

**California State University, Northridge
University Student Union, Inc.
Fiscal Policy**

SUBJECT: Collections and Bad Debt

REFERENCE: N/A

POLICY: The University Student Union will ensure the prompt billing and collection of receivables. Receivables will be reviewed and adjustments to bad debt expense (if any) will be recorded quarterly.

The University Student Union's Business Services department will be responsible for billing and collecting receivables. Amounts not collected through a standardized process will be referred as uncollectible to the Associate Director of Finance & Business Services or designee to be written off to Bad Debt.

Reserves for Allowance of Doubtful Accounts will be maintained and calculated by an appropriate method as determined by the Associate Director, Finance & Business Services or designee.

Accounts Receivable will be reconciled monthly per the General Ledger Reconciliation Policy.

Recommended by Budgetary Review Committee on March 19, 2004.

Approved by the University Student Union, Board of Directors on April 12, 2004.

Business Services
Accounts Receivable Collection and Bad Debt Detail

- I. Collection Responsibility
 - A. The Accounting Coordinator of Receivables with the assistance of the Account Receivable Technician will be responsible for the collection of receivables.

- II. Aging
 - A. The Accounting Coordinator of Accounts Receivable will be responsible for producing an Aging by the 15th day after the end of the month.
 - B. Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner.
 - C. Receivables must be aged in a format identifying customers who are current, 30 days, 60 days, and 90 days or older.
 - D. A copy of the Aging must be given to the Accounting Manager for review.
 - E. The Meeting Services and Commercial Services department heads will be given a copy of the Aging for notification and review.

- III. Past Due Accounts
 - A. Accounts that are 60 days past due are put on hold and extension of credit and services will no longer be granted. Exceptions may be granted by the Associated Director, Finance & Business Services or designee on a case by case basis.
 - B. The Accounts Receivable Technician will maintain a report substantiating the collection progress on each past due account that is aged 60 days or older.
 - C. This report will be reviewed monthly with the Accounting Coordinator of Accounts Receivable and reported to the Accounting Manager.
 - D. The Accounting Manager will determine if any accounts need to be turned over for collection or deemed uncollectible.
 - E. The Accounting Manager will make recommendations to the Associate Director of Finance & Business Services of those accounts that need to be turned over for collection or written-off.

- IV. Collections and Notes/Conversations
 - A. Receivables must be collected as expeditiously as possible, but the cost of collection must not exceed the expected revenue.
 - B. All efforts for collection will be documented and maintained for audit purposes with the primary responsibility falling upon the Accounting Technician and Accounting Coordinator of Accounts Receivable.
 - C. Past due accounts will be handled accordingly:

Category
30 Days

Under the Signature of:

The Accounting Technician and/or Coordinator follows up with a phone call and the Accounting Coordinator sends a past due balance letter.

60 Days

The Accounting Manager or Associate Director of Finance & Business Services sends out a past due balance letter.

90 Days

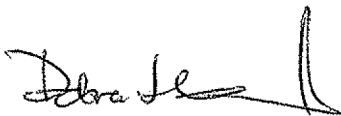
The Executive Director sends out a past due letter for collection.

- D. Collection letters will be automatically issued from PeopleSoft when this feature is available in version 8.9. Until version 8.9 is available, collection letters will be sent out at the discretion of the Associate Director, Finance and Business Services/designee.
 - E. Notes and conversations with customers will be documented in PeopleSoft when this feature is available in release 8.9. Until version 8.9 is available, notes and conversations will be documented electronically and/or manually.
- V. Bad Debt & Allowance for Doubtful Accounts
- A. The process for computing the adjustment to the reserve will be determined by the Associate Director, Finance & Business Services or designee using an appropriate method.
 - B. The Accounting Coordinator will record the adjustment to the reserve on a quarterly basis. The following accounts will used:

Bad Debt (Account No. 660310, Dept. 33010)
Allowance Doubtful Accounts (Account No. 120199, Dept. 33010)

- VI. Internal Controls
- A. Monthly review of past due accounts by the Accounting Manager
 - B. External Auditors annually will review the Accounts Receivable Aging, the recorded adjustment to Bad Debt, and the Ending Balance of Allowance for Doubtful Accounts, for appropriateness and completeness.

This procedure was revised on January 31, 2006.



Debra L. Hammond
Executive Director

01-31-06
Date