

McNeese State University

Administrative Accounting Policies and Procedures

Revised/Approval Date: December 2004

SECTION 5 – REVENUE, INCOME AND RECEIVABLES 5.2 – ACCOUNTS RECEIVABLE POLICY

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The Vice President for Business Affairs and the Comptroller determine and publish the criteria for establishing policies for accounts receivable procedures.

GENERAL

McNeese State University recognizes its mission of public service and the philosophy of public educational institutions in general and, therefore, often extends credit to students, employees for travel and other third-party contracts which may sometimes involve a risk in terms of repayment.

PURPOSE

To ensure that an adequate system of internal control over management and collection of accounts receivable procedures is maintained.

SCOPE

These policies and procedures are applicable to all McNeese employees who participate in the management and collections accounts receivable.

OBJECTIVE

- To provide operating policies for the handling of accounts receivable as needed for operations of the University
- To minimize risks as related to accounts receivable
- To provide information to meet management needs of the University

AUDIT

University accounts receivable procedures subject to an audit anytime by the Internal Auditor and bi-annual audits by the Louisiana Legislative Auditors.

BILLING AND RECORDING

Students may register at McNeese State University via web or with department advisors. At the time of enrollment in classes, students' invoices are available on-line and receivables are recorded in the student and financial records systems. Students who pre-register are mailed bills approximately six weeks before classes begin. Signed financial aid authorization forms, payment in full or fee deferral arrangements with the down payment must received before late registration begins. Qualified students may avail themselves to the University's fee deferral plan. A fee deferral plan spreads payments over the length of the semester to assist students who do not qualify for or do

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not wish to receive financial aid. Students have the option of paying on-line via the web with either check or credit card or may pay the University directly via drop box, mail or in person at the cashier's office. If payment in full or fee deferral arrangements have not been done by the due date, the students' classes may be purged from the system at which time the corresponding receivables are removed from the student and financial records systems.

Late registration and schedule changes are allowed during the first week of classes. As of the end of this period, payment is due for late registrants and for increased amounts due resulting from schedule changes. Following individual account analysis, students with outstanding balances and no fee deferral plan down payment may be dropped from the University at which time all charges are reversed from their student account and the corresponding receivables are removed from the systems.

STUDENT ACCOUNTS RECEIVABLE

Student accounts receivable generally consist of balance for tuition and fees, bookstore charges, meal plans, parking fines, library fines as well as other miscellaneous fees. At the end of each semester, an analysis is done on students' receivables. Accounts which are deemed delinquent are placed in preliminary collection status and a three letter series is initiated and registration and transcript holds are placed on the account. Undeliverable collection letters are researched through a subscription tracing service to obtain a current address. After the series of internal collection letters have been sent, any account which has not been paid in full or in the process of being paid through a formal financial arrangement with the office of Administrative Accounting is turned over to an outside collection agency. At that time, all internal collection efforts are stopped.

OTHER ACCOUNTS RECEIVABLE

Employee Receivables

The only type of employee receivables at McNeese State University is related to outstanding travel advances. The outstanding travel advances are monitored by the Cash Management Accountant II. This employee contacts departments and requests travel documentation to clear the travel advance.

Grants and Contracts

Reimbursement-type grants and contracts are invoiced and monitored by the Grant Accountant. Invoices are prepared monthly or quarterly depending on the terms of the grant or contract. Follow up for payment of invoices is performed at the time of the next billing cycle with a telephone call and inclusion of the prior balance with the current

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balance due. Accounts receivable for grants and contracts are booked on the general ledger only at fiscal year end. Accounts receivable for grants and contracts are considered 100% collectible and an adjustment is not necessary to the Allowance for Doubtful Accounts.

Miscellaneous

Other miscellaneous receivables consist of a variety of billings ranging from clinical services, insurance billings, farm activities, and athletic contracts. These receivables are generally not posted to the general ledger unless a balance due is still outstanding at year end. In such instances, the Comptroller's office will post an entry on the general ledger.

Reporting

A quarterly report of accounts receivable as mandated by R. S. 39.79 and stated in Memorandum SA-96-45 is prepared and forwarded to Office of Statewide Reporting and Accounting Policy. This report provides an aging of receivables, collection activity and write-offs if any for the period. Explanations are provided for variances or unusual items.

The University records an Allowance for Doubtful Accounts in the general ledger in accordance with Generally Accepted Accounting Principles. Current practice is to record 10% of receivable balances less than one year old, 60% of receivable balances over one year old and 100% of all accounts placed in bankruptcy as an estimated Allowance for Doubtful Accounts. This balance is adjusted each fiscal year end to reflect an increase or decrease in accounts receivable.