

Sponsored Programs

Sponsored program receivables are posted by accounting transactions debiting receivables and crediting the appropriate work breakdown structure (WBS) from invoices or billing documents submitted to the sponsoring agency. A receivable for unbilled charges is posted as a step in the year end June 30 closing process. A receivable is established for charges incurred but not invoiced to the sponsoring agency.

Caution should be exercised when establishing an allowance for a doubtful sponsored program receivable. However, an allowance can be recognized by charging a state aided cost center crediting the revenue to the sponsored program WBS. This accrual entry will be reversed July 1.

Sponsored program receivables determined to be uncollectible or billings for disallowable expenses should be written off. The entry to write off uncollectible sponsored program expenses and receivables is to debit the department's general operating budget for the expense and credit the expenses of the sponsored program project. Bad debt expense will be charged if the sponsored project was completed in good faith and documented by a contract but the sponsor was unable or refused to pay. A recommendation for the write off of a sponsored program receivable will be prepared and signed by the Director of Sponsored Programs – Post Award.

Departmental Receivables

Certain departments routinely provide goods and services to customers resulting in accounts receivables. The subsidiary receivable records are kept by the departments, invoices prepared and mailed, and receipts recorded. Receipts are recorded on a cash basis by crediting revenue and the subsidiary receivable records updated accordingly.

Accounts receivables will be established in the general ledger at year end as a step in the June 30 closing process for departmental accounts receivables. Departments will provide an aged schedule of accounts receivables to the accounting office. This schedule will be signed by the dean, department chair, or their designated business representative. A journal entry will be entered into the accounting system to debit accounts receivable and credit the appropriate cost center for the department that supplied the good or service.

An aged trial balance of accounts receivable will include debtor's name and amount due classified by how long the receivable has been due (90 days, one year, or longer.) This information should be considered when evaluating whether to establish an allowance for doubtful accounts. Accounts receivable previously written off will not be included in the general ledger, student accounts, or department subsidiary records as an amount due.

An allowance for doubtful departmental accounts receivable will be established by charging the bad debt expense account to the cost center to which corresponding revenues are received. The aged trial balance will be used to evaluate and determine a

reasonable allowance for doubtful accounts by considering the age of receivables and a three year average of uncollectible accounts. As general guide, any receivable older than one year and left on the balance sheet will have a full allowance. A campus with less than \$500,000 of departmental receivables can consider the write off history from the previous year to establish a campus allowance, or not establish an allowance if each account is deemed collectible and the receivable amounts are small. A campus wide allowance for doubtful accounts may be established rather than for each cost center. An accounting entry will be posted to bring the allowance for doubtful accounts to the appropriate level for each department's outstanding receivables.

A departmental receivable determined to be uncollectible can be written off at the time it is determined to be uncollectible or at June 30. The aged accounts receivable trial balance prepared above should be used to identify uncollectible accounts for write off. The Dean, Director, or Department Chair will prepare and sign a schedule of accounts receivable recommended for write off.