HSC OP: 50.06, Accounts Receivable Maintenance for Contract Accounts Receivable/Billing System

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish policies and procedures related to maintenance of contract accounts receivable balances created within the Contract Accounts Receivable Billing system.

REVIEW: This HSC OP will be reviewed on June 1 of each even-numbered year (ENY) by the Director of Accounting Services, with recommendations for revisions forwarded to the Executive Vice President for Finance and Administration by July 1.

POLICY/PROCEDURE:

1. **Policy.** Accounts receivable (AR) balances and related revenue amounts will be reversed for any accounts receivable that remains uncollected for longer than 180 days. This policy applies only to AR balances within the Contract Accounts Receivable/Billing system.

2. **Definitions.**
   
a. **Contract Accounts Receivable/Billing System.** The Contract Accounts Receivable/Billing System is an online system designed to track departmental billing and outstanding accounts receivable balances related to contracts entered in the Contracting System. The Contract Accounts Receivable/Billing System is accessible under the Contracting section of the F&A Work Tools tab of the Webraider portal. The system can also be accessed from the Contracting web site at [https://www.fiscal.ttuhscc.edu/contracting](https://www.fiscal.ttuhscc.edu/contracting).

   b. **Accounts Receivable.** Amount recorded as due for collection on a revenue A/R contract that has been entered in the Contract Database component of the Contracting System.

3. **Department Responsibility.** Departments that regularly have outstanding revenue contract accounts receivable balances must keep adequate documentation regarding contract account balances owed, collected and outstanding. The Contract Accounts Receivable/Billing System is designed to assist departments in tracking activity associated with these balances. However, Departments should also incorporate adequate internal control measures related to their revenue contracts and related accounts receivable including, but not limited to, the following:

   a. Revenue contracts should be billed regularly for actual services provided pursuant to the contract terms.

   b. Due diligence should be exercised in efforts to collect amounts billed. Due diligence includes ensuring that statements/invoices are sent regularly, with additional reminders sent for any amounts that are past due. Departments are encouraged to develop written collection procedures in order to outline steps necessary to achieve due diligence.

   c. Individual revenue contract balances outstanding should be reconciled to amounts recorded in the Contract Accounts Receivable/Billing System.

4. **Exceptions.** Per HSC OP 50.03, it is the responsibility of all fund managers to maximize cash flow through timely billing, collection and depositing of revenue. Per this policy, 180 days is determined to be a reasonable amount of time to complete the collection process for each AR entered in the Contract Accounts Receivable/Billing system. However, should circumstances arise in which the

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collection process will exceed 180 days, the originating department of the AR should contact Accounting Services at hscacc@ttuhsc.edu to request an exception to this policy. The policy exception request should include recent communication/documentation (no more than 60 days old) between the originating department and the contractee which indicates that the contractee is aware of the outstanding AR and intends to pay the specified amount. The request should also include documentation of the originating department’s attempts to collect the outstanding AR during the period 180 day for which the AR has remained uncollected.

5. **Subsequent Collection.** If an AR is reversed due to collection time exceeding 180 days, and the payment is later received, the AR should be reentered in the Contract Accounts Receivable/Billing system so that the payment can be applied to the appropriate revenue A/R contract.