

UC Davis Policy and Procedure Manual

Chapter 330, Financial Management and Services

Section 90, Accounts Receivable

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Responsible Department: Accounting and Financial Services

Source Document: UC Accounting Manual

I. Purpose

- A. This section describes the policy and procedures for billing and collection of general accounts receivable (bills owed to the University) and write-off of uncollectible accounts receivable.
- B. Procedures developed for UC Davis Medical Center and School of Medicine Professional Billing Group patient care accounts receivable may vary but must be in compliance with III, below. For billing and collection of contract accounts receivable at UCDHS, see UCDHS Policy and Procedure [Section 1802](#).
- C. This section does not apply to travel advances.

II. Definitions

- A. Bad debt—an account determined to be uncollectible after exhausting the available collection remedies, or at the time the account is referred to a collection agency (KFS users) or returned from a collection agency (Banner users).
- B. Uncollectible—when the effort to recover a receivable exceeds the probable recovery on that receivable, when the University's rights to collect a debt are abrogated by a court of law, or when the University cannot produce documentation to support a receivable.

III. Policy

- A. The University collects payment on bills as expeditiously as possible.
 1. Any amount of money owed the University is due and payable when services are rendered; credit may be granted in cases where no facilities for cash collection exist or noncollection of cash is determined to be in the best interest of the University.
 2. Invoices are issued either at the time the charges are incurred or, if bills are prepared monthly, within the current monthly billing cycle.
 3. When the total amount due is less than \$5.00, the department will raise the amount to \$5.00 to cover the administrative cost associated with billing
 4. Student Accounting will place a hold on registration and release of transcripts for all students with delinquent accounts.
 5. An account is considered overdue if it remains unpaid 30 days after the first statement is issued.
 6. Individual delinquent accounts billed in Banner/My Invoice are sent to the [Franchise Tax Board Interagency Intercept Collection Program](#).
- B. Granting of credit
 1. Credit is granted to students as required for the administration of fines and the assessment of additional applicable fees after the student registers; and in accordance with existing policies pertaining to student loans and deferred payment of fees.

2. Credit may be granted to the general public (which may include students and employees) by departments that are authorized to provide services or products.
 3. Credit for governmental units, foundations, and medical financial sponsors is automatically extended to those agencies during the time claims for reimbursement are outstanding. Timely billing and collection efforts are necessary to minimize the receivables arising from these claims.
- C. An account is written off as a bad debt when collection efforts have been exhausted or when the account is determined to be otherwise uncollectible.
- D. Adequate information concerning the age of outstanding bills and claims is required for proper overall control of accounts receivable.
1. Minimum standards require that reference copies of bills be maintained in a manner that provides information as to which bills are 30 days old or less, 31-60 day old, 61-90 days old, 91-120 days old, 121-180 days old, 181 days-1 year old, 1-2 years old, and over 2 years old, at the beginning of the month.
 2. Aging is based on the date of the billing.
 3. Information regarding aging accounts shall be made available to Accounting and Financial Services or official auditors as requested.

IV. Roles and Responsibilities

- A. Campus Departments
1. Prepare and mail invoices to customers
 - a. KFS users must mail monthly statements to customers per III.D.1 above.
 2. Refer accounts to collections as described on the [Accounting & Financial Services website](#).
 3. Write off balances in compliance with the process described on the [Accounting & Financial Services website](#).
- B. Student Accounting Office (For Banner/My Invoice only)
1. Renders monthly statement of accounts to customers listing customer's unpaid invoices and requesting payment of past due balances.
 2. Assigns invoices to an external collection agency or writes off invoice as bad debt charged to department's account after completion of collection efforts.
 3. Refers accounts to the [Franchise Tax Board Interagency Intercept Collection Program](#).
 4. Credits department accounts for recoveries of previously written-off invoices.
- C. Formal arrangements that require the extension of credit beyond 30 days must be approved by the Vice Chancellor—Finance, Operations, and Administration except when established University policies or regulations specifically provide authorization for such arrangements.

V. Further Information

- A. For Banner/MyInvoice Accounts contact Student Accounting (collections@ucdavis.edu; 530-752-3646) or go to http://afs.ucdavis.edu/our_services/student-accounting/loans-scholarships-e-other-aid/index.html.

- B. For KFS Accounts contact the KFS Help Desk (fishhelp@ucdavis.edu; 530-752-3855) or go to <http://afs.ucdavis.edu/systems/kuali/document-help/ar/index.html>.

VI. References and Related Policies

- A. [Standing Order of The Regents 100.4\(w\), Duties of the President of the University: Write-Off of Bad Debts.](#)
- B. [Office of the President:](#)
 - 1. Delegation of Authority—To File Actions in Small Claims Court (DA 0782).
 - 2. Delegation of Authority—To Write Off Bad Debts (DA 2196).
 - 3. UC Accounting Manual:
 - a. Chapter C-557-23, Contracts and Grants: Federal Contract and Grant Administration Funds—Allocations for Administrative and Disallowed Costs.
 - b. Chapter H-214-7, Health Care Services: Professional Fees.
 - c. Chapter H-576-60, Medical Centers: Patient Accounts Receivable.
 - d. AM-A-000-7, Official Documentation Required in Support of University Finance Transactions.
 - 4. [Business and Finance Bulletin G-28](#), Travel Regulations.
- C. [UC Davis Policy and Procedure Manual:](#)
 - 1. Section 340-09, Sales of University Goods and Services to Non-University Users.
 - 2. Section 340-20, Billing Procedures for Service Activities.