

POLICY 2.3 – Accounts Receivable

Policy Category: Financial

Effective Date: March 23, 1995

Supersedes: (NEW)

- 3.04 Extension of credit beyond the regular thirty (30) day payment terms from the invoice date may only be granted when justified by unusual circumstances. Any arrangement to extend special credit terms must be in writing, with the specific credit terms shown on the face of the invoice. All departments must receive prior approval from the Accounts Receivable Supervisor before extended credit terms are offered to customers.
- 3.05 Invoices outstanding beyond the regular thirty (30) day payment term will be charged an interest penalty of 18% per annum (1.5 percent per month) on the principal amount outstanding until the debt is paid in full.
- 4.00 CRITERIA FOR GRANTING CREDIT PRIVILEGES
- 4.01 The decision to grant credit to a customer will involve the following considerations:
- . capacity for payment,
 - . credit worthiness,
 - . past payment records,
 - . dollar value of transaction, terms
 - . customer's character
- 4.02 Charges for transactions of \$50.00 or less should be on a cash, cheque or credit card payment basis. Charges for transactions over \$50.00 may be invoiced to the customer using processes established by the Accounts Receivable Office. See section 8.00.
- 5.00 COLLECTION OF ACCOUNTS RECEIVABLE
- 5.01 Collection of general accounts receivable is the ultimate responsibility of the department or unit providing the goods or services, with active support from the Accounts Receivable Office using normal collection procedures. If a customer contests a charge, the appropriate Department Chair or Director will be responsible for resolving the contested item.
- 5.02 A service Charge (as approved by the Board of Governors) will be levied on all accounts receivable payments returned to the University by the Bank (i.e. NSF, account closed, etc.)
- 6.0 UNCOLLECTIBLE ACCOUNTS
- 6.01 In the absence of legitimate disputes, credit privileges will be withdrawn where customers have not responded to collection notices to discharge outstanding debts.
- 6.02 Uncollected accounts receivable balances will be charged back to the initiating department after all internal means of collection have been exhausted. This action will normally be initiated by the Accounts Receivable Supervisor after consultation with the Department involved.
- 6.03 Generally, uncollectible accounts will be forwarded through the Accounts Receivable Office to an external collection agency for further collection, including legal action if necessary. Any amounts that may eventually be collected will be returned to the issuing Department, net of service fees charged by the collection agency.

7.00 CONFLICT OF INTEREST IN ISSUING CREDIT

7.01 Departments or units granting credit are required to notify the Accounts Receivable Office, by disclosure on the invoice, in the following language: (un) - ing credit