

ACCOUNTS RECEIVABLE, AR AGING RECONCILIATION & ANALYSIS

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AR Aging Reconciliation

Why it is Important

- Accounts Receivable amounts reported on the face of our financial statements should have a detailed listing that tells us who the debtors are as well as the amounts owed.
- We utilize Banner as a subsidiary ledger that holds this detail for the Accounts Receivable GL balances reported on our financial statements

AR Aging Reconciliation

Why it is Important

- A reconciliation is performed to verify that AR reported in Banner agrees to the AR shown in our PeopleSoft GL.
- We should also consider any other AR balances that may not be maintained within Banner and capture those in our reconciliation as well.
 - Note: While some AR activity may be maintained outside of Banner, it is considered best practice to run all possible activity through Banner
- ***We need to ensure that ALL AR Balances are being accurately reported within PeopleSoft and can be documented with an AR Detailed Listing***

AR Aging Reconciliation

Why it is Important

- Legislators, OPB, SAO, Auditors and other parties outside of USG are looking at our AR balances and asking why they are continuing to grow.

Issues with AR Aging Recon

- Most Institutions were not Reconciling their ZGRAGES & AR Aging Report Submitted to the Data Warehouse to PeopleSoft GL Balances which caused variances between our AR detailed listings and what was being reported on the Financial Statements

Addressing those Issues

New Standard Reconciliation

- We have created a standard reconciliation form that you will utilize to reconcile the ZGRAGES to PeopleSoft

AR Aging Reconciliation

What to Submit

- To Movelt
 - New Excel AR Aging Reconciliation which will include
 - Reconciliation
 - ZGRAGES Summary
 - Trial Balance Query from People Soft
 - Pivot table of People Soft Query showing totals by Fund and Account
- To Data Warehouse
 - AR Aging Report

AR Aging Report Submitted to Data Warehouse

Accounts Receivable Report : Peachtree State University : FY2017 : Jul 1 - Dec 31

	1-30 days	31-60 days	61-90 days	91-120 days	121-180 days	181-364 days	Subtotal < 1 year	1-3 yrs	3-5 yrs	> 5 yrs	Total A/R	Reserve Amount
Fund 10500 Tuition												
Student Tuition	61,517,382	21,501	14,579	22,413	68,899	43,462	61,688,236	1,161,679	69,719	146,583	63,066,217	1,548,268
Student Fees	1,138,858			2			1,138,860			127,761	1,266,621	
Other												
Fund 10500 TOTALS	62,656,240	21,501	14,579	22,415	68,899	43,462	62,827,096	1,161,679	69,719	274,344	64,332,838	1,548,268
Fund 10600 Other General												
Other	11,429,405	62,070	7,815	48,849	238,993	323,785	12,110,917	839,076	134,126	277,733	13,361,852	1,516,744
Fund 12xxx Auxiliary Enterprises												
12210 Housing	5,667,886	16,279	8,457	7,025	3,091	154,061	5,856,799	1,267,539	4,194	0	7,128,532	1,396,909
12220 Food Services	6,977,708	6,970	3,177	1,101	181	3,026	6,992,163	229,584	5,635	2,720	7,230,102	246,744
12230 Stores & Shops	144,289	1,584	80	4,107	1,573	39,737	191,370	37,084	5,974	6,331	240,759	96,241
12240 Health Services	1,101,075	211	47	34	899	675	1,102,941	9,325	1,152	1,399	1,114,817	12,190
12250 Transportation & Parking	2,455,453	1,886	782	650	10,463	24,691	2,493,925	135,490	3,028	3,990	2,636,433	175,669
12260 Plant Operations	1,266,464	240	53	113	1,116	689	1,268,675	618	0	0	1,269,293	981
12270 Other Organizations	15,587	0	0	0	0	0	15,587	96,184			111,771	97,903
12280 Athletics	4,465,320	854	587	146	1,649	3,268	4,471,824	37,143	2,652	8,917	4,520,536	50,432
32xxx Patient Care (GRU)	0	0	0	0	0	0	0	0	0	0	0	0
Fund 12xxx TOTALS	22,093,782	28,024	13,183	13,176	18,972	226,147	22,393,284	1,812,967	22,635	23,357	24,252,243	2,077,069
13000 Student Activities	4,887,386	1,276	304	256	4,064	3,296	4,896,582	36,559	2,677	4,733	4,940,551	44,837
14000 Continuing Education	97,840	255	0	0	550	255	98,900	787	170	0	99,857	1,428
15000 Indirect Cost Recovery	0	0	0	0	0	0	0	0	0	0	0	0
16000 Technology Fees	1,271,497	260	72	36	1,099	665	1,273,629	22,857	712	1,878	1,299,076	34,220
20000 Restricted E & G	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	102,436,150	113,386	35,953	84,732	332,577	597,610	103,600,408	3,873,925	230,039	582,045	108,286,417	5,222,566

AR Aging Reconciliation Submitted to MoveIt

	A	B	C	D	E	F	G	H	I
1	Institution:								
2	Completed By:								
3	Reviewed By:								
4									
5									
6	As of June 30, 20XX			1	2	3	4		
7				Banner	PeopleSoft	ZGRAGES vs			
8	Account Description	Fund	Account	ZGRAGES	Trial Balance	PeopleSoft	Notes/Comments (reason for variance)	Identified Variances	Unidentified Variance
9		10000				\$ -			-
10		10500	121000			\$ -			-
11		10500	121050			\$ -			-
12		10500	129800			\$ -			-
13		10600	121000			\$ -			-
14		10600	127101			\$ -			-
15		10600	129800			\$ -			-
16		10600	219802			\$ -			-
17		10600	219900			\$ -			-
18		12210	121050			\$ -			-
19		12210	121210			\$ -			-
20		12210	129800			\$ -			-
21		12220	121300			\$ -			-
22		12220	129800			\$ -			-
23		12230	121075			\$ -			-
24		12230	127101			\$ -			-
25		12230	129800			\$ -			-
26		12240	121089			\$ -			-
27		12240	129800			\$ -			-
28		12250	121086			\$ -			-
29		12250	129800			\$ -			-
30		12280	121087			\$ -			-
31		12280	129800			\$ -			-
32		13000	121000			\$ -			-
33		13000	121090			\$ -			-
34		13000	129800			\$ -			-
35		16000	121000			\$ -			-
36		16000	129800			\$ -			-
37		61000	219802			\$ -			-
38		62000	129220			\$ -			-
46	Total			\$ -	\$ -	\$ -		-	-

AR Aging Reconciliation

Things to Remember when Reconciling

- AR Aging Reconciliation should be completed and submitted to Movelt bi-annually, along with your AR Aging Report submitted to Data Warehouse

Date of Analysis

Due Date

As of December 31st

February 10th

As of June 30th

10 days after submission of AFR

- AR Aging Reconciliation is different from your quarterly TGRRCN Reconciliation
- The AR Aging Reconciliation and TGRRCN Reconciliation are two separate reconciliations

AR Aging Reconciliation

Things to Remember when Reconciling

- It is important to ensure that the amounts reported on ZGRAGES agrees to the AR Aging Report Submitted to the Data Warehouse.
 - The amounts within your AR Aging Reconciliation will be verified to the AR Aging Report Submitted to Data Warehouse

New AR Aging Reconciliation Template

- The New AR Aging Reconciliation Template along with some step by step instructions has been provided through the RACAR and AFR Listserv.
- It is also available on MoveIt under the commons folder.

TGRRCON Reconciliation

Things to Remember when Reconciling

- TGRRCON Reconciliation will continue to be done as you have always done it in the past, there are no changes at this time to how this reconciliation is done or submitted.
- TGRRCON should be ran & reconciled at least monthly.
- Submit TGRRCON reconciliation to Movelt quarterly.
- TGRRCON Reconciliation is different from your biannual AR Aging Reconciliation.

BPM - ACCOUNTS RECEIVABLE

Overview

- The next few slides will go through and highlight some important procedures relating to Accounts Receivable including proper procedure for write-offs as well as other pertinent information.

Student Receivables

Tuition & Fees

- Student Account Receivables for Tuition and Fees should be kept current
- Student Accounts that are not current should be reported as such on the AR Aging Report and submitted to the University System Office as noted in Section 10.5 of the BPM

Student Receivables

Collection of Student Receivables

- Students should be given written notice about the nature and the amount of the outstanding obligation.
- The student should be dropped from classes, if financial aid funds, scholarship funds, or guaranteed third party payor funds are not authorized for the student and they can not pay the tuition
- See Section 10.7.4 of the Business Procedures Manual

Student Receivables

Uncollectibles

- After Due Diligence Process has been followed and *the account has been turned over to a collection agency**, the uncollectibles should be written off as detailed in Section 10.4.1 of the BPM
 - Submit Request to SAO to write off anything under \$3,000
 - Anything greater than \$3,000 should be reserved for doubtful accounts

**You do not have to turn accounts over to a collection agency. This is an additional step that you have the option to use, it is not required.*

State & Federal Gifts & Grants Receivables

Billing

- Must be submitted promptly and accurately
- Each institution should maintain procedures and controls to ensure the following:
 - Periodic Interim Claims -
 - All reimbursable expenditures should be billed within 30 days of the close of the period for which reimbursement can be claimed
 - Final Claims –
 - Final Claims for reimbursable expenditures should be submitted within 90 days of the completion of the term of the contract, grant, or other agreement

State & Federal Gifts & Grants Receivables

Collection

- Collection efforts must be established, although the procedures may vary by funding agency
- Instances where claims must be rebilled, the original billing date will continue to be used for aging purposes
- Follow-up procedures should be in place and should take advantage of existing direct contacts available to contract and grants officers
- See Section 10.7.4 Table 1 within the BPM

Auxiliary Service Receivables

Residence Halls

- Receivables are managed according to the terms of the contract between the student and the institution.
- Receivables due from students who no longer live in a residence hall should be handled in the same manner as other Student Accounts Receivable
- See Section 10.7.4, Table 2 of the BPM

Uncollectible Accounts

Procedures to follow when writing off qualifying receivables:

- Adequate information concerning the age of the outstanding bills and claims is essential
 1. Aging information must be collected, maintained, reported, and acted upon in a standardized and consistent manner
 2. Levels of effort in record keeping and collection must be commensurate with collection value (See Section 10.7.4 of BPM)
 3. In general, bills must be collected as quickly as possible, but cost of collection must not exceed the expected revenue.

Uncollectible Accounts

Provisions for Uncollectibles

- GASB requires that uncollectibles be treated as a contra revenue rather than expense for financial reporting purposes.
- In order that realized revenue will be reflected properly, uncollectibles must be regularly recognized as stated in Section 10.4.1 in the BPM
- For accounts receivable of \$3,000.00 or less to be determined uncollectible, due diligence for collection must have taken place along with an approval from SAO (see Section 10.7.4 of the BPM)

Uncollectible Accounts

Provisions for Uncollectibles

- Write-off of receivables is based upon the aggregate of the debtor, not on individual transactions.
 - A student may owe ten different transactions of which no single transaction is over \$3,000. However the total of those ten transactions is \$4,000.
 - ***In this case, the \$4,000 can NOT be written off.***
 - It is considered best practice to continually analyze the accounts receivable and write them off before they become larger than \$3,000
- Note: It is important to maintain records of those write offs within Banner to avoid allowing a student to register for classes in the future after their debt was written off

Uncollectible Accounts

What Allows us to Write Off Uncollectibles?

- Senate Bill 73, OCGA Section 50-16-18
 - Provides State Agencies with a mechanism for writing off debt of an immaterial nature owed to the state.
 - Materiality threshold is \$3,000.00 or less for the institutions of the Board of Regents of the University System of Georgia

BPM 10.7.4 Collection Efforts

Table 1 - Employees and the General Public

Activity	2nd Billing (Copy of Original)	3rd Billing (Past Due Stamp)	Dunning Letter (Fourth Notice)	Stronger Dunning Letter (Final Notice)	Referral to Collection Agency
Days since Payment Due	30 days	60 days	90 days	120 days	180 days

BPM 10.7.4 Collection Efforts

Table 2 - Inactive Students

Activity	2nd Billing (Copy of Original)	3rd Billing (Past Due Stamp)	Dunning Letter	Referral to Collection Agency
Days since Payment Due	30 days	60 days	90 days	180 days

AR Aging Analysis, Recon, Review & Reporting

Due Dates Defined

- Using the accurate due dates are important when aging accounts receivable
- Due Dates are defined as follows:
 - Student Accounts – *The first day of classes for the term**
 - Student Account due date may be modified to the date that financial aid is withdrawn in order to give the student and institution an opportunity to locate other payment arrangements
 - Non Student Accounts – Generally 30 days after the invoice date

**Due dates for Student Accounts are determined differently amongst the various institutions. This will be considered further when updating a revising the AR BPM. For now just be sure to use a consistent due date to accurately age the receivable.*

AR Aging Analysis, Recon, Review & Reporting

Reporting

- AR Aging Report Submitted to USG vis Data Warehouse
 - As stated in Section 10.5 of the BPM, Each Institution will submit an analysis of receivables to the Vice Chancellor for Fiscal Affairs in accordance with the schedule below:

Date of Analysis

As of December 31st

As of June 30th

Due Date

February 10th

10 days after submission of AFR

AR Aging Analysis, Recon, Review & Reporting

Analysis, Reconciliation & Review

- Aged listing of receivable 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 (The Institution's Fiscal Affairs or equivalent) will ensure that subsidiary ledger records (including those maintained outside the accounting office) are reconciled to the control account balances at least quarterly.

AR BPM Update

- We realize there is a need to update and rewrite the BPM Accounts Receivable Section and we are planning to begin working on this in the near future.
- If you are interested in sharing your thoughts or suggestions regarding the AR BPM please send an email to Shree.Hamm@usg.edu

Questions?