

Regulations of the University of North Texas System	Chapter 08
08.13000 Accounts Receivable Allowance	Fiscal Management

08.13001 **Regulation Statement.** The University of North Texas System shall follow Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements for calculating Accounts Receivable allowances, aging Accounts Receivables, and writing-off Accounts Receivable.

08.13002 **Application of Regulation.** UNT System Administration and Institutions.

08.13003 **Definitions.**

1. **Accounts Receivable.** “Accounts Receivable” means a legally enforceable claim for payment owing to System Administration or an Institution, including: Student Accounts Receivable; Federal Receivables (Grants); Other Intergovernmental; Interest and Dividends; Clinical Practice Receivables; and any other accounts receivable as defined in the “Receivables From” section of the Consolidated Annual Financial Report.

2. **Accounts Receivable Aging.** “Accounts Receivable Aging” means categorization of Accounts Receivable based on the length of time the Accounts Receivable amount has been outstanding.

3. **Accounts Receivable Allowance.** “Accounts Receivable Allowance” means an estimate of Accounts Receivable amounts that may be uncollectible.

4. **Accounts Receivable Write-off.** “Accounts Receivable Write-off” means recognition of an Accounts Receivable amount as uncollectible.

5. **Consolidated Annual Financial Report.** “Consolidated Annual Financial Report” means a set of financial statements for the University of North Texas System that comply with the accounting requirements established by GASB.

08.13004 **Procedures and Responsibilities.**

1. Allowance Basis. An Allowance for Doubtful Accounts for outstanding Accounts Receivable will be recorded periodically. The basis used to calculate the allowance is dependent on the type of receivable as described below.
 - a. Student Receivable allowance will be determined based on an analysis of each individual student account outstanding.
 - b. Federal Receivable allowance will be determined based on an analysis of each individual grant.
 - c. Other Intergovernmental Receivable allowance will be reserved based on an analysis of each intergovernmental agency.
 - d. Interest and Dividends Receivable allowance will be determined based on analysis by the Treasurer's office.
 - e. Clinical Practice Receivable allowance will be determined based on collection history.
 - f. All other receivable allowances uncollectible will be determined on a case by case basis.

Responsible Party: UNT System Controller, Financial Reporting

2. Aging Accounts Receivable.
 - a. All departments recording Accounts Receivable must maintain adequate records of their accounts.
 - b. All Accounts Receivable will be reconciled monthly to System Administration and each Institution's financial system.
 - c. Departments recording Accounts Receivable must maintain an aging schedule for all Accounts Receivable. The total of the aging schedule should be equal to the total Accounts Receivable recorded. Standard aging brackets used are:
 - i. 0 – 30 days,
 - ii. 31 – 60 days,
 - iii. 61 – 90 days,
 - iv. 91 – 120 days,
 - v. 121 – 180 days,
 - vi. 181 – 360 days,
 - vii. 361 – 720 days, and
 - viii. Over 720 days.
 - d. The department recording the receivable has the sole responsibility for collecting the account. The department must

have a documented collection procedure in place and on file with the UNT System Controller's Office.

- e. All collection activity must be logged and copies of all correspondence with the debtor retained.

Responsible Party: Departments reporting Accounts Receivable, UNT System Controller, Financial Reporting

- 3. Write-off. System Administration and Institutions must take all appropriate and cost-effective actions to aggressively collect Accounts Receivable. Only after System Administration or the Institution and the Office of the Attorney General have attempted collection without success may a debt be written-off of the financial accounting records.

Responsible Party: UNT System Controller, Financial Reporting

- 4. No Forgiveness of Debt. The write-off of an Account Receivable is an accounting entry only and does not relieve the debtor from financial responsibility to System Administration or an Institution. It is the responsibility of the department to maintain adequate records related to legal debts owed to System Administration or the Institution.

Responsible Party: Departments reporting Accounts Receivable, UNT System Controller, Financial Reporting

References and Cross-references:

UNT System Regulation 08.5000, Reconciling and Verifying General Ledger Accounts and Other Financial Information

UNT System Regulation 08.14000, Student Accounts Receivable

Texas Comptroller of Public Accounts Fiscal Policies & Procedures, *Accounting for Uncollectible Accounts* (APS 027)

Texas Government Code § 403.055; Ch. 2107

Texas Administrative Code, Title 1 Administration, Part 3 Office of the Attorney General, Section 59.2, *Collections Process: Uniform Guidelines and Referral of Delinquent Collections.*

American Institute of CPAs, *State and Local Government Audit and Accounting Guide*, Section 6.15

Governing Accounting Standards Board Statement No. 34

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