of 1% per month, or 12% annually.”
* “A late fee of $25.00 may be charged if payment is 60 days past due.”

If the customer does not qualify as being exempt from interest and late charges, a late fee of $25.00 will be charged when the invoice is 60 days past due. The department is responsible for collecting late fees in addition to interest as appropriate.

The central budget number 51-1614 and revenue code 94-99-99 is used for collected interest and late fees. Self-supported departments are required to collect interest and late fees according to state regulations. The department is responsible for entries to the central budget for all fees collected.

**PAYMENTS FOR INVOICES**

Departments that choose to do their own invoicing have two primary ways to receive payment: checks and credit cards. Credit card processing would need to be set up by the department to be able to accept payments with this method.

If the department wants to accept ACH/Electronic payments or wires and Invoice Receivables is not doing the invoice processing; please consider setting up I/R services with SFS. The other option is to contact bank rec at [bankrec@uw.edu](mailto:bankrec@uw.edu) to set up arrangements for accepting these kinds of payments. If the department has used the UW bank account ending in 0904 in the past, the vendor needs to be directed to use the account number provided by bank rec for these types of payments. The use of the 0904 is reserved for departments using the centralized I/R system.

* Check payments need to be payable to the University of Washington; not the department or contact person.
* Payments must be mailed directly to the department address; they CANNOT be directed to Student Fiscal Services Invoice Receivables. Provide the sending address for the department on the invoice.

If your department is not set up to deposit checks and complete an online CT to credit your budget, please email [bankrec@uw.edu](mailto:bankrec@uw.edu) for authorization to direct deposit.

1. Accepting credit card payments is one of the easiest ways for customers to make payments. If your department is not currently accepting credit card payments and would like to start, please contact Banking & Accounting Operations at [pcihelp@uw.edu](mailto:pcihelp@uw.edu).

**ADJUSTMENTS**

All departments are to have written procedures to ensure that only authorized invoice adjustments are recorded. All adjustments are to be supported by a revised billing document, a credit memorandum, or other appropriate documentation.

**CANCELLATIONS**

All departments are to have written procedures to ensure that only authorized cancellations are recorded. All cancellations are to be supported by a revised billing document, a credit memorandum, or other appropriate documentation.

Some reasons for cancelling invoices include:

* Invoice was issued in error
* Invoice needs to be reissued at a later date
* Customer no longer owes the money
* Customer cancelled the order or request

**INVOICE MANAGEMENT PROCESS**

Section 85.54 of Office of Financial Management requirement states:

"Written procedures are to be developed and followed to ensure that past due receivables are followed up promptly and in a manner that is cost-effective for the overall collection program. These procedures are to provide for the full range of collection procedures to be used as appropriate, including issuance of statements and dunning letters, phone and personal interviews, filing of suits and liens, referral to private collection agencies or letter services, etc."

Student Fiscal Services has oversight of the collection policies and practices for the University of Washington. If the department is considering using a collection agency to assist in the collection process; please contact invoice receivables at [invoices@uw.edu](mailto:invoices@uw.edu) for assistance and current information and requirements. The AG office has indicated that many consumer protection regulations prevent UW from sending I/R Invoices to an outside collection agency.

**WRITE-OFF PROCEDURES**

Departments should document, in writing, the criteria to determine which receivables are uncollectable and write-offs should be based on these criteria.

Several criteria justify write-offs:

* The debtor cannot be located, nor can any of the debtor's assets
* The debtor has no assets and no expectation of having any in the future
* The debt is disputed and there is insufficient documentation to pursue collection efforts
* The debt is discharged in bankruptcy and there is no guarantor or successor
* The debtor has died and there is no estate or guarantor
* Cost of debt collection exceeds amount to recover
* The issue date of unpaid invoice is 180 days or more
* Collection efforts have been exhausted

*After the account is written off, the accounting records pertaining to the debtor's account should be maintained in accordance with the department's approved records retention schedule. It is recommended that the department not extend credit to this vendor in the future if previous invoices have not been paid in full.*

**BANKRUPTCY NOTICES RECEIVED ON ACCOUNTS**

SFS is the coordinating office for the University of Washington regarding bankruptcy cases. All legal forms, letters, or inquiries regarding bankruptcies for Invoice Receivables customers should be forwarded to [invoices@uw.edu](mailto:invoices@uw.edu).