

Accounts Receivable Policy

California State University, Dominguez Hills Foundation

PURPOSE

The purpose of this policy is to outline the procedures in the accounts receivable function of the California State University, Dominguez Hills Foundation, as well as to ensure that invoices are recorded and maintained in the accounts receivable ledger, and that funds are collected in an accurate and timely manner.

POLICY AND PROCEDURES

1. Invoicing Procedures

- A. The Foundation uses a centralized accounts receivable system for the creation of invoices. All invoices are systematically numbered. All invoice numbers are in sequence and assigned to the invoice after the batch is posted.
- B. Depending on the nature of the operation, each Unit prepares a request for invoice. Except for the 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.
- C. The request for invoice orders forms are given to the Administrative Assistant to review for accuracy and revenue recognition. After the batch is reviewed, it is sent to the Accounting Manager for posting. After posting, the Administrative Assistant will print the invoices and will distribute them as set forth below. The original invoice is sent to the customer. One copy is sent to the originating unit for campus programs, and an additional copy is kept in accounting with the backup documentation. The request for invoice is filed.
- D. Collection of invoices is the responsibility of the Project Director(s)/ Project Manager who requested the invoice.
- E. Void invoices are marked "void" and returned to the Accounting Manager to be voided.

2. Revenue Recognition

- A. Auxiliary transactions are accounted for on an accrual basis. Therefore, revenues are recognized when transactions occur and are invoiced. The Administrative Assistant verifies:
 - When the sale of goods or services took place; and

- If the sale transaction has taken place, the Administrative Assistant determines the appropriate period for revenue recognition.
- B. 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 form is then sent to the Foundation Administrative Assistant for processing.

3. Accounts Receivable Aging Report

- A. After month-end closing, an Account Receivable Aging Report is generated by the Administrative Assistant and a copy is sent to the Project Director/Project Manager, the Accounting Manager, and the Chief Financial Officer.
- B. The Account Receivable Aging Report is reconciled monthly by the Administrative Assistant to the general ledger accounts receivable object codes.

4. Collections Allowance and Write-Off of Accounts Receivable Invoices

- A. Collection efforts for accounts receivable invoices are the responsibility of the Project Director(s)/ Project Manager who requested the invoice.
- B. 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.