**University of Washington**

**RECEIVABLES PROCEDURES**

**OVERVIEW**

This procedure supports the Invoice Receivables policy for the University of Washington. It provides procedures regarding receivables for both departments using the central services offered by Student Fiscal Services and departments billing their own receivables.

Note: Policy will be posted once approved.

**DEFINITION OF RECEIVABLES**

Receivables are defined as amounts due, which are expected 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 which maintain their own billing/collection 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. Past due notices are sent at this point.
* Collections – Invoices are reviewed for additional collection action, such as referral to a collection agency, once they become more than 120 days past due.
* Uncollectible - All invoices having been referred to an outside collection agency and not resolved after one year will be considered uncollectible.

**MAINTAINING AN ALLOWANCE FOR UNCOLLECTIBLES**

The allowance for uncollectables is the amount of the total receivables outstanding that is not expected to be collected in the future and includes not only a provision for actual delinquent accounts but an estimate of a reasonable percentage of other accounts. The allowance should be adjusted annually.

**CENTRAL 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 uncollectables. 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@u.washington.edu, 206-221-7845, Box 351120).

Invoice Receivables will supply the required year-end reports to Financial Accounting for departments utilizing the IR system.

**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 $10 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. Departments maintaining their own system must use sequentially numbered invoices. Departments must maintain all documents indicating all pertinent information relating to the transactions

All departments using Invoice Receivables must use an invoice approved by Invoice Receivables to ensure required information is on the invoice. Please contact IR at (206) 543-7560 for assistance with invoice number series or the invoice template. Invoices may be electronically generated.

**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>

All departments are required to charge interest on their receivables.

Invoices begin accruing interest at a rate of 1% per month/12% annually at 31 days past due. All invoices must contain the following disclaimer notifying customers of the potential for interest accrual:

***IMPORTANT******NOTE***: “A finance charge may be added to past due balances at a periodic rate of 1% per month, or 12% annually.”

**FORMS TO USE FOR INVOICING**

Departments using the Invoice Receivables system must be assigned a **Unique** invoice number series by Invoice Receivables, and must use one of the following approved invoice templates:

* [Word template (blank)](http://www.washington.edu/admin/finmgmt/sfs/cash/ir_form.doc)
* [Excel template (blank)](http://www.washington.edu/admin/finmgmt/sfs/cash/ir_form.xls)

Please contact Invoice Receivables at (206) 543-7560 for assistance with invoice number series or the invoice template.

**PROCEDURES FOR SUBMITTING INVOICE TO INVOICE RECEIVABLES (CENTRAL SYSTEM)**

Invoice records may be submitted for loading to the Invoice Receivables system in two ways:

1. Web Entry: Departments may submit individual invoice records online via the Invoice Receivables Entry website at <http://f2.washington.edu/fm/sfs/ir/entry>.

Instructions for Invoice Input via the web may be found at <http://f2.washington.edu/fm/sfs/sites/default/files/doc/ir-entry.docx>.

Invoices input via the web by 3pm will be uploaded that night and available on the Invoice Receivables system the following business day.

**Note:** To ensure timely servicing of your invoices, please submit your records to Invoice Receivables within 1 business day of issuing the invoice.

1. Departments may also submit invoice records using the standard Invoice Entry Excel template. The Excel spreadsheet is the preferred method for submissions of *multiple*invoice records, and may be used in conjunction with the invoice template to create a mail-merge document for generating invoices.

To use this method, please contact Invoice Receivables via phone at (206) 543-7560 or by e mailing [invoices@u.washington.edu](mailto:invoices@u.washington.edu) and advising that you want to use the spreadsheet. An Invoice Receivables staff person will call you within 24 hours. Once the process is completed, your Excel files will be emailed to [invoices@u.washington.edu](mailto:invoices@u.washington.edu). Any files received before 3pm will be uploaded the same night and available on the system the following day. **Note:** We can only accept Excel files using this standard template. Files that do not utilize this template will be returned to the department for corrections.

All Invoices are limited to ONE budget number and tax per invoice.

***IMPORTANT******NOTE***: Failing to use one of these methods will result in SFS’s inability to trace, change, or update the invoice.

**DISTRIBUTE INVOICE COPIES**

1. Mail original to customer
2. Submit electronic record to Invoice Receivables via web entry or Excel file.
3. Retain a file or copy for your records including any supporting documents regarding the charges

To ensure timely servicing of your invoices, please submit your records to Invoice Receivables within 1 business day of issuing the invoice.

Each department has the responsibility for maintaining the appropriate supporting documentation for the invoices it has issued and adjusted, and for recording write-offs.

**PAYMENTS, ADJUSTMENTS AND CANCELLATIONS**

Departments not using the Invoice Receivables system are responsible for proper and timely posting of all payments, and documentation of any adjustments or cancellations of invoices. See cash handling procedures -http://www.washington.edu/admin/finmgmt/sfs/cash/cash.html

Payment posting, adjustments and cancellations will be handled by Invoice Receivables for departments using the Invoice Receivables system. Payment, adjustment and cancellation guidelines for departments using the Invoice Receivables system are as follows:

**Payments for invoices on the Invoice Receivables System**

* Payments should be made payable to the University of Washington
* Payments should be mailed to:

UW Invoice Receivables

PO Box 94224

Seattle, WA 98124

1. If your department receives payment directly from the customer, notify Invoice Receivables of the payment via an email to [invoices@u.washington.edu](mailto:invoices@u.washington.edu). Include the following information in the email:

* Payment amount
* Invoice number
* Invoice date
* Invoice amount
* Customer name (Business name or individual)
* Budget Number
* Cash Transmittal or Document number if applicable.

Prepare a Cash Transmittal (CT) form and send it, along with the check(s) to SFS, Box 355870.

1. If your department receives a credit card payment, notify Invoice Receivables by sending an email to [invoices@u.washington.edu](mailto:invoices@u.washington.edu)

1. In your email, please include the following information:

* Payment amount
* Invoice number
* Invoice date
* Invoice amount
* Date of Payment
* Budget number

1. Electronic payments (wire payments) are transferred directly in the Invoice Receivables bank account. ***For proper posting, all wire transfer payments MUST include an invoice number.*** Wire transfer payments not including an invoice number will be posted to the OLDEST invoice associated with that particular customer/client. A report is downloaded from the bank and the payments are recorded in the invoice system. Contact Invoice Receivables for specifications when setting up electronic payments with a customer.

Note: Please let your customer know that there are two types of Electronic Payments (EFT), ACH and Wire Transfer. Usually there are fees associated with Wire Transfers, assessed by the banks, so ensure your customer investigates those fees with their bank prior to sending a wire.

1. Payments will be credited by the Invoice Receivables system directly to the budget shown on the invoice. Departments which have online access to the Financial Information system can view payments as soon as they are processed; departments without online access can contact [bankrec@uw.edu](mailto:bankrec@uw.edu) to obtain access. This information also appears on the department's Budget Activity Reports.

**Adjustments**

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

To adjust the amount of an unpaid invoice on Invoice Receivables, send an email notification to invoices@u.washington.edu. The following information must be included in your email:

* Invoice number
* Date invoice issued
* Date of adjustment
* Customer name (Business name or individual)
* Budget number
* Amount of adjustment
* New total after the adjustment
* Detailed reason for the adjustment
* Department contact's name and phone number

**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 due to a change in the budget number
* Department is no longer owed the money

To cancel an unpaid invoice on Invoice Receivables, send an email to invoices@u.washington.edu and include the following:

* Invoice number
* Date invoice issued
* Budget number
* Customer name (Business name or individual)
* Dollar amount to cancel
* Detailed reason for cancellation
* Department contact's name and phone number

**COLLECTION, WRITE OFF AND BANKRUPTCY PROCEDURES**

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. Section 85.54 of OFM requirements.

Departments having difficulty collecting may use the services of outside collection agencies. Student Fiscal Services has oversight of the current agencies contracted to assist with University collections. Please call (206) 543-7560 for assistance/information.

**Invoice Receivables Collection Process**

Late fees will be applied at 31 days in accordance with SAMM regulations. No late fees will be charged on invoices with an original balance of less than $50.

Invoice Receivables sends past due notices to customers at 60 and 90 days based on the date of the invoice. Customers receive a final notice at approximately 120 days warning them that their account may be referred to an outside collection agency if not paid in full within 14 days. Departments are sent lists of invoices that are 90 days past due, as well as invoices that are 120 days past due and being referred to collection.

It is important for departments to check the 90 and 120 day lists to verify the invoices are still owed. If payment has been received, or the invoice needs to be adjusted or cancelled, it is very important that Invoice Receivables, [invoices@u.washington.edu](mailto:invoices@u.washington.edu), is notified prior to the invoice being sent to outside collections. Departments requesting the cancellation and return of an invoice that has gone to outside collections may be responsible for paying the associated collection fee.

***IMPORTANT******NOTE***: Departments should note that once an account has been referred to a collection agency, departmental efforts to collect the account should cease. Double collection efforts may be considered as harassment of the debtor and may undermine the department's claim to the debt, or subject the University to legal liability.

All referrals to outside collections are made by Invoice Receivables for those departments using Invoice Receivables. Referral for collections is automatic for invoices totaling $50 or more, and older than 120 days past due.

Once an invoice has been referred to the outside collection agency it remains there for one year. In the agency is unable to collect the invoice after one year, the invoice will be returned to Invoice Receivables as uncollectable. If an account has been determined to be uncollectable, the department will be notified to remove that account from its list of receivables. Records on these debtors should continue to be maintained, and further credit should not be granted.

A department may request that an invoice not be sent to collection. This is generally done if a department is working with a customer to resolve payment problems or if there is a dispute over either the charge or payment. Please notify Invoice Receivables by email at [invoices@u.washington.edu](mailto:invoices@u.washington.edu) if you need to place a temporary hold (30 days) on collection.

Customers who are referred to collection will be charged the original amount of the invoice plus a collection fee up to 33% of the outstanding balance. If departments do not notify Invoice Receivables in a timely manner of payments received in the department, they may be liable for paying the collection fees.

**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 always 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 the agency has 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

*After the account is written off, the accounting records, that are debtor's account information, should be maintained in accordance with the department's approved records retention schedule.*

Once an account has been written off, it should be promptly reviewed by management to ensure consistency with written criteria in accordance with the following guidelines (the amounts below represent the total for all accounts within a department for a single debtor):

* Amounts Up to $1,000---Reviewed and approved by the supervisor of the person in charge of that department's collections
* Amounts $1,000 to $5,000---Reviewed and approved by the department's fiscal officer, if different from the person reviewing and approving amounts up to $1,000, or by the department head
* Amounts $5,000 and Over---Reviewed and approved by the Attorney General's Division

Departments that do use Invoice Receivables are notified by Invoice Receivables when uncollectible invoices are written off. Departments that do not use Invoice Receivables write off their own uncollectable invoices.

**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 should be forwarded to the SFS –Invoice Receivables.