

RECEIVABLES MANAGEMENT

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RECEIVABLES MANAGEMENT

Accounts receivable include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments, tuition, fees and various other receivables. In order to effect early conversion of these receivables to cash and minimize credit losses, each campus must maintain a diligent program for managing receivables. The management function consists of granting credit, billing accounts, effecting collection, analyzing outstanding accounts (aging), and providing for bad debts. This chapter outlines the policies and procedures pertaining to these management functions.

I. POLICY GUIDELINES

The procedures set forth in section II are based on the following policy concepts:

A. GRANTING OF CREDIT

The granting of credit is not a primary function of the University; therefore, credit will be granted only as indicated below¹:

1. Credit is granted to students in accordance with existing policies pertaining to student loans and deferred payment of fees. Credit is also granted to students as required for the administration of fines and the assessment of additional fees that may be determined to be applicable after a [student registers](#).
2. Credit is granted to employees in connection with Mortgage Origination Program (MOP) Loans and Supplemental Home Loan Program (SHLP) loans and employee emergency loans.²
3. Credit is automatically granted to faculty and staff for travel advances. Travel advances to non-University personnel may be granted only in

¹ Regents Standing Order 100.4 (dd)(3) states that except as otherwise specifically provided in the Bylaws and Standing Orders, the President is authorized to execute on behalf of the Corporation all contracts and other documents necessary in the exercise of the President's duties, including documents to solicit and accept pledges, gifts, and grants, except that specific authorization by resolution of the Board shall be required for documents which involve or which are: Loans of funds of the Corporation, other than loans from established student, faculty, and staff loan funds.

² Employee Emergency Loans. See Accounting Manual chapter [E-526-48](#).

unusual circumstances and must be approved in advance by the Chancellor or his/her designee.

4. Credit may be granted to the general public (which may include students and staff) by campus departments that are authorized to provide services or products; these services or products are normally provided as an adjunct to instruction or research activities. Although cash should be collected whenever possible, credit may be granted (at the discretion of the campus) when there are no facilities for the collection of cash or when non-collection of cash is deemed to be in the best interest of the University. In these cases, prudence with respect to the credit risk incurred must be observed at the time of transaction.
5. Credit may be granted by the University Press to its customers in accordance with the policies established for it by the Board of Control.
6. Credit may be granted by the University hospitals to the general public in accordance with the provisions of Accounting Manual chapter [H-576-60](#), Hospitals: Patient Accounts Receivable.
7. Credit is automatically extended to governmental units, foundations, and medical financial sponsors during the time claims for reimbursement are outstanding. Diligence must be exercised to insure timely billing and collection efforts to minimize the receivables arising from these claims.
8. Implicit in the granting of credit by campus departments is the intention that payment will be made in full upon receipt of a bill. Any formal arrangements authorizing credit for more than thirty days must be approved by the Chancellor or his/her designee unless other University policies or regulations operate to the contrary.
9. Credits to vendors may result when products purchased are returned to the vendor or credit adjustments are processed by accounts payable on issued payments. The receivable process is often deemed to be in the best interest of the University when credit balances cannot be applied to future purchases or cash cannot be collected by the vendor.

I. POLICY GUIDELINES (Cont.)

B. BILLING, COLLECTION, AND ANALYSIS

Prompt billing for reimbursement of expenses or fees arising from services provided under various agreements is essential for effective management of receivables. Information must be maintained on the status of all unbilled accounts to insure that all actions necessary for the preparation of the bill have been taken as required so that the bill may be issued as expeditiously as possible.

Collection of receivables is primarily a responsibility of the University. Amounts not collected through routine follow-up may be referred to collection agencies for further collection effort. Accounts in arrears should also be forwarded to the Franchise Tax Board for collection from refunds or lottery winnings. In addition, Chancellors, Vice Presidents, and the Dean of University Extension are authorized to delegate responsibility for collections to file actions in small claims courts for the collection of debts in coordination with the Controller's office.

Adequate information concerning the age of outstanding bills and claims is essential for proper overall control of accounts receivable and related reserves for bad debts; therefore:

1. Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner. See Section VIII for further details.
2. Levels of effort in record keeping and collection must be commensurate with collection value (or Federal loan program requirements governing student loans).
3. In general, bills must be collected as expeditiously as possible, but the cost of collection must not be allowed to exceed the expected revenue. Accounting data gathering systems must recognize and preclude situations in which collection effort and potential benefits become imbalanced.

C. PROVISION FOR BAD DEBTS

In order that realized revenue will be reflected properly, bad debts must be regularly recognized in the

accounts of the University as follows:

1. University hospitals and related health care services will establish and maintain a reserve for bad debts with regular charges against operating revenue.
2. All other bad debts will be provided for as specific accounts are deemed to be uncollectible. Funded reserves should be established by campus general accounting for these bad debts if the amount exceeds a material amount established by the Controller. For bad debts related to student loans, the amount of the reserve is estimated by program.
3. Campuses should formally record at year end (on a "14" type reversing journal) the estimated "Allowance for Uncollectible Accounts." The following Balance Sheet accounts (credit) and corresponding contra-revenue accounts (debit) should be established and used for uncollected revenue:

<u>Classification</u>	<u>Allowance for Uncoll. Accts</u>	<u>Contra-Rev Code</u>
State of California	AGC 160521	AGC 201310
Federal Gov.-Grants	AGC 160522	AGC 203210
Federal Gov.-Contracts	AGC 160522	AGC 203310
Federal Gov.-Appropriations	AGC 160522	AGC 203110
Medical Centers	AGC 160540	AGC 207230
Auxiliary Enterprises	AGC 160581	AGC 207340
Educational Activities	AGC 160584	AGC 207130
Private Grants	AGC 160585	AGC 206310
Private Contracts	AGC 160585	AGC 206410
Local Government	AGC 160585	AGC 202210
Student Tuition & Fees	AGC 160586	AGC 200510
Other	AGC 160582	AGC 208221

D. DEATH OF A DEBTOR

A claim against the estate of a California resident may be prepared in accordance with specific regulations and filed within four months after first publication of notice to creditors. Depending upon campus policy, debt may be written off based on the amount owed and other extenuating circumstances. Therefore, in order to assure that the University's interests are fully protected, the assistance of General Counsel may be sought whenever a campus receives notification that a

I. POLICY GUIDELINES (Cont.)

D. DEATH OF A DEBTOR (Cont.)

person owing money to the University has died, except student loans, which include a cancellation provision. Potential claims against deceased nonresidents are to be referred to General Counsel for guidance. If the account balance results in a credit being owed to the deceased debtor, please refer to the Accounting Manual, chapter [P-196-25](#), Payroll: OASDI and Medicare Claims. See also Business and Finance Bulletin [G-34](#), Bankruptcy Claims.

E. STATUTE OF LIMITATIONS

Amounts owed by employees and students are subject to the statute of limitations as follows:

1. Employees

For amounts owed to the University (other than student loans), there is a four-year statute of limitations on pursuing collection through the courts. Under California law, the University is barred from suing to collect or from turning over the debt to a collection agency after four years.³

For example, if an employee was overpaid, this statute would govern the time limit in which the University could sue to recover the overpayment.

2. Student Loans

For Federal Perkins Loans and those loans made under the U.S. Department of Health and Human Services (e.g., Primary Care loans, Health Professions Student Loans), federal law will govern collection procedures and will preempt the four-year California statute of limitations. For all other institutional loans that have no federal funding of any sort, California statute of limitations laws will apply. Other recourses include placing a hold on services and the tax refund offset mechanism mentioned below.

F. TAX REFUND OFFSET MECHANISM

The **Interagency Intercept Collections Program** is administered by the Franchise Tax Board, in conjunction with the State Controller's Office.⁴ Even if the state

³ See California Code of Civil Procedure Sec. 338(d)

⁴ See California Government Code Sections 12319.5, 12419.7, 12419.9, 12419.10 and 12419.11

statute of limitation on filing suit or referring debt to a collection agency has expired, the underlying debt can still be recovered by offset against tax refunds and California Lottery winnings owed the debtor by the state.

II. CONTROL PROCEDURES

A. SUNDRY DEBTOR ACCOUNTS

Sundry (i.e, miscellaneous) debtor accounts require particular attention in all phases of the management function because they represent a large number of transactions that arise from all types of activities throughout the University system. The bulk of the transactions may involve relatively small amounts that become significant when taken as a whole. The potential for bad debts is high because most debtors do not do business with the University regularly. Each campus should pattern its receivables management program after that used for sundry debtor transactions. Those standards then can be applied satisfactorily to most other receivables.

1. Granting of Credit and Billing

There are three basic types of sundry debtor transactions that require the granting of credit: student fines, departmental services, and special agreements.

a. Student Fines

Sundry debtor bills to students are primarily the result of punitive action for failure to comply with campus or departmental regulations. In most cases, the student is not available at the time it is determined that a fine is in order. Consequently, a bill must be issued notifying the student of his or her fine, and the University is obligated to grant temporary credit to the student. Such credit should be extended no longer than the next established due date for receivables.

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)1. Granting of Credit and Billing (Cont.)

b. Departmental Services

Many campus departments are authorized to provide services or products to students and the general public. In these cases, the solicitation of customers and generation of income are not primary aims of the activities. Although many transactions are for small amounts, the preparation of a bill and the granting of credit should remain consistent with other collection activities, with the caveat that collection costs should not outweigh the charges.

c. Special Agreements

To handle recurring transactions with outside organizations, a campus will often establish special arrangements through the sundry debtor system. Establishment of credit and timeliness of billing these cases should conform to normal commercial practice. Regular billing cycles will minimize the credit risk involved in these transactions.

2. Aging and Analysis

The high volume of bills necessitates efficient data gathering systems. Minimum standards require that reference copies of bills be maintained in a manner that provides information as to which bills are 30 days old or less at the beginning of a month, and which are 31 to 60 days old, 61 to 90 days old, 91 to 120 days old, 121 to 180 days old, 181 days to 1 year old, 1 to 2 years old, and over 2 years old. The aging will be based on the date of the billing. Within the aged groups, the bills must be identifiable by categories corresponding to the different collection procedures that will be used (see section II.A.3.).

3. Collection

For purposes of collection effort, sundry debtor accounts can be classified as follows: employees and the general public, students, and government agencies.

a. Employees and the General Public

1) Administrative Collection Procedures

Standards of collection activities for bills owed the University are based on the dollar amount owed on estimates of the cost of various collection procedures (see Appendix I Table I for the progressive action that should be taken). The collection effort shown is considered the minimum; these standards may be exceeded when it is cost-effective to do so. Special schedules of collection follow-up actions may be established to fit the needs of certain debtors or circumstances, e.g., educational institutions. Campuses may establish alternative collection schedules. It is especially important that information be available concerning payment records of individual debtors to avoid repeated establishment and write-off of low dollar value credit for chronic non-payers.

2) Court Action

Court action may be taken when administrative collection efforts have failed, and an account has been turned over to a collection agency. The collection agency should file any lawsuit in their own name and not the name of The Regents. (As with all contracts, the General Counsel's Office must approve as to form the contract with the collection agency.) Campuses themselves are authorized to bring Small Claims Court action to collect amounts up to \$5,000. But no more than two small claims cases over \$2,500 can be brought by any one person anywhere in the State of California during a calendar year.

The filing of such claims should be coordinated with the Campus Counsel. The number of claims that can be brought under \$2,500 is unlimited. The Office

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)3. Collection (Cont.)a. Employees and the General Public (Cont.)2) Court Action (Cont.)

of the General Counsel (or campus counsel) may assist in the collection of certain categories of delinquent accounts receivable, as follows:

- (a) The delinquent balance exceeds \$15,000; or
- (b) The delinquent balance exceeds \$5,000 and;
 - (1) a creditor's claim against a decedent's estate has been rejected;
 - (2) a collection agency has refused assignment of an account; or
 - (3) appeal of a small claims judgment is involved.

All administrative collection efforts must be complete and documented before referral of an account to the Office of the General Counsel for counsel and assistance if the case warrants.

3) Notes Regarding Employee Indebtedness(a) Payroll Overpayments

Departments have a duty and obligation to recover any employee overpayment in accordance with the procedures set forth in this chapter. The recovery of any payroll overpayment, whether the error is with gross or net salary, requires that advance written notice be provided to the employee and a written repayment agreement. Recoupment should take place after the execution of the written agreement that includes a repayment schedule. The payroll office should send notices to the employee

in accordance with Appendices **III-VI** of this chapter.

Examples of errors with gross salary are payment of overtime to the wrong employee, the correction of payroll based on corrected hours, or the repayment of excess severance pay upon rehire.

Examples of net salary errors occur when the employee has authorized a deduction, such as parking, or the deduction is otherwise required, such as retirement, and the deduction is not taken.

In all cases, prior authorization of the repayment is only effective for purposes of authorizing a set off if the employee honors the terms of the agreement. If the employee reneges on the agreement, the repayment schedule should be renegotiated.

If the employee objects to a reasonable repayment schedule or to any schedule at all, collection procedures as described above should be implemented.

Repayment (or Collection) of Prior Year Wages:

When collecting overpayments in the *same* calendar year in which the overpayment occurred, the **net** amount is used for the repayment.

However, when collecting overpayments for *prior* year(s), the **gross** amount less the employee's share of FICA (i.e., social security and Medicare taxes) is used for repayment. Under IRS regulations, an adjustment may not be made for income tax withholding

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)3. Collection (Cont.)a. Employees and the General Public (Cont.)3) Notes Regarding Employee Indebtedness (Cont.)(a) Payroll Overpayments (Cont.)

because the wages were paid during a prior year in which the employee received and had use of the funds during that year. Also, current year social security wages may not be reduced to correct for prior year overpayments. Accounting Manual chapter [P-196-30](#) provides further information about the recovery of the employer employee shares of social security and Medicare taxes.

(b) Payroll Overpayments Due to a Strike

When a strike occurs after the last day to make adjustments for the pay period in which the strike occurs, the department must obtain from the employee written approval to withhold the overpayment from his or her next pay.

(c) Form W-2: Year(s) of Receipt of Erroneous Salary

To the extent repayments of erroneous salary made by an employee result in a reduced amount of social security wages and/or Medicare wages for a prior year or years and reduced amounts of employee social security taxes and/or Medicare taxes paid for the prior year(s), the University is required to furnish a corrected Form W-2 for the prior year(s) showing the employee's corrected social security wages, social security tax withheld, corrected Medicare wages and corrected Medicare tax withheld, if applicable.

(d) Form W-2: Year of Repayment of

Erroneous Salary

The repayment of salary received in a prior year(s) has no effect on the Form W-2 for the year of the repayment. The University should furnish the employee a written receipt acknowledging the repayment for the employee's records. Any remuneration for employment in the year of repayment which is used to repay the erroneous salary is not excludable from wages for FICA and federal and state income tax withholding purposes.

(e) Non-payroll Debts

Any kind of unauthorized set off of a debt owed to the University by an employee is unlawful. Payroll deductions for goods, services, or items of benefit to employees (e.g., deductions for unaccounted travel advances, hospital and library bills, employee loan repayments, student employee debts, misappropriation and fraud, etc.) are permissible provided the employee has agreed to the deduction in writing. However, the University may not require an authorization allowing it to make deductions if the employee fails to otherwise pay a debt (see Appendix I).

Similarly, it is unlawful to condition the acceptance of a check for goods or services provided to the employee by the University upon the employee's agreement that a payroll deduction may be taken if the check is returned by the bank as uncollectible.

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)3. Collection (Cont.)

b. Students

Collection action is to be taken on all unpaid student bills (see Appendix I, Table II for the progressive action that should be taken for different dollar amounts). For any amount under \$25, progressive action may be taken if the campus finds it cost-effective, i.e., the campus has an automatic collection system. The action taken is at the discretion of each campus; but some positive action to stimulate payment must be taken for all unpaid bills. These procedures must be consistently and fairly applied on each campus, and the student or former student should be able to find details of due dates, late fee assessment, billing information, and any penalties associated with non-payment on websites, in billing inserts, or in registration information.

However, when these collection remedies are employed, it is imperative that the due process procedures presented below be satisfied before any administrative action is taken.

The student or former student should be given written notice (via mail or email) about the nature and the amount of the outstanding obligation, the action intended to be taken against the student or former student, the opportunity available for him or her to request an administrative hearing to determine the facts relative to the claimed obligation, and whether in fact that obligation is due, either in whole or in part.

The notice required can take the form of a letter from any campus official, but must be plain and reasonably simple to understand. Of course, the notice must be sent to the student far enough in advance of the proposed administrative action to allow time for that individual to schedule and prepare for the administrative hearing described, if he or she so desires.

The administrative hearing itself can be held before any impartial campus official or committee and need not be a formal proceeding. The student or former student must have an opportunity to present any witnesses or relevant documentary evidence he or she chooses, and to question the persons from the campus who claim the debt is due. It is not necessary to have any attorneys present for either side, and the technical rules of evidence need not apply. Upon completion of the hearing, there must be a good faith attempt made by the person(s) before whom the hearing was held to arrive at a fair decision as to whether the debt alleged, or any portion of it, is in fact rightfully due. The decision does not necessarily have to be put in writing, but should, of course, be reported in some fashion to the campus official responsible for implementing the proposed administrative action.

Whenever a student bill is written off as uncollectible, a record of the debt and of the administrative action taken will be maintained.

c. Government Agencies

When claims on government bodies are classed as sundry debtor bills, the amounts may involve large sums of money. In such cases, follow-up procedures must be carried out rigorously. Special schedules of collection follow-up actions may be established to fit these certain circumstances.

4. Insufficient Funds--Punitive Damages

Payment of amounts owed the University is generally made by check or an electronic funds transfer, such as ACH debit method. California law allows the recipient of a payment backed with insufficient funds to collect the check or original amount due plus damages which equal three times the amount of the original debt.⁵ The

⁵ California Civil Code Section 1719

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)4. Insufficient Funds--Punitive Damages (Cont.)

minimum penalty amount which can be collected is \$100 and the maximum is \$1,500 (see below for examples). The collection of punitive damages for insufficient funds is at campus option. Collection procedures are set forth below.

Upon bank notification that a payment has been dishonored, the writer of the check should be contacted--either in person, by telephone, by letter, or by email--and notified that the payment has been returned and that immediate restitution is requested. A hold may be placed on services for students if they do not immediately resolve an insufficient funds payment.

If immediate payment is not forthcoming, the campus may begin procedures to collect damages. A demand letter must be sent to the writer of the bad instrument demanding payment within 30 days. The letter should be sent by certified mail with a return receipt requested at the discretion of the campus (the returned receipt is valuable evidence if the collection effort is taken to court).

If payment is not received within thirty days from the date the demand letter was mailed, collection effort for the owed amount plus damages may be continued through the established procedures, or a claim may be filed immediately in Small Claims Court (\$5,000 limit) or Municipal Court. Municipal Court action requires the assistance of the General Counsel's Office.

Examples of the punitive damages amounts which may be collected follow.

Example 1: "X" owes the University \$15 for locker fees. The University is entitled to collect \$115 (the amount of the check plus \$100, the minimum penalty).

Example 2: "Y" owes the University \$100 for laboratory tests. The University is entitled to collect \$400 (the amount of the check plus treble damages of \$300).

Example 3: "Z" owes the University \$200 for the purchase of books from University

Press. The University is entitled to collect \$1,700 (the amount of the check plus \$1,500, the maximum penalty).

Example 4: The firm of Advanced Systems, Inc., owes the University \$4,800 for computer services. The University is entitled to collect \$6,300 (\$4,800 plus the \$1,500 maximum penalty). However, Small Claims Court allows a maximum award of \$5,000. The University may either waive \$1,300 of the penalty and go to Small Claims Court or, if the amount warrants, with the assistance of the General Counsel's Office (or campus counsel), file an action in Municipal Court to collect the full \$6,300.

5. Claims submitted to the University by a Holder in Due Course:

On occasion, individuals or organizations may make a claim as the holder of a negotiable instrument, i.e., the Holder in Due Course, which has been rejected for payment by the University's bank due to a stop payment order or cancellation. An obligation may exist to honor the claim only if all of the following conditions have been met:

- The holder has performed reasonable measures to authenticate the identity of the individual from whom they acquired the instrument;
- The instrument is the actual document issued by the University;
- There are no visible indications of alteration on the check; and
- There is nothing on the check to indicate that it is not valid.

II. CONTROL PROCEDURES (Cont.)A. SUNDRY DEBTOR ACCOUNTS (Cont.)5. Claims submitted to the University by a Holder in Due Course (Cont.)

The Banking Services Group in the Office of the President may be contacted for assistance if needed. If it is determined that a valid Holder in Due Course exists, the University should honor the negotiable instrument. In addition, a receivable should be established for the individual who received the funds. The rules regarding a Holder in Due Course can be found in the Uniform Commercial Code, Article 3, Section 3-302.

6. Provision for Bad Debts

Bad debts will be recognized as accounts are deemed to be uncollectible. If the total dollar volume of bad debts on sundry debtor bills is sufficiently high, a bad debt reserve should be established. Uncollectible accounts should be written off on a regular schedule in order to avoid large, infrequent charges against revenue (see section III.).

B. TRAVEL ADVANCES1. Granting of Credit

Employees are expected to use the corporate travel card to obtain cash advances. Normally an employee should not have more than one cash advance outstanding at a time; each advance should be accounted for before another advance is granted. See Business and Finance Bulletin [G-28](#), Policy and Regulations Governing Travel, for specific Guidelines. Cash advances may be made by the University only in accordance with the requirements set forth in the Bulletin.

2. Aging and Analysis

Data similar to that needed for sundry debtor bills is required in the case of travel advance claims. Aging will be based on the date travel is completed plus 30 days. Advances for which an accounting is not yet due should be separately identified.

3. Collection

University travel regulations require that all outstanding advances be settled within 21 days after completion of the trip (see Business and Finance Bulletin [G-28](#)). The amount of an advance that exceeds the reimbursed expenditures shall immediately be refunded to The Regents of the University of California. Immediate refund of a travel advance is also required when an authorized trip is cancelled or indefinitely postponed. If an outstanding advance has not been recovered by the time the accounting for the trip is due, campuses should, in the absence of extenuating circumstances, initiate action for recovery in accordance with procedures set forth in section II.A.3.a.

C. STATE, FEDERAL, AND SIMILAR RECEIVABLES

1. Billing

Claims originating with federal contract and grant activity or with state or private research agreements must be submitted promptly and accurately, since these claims are usually for large sums. Each campus must maintain procedures to ensure that the following billing standards are observed to the fullest extent practicable:

a. Periodic Interim Claims

All reimbursable expenditures, net of amounts required to be withheld until final claims, should be billed to the proper agency within 60 days of the close of the period (monthly, bimonthly, quarterly, etc.) for which reimbursement can be claimed.

b. Final Claims

Final claims for reimbursable expenditures should be submitted to the proper agency within 90 days of the completion of the term of the contract, grant, or other agreement under which the expenses have been incurred.

For the purpose of analyzing unbilled contract and grant expenditures, reimbursable expenditures

II. CONTROL PROCEDURES (Cont.)

C. STATE, FEDERAL, AND SIMILAR RECEIVABLES

1. Billing (Cont.)

which are technically not yet billable (e.g., withholds, quarterly billing cycles) are to be classified as "unbilled 0 days" (see section VIII). When they become billable, they then become subject to the billing standards. When reimbursable expenditures against a letter of credit exceed receipts credited to the income account, the resulting debit balance is to be classified as a current unbilled receivable.

2. Collection and Analysis

In order to insure the prompt collection of these claims, a definite sequence of reimbursement collection efforts must be established, although the procedures will necessarily vary from agency to agency. Aging information required is similar to that needed for sundry debtor bills. In those instances where claims must be rebilled, the original billing date will continue to be used for aging purposes. Campus follow-up procedures should take advantage of existing direct contacts available to campus contract and grant officers.

D. SPONSORED STUDENTS DEFERRED FEES

Deferred registration fees for sponsored students should be billed to the proper sponsoring agency within the first 30 days of the term for which the fees are due. Collection procedures should follow the pattern established in paragraphs II-A-3-d and II-C above.

E. HEALTH CARE RECEIVABLES

The University engages in the following health care activities that are related to its Schools of Medicine: hospital and clinic patient services, professional medical services rendered to patients in connection with hospital and clinic services, patient services rendered outside the University hospitals, and medical-administrative services rendered to other health care institutions.

1. Hospitals and Clinics

Control procedures for University hospital patient accounts receivable are described in detail in chapter [H-576-60](#), Hospitals: Patient Accounts Receivable.

2. Professional Fees

These receivables are described in detail in chapter [H-214-7](#), Health Care Services: Professional Fees, and are subject to the same control procedures as hospital patient accounts.

3. Other Patient Services

Accounts for patient services provided at locations not connected with a University hospital are managed in the same manner as hospital patient accounts but are to be separately identified in the University's general ledger. When appropriate, a reserve for bad debts will be established for these accounts by recording a charge against the revenue of the activity.

4. Services to Other Health Care Institutions

Receivables arising from medical and administrative services rendered to other health care institutions in accordance with contractual arrangements with those institutions should be separately identified in the University's general ledger.

F. AUXILIARY AND SERVICE ENTERPRISES

1. Residence Halls

Residence hall receivables are managed on each campus according to the contract terms between the student and the campus. Amounts due from students no longer living in a residence hall should be pursued in accordance with the procedures described in section II.A for student bills. In analyzing these receivables, the accounting office or designated department must separately identify amounts representing deferred income and treat these as amounts not yet due.

2. Bookstores

Bookstores should limit the extension of credit to faculty and staff members and outside organizations that regularly deal with bookstores.

II. CONTROL PROCEDURES (Cont.)F. AUXILIARY AND SERVICE ENTERPRISES (Cont.)2. Bookstores (Cont.)

Their receivables should be managed in accordance with procedures described in section II.A for the general public.

3. University Press

The University Press will manage its receivables in accordance with procedures prescribed for it by the Board of Directors.

G. OTHER RECEIVABLES1. Accruals and Other Unbilled Receivables

This category includes the following kinds of accounts:

- a) Fiscal year-end accruals for unbilled current expenditures against contracts and grants.
- b) Current charges to University hospital patients for hospital and professional services for which a final bill has not yet been rendered.
- c) Deferred registration fees for sponsored students that have not yet been billed to the sponsoring agency.
- d) Credits due from vendors for returned merchandise as well as credit adjustments processed for prior accounts payable payments that should be applied to subsequent purchases.
- e) Sundry receivables representing miscellaneous accruals.
- f) Cash received in excess of recorded receivables, applicable to unrecorded receivables.

Each campus must establish procedures to ensure that accrued and unbilled receivables are continuously reviewed and that billings are issued and recorded without undue delay.

2. Miscellaneous Receivables

Each campus has a variety of miscellaneous receivables not specifically described above. In each case, those accounts are to be analyzed and managed in accordance with the control procedures described above that are most applicable to the particular receivable. Installment receivables, deposits, and other amounts not yet due should be so identified.

III. WRITE-OFF PROCEDURES

Uncollected accounts (other than health care receivables) are to be considered as bad debts and written off, subject to appropriate approval authority, when they are determined to be uncollectible or when they are placed with a collection agency. Such write-offs should occur no less frequently than annually. If uncollectible accounts are written off annually, all write-offs must be recorded as of June 30 for purposes of year-end reporting.

The University's collection efforts are considered to be completed when an account is turned over to a collection agency. Accordingly, accounts so handled are to be written off at that time. Campuses with an automated write off process should evaluate the procedures in place, ensure that all controls are in place to protect assets, and verify that accounts are written off per section IV below. Health care accounts are to be processed for write-off in accordance with the provisions contained in Accounting Manual chapter [H-576-60](#), Hospitals: Patient Accounts Receivable.

* Authority to approve the write off of uncollectible accounts in the categories shown below has been delegated to the Chancellors for their respective campuses and to the Executive Vice President--Business Operations (or successor position) for the Office of the President.⁶

a) Bad debts provided that reserves for that purpose are adequate or that specific income or an appropriation is available for that purpose, in accordance with the terms outlined in Delegation of Authority Policy [DA 2196](#). Requests from Office of the President departments should be routed to the Vice President--Financial Management's Office.

⁶ Any re-delegation of this authority shall be in writing with copies to the Special Assistant-Coordination and Review, the General Counsel and Vice President for Legal Affairs, and the Secretary of The Regents.

III. WRITE-OFF PROCEDURES (Cont.)

- b) Routine disallowed claims under contracts and grants to be written off against funds received from the Federal Government in reimbursement of indirect costs, subject to the limitations contained in Delegation of Authority Policy [DA 2195](#) (see also section II.B. of Accounting Manual chapter [C-557-23](#), Contracts and Grants: Federal Contract and Grant Administration Funds--Allocations for Administrative and Disallowed Costs).
- * Requests to write off uncollectible accounts must be categorized by type of bill and submitted for approval. Supporting documentation must be provided to justify write-off of each item, and the source of funds for financing the write-off must be so indicated. All necessary budget documents and references to local financing action must likewise accompany the request. (See Accounting Manual chapter [C-557-23](#) for additional requirements in requesting approval to write off disallowed claims on Federal contracts and grants.)

IV. ACCOUNTING AND FINANCING PROCEDURES

A. GENERAL FUNDS

There are two methods for writing off General Fund accounts. Which one is used depends on the nature of the original charge.

1. Revenue Transactions

If the original action that established the receivable resulted in a credit to a General Fund revenue account (e.g., Physical Education Locker Fines, Chemistry Fines, etc.), the entry made will be a debit to the contra-revenue account. The entry debiting the contra-revenue account reduces funds available for appropriation, thus providing an automatic funding for the write-off by netting against current receipts.

2. Other Transactions

For receivables established by reduction of another asset (e.g., a cash disbursement resulting in a travel or other cash advance) or from an erroneous charge to departmental accounts (e.g., an overpayment of an employee or vendor that results in a refund due from the employee or vendor), or where the original entries were credited to an account which is obsolete or has no

balance at the time of the write-off, the entry will be:

Dr. Bad Debts and Collections	XXXXX
72XXXX-19900-3-XXXX	
Cr. Accounts Receivable, Sundry Debtors, etc.	XXXXX

B. FEDERAL FUNDS

Federal receivables resulting from contract and grant activity are to be considered, for write-off purposes, as a disallowed charge and are to be treated under the procedures set forth in Accounting Manual chapter [C-557-23](#). Other receivables from the Federal government (e.g., tuition, fees, veterans' processing allowances, etc.) resulting in uncollectible accounts will qualify for one of the categories above depending on the credit side of the entry setting up the receivable.

C. HOSPITAL INCOME FUNDS

For the applicable procedures see Accounting Manual chapter [H-576-60](#).

D. OTHER INCOME PRODUCING ACTIVITIES

The campus accounting office will prepare a financial journal entry debiting a contra-revenue account with the fund number of the operations and crediting the accounts receivable for those items approved for write-off. By debiting the fund of the operations, the funds available for appropriation are reduced, thus providing an automatic funding for the write-off.

E. RESTRICTED STATE FUNDS AND PRIVATE CONTRACTS AND GRANTS

In the event it is not possible to collect on amounts due under State appropriations or from State agencies or under contracts with private organizations, these items should be written off as uncollectible and approval from the Chancellor must be obtained. The source of financing for these amounts will be determined on an individual basis by the campus.

IV. ACCOUNTING AND FINANCING PROCEDURES (Cont.)

F. PLEDGES ON GIFTS AND PRIVATE GRANTS

Each year campuses will record pledges, discount on pledges, and an allowance for uncollectible amounts of pledges. (See Accounting Manual chapter [G-327-66](#), Gifts: Recording of Pledges, for detailed information). In cases where a donor dies leaving an unhonored gift or pledge, the matter is to be referred to General Counsel as provided in section I.D.

G. UNRECORDED RECEIVABLES

From time to time it may be possible that amounts due the University are not be recorded in any account. Any of these amounts that are deemed uncollectible must be included in a request to obtain authority to cease collection efforts. No financing is necessary.

H. EMERGENCY STUDENT LOANS

This group of loans is composed of emergency loans made to students from private gift and grant funds administered by the dean of students or a similar University officer. At the time the loan is made, a current fund student aid expenditure account is charged. When repayments are made, this same account is credited.

Emergency loans should be repaid before the end of each term. At or before June 30 of each year, a reversing entry is made transferring the amount in the current fund student aid expenditure account to a loan fund note receivable. At the same time an equal amount is transferred from the appropriate unexpended balance--private gift and grant account to a loan fund principal account. As of July 1 of the succeeding fiscal year, these entries are automatically reversed to the Current Funds Group. When a loan of this nature is determined uncollectible and has been approved for write-off, the accounting office will then exclude the amount of the uncollectible loan from the year end reversing entry. This will record the amount as current fund student aid expenditure. The closing of the recorded expense into the appropriate unexpended balance--private gift and grant account at June 30 will reduce the amount available for loans or expenditures from that particular fund.

I. LOAN FUNDS

When loans advanced from loan funds are determined to be uncollectible and have been approved for write-off, they are to be written off either against the specific fund from which the loan has been advanced or against campus current funds, if any are available.

J. SALES TAX

The procedures set forth in Accounting Manual chapter [T-182-73](#), Taxes: Sales and Use Tax, will apply when writing off sales tax on written off uncollectible accounts.

K. PUNITIVE DAMAGES—INSUFFICIENT FUNDS

When punitive damages have been collected from the maker of an instrument backed by insufficient funds, the amount is to be recorded as income of the fund receiving the credit when the receivable was established. The cost of the collection effort may be recorded as an expense of the same fund.

V. RECOVERIES

Recoveries of revenue written off to a contra-revenue account will be recorded as a credit to the original revenue category. All other recoveries will be recorded by reversing the entry made to write-off the uncollectible account, with the exception of uncollectible accounts charged to expense accounts in section IV.A.2. above. Recoveries of this nature will be recorded as miscellaneous income.

VI. COLLECTION AGENCIES

Before an account or group of accounts is referred to a collection agency, a determination should be made first as to whether the expenditure (e.g., commission) for the collection services will amount to more than \$50,000 annually. If such determination shows an estimated expenditure of more than \$50,000, a competitive bid should be conducted to determine the lowest responsible bidder, in accordance with Business and Finance Bulletin [BUS-43](#), Materiel Management.

Agreements between a campus and a collection agency should be entered into and terminated in writing, and should require that the collection agency report their collection progress at least quarterly.

VI. COLLECTION AGENCIES (Cont.)

In order to maximize collection effectiveness, accounts should be referred to a collection agency as soon as the collection effort specified in Appendix I is completed. Unless there has been evidence of good faith intention to pay, an uncollected account should not be referred for collection before it has become 180 days old. Collection agencies should not retain accounts more than twelve months unless there is evidence that collection is imminent. Collection efforts should not continue beyond the California four-year statute of limitation on collection activities, as it relates to amounts due from employees and students. Delinquent student loans and employee debts, however, can also be referred to the Tax Offset program administered by the Franchise Tax Board. (See section I.E. for further details.)

VII. TAX REPORTING REQUIREMENTS ASSOCIATED WITH DEBT DISCHARGES

The University administers two broad classes of loans-- student loans and loans to employees. In certain cases these loans may be discharged. This section discusses the tax reporting requirements related to such discharges, based on the class of loan. These procedures also apply to payroll overpayments (see section II.A.3.a.3). For procedures relating to unpaid travel advances, see Business and Finance Bulletin [G-28](#), Policies and Regulations Governing Travel.

A. STUDENT LOANS

1. Seller Financed Loans

Where the University serves as the lender to the student and the loan is discharged by decision of the University, no tax reporting is required of the University. Ordinarily, such loan discharges would be reportable on a Form 1099-C. However, the IRS regulations provide for a "seller financing exception" that applies as long as the student loans were used by the student to further the purpose of his or her educational pursuits at the University. Such loans are taxable to the student but not reportable by the University.

2. Forgivable Service Loans

Discharges of loans for qualified services are not taxable. If the University forgives all or a portion of the debt on the basis of that individual entering into employment in a "qualified service" (i.e., nurse or police officer) occupation, then the amount of the

forgiven debt will not be included in the income of the employee under Internal Revenue Code (IRC) section 109(f). (See Section B.3 below for discharges of debt held by employees who receive student loans).

3. Recovery of Student Loan Defaults from UC Employees

Where the University is the lender of an employee student loan, the Student Financial Support (SFS) group in the Office of the President will monitor those loans that meet the requirement for delinquency. The SFS group will match delinquent student loans with payroll records on a quarterly basis, and provide the original lending campus with a list of employees in the University system for follow up. If the campus decides to write off the debt of an employee, they have a W-2 reporting requirement.

B. EMPLOYEE LOANS

The University has two types of employee mortgage loans, a Mortgage Origination Program (MOP) and the Supplemental Home Loan Program (SHLP). In addition, the University has a short-term emergency loan program for eligible employees with an immediate financial need as a result of an emergency or other financial hardship. In all cases, the University makes the decision whether to discharge any of these types of loans.

1. MOP and SHLP Loans

If a *mortgage* loan is forgiven by way of *foreclosure* by the University on the mortgaged property, the IRS will treat this as a "sale" of the property by the borrower (employee) to the lender (the University.) Thus the loan forgiveness is not taxable to the employee; however, the University is required to report the foreclosure transaction on a Form 1099-A issued to the employee.

2. Emergency Loans

If a short term emergency loan is forgiven by the University, in whole or in part, (or a mortgage

VII. TAX REPORTING REQUIREMENTS ASSOCIATED WITH DEBT DISCHARGES

- B. Employee Loans (Cont.)
 - 2. Emergency Loans (Cont.)

loan in a *non-foreclosure context*) then the forgiveness of the debt would constitute wage income to the employee. Consequently, the University would be required to report the amount forgiven as additional wages subject to income and FICA taxes on a Form W-2 issued to the employee. There is no requirement to file a Form 1099. For further details, see Accounting Manual Chapter [E-526-48](#), Employee Emergency Loan Fund.

- 3. Employees Who Receive Student Loans

Occasionally, the University may enter into agreements with employees who desire to further their education. Such agreements may include conditions that, in exchange for agreeing to work for the University for a specified time period and other stipulations, the University will loan an employee funds to pay for his or her education. The University will later forgive that debt if the employee fulfills the terms of the agreement. Because the loan forgiveness is conditioned upon the employee agreeing to provide employment services for the University, the amount of the forgiven loan will be treated as taxable income to the employee, subject to withholding. The exception under IRC 108(f) for discharge of certain student loans does not apply here because the student/employee is required to work for the same entity, i.e., the University, that discharged the debt. Therefore, the amount of the loan forgiveness is included in the employee's taxable income, subject to withholding for income and FICA taxes.

VIII. ANALYSIS OF RECEIVABLES

Each campus is encouraged to perform an analysis of receivables in accordance with the schedule indicated below. The analysis may consist of two parts, using the suggested format displayed in Appendix II, and a narrative report. (Hospital receivables are not included in the analysis because they are reported separately, per Accounting Manual chapter [H-576-67](#), *Hospitals: Reporting Requirements*.)

A. SCHEDULE I--AGED ANALYSIS OF RECEIVABLES

Schedule I is an aged analysis of general ledger balances. Those columns that are not self-explanatory are explained below:

Column (2). Necessary adjustments for unrecorded transactions, elimination of internal receivables such as revolving fund reimbursement due, and elimination of reserves for bad debts. If separate aging of auxiliary and service enterprises (or other receivables) cannot be identified, sundry debtor bills that have been reclassified in the general ledger as auxiliary and service enterprise receivables (or as other receivable accounts) are to be aged as sundry debtor bills by reflecting the reverse of the reclassification entry as an adjustment on Schedule I. Amounts not yet due, such as travel advances, residence hall deferred income, and deposits, cash advances, and other deferred receivables.

Column (3). Amounts representing accruals and other unbilled receivables, as described in section II.G.1.

Column (4). The net amounts that represent outstanding accounts receivable subject to collection follow-up effort.

B. SCHEDULE II--COMPARATIVE ANALYSIS OF RECEIVABLES

Schedule II is a comparative analysis of three selected categories from the current Schedule I and the same period of the previous year.

C. NARRATIVE REPORT

In addition to the two schedules, a detailed narrative report will be prepared, which (1) explains material adjustments to the general ledger balances on Schedule I, (2) explains significant increases or decreases in selected receivable balances from the current year and the same period of the previous year on Schedule II, and (3) indicates the status of material amounts outstanding more than 120 days and the action being taken to clear them.

IX. CONTROL STANDARDS

A. MAINTENANCE OF RECORDS

1. Physical Security

Adequate physical security will be maintained over receivable records to protect them against loss or manipulation. These records should be protected against unauthorized access, and sensitive data, such as social security numbers, should not be included in these records unless operationally required. The safeguarding procedures in the Business and Finance Bulletin [IS-3](#), Information Security, should be followed.

2. Reference Numbers

All source documents will carry reference numbers which will appear in the computer-produced records. The reference numbers will be consecutive within each of the document series involved. The numbered documents will be filed in the accounting office, or will be available for review by the accounting office.

3. Breakdown of Control Standards

Any material breakdown of the record-keeping capability will be reported in accordance with the guidelines in Business and Finance Bulletin [IS-3](#), Information Security.

B. RECONCILIATION AND REVIEW

Aged listing of individual receivable balances will be prepared at least quarterly and will reflect the results of billing and collection follow-up activity. Management above the level responsible for supervising the billing and collection follow-up function will review old dated balances.

The accounting office will ensure that subsidiary ledger records (including those maintained outside the accounting office) are reconciled to the control account balances at least quarterly.

C. REPORTING AND ANALYSIS

The analysis of account receivable balances is to be used at the campuses in their review and follow-up process. No periodic reporting to the Office of the President is required.

D. DIVISION OF RESPONSIBILITY

Personnel responsible for the following activities will be functionally segregated as follows:

- 1) Establishment of credit.
- 2) Recording of charges.
- 3) Recording of cash collections. Only cash collection stations will record cash, and the recording of cash will be the only function related to receivables performed by cash collection stations.
- 4) Approval of write-off requests and other types of non-cash credits, such as cancellations. Non-cash credits will be approved by management levels above the supervisors of the functional divisions involved.
- 5) Processing of documents. Input data will not be originated by computer facilities and operations personnel. Review by appropriate level of authority is recommended for automatic transactions.
- 6) Accounting:
 - a) All control account input will be approved and transmitted to computer facilities and operations by the accounting office.
 - b) A subsidiary record of balances written-off as uncollectible will be maintained. All transactions, whether manual or automated, should have appropriate approval.
- 7) Billing. Generally, billings to individual debtors will be accessible only to personnel with functionally appropriate authority. However, due to the centralized nature of the billing environment, other student services units may need access to view student bills to verify their department's activity, but on a "need to know" basis only.

IX. CONTROL STANDARDS (Cont.)D. DIVISION OF RESPONSIBILITY (Cont.)

- 8) Collection follow-up. Financial input data will not be originated by collection follow-up personnel. Collection follow-up personnel may have access to indicate collection activity, but will not have access to change financial data assessed by the initiating department.

X. REFERENCES

Business and Finance Bulletin:

- [G-28](#) Policy and Regulations Governing Travel, for policies on granting credit for travel advances.
- [G-34](#) Bankruptcy Claims
- [IS-3](#) Information Security
- [BUS-43](#) Materials Management: General Requirements for Common Goods, Materials, and Services Over \$50,000 in Value.

Accounting Manual chapters:

- [C-557-23](#) Contracts and Grants: Federal Contract and Grant Administration Funds--Allocations for Administrative and Disallowed Costs, for procedures on the write-off of disallowed claims.
- [E-526-48](#) Employee Emergency Loan Fund
- [F-117-73](#) Supplemental Home Loan Program
- [G-327-66](#) Gifts: Recording of Pledges
- [H-214-7](#) Health Care Services: Professional Fees, for procedures for professional fees.
- [H-576-60](#) Hospitals: Patient Accounts Receivable, for control procedures for hospital patient accounts receivable.
- [H-576-67](#) Hospitals: Reporting Requirements
- [P-196-25](#) Payroll: Employee Death Payments
- [P-196-30](#) Payroll: OASDI and Medicare Contributions

T-182-73 Taxes: Sales and Use Tax

Letters and Memoranda:

Assistant Vice President Furtado, Letter to campus accounting officers and campus budget and planning officers on Financing Bad Debt Write-Offs, June 21, 1976.

General Counsel Reidhaar, Memorandum to the chancellors on Due Process Requirements of Student Debts Through Administrative Self-Help Remedies, July 25, 1978.

Assistant Counsel Moore, Letter to Coordinator Scott on Contracts with Collection Agencies--Competitive Bidding Requirements, December 13, 1978.

Vice President Lamson, Letter to Acting Assistant Vice President Pastrone on Write-Off of Bad Debts, April 21, 1980.

Acting Assistant Vice President Pastrone, Letter to Assistant Chief Accountant Alter on Write-Off of Bad Debts, May 27, 1980.

Assistant Counsel MacDonald, Letters to University Controller Joseph A. Pastrone on Payroll Deductions for Employee Debts, July 29, 1982, and December 10, 1982.

General Counsel Reidhaar, Memorandum to chancellors on Delinquent Accounts Receivable--Collections Assistance by General Counsel, December 20, 1982.

Vice President Brady, Letter to University Controller Pastrone on Confirmation of Authority--To Write Off Bad Debts, April 11, 1983.

President Gardner, Memorandum to chancellors and Vice President Brady on Delegation of Authority--To Write Off Bad Debts, June 10, 1987.

University Counsel Canning, Letter to Payroll Coordinator Downen on Recovery of Overpayments to University Employees, August 15, 1988.

X. REFERENCES (Cont.)

University Counsel Behrens, Letter to Administrative Analyst Coolidge on Statute of Limitations and Tax Offsets, September 6, 1989.

Vice President Brady, Memorandum to chancellors on Limit on the Write-Off of Bad Debts, August 12, 1992.

Director Donald L. Alter, Memorandum to Assistant Vice Chancellors/Accounting Officers, Discontinuance of Report Requirements, Reports and Services from Corporate Accounting, June 10, 1993.

President Peltason, Memorandum to Senior Vice President--Business and Finance, July 30, 1993.

Outside Counsel Bertrand M. Harding, Jr., Letter to Manager Michael O'Neill, Section 6050P Opinion Letter, December 20, 2004.

Outside Counsel Bertrand M. Harding, Jr., Memo to Manager Michael O'Neill, Tax Treatment of UCSF Nursing Student Loan Program, March 14, 2005

California Franchise Tax Board Interagency Intercept Collection Program Booklet.

Standing Order of The Regents 100.4(dd)(3): Duties of the President of the University.

Internal Revenue Service Center Advisory SCA 1998-026

Historical note: Most of the materials in this chapter were formerly published as Business and Finance Bulletin A-25. The 7/1/83 revision incorporated accounts receivable internal control standards from Business and Finance Bulletin IA-301. Original accounting Manual chapter first published 7/1/69. Earlier revisions: 8/2/71, 8/1/72, 2/1/76, 9/1/76, 9/1/78, 9/1/79, 7/1/83, 7/1/87, 11/1/88, 2/15/89, 8/12/91, 12/1/92, 12/30/93, 12/31/03, 3/31/07, and 3/31/08; analyst--J. Barrett.

APPENDIX I: Collection Efforts - Sundry Debt

The following considerations reflect current collection efforts for employee, student, and other debt:

- Campuses with automated account receivable systems may initiate collections on all amounts.
- A set of progressively demanding past due notifications and a final demand notice should be sent prior to forwarding to a collection agency or for specific administrative action.
- At the discretion of the campus, all debts should be written off between 180 and 360 days.

For money owed by former students, refer to Section II.A.3.a.1 and II.A.3.a.2.

The following tables provide guidelines for collection efforts on employee, general public, and student account receivables:

Table 1--Employees and the General Public

Recommended Actions Required to be Taken					
Activity	2nd Billing (Copy of Orig.)	3rd Billing	Dunning Letter	Stronger Dunning Letter	Referral to Collection Agency
Days Since 1st Billed	30 Days	60 Days	90 Days	120 Days	150 Days
Amount of Bill					
Up to \$25	X	X			
\$26-50	X	X	X		
\$51-90	X	X	X	X	
Over \$90	X	X	X	X	X

APPENDIX I: Collection Efforts- Sundry Debt (Cont.)

Table 2--Student Bills

Recommended Actions Required to Be Taken				
Activity	2nd Billing	3rd Billing	Dunning Letter	Special Administrative Action
Days Since 1st Billed	30 Days	60 Days	Days Outstanding	Days Outstanding
Amount of Bill				
Up to \$25	X			
Over \$25	X	X	X	X

Paper bills should not be sent out for amounts under \$25; however, e-bills may be generated for amounts under \$25.

APPENDIX II: REPORT FORMAT--ANALYSIS OF RECEIVABLES

SCHEDULE I--AGED ANALYSIS OF RECEIVABLES

APPENDIX I: REPORT FORMAT--ANALYSIS OF RECEIVABLES

This schedule can be used as a template. Each campus should develop a schedule that best meets their needs, but the following items should be reported.

ANALYSIS OF CURRENT FUND ACCOUNTS RECEIVABLE AS OF _____ Campus	As of _____, 20__ #									
	(1) Balance from General Ledger	(2) Adjustments Including Amounts Not Yet Due	(3) Accrued and Unbilled	(4) Balance for Aging	(5) 0-30 Days	(6) 31-60 Days	(7) 61-120 Days	(8) 121 Days to 1 Year	(9) More than 1 Year	(10) Written off (June 30 Only)
State of California:										
State of California Reserve for Bad Debts	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total State of California (111000-111499)										
Federal Government:										
Federal Government Reserve for Bad Debts										
Total Federal Government (111500-111999)										
Other:										
Health Care:										
All Medical Professional Receivables (include dental, vet. medicine; exclude Hospitals and Neuro-psychiatric Institutes)										
Reserve for Bad Debts										
Subtotal Health Care										
Non-Health Care:										
Sundry Debtors										
Sundry Receivables										
Travel and Other Cash Advances										
Local Government										
Private Grants and Contracts										
Other Receivables										
Reserve for Bad Debts										
Subtotal Non-Health Care										
Total Other (112000-112699)										
Auxiliary and Service Enterprises:										
Residence Halls										
Bookstores										
Other										
Reserve for Bad Debts										
Total Auxiliary and Service Enterprises (112700-112899)										
GRAND TOTAL	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

For June, circle general ledger used: preliminary, interim, final.

Appendix III: Severance Pay Repayment Notice

University Address

Date

File Number

Employee Name and Address

Subject: Severance Pay Repayment

As acknowledged on your Severance Election form dated Month/Day/Year, you must repay the excess severance pay upon your rehire to the University because your rehire date is during the period covered by severance pay. Our records indicate that you received severance pay for XX days and, upon your rehire on Month/Day/Year, you should receive only YY days of severance. We have based the net overpayment on the following:

	<u>Severance Pay Paid</u>	<u>Severance Pay Should be Paid</u>	<u>Overpaid</u>
Gross	XXXXX.XX	XXXXX.XX	XXXXX.XX
OASDI	XXXXX.XX	XXXXX.XX	XXXXX.XX
Medicare	XXXXX.XX	XXXXX.XX	XXXXX.XX
Federal Taxes	XXXXX.XX	XXXXX.XX	XXXXX.XX
State Taxes	XXXXX.XX	XXXXX.XX	XXXXX.XX
Other Deductions	XXXXX.XX	XXXXX.XX	XXXXX.XX
Net	XXXXX.XX	XXXXX.XX	XXXXX.XX

You may select one of the following three options to repay the overpayment.

OPTION 1 - Payment in Full:

You may make payment in full by personal check or money order. Please make your remittance payable to THE REGENTS OF THE UNIVERSITY OF CALIFORNIA and forward it with a copy of this notice to the Payroll Office. Upon receipt of your payment, the Payroll Office will notify your department that it can continue with your rehire documents.

OPTION 2 - Monthly Installments by Personal Check or Money Order:

You may repay the University in monthly installments by personal check or money order payable to THE REGENTS OF THE UNIVERSITY OF CALIFORNIA. Please submit your request in writing to the Payroll Office, using the Severance Pay Repayment Agreement form for your repayment request. Upon acceptance of a reasonable repayment schedule, the Payroll Office will send you a list detailing the amount of the payment for each due date based upon your Severance Repayment Agreement. The Payroll Office will notify your department that it can continue with your rehire documents.

Appendix III: (Cont.)OPTION 3 - Installments by Payroll Deduction:

You may repay the University in installments by payroll deduction. Please submit your request in writing to the Payroll Office, using the Severance Pay Repayment Agreement for your repayment request. Upon acceptance of a reasonable repayment schedule, the Payroll Office will send you a confirmation of your Severance Repayment Agreement and a list detailing the amount of each deduction and the pay dates. The Payroll Office will notify your department that it can continue with your rehire documents.

If you have any questions about the repayment of severance pay policy, please contact your Human Resources Department at (XXX) XXX-XXXX. If you have any questions about a reasonable repayment schedule, please contact your Payroll Office at (XXX) XXX-XXXX.

Payroll Office

Attachments:

Appendix IV: Severance Pay Repayment Agreement

University of California, *Campus Name*
Proposed Severance Pay Repayment Agreement

Pursuant to the Severance Pay Agreement Notice received by me, I agree to repay THE REGENTS OF THE UNIVERSITY OF CALIFORNIA the sum of Dollars/Cents. This payment will continue until the balance has been repaid to the University.

I choose to repay the amount by using:

Option 2: Monthly Installments by Personal Check or Money Order

Beginning on Month/Day/Year, I will remit by personal check or money order the amount of Dollars/Cents each month for Number consecutive months.

or

Option 3: Installments by Payroll Deduction

Beginning with my next payroll payment, please deduct Dollars/Cents from each of the next Number payments.

I understand that I can contact the Payroll Office in writing to revise this Severance Pay Repayment Agreement.

Employee Signature

Date

Printed Name

Employee ID Number

Departmental Address

Campus Telephone Number

Original: Payroll Office

Copy: Employee (Please make a copy for your records.)

Copy: Human Resources

Appendix V: Severance Pay Repayment Schedule - Personal
Check/Money Order

University Address
Date
File Number

Employee Name and Address

Subject: Severance Pay Repayment Schedule

Based upon your proposed Severance Pay Repayment Schedule, the University agrees to your conditions requested on MM/DD/YY. Please make your personal check or money order payable to THE REGENTS OF THE UNIVERSITY OF CALIFORNIA. Installments in the amount of Dollars/Cents will be due on the Day of each month, commencing with Month/Day/Year. This payment will continue for Number months until the total of Dollars/Cents has been repaid to the University. The schedule of repayment is below:

Due Date	Amount Due
10/01/03	\$1,400.00
10/31/03	\$1,400.00
Total	\$2,800.00

If you have any questions regarding this repayment schedule, please contact us at (XXX) XXX-XXXX.

Payroll Office

Original: Employee
Copy: Payroll Office
Copy 2: Human Resources

Appendix VI: Severance Pay Repayment Schedule - Payroll Deduction

University Address

Date

File Number

Employee Name and Address

Subject: Schedule of Repayment

In response to your repayment schedule request, the University of California will begin to withhold payroll deductions in the amount of Dollars/Cents commencing with the pay date of Month/Day/Year. This deduction amount will continue for Number months or until a total of Dollars/Cents has been repaid to the University. The schedule of repayment will be as follows:

Pay Date	Amount Due
10/01/03	\$1,400.00
10/31/03	\$1,400.00
Total	\$2,800.00

If you have any questions regarding your repayment schedule, please contact us at (XXX) XXX-XXXX.

Payroll Office

Original: Employee
Copy: Payroll Office
Copy 2: Human Resources