

Oklahoma State University Policy and Procedures

**BILLING AND RECEIVABLE SYSTEM
(BRS)**

**3-0330
ADMINISTRATION & FINANCE
Controller
September 2005**

INTRODUCTION AND GENERAL STATEMENT

1.01 The Billing and Receivable System (BRS) is Oklahoma State University's centralized accounts receivable system. As prescribed by the Oklahoma A and M Board of Regents, all University departments that maintain accounts receivable systems or are involved with invoicing sales, services, and assessments are required to utilize the central system for the recording of accounts receivable. Any payments of recorded accounts receivable must be sent directly to the Bursar's Office for receipt. Letterhead and other billing documents not flowing through the central system are discouraged.

1.02 Departments that assess special charges must comply with Policy and Procedures Letter 2-0806 Fees, Tuition, and Special Charges to Students which addresses the approval process to be followed prior to the assessment of fees and special charges.

1.03 Invoicing for reimbursable grants and contracts is exempt from the centralized billing and receivable system. This type of activity should be coordinated through Grants and Contracts Financial Administration. Any additional exemptions require authorization from the Controller.

PURPOSE AND SCOPE

2.01 The objective of the central accounts receivable system is to lessen the requirements for departmental record-keeping, consolidate student charges into one billing and promote standardized reporting of accounts receivable in the University's financial records.

2.02 Departmental efforts are reduced because no hand posting is necessary under the central system. Charges are updated to the system and management reports reflecting charges, payments, and balances due are provided to departmental management. Departments are further relieved of the accepting, safeguarding, and depositing of cash since payments are made directly to the Bursar.

2.03 The central system collects and consolidates all departmental charges into one billing statement for each student, customer, faculty or staff member, thus allowing students to make one payment for all charges at the one central point on campus. This not only lessens the number of transactions and duplication of effort, but also allows the Bursar's Office to uniformly assess prescribed penalties for failure to pay.

2.04 The central system interfaces with the Financial Reporting System (FRS) which facilitates monthly and annual reporting. Internal and external auditors will prepare direct confirmations of accounts receivable balances as necessary.

PROCEDURES

Overview of the Billing Receivable System

3.01 The central system consists of shared components (information shared by all student information systems) as well as detail records of the transactions. Shared components records include such items as customer identification number, name, billing address, local address, telephone number, etc.

3.02 Customer account number - All "charge" customers must exist on the billing and receivable system before a transaction may be processed.

3.03 Subcodes are used to process the transaction and identify the originating department. A typical subcode is assigned by the bursar office with the following values:

- A. A one-digit charge or payment indicator
- B. A two-digit code identifying the user department
- C. A thirty-digit description of the charge or payment
- D. The eleven-digit FRS account to be debited
- E. The eleven-digit FRS account to be credited
- F. The sequence in which charges appear on the statement
- G. If appropriate, the priority of collection

All charges must be identified with a specific bursar subcode. Subcodes must exist for each FRS account number that is to receive credit for the transaction; The Bursar's Office will establish subcodes as required.

3.04 The Invoice - All charges and/or credits must be documented in some form suitable for efficient auditing. This documentation may be in an electronic format that serves to create the charge or credit transaction. In some cases, a department may issue an invoice for data entry. This invoice will be delivered to the Bursar's Office for entry, or the department may be granted access for creating the necessary BRS

transaction. Invoices delivered to the Bursar's Office for data entry must contain the following information:

- A. Transaction date
- B. Pre-numbered invoice number
- C. Customer account number
- D. Customer name and address
- E. Subcode
- F. Charge/payment indicator
- G. Description
- H. Amount
- I. Debit/credit indicator
- J. Effective date (due date) of charge

Conversion to the Central System

3.05 The following step-by-step approach should be used in conversion from the department's existing accounts receivable system to the central system:

- A. Establish a system of subcodes for each type of departmental charge or each FRS account that is to receive revenues.
- B. Secure a block of external customer numbers (if needed) from the Bursar Office.
- C. Assign customer or student numbers to each outstanding account in the old accounts receivable system.
- D. Assign subcodes to each outstanding charge for each outstanding customer account.
- E. Prepare input documents for the Bursar. If the number of outstanding accounts is small, the charges in the old system should be recreated by listing all outstanding charges on the standard invoice. If outstanding accounts are voluminous, a standardized listing form is available from the Bursar's Office.
- F. Run adding machine tapes on the documents prepared and balance to the totals of the old system. When balanced, enter the totals in a "batch log" to be used in verifying and reconciling the management reports provided from the system.

G. Attach the adding machine tapes to your batched data and transmit to the Bursar's Office for processing.

H. Ask the Bursar for a subcode report to be used in verifying that all balances were recorded properly.

Processing New Transactions

3.06 Departments initiating sales charges in excess of fifty (50) transactions must submit, via electronic media, all transactions suitable for upload into BRS. Departments may be granted on-line access to BRS in order to process sales and/or credit transactions. In limited situations, a department may request the bursar's office to perform data entry for sales/credit transactions.

3.07 Correcting or adjusting the amount of a previous invoice is accomplished by issuing a "credit." The user department must initiate credit entries.

3.08 Departments utilizing BRS are subject to audit. The department must maintain records adequate to sustain an audit or a customer's inquiry.

Accounts Receivable

3.09 Returned Items- The Bursar's Office purchases all returned items (i.e. insufficient checks) from the financial institutions and records them as receivable items against the maker's account and assesses a service charge. A bad check flag will be placed on the maker's account, and the maker will be stopped from issuing further checks to the University for the semester. If a customer gives the University three or more bad checks, the flag will remain permanently on his/her account. If the bad checks are not cleared within a designated timeframe and the checks prove to be uncollectible by the Bursar, they are ultimately turned over to a collection agency/and or charges may be filed with the Payne County District Attorney. Uncollected bad checks will be charged back to the departments at face value.

3.10 Accounts Receivable and Bad Debts - The Bursar will assess departments a percentage of their total billings each semester. These monies will be set aside in an account to be used for writing off uncollected accounts at the end of a three-year period.

3.11 The percentage of assessment will be determined from the historical collection ratio of the department's charges over the past years.

3.12 The rate of assessment for the allowance for uncollected accounts will be computed annually and is subject to change each term. Assessments will be made in February and October of each year. Assessments are calculated and assessed during each fall, spring, and summer semesters.

3.13 Any student charges written off as uncollected will result in a permanent hold on future enrollment and academic records until the bad debt is paid. The account will be submitted to the State for the "Warrant Intercept Program" to seize the Oklahoma income tax refund to pay against the debt.

3.14 Delinquent and Uncollected Accounts - The Bursar has several sanctioned penalties that may be assessed to students to encourage payment of items owed the University. These penalties include a "hold" on all academic records and enrollment in future semesters. If a student is currently enrolled, the Bursar will not utilize an external collection agency. Collection agencies will be used whenever a student is no longer enrolled and still has a bursar account past due. The collection agency's fees will be charged to the delinquent student and the responsibility of the account holder.

3.15 The Bursar employs monthly statements and collection letters to assist collection.. The University has contracted with external collection agencies and has given the Bursar authority to assign delinquent accounts to these agencies. If the customer does not respond to monthly statements or collection letters, the account will be placed with the external collection agency. Departments should utilize management reports to monitor accounts and should contact the Bursar's Office if action is desired.

3.16 Standard Terms Concerning Payments on Account - The monthly statement states that payment is due on the fifteenth of the month unless stated otherwise.

3.17 Finance Charge - There will be a finance charge computed at a periodic monthly rate of 1.5% per month or an APR of 19.56% on any unpaid balance. All accounts with an unpaid balance will be assessed a minimum finance charge of \$.50 per month. Bursar accounts are assessed a finance charge after the due date on any remaining unpaid balance that has been billed.

3.18 Minimum Amounts - Due to the cost of processing and collecting, departments are asked not to charge amounts less than one dollar on any one transaction. It will normally cost more to process and collect the charge than the charge is worth.

3.19 Deferments/Payment Arrangements - The Bursar has authority to approve any deferments or establish special payment arrangements.

3.20 Third Party Sponsors - The Bursar will bill third party sponsors for educational expenses. A student must submit an award or notification letter to the Bursar's Office in order to initiate the billing.

Grants, Loans, and Scholarships

3.21 The financial aid department processes federal, state, and institutional grants or scholarships. Funding provided by these grants or scholarships will be electronically transferred to the student's bursar account. If all charges for the semester are paid, the student may be eligible for a refund.

3.22 All Federal Student Loans, Perkins Loans or other Student Loan will be disbursed to the student by the Financial Aid Office once the student has been deemed eligible..

3.23 Student Loans are applied as a direct credit to the student's account after the application is processed and the promissory note signed. The student will receive a refund of the amount in excess of the educational expense for the semester.

3.24 Oklahoma Tuition Aid Grants are applied as a credit on the student's account.

3.25 Students may receive awards from OSU-Foundation funding. The scholarships will be awarded and processed as any other departmental award or scholarship and will be disbursed to the student's bursar account.

Recommended Departmental Reports To Request

3.26 Subcode Select Report - This is the primary management report for departmental management and is produced monthly or on demand. The report lists all transactions identified with the department's specific subcodes and prints them by customer account number. Customer accounts can be printed in alphabetical or numerical sequence. The report shows each charge, payments applied to the charge, and the unpaid balance of the charge. Totals by subcode are provided at the end of the report. Contact the Financial Information Management Department (FIM) when this standard report is needed.

3.27 Aging Report - This report is considered to be the basic delinquency report for departmental management. This report ages unpaid charges into columns for current, over 30 days, over 60 days, and over 90 days old, and is run on the same basis as the subcode select report. Totals for each category are provided at the end of the report. Contact the Financial Information Management Department (FIM) when this standard report is needed.

3.28 Special Reports - Special reports can be generated when needed. Departments should contact the Financial Information Management Department (FIM) when other than the standard reports are needed.

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