

UNIVERSITY OF COLORADO BOULDER  
DEPARTMENTAL FINANCIAL MANAGEMENT GUIDE

**ACCOUNTS RECEIVABLE**

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## I. CHAPTER 12 – ACCOUNTS RECEIVABLE

The purpose of this chapter of *The Guide* is to establish guidelines for departments to follow in the administration of accounts receivable.

The information included in this chapter is geared towards departments that work with non-student receivables and student receivables that are **not** managed by the Integrated Student Information System (ISIS).

The information contained in this chapter does not pertain to internal sales to other CU Boulder departments or sales to other CU campuses (see [Internal Sales Activities](#), Chapter 13 of the Guide).

## II. OVERVIEW

Managing accounts receivable is a business function that is critical to the financial success of an organization. It is the preferred practice at CU Boulder to receive payment prior to or at the time of providing a good or service. However, some departments have chosen to finance customer purchases of goods and services utilizing university cash. While this can be a very powerful selling tool for the department, it is a privilege that brings with it certain management responsibilities. In other circumstances, a department may be placed into a credit-granting situation by charging fines, issuing citations, assessing late-payment fees, or accepting a non-sufficient fund check.

Although it is quite easy to create an accounts receivable, it can be very difficult to collect the cash that is due the university. Managers of departments that regularly engage in accounts receivable activities must follow strict credit granting and collection guidelines so as to ensure that state of Colorado and university assets are being utilized wisely. Even those departments having only occasional accounts receivable activities must collect sufficient information from each customer so as to be able to collect on the debt.

### ▪ PERTINENT POLICIES AND REGULATIONS

- [Accounts Receivable Collections Administrative Rule](#), Department of Personnel, Office of the Executive Director, Effective January 1, 1997
- [Colorado Revised Statutes](#)
  - 24-30-201
  - 24-30-202.4
  - 39-21-108
  - 5-12-102
- [Fiscal Procedures Manual](#), Office of State Controller

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Chapter 8, *Credit/Accounts Receivable Policy*

- [Collection of Personal Data from Students and Customers](#) APS
- [Cash Control](#) and [Internal Controls and Compensating Controls](#) sections of the Accounting Handbook.

## IV. TERMS AND DEFINITIONS

**Accounts Receivable** are amounts owed to a state agency by an identified debtor. In many circumstances, the accounts receivable refers to the amount due from a customer for the sale of goods or services, when the goods or services have been delivered to the customer, and payment is not received by the seller prior to or at the time the goods were received by the customer. In other situations, the accounts receivable results from charging fines, assessing late fees, accepting a non-sufficient funds check, etc. Each individual transaction associated with any of the above-noted items is an account receivable.

**Aged Accounts Receivable** — a schedule that categorizes each account receivable by the number of days it is past due.

**Allowance** — an estimate of the amount of accounts receivable that is unlikely to be collected.

**Bad Debt Expense** — the administrative costs for the collection of past due accounts receivable and the writing-off of uncollectible accounts receivable.

**Central Collection Services (CCS)** — an office within the state of Colorado's Division of Finance and Procurement. The main function of CCS is collection of state debt. The university is required by state law to use CCS and to follow their procedures in the collection of past due accounts receivable, other receivables, and debt. Additional CCS info: [CCS Website](#)

**Debt** — any dollar amount due and owing that has accrued through contract, subrogation, tort, or operation of law regardless of whether there is an outstanding judgment for that sum.

**Debtor** — any individual, corporation, or business owing money to, or having a delinquent account with, any department whose obligation has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

**Departmental Accounts Receivable System** — a record-keeping system developed by the department to record the accounts receivable transactions for each customer. This system includes the date and amount of each sale, payment, adjustments, and outstanding balance for each customer. The departmental system is used to generate aging reports and support the summary data recorded in the Finance System.

**Due Date** — the date the debt is due and payable to the department.

**Forgiveness of Debt** — may occur when the university, in consultation with CCS, enters into negotiations with debtors to settle an account for less than the full amount due. Before any settlement agreement is signed, it must be routed through CCS for submission to the State Controller. The State Controller and State Treasurer must approve the settlement.

**Other Receivables** — any other amounts owed to the university such as amounts due from retirees, from employees for payroll overpayments, credit memos due from suppliers, fines owed to the library, citation fees owed to parking services, late-payment fees, etc.

**Past Due** — any debt not paid by the close of business on the due date.

**Tax Offset** — the interception of an individual's personal Colorado State Income Tax refund, to be applied to the outstanding debt with CCS.

**Vendor Offset** — the interception of a payment to a vendor for goods and/or services supplied to the State of Colorado. The payment is then applied to the vendor's outstanding debt with CCS.

**Write off** — when used as a **noun**, refers to an account receivable that has been removed from the accounting records. The debt has not been forgiven, and CCS will continue to pursue collection through tax-offset and other means. When used as a **verb**, is the act of removing an account receivable from the accounting records. This involves a journal entry to remove the accounts receivable from the financial system and an adjustment to the departmental accounts receivable system.

## V. POLICY

It is the policy of CU Boulder to establish strict accounts receivable and collection procedures. These procedures must be designed to effectively collect all monies due the university in a timely manner, and to make sure accounts receivable are recorded appropriately in the Finance System so that the assets of the university and the state of Colorado are utilized wisely. Furthermore, pursuant to state law, CU Boulder is required to refer most debts which are 30 days past due to CCS for collection.

## VI. INTERNAL CONTROL

Since cash is a sensitive asset, accounts receivable management must include strong internal controls. Therefore, it is of paramount importance that the individual in the department who receives cash from customers, or is involved in the billing process, not be able to access accounts receivable records. This separation of duties is necessary so that the departmental accounts receivable system records and the

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Finance System cannot be altered in order to intercept cash without detection. See the [Internal Controls and Compensating Controls](#) section of the Accounting Handbook.

## **VII. ESTABLISHING AND ADMINISTERING ACCOUNTS RECEIVABLE**

Each department that is regularly involved in accounts receivable activities must

1. **Develop a written procedure** for administering accounts receivable, and
2. **Train its staff** to consistently use and apply this procedure.

For those departments who are only occasionally forced into a credit-granting situation, (e.g., upon accepting a non-sufficient funds check), the development of a comprehensive, written accounts receivable procedure is not required. For additional information pertaining to non-sufficient funds checks, refer to the **Note:** in Section VIII, *Working With Credit*, sub-section A, *Credit Authorization Procedures*, and also to Section XV, *Non-Sufficient Funds Checks* in this chapter.

As noted earlier, departmental accounts receivable procedures must incorporate strong internal controls. Internal controls relevant to an accounts receivable procedure include items such as stating due dates, establishing billing cycles, having structured collections processes, and segregating the duties of cash handling and accounts receivable record keeping. Thus, when developing departmental accounts receivable procedures, it is important to incorporate the following items:

### **1. Credit Authorization**

Develop a formal process for granting credit to customers. Secure enough information about the prospective customer in order to make an informed decision about whether or not to grant credit and to also effectively collect the debt should it become necessary. Refer to Section VIII, *Working with Credit*, section A, *Credit Authorization Procedures*.

Do **not** continue to extend credit to customers with outstanding delinquent balances or balances that were written off.

### **2. Credit Terms**

Credit terms establish the payment due date, and determine what charges will be assessed on past due accounts. Refer to Section VIII, *Working with Credit*, section B, *Credit Terms*.

### **3. Due Date**

According to Chapter 8 of the State Controller's *Fiscal Procedures Manual*, state agencies must establish a due date that provides reasonable assurance of prompt payment by the recipient of a good or service when it is not feasible to collect payment at the time the good or service is provided. Thus, each

department must develop a due date policy for departmental sales. The due date determines the date payment is due for each credit sale.

#### **4. Billing and Collection**

Bill the customer as quickly as possible upon providing the goods or services. At a minimum, billing should be done on a monthly basis, prior to month-end. Send a second notice on the due date. In addition, make telephone or email contact with each customer whose payment is not received by the due date. Record the results of each contact in the departmental accounts receivable system (see next item #5).

#### **5. Departmental Accounts Receivable System**

Set up a departmental accounts receivable system to track all accounts receivable transactions according to customer. This system, at a minimum, should provide the following:

- Customer identification
- Date, description, and amount of each sale
- Date and amount of each payment
- Date, reason, and amount of each adjustment
- Date and amount of each approved write off
- The FOPPS to which each accounts receivable pertains
- Ability to record billing and collection activity
- Ability to age the accounts receivable
- Ability to classify the accounts receivable type, as a means of facilitating reporting required by the State Controller.

A departmental accounts receivable system will also assist with referring past due accounts to CCS, and with identifying accounts that are uncollectible.

#### **6. Monthly Review of Customer Accounts**

On a monthly basis, do the following:

- Reconcile the customer balances in the departmental accounts receivable system to the accounts receivable balance in the appropriate FOPPS. Make corrections to the departmental accounts receivable system and/or the Financial System as needed.
- Prepare an Aged Trial Balance for accounts receivable. Analyze this schedule to determine the status of the outstanding receivables. Look for trends or indications of poor collections. Identify accounts that are likely not to be collected.
- Based upon the information generated by the Aged Trial Balance, prepare a journal entry to adjust the Allowance for Doubtful Accounts for each FOPPS-Account combination.
- Review accounts with credit balances and develop procedures for correction.

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- Follow up on all past due accounts. Document what steps have been taken to collect the account, who performed the follow-up, the date of the follow-up, and the status of the account.
- Review the past due accounts to determine which accounts must be sent to CCS.
- Reconcile internal departmental accounts receivable records to reports issued by CCS.

### 7. Referring Accounts to CCS

According to Chapter 8 of the *Fiscal Procedures Manual*, all debts that are 30 days past the due date must be referred to CCS for collection unless an alternative time frame has been approved by the State Controller. Refer to Section XI, *Collections*, section B, *Referral of Past Due Accounts Receivable to CCS*.

### 8. Writing Off Accounts Receivable

Consistent with the criteria set forth by the state of Colorado, develop procedures for writing off accounts in a timely and systematic fashion. According to Chapter 8 of the *Fiscal Procedures Manual*, prior to the end of each fiscal year state agencies must review their accounts receivable and request to write off accounts deemed uncollectible. This requirement is satisfied in the following way.

CCS creates a report of recommended write offs for accounts over \$50 each quarter, and in April creates an annual report of recommended write offs \$50 or less. These reports are available to authorized users for download from the CCS website. To write off the recommended receivables, print the Recommendation Write Off Report from the CCS website. You may cross out accounts that you do not wish to be written off, initial the cross out, write in the new total of requested write offs, and sign the report. At CU Boulder, **all** write off requests must be reviewed and approved by the campus Controller or designee before returning to CCS. These should be processed and forwarded to the Campus Controller in a timely manner to allow enough time for accounting entries to be completed prior to year-end closing deadlines. Refer to Section XII, *Writing Off Accounts Receivable* for detailed instructions.

### 9. Document Retention

Retain supporting documentation for all accounts receivable in accordance with the [Retention of University Records APS](#) and accompanying retention schedule. Further details about document retention appear in Section XIII.

## VIII. WORKING WITH CREDIT

### A. Credit Authorization Procedures

The most important tasks in granting credit are securing enough information about the prospective customer in order to make an informed decision about financing the purchase, and securing adequate information to locate each customer in the event of default. Departmental records for each customer to whom credit has been extended should include the following information:

- Customer name
- SSN and/or Federal Employer Identification Number
- Current home address and telephone number
- Current work address and telephone number
- Permanent address
- Name, address of nearest relative or guardian not living with the debtor
- Date of birth
- Other credit references such as banks, credit cards, and retail stores
- Name of a parent or guardian

Use a **Credit Authorization Information** form to record this information. Exhibit 1, which follows, provides an example of a Credit Authorization Information form. Departmentally designed forms also may be used for this purpose if they collect, at a minimum, the same information as gathered by the Credit Authorization Information form. Refer to the [\*Collection of Personal Data from Students and Customers APS\*](#) for more on this topic.

**Note:** Occasionally, checks accepted for payment by a department will be returned by CU Boulder's bank due to insufficient funds. This forces a credit-granting situation on the department without the benefit of a completed Credit Authorization Information form to assist the department in obtaining needed credit information from the customer. Therefore, sufficient information should be obtained for each check accepted to facilitate the collection process should that become necessary. At a minimum this information would include:

- Name
- Address
- Phone number
- Other identifying information such as Colorado driver's license number and type and issuer of a credit card (but not the account number). Student ID number, if applicable.

Cashiers, tellers, merchants, and anyone else accepting payment by check **cannot** record a person's Social Security Number or a credit card number, either on the check itself or in a separate payment log. CRS 4-3-506 states:

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*When payment is made by check or other negotiable instrument, a person shall not record or require the maker of the check to record a credit card or social security number given as identification or proof of creditworthiness. Subsection (a) of this section shall not prohibit a person from requesting a purchaser of goods or services to display a credit card as indication of creditworthiness or identification if the only information about the credit card that is recorded is the type of credit card and the issuer of the credit card.*

There are only three exceptions to this rule:

- 1) A credit card number may be written on a check only when paying the credit card account represented by that number.
- 2) The recording of a person's Social Security Number on a check or other negotiable instrument issued to pay a student loan.
- 3) The recording of a person's Social Security Number on a bona fide loan application.

## University of Colorado at Boulder CREDIT AUTHORIZATION INFORMATION

For an Individual	For a Business/Organization
<b>CUSTOMER INFORMATION</b>	
Customer Name _____	Customer Name _____
Current Home Address _____ _____ _____	Federal Employee ID # _____ - _____
Phone (_____) _____ - _____	Dept. Contact Person _____
Customer Permanent Address _____ _____ _____	Address _____ _____ _____
Date of Birth ____/____/____	Phone (_____) _____ - _____
SSN _____	Other Credit References - Banks, Attorneys, Businesses, Dun & Bradstreet Listings, Etc. _____ _____ _____ _____
Driver's License State _____ # _____	
Name of Nearest Relative or Guardian Not Living with Debtor _____	
Address of Same _____ _____ _____	
Other Credit References (Banks, Retail Stores, Credit Card type and issuer [but not number]) _____ _____	Prepared By _____
<b>EMPLOYER INFORMATION</b>	Extension _____
Current Employer and Address _____ _____ _____	Campus Box _____
Phone (_____) _____ - _____ ext. _____	Date _____
	<b>Credit Approved By</b> _____

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### **B. Credit Terms**

The choice of credit terms—determining the due date and deciding what charges to assess on past due accounts—is a management decision. In setting these terms, consider that the greater the period of time given to a customer to pay, the smaller the chance that payment will be made, and the longer the period of time departmental funds will be tied up. Although market pressure may play a role in dictating terms, keep the term as short as possible. Departments may wish to post a sign stating the credit terms.

#### **1. Due Date**

The due date is critical in that it determines:

- The amount of time the customer has to pay the bill
- When the departmental collection procedures are initiated
- When an account receivable must be submitted to the CCS for collection
- The date to begin calculating interest on past due accounts.

#### **2. Charges Assessed on Past Due Accounts**

State law (*CRS 5-12-102*) provides for charging interest, setting the interest rate on past due accounts, and for recovering all expenses incurred in the recovery of debt on past due accounts receivable. According to *CRS 5-12-102*, the standard interest rate is eight per cent (8%). All credit customers must be informed of what constitutes a past due account, and of the credit terms—including both interest and collection costs—charged on past due accounts. Sample language regarding collection costs follows:

*The State of Colorado, its agencies, officers, and assigns, shall be entitled to collect all expenses incurred in the recovery of any debt created by the contract, or in pursuing any other remedy provided by law, including but not limited to reasonable attorney fees and/or interest and collection costs.*

## **IX. BILLING**

If a customer, other than a campus department, bought a product or service and did not pay for it at the time of the purchase, an invoice must be created and sent to the customer. The initial billing must be done as quickly as possible following the sale, and at least prior to month-end. At a minimum, include the information below on the invoice:

- Billing agency (CU Boulder)
- Billing department
- Contact Person
- Mailing address
- Telephone number
- Date of sale

- Items sold
- Unit price
- Total amount due
- Due date and credit terms
- Where to send the payment

If a department is involved in an accounts receivable situation due to the assessment of fines and fees, or because it accepted a non-sufficient funds check, notice must be sent to the customer as quickly as possible, and at least prior to month-end. Include information such as:

- Contact person
- Mailing address
- Telephone number
- Date fee, fine, etc. was assessed
- Total amount due
- Due date
- Where to send the payment

For those accounts not paid by the due date, issue a second notice on the due date. If this is not possible, be sure to issue the notice no later than at the end of the month during which the sale took place, the fee/fine occurred, or the non-sufficient fund check was accepted.

## **X. TUITION BILLS AND TUITION DISPUTES**

Students are notified of their dispute rights on their tuition bills. Tuition dispute information is also available on the Bursar's website:

<http://bursar.colorado.edu/billing/tuition-dispute/>.

## **XI. COLLECTIONS AND REFERRALS TO CCS**

### ***A. Collection by the Department***

When the payment is not received by close of business on the due date, the account receivable is considered to be past due, and the department is required to take active measures to collect the payment. The following must be done before the account is 30 days past due:

- Second notice at the due date
- Customer follow-up contact by telephone or via email.

Keep a written record in the departmental accounts receivable system of all contacts, as well as all *attempted* contacts made by the department in an effort to collect the debt. The record must provide a clear indication of the actions taken.

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At a minimum, the contact record should include the following information:

- Action taken
- Person performing the action
- Date of the action
- Result of the action

### ***B. Referral of Past Due Accounts Receivable to CCS***

Debts 30 days past the due date must be referred to the state of Colorado's Central Collection Services (CCS) [CCS Website](#). The referral is made using the **New Account Worksheet** with instructions here: [Accounts Receivable Collections Administrative Rule](#). CCS uses an online program called Ecliptics to manage collections and there is a [User Guide that every CCS client should read](#).

Departments that have done business with CCS and submitted past due receivables to them have already been issued a CCS **client code** (username) and **password**. Use these to access the online New Account Worksheet. Client codes at CU Boulder begin with the letters "GFB." If you are a first-time client of CCS, contact CCS at 303-866-6560 to request a new client code and password in order to access online reports and account information. CSS also has a **Client Manual**. Request a manual to keep in your office as a reference guide.

The form below shows a CCS New Account Worksheet. The department completes a CCS New Account Worksheet for each account receivable it sends to CCS. Provide as much information as you can. A valid SSN and DOB is essential. Contact CCS with questions about how to fill out the form.

If your department has a large number of new collection accounts to set up, contact CCS to discuss whether an **electronic submission** using ASCII flat file format or a formatted Excel spreadsheet would be more suitable for your needs. Contact CCS about this option.

**Add Placement**

Client Number:

Pending Id:

**Borrower Information**

Name (Last, First):

Name2 (2nd Responsible Party):

Address:

City:

State:

Zip Code:

Phone:

Cell Phone:

SSN or FEIN:

DOB:

DRL#:

**Account Information**

Agency Reference #:

Assigned Term:

Assigned Date:

Original Principal Due Date:

Assign Principal \$:

Assigned Interest \$:

Interest Rate (Decimal):

NSF Fee \$:

Statue of Limitation:

Late Fee \$:

Asgn Misc3 \$:

Asgn Misc4 \$:

**Employer Information**

EMP1 Name:

EMP1 Address:

EMP1 City State Zip:

EMP1 Phone:

**Comments**

Save Cancel

**Client Number** —The department’s CCS client number. UCB client numbers begin with GFB.

**DOB** — The date of birth for borrower. Leave this field blank for businesses.

**Agency Reference #** — Your reference number (customer number) for borrower if you have one. Otherwise, leave blank.

**Interest Rate** — The interest rate charged to this client on past due amounts. State law (*CRS 5-12-102*) provides for charging interest on past due accounts receivable. The standard interest rate is eight percent (8%) entered as 0.08.

**Social Security Number** — SSN for borrower, federal employer’s identification number (FEIN) for business customers.

**DRL** — Drivers License Number. Leave blank for businesses.

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**Comments** — In just a few short sentences, tell CCS what the debt is for and why the consumer owes it.

**Original Principal Due Date** — The date the debt was originally due.

**Assigned Principal** — Dollar amount owed. Decimal point entered followed by two digits, e.g. 123.45.

**Assigned Interest** — The amount of interest accumulated prior to assignment. Enter 2 digits after decimal point.

**NSF Fee** — Bad check fee. Enter number with 2 digits after decimal point.

**Asgn Misc** — Fields used to report miscellaneous dollars.

After completing the New Account Worksheet form online, **print** out a copy for your departmental records and then hit the **Save** button.

Once the department refers a debt to CCS for collection, CCS has 120 days after receiving the debt to use all state collection capabilities available to collect the debt. These include contacting the debtor via letter, by telephone, and/or through a personal visit. CCS also evaluates the collection potential by considering the financial circumstances of the debtor. This may involve verification with third parties such as employers, relatives, personal references, or other agencies and creditors. Within its 120 day window, CCS makes every effort to work out a reasonable payment arrangement with the debtor.

## 1. Referral Exceptions

Per an October 4, 2004 memo from the State Controller, exceptions to the 30 days past due referral requirement are as follows:

### 1. Federal, State, and Local Government Customers

Any governmentally sponsored grant, contract, gift, or project—including federal, state, local, or other government entity—has a total blanket exemption from referral to CCS. Any institution, however, can refer these types of debts, at their discretion, to CCS at any time.

State of Colorado agencies are permanently exempt from referral to CCS, but amounts in question must be referred to the State Controller's Office.

### 2. Non-Government Sponsored Grants, Contracts, Restricted Gifts, Sponsored Projects

These accounts are exempt for referral to CCS for one year. Any institution, however, can refer these types of debts, at their discretion, to CCS at any time.

### 3. Student Loan Receivables and Accounts Receivable

This type of debt, which is administered through the Student Debt Management Department of the CU Boulder Bursar's Office, has different criteria for referral. Read the Bursar's procedures for information about these particular receivables. More information is on the Bursar's website: <http://bursar.colorado.edu/resources/past-due-debt/>.

**Note:** Student accounts receivable which are not administered through the Bursar's Office are subject to the 30 day past-due rule.

### **C. Referral of Debts to Private Collection Agencies by CCS**

CCS performs its collection activities for 120 days. During this period, if the debt is not collected, or payment agreements have not been reached, CCS turns the debt over to a private collection agency. The private collection agencies utilized to collect debts due to the state are selected through a competitive process pursuant to the provisions of the Procurement Code, Articles 101 to 112 of Title 24, *CRS*.

When the debt is assigned to a private collection agency, the agency may contact the department to verify the debt. The department is required to provide, upon request from the contracted private collection agency, a letter explaining the goods and/or services provided to the customer. **Note:** Departments and individuals at CU Boulder are not permitted to contract with private collection agencies unless prior approval has been explicitly given by the State Controller's Office.

### **D. CCS Account Updates**

#### **1. Cancellation of an Accounts Receivable Submitted to CCS**

Under certain circumstances, the university may determine that an account was inappropriately submitted to CCS, and needs to recall the account from CCS. The university submits a cancellation request to CCS. This stops all collection efforts and removes the account from the CCS database. Read about payment adjustments and cancellations here: [https://coloradoc2.prod.acquia-sites.com/sites/default/files/3.%20Edit%20an%20Account\\_0.pdf](https://coloradoc2.prod.acquia-sites.com/sites/default/files/3.%20Edit%20an%20Account_0.pdf).

A cancellation request could occur under the following conditions:

- It is determined that because of a posting error, correcting charges, etc., that the debt is not a valid receivable and should never have been submitted to CCS. This includes debts submitting to CCS where collection efforts cannot proceed because the required debtor information or evidence supporting the underlying charge is not available. In this case, the receivable should be removed from the accounting records of CU Boulder.
- The university receives payment to bring the account into current status within five working days of placing the account with CCS.

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- An order of bankruptcy discharge identifies the university's debt as being discharged. In this situation, the receivable is removed from the accounting records of CU Boulder.
- Death of the debtor with no estate to make a claim against, after being included in the next tax offset, if appropriate. In this case, the receivable should be removed from the accounting records of CU-Boulder.

A cancellation request should not be used to recall an account from CCS because of direct payment to the university after five working days following assignment to CCS.

### 2. Administrative Adjustment of Balances for Accounts Submitted to CCS

In a limited number of situations, the university may need to change the principal or interest amount of a past due debt reported to CCS. Such an adjustment might be necessary because of an error in the amount when the debt was originally recorded, or due to an actual change in principal amount since the original amount was placed for collection. For all accounts that are administratively adjusted, CCS will continue collection efforts on the remaining outstanding balance.

Payment adjustments are made online using Ecliptics:

[https://coloradoc2.prod.acquia-sites.com/sites/default/files/3.%20Edit%20an%20Account\\_0.pdf](https://coloradoc2.prod.acquia-sites.com/sites/default/files/3.%20Edit%20an%20Account_0.pdf)

Upon occasion, the university may need to adjust its accounts receivable records because of minor differences (generally less than \$10.00) between the amounts recorded in the university's Finance System, and the amounts reported by CCS. These miscellaneous adjustments may be done without the approval of the State Controller and without submitting an adjustment request to CCS.

### 3. Direct-Pay from the Debtor

If, after having referred the debt to CCS, the university receives a payment directly from the debtor, the university must notify CCS of the payment within 30 days of payment receipt. Use the Ecliptics "Add Payment" function to report receipt of payment. CCS and/or contract vendors are entitled to commission on such payment. If such payment will pay the balance in full on an account, the department should contact CCS prior to accepting payment to ensure balances are accurate.

## **E. Interest and Collection Costs**

Interest and collection costs, including attorney fees, will be charged by CCS to the debtor on all referred accounts. These charges will be added to all debts due to CU Boulder as required or permitted by law. If there is no agreement or provision of law for a different rate, the interest charged on past due accounts receivable shall be at the rate of eight per cent as stated in *CRS 5-12-102*.

## **F. Collection and Delinquency Fees**

The State Auditor has found that there may be insufficient legal basis for some of the delinquency and collection fees being added to accounts by agencies and institutions when they forward these accounts to CCS for collection. The audit recommends that all state agencies provide documentation establishing their authority to add collection or delinquency fees to these accounts. Information about what is allowed by State Statute in terms of delinquency fees can be found in *CRS 24-79.5-102*. The text of this Statute follows:

*(1) Notwithstanding any other provision to the contrary, the state shall not impose a delinquency charge except as provided in this section.*

*(2) No delinquency charge may be collected by the state on any amount due that is paid in full within five days after the scheduled due date.*

*(3) No delinquency charge shall exceed fifteen dollars or up to five percent per month, or fraction thereof, not to exceed a total of twenty-five percent of the amount due, whichever is greater.*

*(4) No more than the amount set forth in subsection (3) of this section shall be collected by the state on any amount due regardless of the period of time during which the amount due remains in default.*

*(5) In the event that an amount due is one of a series of payments to be made toward the satisfaction of a single fee, fine, penalty, or other charge assessed by the state, no more than the amount set forth in subsection (3) of this section shall be collected by the state on any one of such payments regardless of the period of time during which the payment remains in default.*

*(6) No interest shall be assessed on a delinquency charge.*

*(7) Nothing in this section shall be construed to prohibit the state from charging interest on an amount due. In no event shall such interest be charged upon a delinquency charge or any amount other than the amount due. In no event shall any such interest charge exceed an annual percentage rate of eighteen percent or the equivalent for a longer or shorter period of time.*

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*(8) Nothing in this section shall be construed to prohibit the state from recovering the costs of collection, including but not limited to disconnection or reconnection fees or penalties assessed where fraud is involved.*

### XII. DISTRIBUTION OF RECOVERIES

All amounts collected by CCS will be disbursed to CU Boulder, net of the CCS collection fee. If collection is made by CU Boulder after the debt has been turned over to CCS, the department is still required to pay the collection fee to CCS. In such a situation, the department should notify CCS that the account has been collected. CCS will then withhold the amount of the fee from its next disbursement for collections on other accounts. If there are no subsequent collections from which CCS can withhold the fee, the department must request a bill from CCS, and process a payment voucher. Use account 553412–Admin/Collections Costs-State, on the payment voucher.

**Note:** If CU Boulder cancels an account with CCS within the first five days after submitting the debt to CCS, then CCS will not assess a collection fee.

### XIII. WRITING OFF ACCOUNTS RECEIVABLE

Chapter 8 of the Colorado *Fiscal Procedures Manual*, requires state agencies to review their accounts receivable prior to fiscal year end and write off those determined to be uncollectible. The following factors should be taken into consideration to decide whether a receivable is uncollectible:

- Age of the receivable
- Payment activity on the account
- Results of legal actions taken
- Financial condition or other relevant information about the debtor
- Results of the tax offset process used by CCS.

To aid in this analysis and determination of uncollectible accounts, CCS produces periodic Recommendation for Write Off Reports for use by state agencies. Each university department that is a CCS client has online access to these reports. In general, the criteria that CCS uses requires accounts to have been through tax offset (if applicable) with no payment activity within the last 27 months. Use the following procedures to write off accounts receivable.

All Recommendation for Write Off Reports that are accepted by the department must be submitted to the Campus Controller within two weeks of receipt. Do not return them directly to CCS. Process and forward these reports in a timely manner especially during the 4th quarter in order to have them written off before fiscal year end.

## A. Accounts \$50 or Less

Debts of \$50 or less may be written off once CU Boulder has completed its thirty-day collection effort and after CCS runs it through the tax offset procedure (if applicable) without results. These accounts may be written off without explicit approval or consent from the State Controller.

BSF-WROLT50

RECOMMENDATION WRITE OFF REPORT, \$50 OR LESS, FOR COLORADO STATE FAIR CLIENT: BSF 04-13-07 PAGE 1

ACCOUNT#	DSK CLI-REF # SOC SEC NBR	DEBTOR NAME ADDRESS FORWARD CLIENT	DT-ASGN CITY, STATE ZIP	PN-ASGN STATE ZIP	PPN-COLL	BALANCE STATUS	LST-PAY DESCRIPTION	WRO CD
111111	207	SMITH, JIM 123 MAIN STREET	01-11-05 DENVER, CO	50.00 81006-9688	0.00	50.00 ACTIVE - SMALL BALANCE		3
222222	211	JONES, JOHN 1234 MAPLE AVE	06-16-04 AURORA, CO	41.00 80014	0.00	41.00 ACTIVE - SMALL BALANCE		3
333333	210	DOB, JOHN 222 OAK DRIVE	01-11-05 PUEBLO, CO	27.00 81006-1002	0.00	27.00 ACTIVE - SMALL BALANCE		3

-----  
TOTAL = 3

118.00

Please review this report and cross out accounts you do not wish to be Written-Off. Please adjust the total balance accordingly and return the report to CCS by the end of May. If you do NOT respond, CCS will automatically Write-Off the accounts and you will receive a confirmation/approval letter from CCS.

The above identified accounts in the amount of \$\_\_\_\_\_ have been removed from the Recommendation for Write-Off.

\_\_\_\_\_  
Authorizing Signature/Title

\_\_\_\_\_  
Date

1. Each April, CCS creates a Recommendation for Write Off Report for accounts \$50 or less and posts it online (example above). There are two choices regarding the recommended write offs:
  - a) If you agree that all the accounts on the report should be written off, print out the report and forward to the Campus Controller for review indicating that all the accounts should be written off. Nothing more needs to be done. CCS will automatically proceed with the write off.
  - b) If you don't want certain accounts written off, print out the report and cross out any accounts that you do not want to write off, initial the crossed out lines, write in the new total write off amount, sign the form, and forward to the Campus Controller for review and forwarding to CCS.
2. Keep all correspondence from CCS that pertains to write offs, in particular any CCS document indicating that the collection efforts are complete and the tax offset process produced no results.
3. Retain supporting documentation and maintain a detailed listing of each account and the respective dollar amount that is being written off. Such a listing will be useful in the event subsequent payment is received on an accounts receivable that has been written off. Because a write off does not affect collection efforts, your department must maintain detail regarding the original charges and other fees even after the receivable has been written off. Generally, there is no statute of limitations on debts due the state.

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4. Write offs that are subsequently collected should retain documentation in accordance with the [Retention of University Records APS](#) and accompanying schedule. This is generally three years after the end of the fiscal year in which the collection on the written off debt was received.
5. Prepare a journal entry to do the actual write off. The transaction lines on the journal entry will vary depending upon which write off method is used: the allowance for doubtful accounts write off method, or the specific account write off method. A sample of this journal entry appears in Section XIV, *Accounting Transactions for Accounts Receivable*, section H, *Writing Off Accounts Receivable*. In the description of the journal entry, note the date CCS provided notification that its collection efforts were done and the tax offset process produced no results.
6. Adjust the customer's account in the departmental accounts receivable system.

**B. Accounts Over \$50**

Requests to write off amounts greater than \$50 require approval from the State Controller.

1. Each quarter, CCS prepares a Recommendation for Write Off report for accounts greater than \$50 and posts it online. There are two choices regarding the recommended write offs:
  - a) If you agree that all the accounts on the report should be written off, print out the report, sign it, and forward to the Campus Controller. Upon review, the Director will forward to CCS.
  - b) If you don't want all the accounts written off, print out the report and cross out any accounts that you do not want to write off, initial the crossed out lines, write in the new total write off amount, sign the form, and forward to the Campus Controller for review and forwarding to CCS.
2. Once the CCS and the State Controller have performed their respective review and approval of the write off request, CCS changes the status of the accounts in their system and then sends the original approval letter and a copy of the Write Off report back to the department as notification that they have been written off.
3. Retain supporting documentation and maintain a detailed listing of each account and the respective dollar amount that is being written off. Such a listing will be useful in the event subsequent payment is received on an accounts receivable that has been written off. Because a write off does not affect collection efforts, your department must maintain detail regarding the original charges and other fees even after the receivable has been written off. Generally, there is no statute of limitations on debts due the state.

4. Write offs that are subsequently collected should retain documentation in accordance with the [Retention of University Records APS](#) and accompanying schedule. This is generally three years after the end of the fiscal year in which the collection on the written off debt was received.
5. Prepare a journal entry to do the actual write off. The transaction lines on the journal entry will vary depending upon which write off method is used: the allowance for doubtful accounts write off method, or the specific account write off method. A sample of this journal entry appears in Section XIV, *Accounting Transactions for Accounts Receivable*, section H, *Writing Off Accounts Receivable*. In the description of the journal entry, note the date approval was received from either CCS and/or the state to do the write off.
6. Adjust the customer's account in the departmental accounts receivable system.

### C. The Forgiveness Process

**Note:** Writing off an accounts receivable is an accounting action. A written off account is still active, and the debtor still owes money to the university. The university is *never* permitted to forgive, settle, or compromise the amount of a debt owed to the university and, consequently, the state unless the process described below is strictly followed.

Although a rare occurrence, in certain situations the university, in consultation with CCS, may enter into negotiations with a debtor to settle an account for less than the full amount due. All settlement agreements must go through CCS for submission to the State Controller. Before the settlement agreement is signed, the State Controller and State Treasurer must approve the settlement.

## XIV. ACCOUNTING FOR ACCOUNTS RECEIVABLE

### A. Recording Accounts Receivable

Whenever a department provides goods or services to a customer and does not receive payment prior to or at the time the goods or services are delivered, the department must record an accounts receivable in the Finance System *and* in the customer's account in the department's accounts receivable system.

A journal entry in the Finance System is used to record the accounts receivable and revenue transaction in respective FOPPS. The entry is:

**Debit** an accounts receivable account, range 010000–014999

- Use an account that most accurately reflects the type of receivable

Most departments will use account 013000–AR Customers **Credit** a revenue account, range 200000-399999

- Select the account that most accurately reflects the nature of the revenue

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- Auxiliary Enterprise FOPPS (expense purpose code of 2000) should use an auxiliary enterprise revenue account that begins with 28xxxx
- Most other departments will use an account within the range 250100–259999 Sales and Services of Educational Activities, or within the range 325100–334999 Miscellaneous Income

A complete chart of accounts is accessible from the System Controller’s [website](#) under the ChartFields & Attributes tab.

For those departments that have a high volume of accounts receivable transactions, recording each transaction individually in the Finance System would be administratively burdensome. These departments may elect to do a summary accounts receivable entry to the Finance System once a month. When using this summary approach, the department will complete an online journal entry that records the accounts receivable and revenue for the entire month. This journal entry must be posted in the Finance System prior to the month end cutoff date.

**Note:** All accounts receivable transactions must be recorded in the Finance System by the stated month end journal entry deadline, so that the System accurately reflects the month end accounts receivable balance. Keep in mind that, even when a department chooses to record accounts receivable and revenue in summary form on a monthly basis in the Finance System, it is still necessary to post each credit sale individually in a timely manner to the customer’s account within the departmental accounts receivable system.

***B. Recording Bad Debt Expense and Allowance for Doubtful Accounts***

At the end of each fiscal year, departments must review and re-calculate their allowance for doubtful accounts, and prepare a journal entry to record adjustments in bad debt expense and allowance for doubtful accounts. The selection of the allowance account should be done in accordance with the accounts receivable account used when the receivable was originally recorded.

If the amount of the allowance is **increasing**, the entry is as follows:

<b>Debit</b>	Bad Debt Expense	Account 552900
<b>Credit</b>	Allowance for Doubtful Accts	Range 015000-019999

If the amount of the allowance is **decreasing**, the entry is as follows:

<b>Debit</b>	Allowance for Doubtful Accts	Range 015000-019999
<b>Credit</b>	Bad Debt Expense	Account 552900

### **C. Recording Interest Revenue**

Interest amounts chargeable to the customer must be accounted for as an account receivable. Process a journal entry recording the account receivable and the interest revenue. The entry is:

**Debit** an accounts receivable account, range 010000-014999

**Credit** a revenue account, range 280000-334999

- Auxiliary Enterprise FOPPS (expense purpose code of 2000) should use an auxiliary enterprise revenue account that begins with 28xxxx

- All other FOPPS should use an account within the range 325100-334999, Miscellaneous Income

### **D. Recording Collection Costs**

Collection costs chargeable to the customer must be accounted for as an account receivable. Process a journal entry recording the account receivable and the revenue associated with collection from the customer. The entry is:

**Debit** an accounts receivable account, range 010000-014999

**Credit** a revenue account, range 280000-334999

- Auxiliary Enterprise FOPPS (expense purpose code of 2000) should use an auxiliary enterprise revenue account which begins with 28xxxx

- All other FOPPS should use an account within the range 325100-334999, Miscellaneous Income.

### **E. Recording Payments from Customers**

A cash receipt is used to record and deposit a payment received from a customer. Code the cash receipt to match the FOPPS-Account combination that was used on the debit side of the journal entry when the accounts receivable was created.

Deposit the payment to an appropriate *accounts receivable* account (range 010000-014999) in order to clear the receivable in the financial system. **Do not** make the deposit to a revenue account.

Also, be sure to enter the payment into the customer's account in the department's accounts receivable detail system.

If a customer makes a payment to the university *after* the account has been submitted to CCS for collection, use CCS Ecliptics to record the payment. If the CCS add-on fee has not been collected, the account will not be considered paid in full. A paid in full letter or receipt should not be given to the debtor. Instead, refer the debtor to CCS.

### **F. Recording Payments from CCS**

Payments from customers for accounts receivable turned over to CCS require different accounting procedures. The accounts receivable must be relieved for the

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entire amount, even though the amount received from CCS is net of any collection fee. The accounts receivable—net of the CCS collection fee—can be recorded by the department in two ways: using a cash receipt by itself, or using a cash receipt in combination with a journal entry.

**1. Cash Receipt-Only Method**

Upon receipt of the payment for the debt from CCS, deposit the full payment with the CU Boulder Office of Cash Management using a cash receipt form. The deposit must be coded with the same FOPPS-Account combination that was used on the debit side of the journal entry when the accounts receivable was initially set up. In addition, include a line on the cash receipt form to record the collection fee withheld by CCS. (Note: if the collection fee has been added to the amount of the debt, CCS will retain the fee and forward the full amount.) Code the collection fee as a debit entry to account **553412**—Admin/Collections Costs-State. The Cash Receipt form is available from the CU Boulder Office of Cash Management by calling x2-7219.

Exhibit 3, on the next page, shows a completed cash receipt. The example illustrated by the exhibit is as follows: CCS has collected \$100 from the customer, and the CCS collection fee is \$15.

Effective July 1, 2020, Colorado Collection Services (CCS) has suspended service. New accounts should not be sent for referral. As we work through the campus impacts of this change, please continue collections locally, or based on your departmental policies. With the exception of CCS, all other portions of Chapter 12 are still in effect.



University of Colorado

**CASH RECEIPT**  
Please type or print. Use only black or blue ink.

CASHER'S USE ONLY

DATE 4/4/06 CASH RECEIPT No. \_\_\_\_\_

DEPARTMENT NAME CCO

PREPARED BY D Fuqua

AUTHORIZED SIGNATURE Laura Ragin

DEPARTMENTAL ADDRESS/CAMPUS BOX 579 UCB

PHONE 2-2618

An example of using the Cash Receipt to record the actual amount of payment received from CCS (\$85) and the collection fee retained by CCS (\$15) on an original debt of \$100.

Use the A/R account that was used when the receivable was originally set up

(#) INDICATES NUMBER OF CHARACTER SPACES

(10) Speed Type	(6) Account	(5) Fund	(10) Org	(5) Program	(5) SubClass	(4) Project Year	(15) Project/Grant
12012397	013000	20	10459	16080			
(30) Description		(6) Reference	(16) Amount		(1) D/C		
Account receivable payment for Jane Smith			100.00		C		

553412 - Admin/Collections Costs-State

(10) Speed Type	(6) Account	(5) Fund	(10) Org	(5) Program	(5) SubClass	(4) Project Year	(15) Project/Grant
12012397	553412	20	10459	16080			
(30) Description		(6) Reference	(16) Amount		(1) D/C		
CCS collection cost for Jane Smith			15.00		D		

(10) Speed Type	(6) Account	(5) Fund	(10) Org	(5) Program	(5) SubClass	(4) Project Year	(15) Project/Grant
(30) Description		(6) Reference	(16) Amount		(1) D/C		

REMARKS \_\_\_\_\_

<input type="checkbox"/> CASH _____	TOTAL THIS PAGE
<input type="checkbox"/> CHECKS <u>85.00</u>	<u>85.00</u>
<input type="checkbox"/> CREDIT CARDS _____	TOTAL FROM ATTACHMENT
<input type="checkbox"/> WIRE _____	_____
<input type="checkbox"/> OTHER _____	CASH RECEIPT TOTAL
<b>TOTAL</b> <u>85.00</u>	<u>85.00</u>

TOTALS MUST MATCH

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**2. Cash Receipt and Journal Entry Combination**

As an alternative to using only the cash receipt to record the collection recovery and the collection fee from CCS, it is possible to

- Deposit the \$85 into the accounts receivable account using a cash receipt, and then
- Prepare a journal entry to write off the \$15 using account 553412–Admin/Collections Costs-State. The journal entry transaction is

<b>Debit</b>	Admin/Collec Costs-State	Account 553412	\$15
<b>Credit</b>	Accounts Receivable	Account 013000	\$15

**G. Calculating and Recording an Allowance for Uncollectible Accounts Receivable**

For each FOPPS that has an accounts receivable, the department must establish and maintain an allowance. The allowance reflects an estimate of the amount of accounts receivable that will not be collected. The goal in recording this allowance is to show, as accurately as possible, the net realizable value of accounts receivable on financial reports. The allowance for uncollectible accounts must be updated in the Finance System at fiscal year end.

The task of calculating and recording the allowance is the responsibility of each department, and can be calculated in one of two ways:

1. Based upon a history of uncollectible accounts as a percentage of total accounts receivable, or
2. Through specific identification of accounts considered uncollectible.

The department should select the option that is most appropriate for its operations. Contact your campus accountant with questions or for additional information.

**1. History of Uncollectible Accounts as a % of Total Accounts**

This is the preferred method for most departments at CU Boulder. It may not be appropriate, however, for small units or those units with few accounts receivable.

In this method, the department uses the actual history of uncollected accounts to estimate the amount of current outstanding accounts receivable that may not be collected. A new percentage is calculated annually for fiscal year-end reporting. The steps listed below describe how to calculate the percentage:

1. Determine the actual total of accounts written off over a period of time. A suggested time period is three to five years, and each department should select the period of time that seems most appropriate for its business pattern.

2. Determine the total accounts receivable charges for that same time period.
3. Calculate the percentage of total accounts receivable that have resulted in bad debt write offs by dividing  
the total actual accounts written off (Step 1) by  
the total accounts receivable charges (Step 2)
4. Apply the percentage calculated in Step 3 to the current accounts receivable balance. The resulting amount will be the estimate of current accounts receivable the department can expect **not to collect** based upon historical experience.
5. Prepare a journal entry to adjust the allowance for uncollectible accounts receivable to equal the amount calculated in Step 4. Based upon the results of the calculation, the allowance may be either increased or decreased.

#### **Increasing the Allowance**

The journal entry transaction to increase the allowance is:

<b>Debit</b>	Bad Debt Expense	Account 552900
<b>Credit</b>	Allowance for Doubtful Accts	Range 015000–019999

#### **Decreasing the Allowance**

The journal entry transaction to decrease the allowance is:

<b>Debit</b>	Allow for Doubtful Accts	Range 015000–019999
<b>Credit</b>	Bad Debt Expense	Account 552900

## **2. Specific Identification of Accounts Determined Uncollectible**

Small departments or those departments that have a limited number of accounts receivable typically use this method.

The specific identification method requires an account-by-account analysis to determine which past due accounts will not be collected. Use the steps below to evaluate whether or not an account is collectible:

1. Refer to the **Aged Accounts Receivable Trial Balance**. For each account over 30 days past due, evaluate on an account-by-account basis, whether future collection efforts will be effective by examining the history of collection attempts and the debtor's responses.
2. Prepare a list of those accounts that will not be collected. At a minimum, include the following information for each account:
  - Name of the debtor

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- Transaction date
  - Amount of the transaction
  - FOPPS-Account combination in which the account receivable is recorded
3. Establish the Allowance for Doubtful Accounts by preparing a journal entry for each FOPPS-Account combination and the respective uncollectible amounts listed in Step 2. The transaction for the journal entry is:
- |               |                              |                     |
|---------------|------------------------------|---------------------|
| <b>Debit</b>  | Bad Debt Expense             | Account 552900      |
| <b>Credit</b> | Allowance for Doubtful Accts | Range 015000–019999 |
4. Once the allowance for doubtful accounts has been initially set up according to steps 1-3 above, maintain the allowance for doubtful accounts by doing the following tasks on a monthly basis:
- Examine the **Aged Trial Balance and Certification** report to determine if any additional accounts, not included on the previously created list of uncollectibles, should be added to the list. If it is necessary to add another account to the list, prepare a journal entry as described in Step 3 for the particular account.
  - Reconcile the amount in the allowance for doubtful accounts for each FOPPS-Account combination to the list of uncollectible accounts prepared in Step 2.
  - Adjust the allowance for doubtful accounts to reflect collection or write offs of accounts receivable.

**H. Writing Off Accounts Receivable**

Under no circumstances may the accounting transactions to write off accounts receivable be done until the department receives confirmation from CCS that it is permissible to do the write off. The actual transactions used on the journal entry to do the write off depend upon whether or not an allowance for doubtful accounts was set up.

**1. Accounts Receivable for which an Allowance for Doubtful Accounts has been Established**

<b>Debit</b>	Allowance for Doubtful Accts	Range 015000–019999
<b>Credit</b>	Accounts Receivable	Range 010000–014999

Note the date approval was received from CCS to do the write off in the description of the journal entry.

**2. Direct Write Off of Specific Accounts with No Allowance**

<b>Debit</b>	Bad Debt Expense	Account 552900
<b>Credit</b>	Accounts Receivable	Range 010000–014999

Note the date approval was received from CCS to do the write off in the description of the journal entry.

### ***I. Accounts Receivable Adjustments***

On occasion, the accounts receivable records need to be adjusted for activity not related to a charge, payment, or approved write off. This usually occurs due to:

- posting errors
- return of goods
- adjustment in charges

Although the adjusting entries listed above can be made by the department without prior approval from the CU Boulder Controller or CCS, all such adjustments must be documented and fully explained in the departmental accounts receivable system.

## **XV. NON-SUFFICIENT FUNDS (NSF) CHECKS**

Occasionally a check accepted in payment will be returned by CU Boulder’s bank due to non-sufficient funds (NSF) in the check writer’s account or because the account was closed. Checks returned due to NSF or closed account represent an account receivable. Since the university has already provided the goods and/or services for which the check payment was made, what remains is to collect the payment.

The Bursar will re-deposit NSF checks in an attempt to collect the funds due. If this effort does not succeed, the check will be charged to the departmental FOPPS indicated on the check endorsement. The Bursar then sends the department both the original check and a copy of the journal entry charging the departmental FOPPS for the amount of the check. The department now has an account receivable it must collect. NSF accounts receivable are treated in the same manner as all other accounts receivable, including submission to the CCS for collection.

Departments should establish a process for keeping a list of people who have written NSF checks. This list should be provided to cashiers who, in turn, should be instructed to not accept checks from these individuals. Departments may also assess a reasonable penalty charge on returned checks, provided that the amount of this charge is **posted clearly and visibly at every location checks are accepted. CCS recommends a \$20 charge (and it cannot exceed this amount).**

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**A. Collection Procedures**

Upon receiving the original check back from the Bursar, the department shall immediately attempt to contact the check writer.

**Note:** Contact the check writer without delay, since the longer the delay, the more difficult it can be to collect the funds due the university.

1. Contact the check writer via email or by telephone.
  - Inform them that they must make payment in cash, and provide them a due date and location for making this payment.
  - Notify the check writer of the NSF penalty charge. According to the State of Colorado Fiscal Rule 6-7:  
*A state agency or institution of higher education that receives a check that is returned for insufficient funds shall assess a reasonable fee against the person who issued the check. The fee assessed shall be at least equal to the additional bank charges incurred by the state agency or institution of higher education and may include up to an additional 25% of the additional bank charges to cover the state agency or institution of higher education's administrative costs. This penalty is in addition to any other penalty provided by statute except the penalty provided by 24-35-114, C.R.S.*
  - Tell the check writer that the check will be turned over to CCS if payment is not made.
  - Make follow-up contacts.
2. Keep a written record of all efforts made to contact the check writer. Include notes on attempted contacts, actual contacts made, and the instructions provided to the check writer by departmental staff.
3. The original check may be returned to the check writer upon receiving payment.
4. If the check writer cannot be contacted within two weeks from the date on which the original check was returned to the department, the NSF check should be submitted to CCS for formal collection efforts. The procedures are similar to those described earlier in this chapter in Section XI, *Collections*, section B, *Referral of Past Due Accounts Receivable to CCS*. However, for a bad check, complete a New Account Worksheet but **do not submit it online**. Print it out and send it to CCS with the returned check.

**Note:** If the department, itself, does not have the resources to follow up on NSF checks, then these checks can be referred immediately to CCS. The sooner the submission of the NSF checks to CCS is done, the better the chance of recovery. Keep in mind that CCS retains a portion of the recovery proceeds in exchange for the work it does in collecting the NSF check.

### **B. Depositing Payments for Non-Sufficient Funds Checks**

Cash payment for the check and the NSF penalty charge must be deposited with the regular business receipts on the day the payment is received. The funds for the check should be deposited to the FOPPS-Account combination used by the Bursar for charging the check back to the department. The funds for the NSF penalty charge should be deposited into the same FOPPS. For Auxiliary Enterprise FOPPS (those with an expense purpose code of 2000), an account in the 28xxxx range should be used—miscellaneous revenue would be suitable. All other FOPPS should use account **325700–Returned Check Charges**.

## **XVI. CREDIT CARD CHARGEBACKS**

Consumers have the right to dispute card transactions that they claim were not authorized or in error, and their card-issuing financial institution will then request a copy of the transaction from the merchant (department). If the department does not respond within 12 calendar days to the request for a copy, the transaction is “charged back” to the merchant account, hence the term **chargeback**. Chargebacks must be processed by the department **within 12 calendar days**. There is no grace period, and no appeal if the department misses the deadline. If a department fails to provide the requested documentation to the credit card company within this time period, the department cannot attempt to collect the payment. Thus, all credit card chargebacks that go past 12 days must be recorded as a reduction of revenues. These should **not** be sent to CCS for collection as a past due account receivable.

To record chargebacks in the Finance System, departments that use Cash Receipts to process credit card sales should complete a Cash Receipt that *debits* (reduces) the appropriate Revenue account and turn it in to the Bursar for processing along with copies of supporting documentation. (Those departments that use the Treasurer’s Office to process credit card sales should contact Treasury regarding the chargeback.)

## **XVII. ACCOUNTS RECEIVABLE REPORTING**

### **A. Monthly Aged Trial Balance and Certification**

To comply with the *Accounts Receivable Administration Rule* (1997), a monthly **Aged Trial Balance and Certification** report must be prepared for accounts receivable. The example below, provides a sample format of the Aged Trial Balance and Certification Monthly Report form. A departmental form may be used provided it contains comparable information.

The reconciliation of the Aged Trial Balance and Certification to the dollar amount recorded in the Finance System must be completed every month. The dollar amount of the accounts receivable listed on the Aged Trial Balance and

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Certification must equal the dollar amount recorded in the accounts receivable account of the respective FOPPS. The aging schedule must contain a certification statement attesting to its accuracy and its compliance with regulations. In addition, the detail included on the aged trial balance must identify those accounts receivable requiring follow-up. Retain the Aged Trial Balance and Certification report in accordance with the [\*Retention of University Records APS\*](#) and accompanying schedule. This is generally three years.



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***B. Monthly Reports from Central Collection Services (CCS)***

Although CCS acts on behalf of the university to collect past due accounts receivable, it is the responsibility of each department to monitor the progress being made by CCS on its respective accounts. To assist with this task, CCS issues a variety of reports advising departments about the collection status of their accounts receivable. These reports are available through Ecliptics and you can read more in the Ecliptics Manual and in Retrieve Statements and Reports: [Accounts Receivable Collections Administrative Rule](#). These reports include:

- History Report
- Placement Report
- Cancellation Report
- Reactivation Report
- Statistics Report
- 24 Month Placements Report

When questions arise, or when departments feel that satisfactory progress on collecting their accounts receivable is not being made, they can contact CCS directly, at (303) 866-6560, or refer to the [CCS website](#). Departments may also consult with their campus accountant if assistance is needed in working with CCS.

***C. Annual Reporting To the Auditors***

Each year the external auditors require CU Boulder to submit its **annual accounts receivable workpaper**. This report provides information about each accounts receivable account as of June 30th, and includes a listing for each accounts receivable FOPPS and each allowance FOPPS. Since departments play a pivotal role in the preparation of this report, CCO gathers the necessary information by distributing a worksheet for departments to fill out.

CCO asks the departments to do the following and return the completed worksheet:

- Provide details of customer names, transaction dates, and dollar amounts to support the accounts receivable balance for each FOPPS in which an accounts receivable is recorded
- Explain the methodology used to calculate the allowance amount for each FOPPS in which an allowance is recorded
- Reconcile the detail amounts to the Finance System accounts receivable account balance or allowance account balance.

***D. Annual Accounts Receivable Report***

Departments are encouraged to complete an Annual Accounts Receivable Report to analyze and reconcile their receivables. A example appears on the next page followed by instructions on how to complete it.

# ACCOUNTS RECEIVABLE

## Exhibit 5

### ANNUAL ACCOUNTS RECEIVABLE REPORT



Agency/Institution: University of Colorado at Boulder Department \_\_\_\_\_  
 Agency Code: GFB Prepared By \_\_\_\_\_  
 For the Period Ending June 30, 20xx FOPPS-Account \_\_\_\_\_



	Accounts Receivable Types →	Student Rcvbl	Customer Accounts	Inter-Agency Rcvbl	Loans & Notes Rcvbl	Rcvbls from other Govt's	Other Rcvbls	Long Term Over 1 Year	Federal Student Loan Rcvbl	TOTAL RCVBLS
3	1) Gross Accounts Receivable									
	2) Less: Allowance for Doubtful Accts									
	3) Net Collectible Receivables (Line 1-2)									
<b>AGING OF TOTAL GROSS ACCOUNTS RECEIVABLE</b>										
	4) Not Past Due									
	5) 1-30 Days Past Due									
4	6) 31-90 Days Past Due									
	7) 91 Days-1 Year Past Due									
	8) Over 1 Year Past Due									
	9) Total Past Due (Sum lines 5 - 8)									
	10) Total Gross Accounts Receivable									
5	11) Total Annual Gross Revenues			N/A				N/A	N/A	
<b>% of Receivables Over 30 Days Past Due with Collection Agencies:</b>										
a	12) \$ Total of A/R Placed with CCS									
	13) \$ Total of A/R with Other Collection Agencies									
	14) Total \$ with Collection Agencies									
	15) Total \$ in Past Due A/R (= Line 9)									
	16) Calculation: Line 14 / Line 15									
	17) Statewide Target	Exempt	100%	Exempt	100%	Exempt	100%	Exempt	Exempt	
<b>Days of Gross Revenues in Net Collectible Receivables:</b>										
b	18) Net Collectible A/R (Line 3) * 365									
	19) Annual Gross Revenues (Line 11)									
	20) Calculation: Line 18 / Line 19									
	21) Statewide Target	Exempt	20 Days	Exempt	Exempt	20 Days	20 Days	Exempt	Exempt	
<b>Number of Individual Accounts Receivable</b>										
c	23) # of Individual A/R at University Dept (Not with Collections)									
	24) # of Individual A/R at CCS									
	25) # of Individual A/R at Private Collection Agencies									
	26) Gross Number of Individual A/R									
	27) Accounts NOT with Collections that SHOULD be # accts \$ amount									

Is there a difference between the client inventory of Central Collections and your agency's records for accounts turned over to Central Collections?

Yes		No
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The following describes the information pointed out by each arrow on Exhibit 5, the **Annual Accounts Receivable Report** form. All fields are mandatory unless designated otherwise. All information reported is as of June 30<sup>th</sup> of the fiscal year.

**11. Demographic Information**

- Enter the department name, the name of the person preparing the form and the FOPPS-Account combination used to record the accounts receivable being reported.
- Use one form for each FOPPS-Account combination.
- Complete the form with information pertaining to the FOPPS-Account combination listed at the top of the form.

**22. Accounts Receivable Types**

Account receivable types are defined below, and the department's accounts receivable must be reported according to these categories. For each type of accounts receivable held by the department, enter the information identified by the descriptions on the left hand side of the form.

**Student Tuition Receivable, Account Range 012900–012999**

Any amount owed to an institution of higher education by a student or former student for such items as tuition, lodging, meals, and mandatory fees. This receivable should not include loans or notes or alumni doing business as alumni. This includes student accounts receivable in the BRS and in the departmental accounts receivable system.

**Customer Accounts, Account Range 012800–012899**

Amounts owed to an agency or institution of the state by individuals or organizations other than state agencies and institutions. These result from sales of goods and/or services, licenses, and other fees. Exclude student receivables that are reported under Student Tuition Receivable.

**Interagency Receivables, Account Range 013200–013299**

Amounts owed to agencies and institutions by another state of Colorado agency or institution for goods and/or services provided or any other type of transaction.

**Loans and Notes Receivable, Account Range 025500–025599;  
027900–027999**

Amounts owed to agencies and institutions of the state that the state has loaned to individuals or organizations other than state agencies and institutions. Report federally sponsored student loans separately.

**Receivables from Other Governments, Accounts 010000–011599**

Amounts due from other governments, including amounts due under contracts and grants from the federal government and other governments. Does not include amounts due from other state of Colorado agencies or institutions. This may include receivables posted when revenue is earned on reimbursed disbursements which are not yet legally “due” because the warrants or checks have not yet cleared the bank. Receivables from other governments reimbursed through another state of Colorado agency or institution should be reported as interagency receivables. Amounts improperly incurred and amounts that exceed grant or contract limits, which will not be reimbursed, should not be reported as receivables.

**Other Receivables, Accounts 012000–012799; 013000–013999; 013300–014999**

Receivables due from privately funded grants and contracts or other amounts owed to an agency or institutions of the state for which a category has not been provided on this form.

**Long Term (over one year) Receivables, Accounts 095000–096999**

Amounts owed an agency or institution of the state by individuals or organizations other than state agencies that are not due for payment within the next twelve months.

**Federal Student Loans Receivable, Accounts 025000–025499; 027500–027899**

Amounts due from students under federal loan programs. Amounts reported as due should include both state and federal participation in the program.

**Total Receivables**—this is the total of all categories across the page. This amount must agree with the account receivable balance in the above referenced FOPPS-Account combination.

**Note:** In the subsequent portion of this section pertaining to **the Annual Accounts Receivable Report**, the number preceding the text corresponds to the Line number indicated on the sample form in Exhibit 5.



**Accounts Receivable Summary**—This data is provided by CCO.

**1: Gross Accounts Receivable**

For each type, enter the accounts receivable within the department, including any accounts that have been turned over to CCS or the state/university’s private collection agency. The *Total Receivable* column figure must balance to your FOPPS-Account combination

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for accounts receivable. Do not include accounts that have been written off and/or discharged.

**2: Less: Allowance for Doubtful Accounts**

For each type, enter the allowance for doubtful accounts. The *Total Receivable* column figure must balance to your FOPPS-Account Combination Allowance for Doubtful Accounts.

**3: Less: Net Collectible Receivables**

Calculate the difference between item 4 less item 5, and enter it on the line.

 **4.4. Aging of Total Gross Receivables**

**4: Not Past Due**

Enter the amount for each type of total receivables that is not past due. Do not include any receivable that is past due or has been turned over to CCS or our private collection agency.

**5-8: Not Past Due**

Enter the amount for each type of past due receivable categorized by the number of days past due.

**9: Total Past Due**

For each type of receivable, enter the sum of all amounts in past due categories.

**10: Total Gross Accounts Receivable (Calculated Field)**

Add the amount in **Line 4** to the amount in **Line 9**. The total must equal the amount in **Line 1**.

**11: Total Annual Gross Revenues**

For each type of receivable, enter the total annual gross revenue generated over the past twelve months.

 **5.5. Performance Measures**

This section of the report calculates the various percentages that demonstrate

- how well the accounts receivable are being managed, and
- how well regulations concerning submitting past due accounts receivable to CCS for collection are being followed.

There are three performance categories

- a. Accounts Receivable Over 30 Days Past Due with Collection Agencies

- b. Days of Gross Revenues in Net Accounts Receivable
- c. Number of Individual Accounts Receivable.

**a. Percentage of Receivables Over 30 Days Past Due with Collection Agencies**

This entry measures compliance with Senate Bill 91-140. This bill requires that all accounts receivable more than 30 days past due be turned over to CCS for collection. Refer to Section XI, *Collections*, sub-section B, *Referral of Past Due Accounts Receivable to CCS*, in this chapter of *The Guide* for more information.

**12: Dollar Total of A/R Placed with Central Collections**

Enter the amount of receivables submitted to CCS for collection.

**13: Dollar Total of A/R Placed with Other Collection Agencies**

Enter the amount of receivables submitted to private agencies for collection.

**14: Total Dollar Amount with Collection Agencies (Calculated Field)**

Add the amount on **Line 12** to the amount on **Line 13**.

**15: Total Dollar in Past Due A/R**

Enter the information from **Line 9**.

**16: Calculated Field**

Divide the amount on **Line 14** by the amount on **Line 15**.

**b. Days of Gross Revenues in Net collectible Receivables**

This entry demonstrates the length of time credit customers have tied up cash that would otherwise be available for departmental use. This measure can be used for cash flow projections, as well as for departmental analyses of credit-granting policies.

For those categories of accounts receivable not indicated as being Exempt on Line 21, fill out Line 18, Line 19, and Line 20, complete the following fields:

**18: Net Collectible A/R (Calculated Field)**

Multiply the amount from **Line 3** by 365.

**19: Annual Gross Revenues**

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Enter the amount from **Line 11**.

**20: Calculated Field**

Divide the amount on **Line 18** by the amount on **Line 19**

**c. Number of Individual Accounts Receivable**

**23: Number of Individual A/R at University Department**

Enter the number of accounts receivable. Exclude the accounts receivable already turned over to the CCS or to a private collection agency.

**24: Number of Individual A/R at CCS**

Enter the number of accounts placed with CCS for collection.

**25: Number of Individual A/R at Private Collection Agencies.**

Enter the number of accounts placed with private collection agencies.

**Note:** The option to place accounts receivable directly with a private collection agency is available only for accounts administered through the Student Debt Management department.

**26: Gross Number of Individual A/R (Calculated Field)**

Add together the amounts on **Lines 23, 24, and 25**.

**27: Accounts *not* with Collections that *should* be**

Enter the number of accounts receivable and the dollar amount of accounts receivable that are more than 30 days past due and, thus, should have been submitted to CCS for collection.