



## Operating Protocol & Procedure

### Details:

Number: 314

Title: Non-Student Accounts Receivable (External Invoicing)

Category: Employees

Office of Primary Responsibility: Cashier Office

Approval Date: 2/10/20

Effective Date: 2/10/20

Revised: N/A

### Purpose:

To establish a centralized accounts receivable (AR) billing function for all college billings to external entities, including the PCC Foundation, to be documented for recordkeeping and audit purposes as well as to provide guidelines for invoicing, collecting and requesting write offs when providing goods or services for external customers of the college.

### Applicability:

All employees

### Definitions:

**Valid Non-Student Receivable:** A non-student receivable is deemed valid at such time that the purchase of goods has been delivered or services have been provided to parties outside of CCCS entities for which payment has not yet been received. The receivable is an asset to the college and must be reflected accurately and timely in the college's financial records using accrual basis accounting practices.

**Accrual Basis Accounting:** A system of accounting based on the accrual principal, under which revenue is recognized (recorded) when earned, and expenses are recognized when incurred.

**Bad Debt:** An open account balance or loan receivable that has proven to be uncollectible and is written off.

**Bad Debt List:** An internal list of customers that have a history of nonpayment. Customers on this list cannot request goods or services from any PCC department until their account is resolved.

**Billing Address:** The customer's address to which PCC sends invoices and any required collection correspondence. A customer may have more than one billing address.

**Departmental Role in Collection Process:** Since charges originate within the individual departments, each department is ultimately responsible to contact their customers to collect funds owed to them. While the

Cashier Office can help departments to identify needed information and be a resource, the best customer service will come from the department.

**Dunning Letter:** A dunning letter is a notification sent to a customer, stating that it is overdue in paying an account receivable to the sender. Dunning letters typically follow a progression from polite reminders to more strident demands for payment, if the customer continues to be non-responsive in paying.

**Customer ID Number:** A unique 9-digit identifier similar to a student ID number. This ID number will pull the customer account up in Banner and retain record of all transactions. Customer ID's are generated by the Cashier Office.

**Detail Code:** A unique 4-digit identifier that represents the specific Banner organization and account where this transaction will be posted. A detail code will both create a charge for a customer and record revenue for the department. Ideally, all PCC departments should have a detail code(s) to use for valid non-student receivables though it is not suggested for one-time use. Detail codes can be requested from the Office of the Controller.

**Write-off:** The reversal of an AR balance to a departmental revenue or expense, which will offset previous departmental entries associated with the uncollectible invoice. Prior to year-end, the Accounts Receivable office will review, with the Controller, all past due balances. Accounts that are past due may be written-off under specific considerations as outlined in CCCS System Accounting Procedure (SAP) #5.

References (provide hyperlinks if possible):

[CCCS System Accounting Procedures Manual](#) (SAP)

CCCS SAP 5: Accounts Receivable Write-Off Policy (found in the CCCS SAP Manual)

Attachments or Related Forms/Documents (list and send as separate documents):

Sample dunning letter

Sample invoice template

Operating Protocol:

If possible, payment should be received on or before services or goods are provided to the customer to eliminate the need to extend credit by issuing an external invoice. In the event that payment cannot be collected beforehand, an invoice can be requested for any of the following: revenue generating activities, recharge to external parties, rental charges, business contracts/agreements, agency funds/sub-awards, and other recurring activities.

#### **A. Billing:**

1. Prior to providing the goods or services, PCC departments are expected to:
  - Ensure that the customer does not have an outstanding debt to the college
  - Retain supporting documentation to substantiate the charge (e.g., copy of contracts, agreements, transaction details, invoices, emails, receipts, logs, rosters, and time and effort reports)
  - Secure sufficient documentation in order to enforce collections (customer's Form W-9)
  - Obtain accurate customer billing addresses (both email and mailing addresses)

- Inform customer of PCC's billing and payment terms, conditions and protocols (e.g., price, exchanges, refunds, consequences of failure to pay).
2. Prior to submitting an invoice request, PCC departments must ensure the request is for a valid non-student receivable. In an effort to limit adjustments, only submit items for invoicing once a cost has been agreed upon by both parties.
  3. The Ultimus process (Invoice Request form) must be used to request an invoice to all external customers unless other arrangements are made with the Cashier Office ahead of time. Any requests that are lacking supporting documentation will be returned to the requester and notification sent to the requester's supervisor for follow-up.
  4. If a correction or dispute arises, after the invoice request has been processed, that requires a change to the amount of revenue recorded, an email must be sent to the Cashier Office describing the changes needed. In some cases, additional permissions may be required to adjust or reverse a receivable entry.

## **B. Payment:**

1. Accounts Receivable will be responsible for making customers aware of the following payment requirements:
  - a. Customers may remit payment via cash, credit card, check, money order, wire transfer, or using an Internal Exchange Transaction (IET).
  - b. Customers should be instructed to remit payment in U.S. dollars. Departments should not agree to accept payment in foreign currencies.
  - c. To ensure proper posting, the customer should be instructed to indicate the invoice number(s) on their remittance.
2. Departments should not accept cash payments on billed items directly from their customers.
3. Payments can be directed to:
  - By mail: (Not recommended for cash / credit card payments)  
Pueblo Community College  
Cashier's Office  
900 W. Orman Avenue  
Pueblo, CO 81004
  - In person at the Cashier's Office on the Pueblo campus: Mon-Fri 8-5pm MT
  - By Phone: (719)549-3212 or (719)549-3370 Mon-Fri 8-5pm MT
4. Payments not honored by the bank will be reversed from the customer account. A returned check fee will be assessed in the amount of \$25.00. The department may not charge the customer an additional returned check charge.

## **C. Collection of Past Due Invoices:**

1. If an invoice is not paid within the invoice terms, it is considered delinquent. PCC invoices are due within 30 days from the date an invoice is sent out. Any modifications to the normal payment terms must be approved by the Chief Business Office or Controller prior to invoicing. The requesting department is expected to communicate with the customer, whenever possible, to avoid delinquent invoices.
2. When an invoice becomes 1-30 days past due, the Cashier's Office sends a past due invoice to the customer and notifies the requesting department of the delinquent debt. The requesting department is expected to reach out to the customer to request payment.

3. When an invoice becomes 31-60 days past due, the customer is sent a dunning letter and final invoice. The requesting department is expected to work with the customer to find resolution.
4. When a delinquent invoice reaches 61-90 days past due with no resolution, the account will be forwarded to PCC's collection specialist for submission to a collection agency in accordance with SAP 5. The requesting department will be required to turn over all relevant documentation to the collection specialist upon request. All PCC departments will be notified of the customer's debt and advised to cease all business with the customer until the account is resolved.

#### **D. Write off of Past Due Invoices:**

1. The College shall not write-off accounts until a reasonable period of time has elapsed and there has been a determination that all collection efforts have been exhausted.
2. Any other circumstance, including department errors, by which the College Controller and Business Officer have deemed the receivable to be uncollectible, the receivable will be submitted for write-off approval with a detailed explanation resulting in its un-collectability as described in SAP 5.
3. For any uncollectible receivable that has been written off, a summary level record of the account (sufficient to substantiate the debt) is to be retained indefinitely or until the debt has been collected or discharged by the Billing Department. If payment is collected after a debt has been written off, the write-off will be reversed.
4. In cases of insufficient documentation, the Business Office will be authorized to charge the originating department an amount sufficient to reimburse it for expenses incurred as a result of its collection efforts up to the point when the debt is deemed uncollectible.

#### **Procedure:**

- To invoice an external customer, the employee should submit an Invoice Request through Ultimus.
- Once an invoice request is received, the billing coordinator will ensure all necessary documentation has been included and all invoicing guidelines are met.
- Next, an invoice will be generated and assigned an invoice number for tracking.
- The invoice will then be printed, and reviewed for accuracy and completeness by the Cashier Manager.
- Invoices will then be sent out through the US Postal system or via email directly to the customer. PCC department personnel can request the invoice be provided to the department directly rather than to the customer. This can be communicated on the Invoice Request Form in Ultimus.
- The requesting department will receive a copy of all processed invoices for recordkeeping.
- Additional copies of invoices and supporting documents will be filed in an assigned billing file, maintained and secured by the billing coordinator.
- Invoices will be entered onto the Accounts Receivable Subsidiary Ledger (TSAAREV) screen in Banner using the assigned customer ID number and detail code provided by the department. If a detail code is not available, an org/acct can be provided in its place for temporary use until a detail code can be requested.
- Every 30 days, the billing coordinator will send notices out for any delinquent debt owed to the college.
- The requesting department will also be notified of unpaid invoices and will be expected to assist in collecting payment.