Effective: July 1, 2009
Supersedes: Procedure 3.11 dated April 15, 2003
Applies To: Colleges Only
Procedure Responsibility: Accounting

Accounts Receivable

Sections:

Section 3.11.1 - General
Section 3.11.2 - Aging of Receivables
Section 3.11.3 - Collections

Section 3.11.1 - General

To ensure compliance with the accrual method of accounting, fees for services should be recorded in the same accounting period in which the service was provided. Receivables are maintained in two separate PeopleSoft modules – student financials module and the accounts receivables module. In the student module, when a student registers, tuition is assessed. At that time, student receivable is debited and tuition credited. When payment is collected, cash is debited and accounts receivable credited.

Section 3.11.2 - Aging of Receivables

At December 31 and June 30 of each year, receivables that are 180 days past due are considered uncollectible. At that time, an accounting entry will be done to record the expense and increase the allowance for doubtful accounts for each business unit. If still uncollected after an additional six months, making a total of one year, the receivable will be written off. An additional review is done by Systems Office Accounting at year-end to calculate the allowance, in total, based on past bad debt history.

Section 3.11.3 - Collections

A. Collections of KCTCS invoices (receivables) are the responsibility of the organizational unit that issues the invoice. Diligent efforts should be made to collect outstanding accounts as early as possible after the 30-day allowable payment period has elapsed. Each College Business Office should be made aware of any accounts that remain unpaid after 30 days. Each college should develop a payment plan to collect receivables aged more than 30, 60, and 90 days.

B. Following the attempt to collect receivables over the 90-day period, each college must determine if the receivable should be forwarded to an authorized collection agency for collection. Refer to Business Procedure 7.4 for additional information concerning collection agencies.

C. The same individuals that do the billing should not perform collection processes. See Procedure 3.10, Revenue Invoicing and Procedure 1.7, Internal Controls.

End of Procedure