

Accounts Receivable Policy

1 OVERVIEW

It is the policy of the California State University, Dominguez Hills Foundation (“Foundation”) to establish a system to maintain, control, and record the accounts receivable (“Accounts Receivable”) processed by the Foundation. Accounts Receivable records should be accurate, complete, and maintained in a manner indicative of the length of time a debt is outstanding.

2 INITIATION AND SETUP

The Foundation uses a centralized accounts receivable system for the creation of invoices. All invoices are systematically numbered in the ONESolution accounting system (“ONESolution”). All invoice numbers are in sequence and assigned to the invoice upon invoice creation.

Depending on the nature of the operation, each Unit prepares a request for invoice. Except for catering operations, which have an independent invoicing process, each request for an invoice should have:

- Proper documentation such as date, unit, price, quantity, account number, description, extended amount, contractual agreements, work orders, POs, etc.
- An authorized signature on the request for invoice form.

The request for invoice form is given to the Foundation Accountant (“Accountant”) to review for accuracy and revenue recognition. The accountant creates the invoice in ONESolution, and the invoice entry is routed to the Controller for posting. The PDF invoice is sent to the requestor or directly to the customer as denoted on the invoice request form.

3 RECORDING

Auxiliary transactions are accounted for on an accrual basis. Therefore, revenues are recognized when transactions occur and are invoiced. The Accountant verifies:

- When the sale of goods or services took place; and
- If the sale transaction has taken place, the Accountant determines the appropriate period for revenue recognition.

All invoice adjustments must specify the invoice number, customer I.D. (PEID), and reason for adjustment. In addition, such adjustments must contain an authorized signature approving the adjustment(s). The adjustment request is then sent to the Foundation Accountant for processing.

Payments, partial payments, credits, and other authorized adjustments to AR are posted against the corresponding invoices in order to maintain accurate aging of the AR subsidiary ledger.

4 RECONCILIATION

The Account Receivable Aging Report is reconciled monthly to the general ledger accounts receivable object codes by the Accountant and reviewed by the Controller.

After month-end closing, an Account Receivable Aging Report is generated by the Accountant and a copy is sent to the Project Director/Project Manager, the Controller, and the Chief Financial Officer. An explanation as to why the balance has not been collected is requested from the Project Director/Project Manager for balances due for over 90 days.

A review of credit balances is performed monthly by reviewing the AR subsidiary ledger or the accounts receivable aging schedule. Credit balances shall be communicated in full by accounting staff to the Foundation Chief Financial Officer.

5 COLLECTIONS AND WRITE-OFFS

Collection efforts for accounts receivable invoices are the responsibility of the Project Director(s)/ Project Manager who requested the invoice and the Accountant. The Accountant supports the invoice requestor in collecting balances by providing monthly aging reports to the invoice requestor for balances under 45 days outstanding. The Accountant also generates delinquency letters and documents collection efforts in the accounting system. If the balance is 45 days or older outstanding, it is the responsibility of the accountant to collect the balance directly from the customer. Once the outstanding balance reaches 90 days, the accountant shall discuss further collection efforts with the Controller.

If it is determined that further collection action would not be productive and after one year of collection, an invoice or pledge can be written off against the Allowance for Doubtful Accounts. All write offs must be approved by the Foundation's Executive Director or Chief Financial Officer.

In the case of unpaid invoices, accounting staff will inform the Executive Director or Chief Financial Officer and, if applicable, a credit hold will be placed in the system to prevent the Foundation from providing further services to the customer. All old outstanding balances need to be cleared and advance payments need to be made before further services can be provided to the vendor.

All invoices which have been outstanding for longer than one year will be: (1) recorded in an allowance for doubtful accounts; or (2) written off within the first or second year, with the prior written approval of the Project Director/Manager, and the Chief Financial Officer.