

ACCOUNTS RECEIVABLE PROCEDURE

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Administrator.

Functional Category:	Finance
Parent Policy:	Financial Management Policy
Approval Date:	June 29, 2016
Effective Date:	July 1, 2016
Procedure Owner:	Vice President, College Services and Chief Financial Officer
Procedure Administrator:	Director, Integrated Planning and Financial Services

Overview:

The purpose of the Accounts Receivable Procedure is to ensure the recognition and collection of all NorQuest College (college) accounts receivable and to ensure accounts receivable are collected in a timely, fair and cost effective manner.

Authority to establish this procedure is derived from the [NorQuest College Board of Governors Policy No. 7](#), which delegates responsibility for the college's financial planning and activities to the President and CEO and [Board Policy No. 5](#), which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

Procedures:

Accounts receivable (AR) at the college take the form of a Student AR or a General AR.

Student AR

Student AR are created when a student is registered for classes at the college and are due and payable as outlined in the college calendar. The AR may be composed of unpaid tuition, material, and other college fees related to their program of study. Students remain responsible for any fees not funded through grant or sponsorship agreements. Students with outstanding fees may be charged a late fee and/or withdrawn from courses, as described in the college calendar.

Sponsorship Letters

The college accepts sponsorship letters from third party organizations as promises to pay the outstanding invoices related to Student AR.

- The Office of the Registrar receives all sponsorship letters.
- The Office of the Registrar is to send a copy of the sponsorship letter to the Accounts Receivable Team and retain a copy of the letter.
- The Accounts Receivable team creates an invoice based on the terms and conditions contained in the sponsorship letter and sends the invoice to the sponsoring organization.
- Students are held responsible for unpaid invoices sent to their sponsors.
- Students who pay their fees and subsequently receive sponsorship funds, will receive a refund equal to the amount of sponsored funds received by the college.
- Once sponsorship funds are received by the college, all future refunds will be issued directly to the sponsoring agency.

Definitions:
Related Information:
Related Documentation:
Next Review Date:

General AR

- When a department provides goods and/or services to a client, the Department administrator initiates the creation of a General AR by completing a [Request for Invoicing Form](#) and sending it with all applicable back-up information to the Accounts Receivable Team in Financial Services. The back-up information required generally includes:
 - contractual documentation,
 - a GST exemption letter from the third party (if applicable), and
 - any other information useful in the creation of the invoice and in future collection activities.
- Department administrators are responsible for the accuracy, completeness and the timely provision of all information upon which invoices are to be prepared.
- The Accounts Receivable team, after confirming all necessary information, will create an invoice and send it to the client.
- Department administrators are responsible for advising the Accounts Receivable team of any changes to the terms, conditions or contact information for the account receivable.

Payment of AR

- Outstanding fees for Student ARs are to be paid according to the deadlines identified in the [College Calendar](#).
- General ARs are to be paid by clients according to the due dates specified on the invoice.

Student and General AR Collection

- The Accounts Receivable team will monitor Student and General AR on daily basis for accuracy and past due amounts.
 - A collection schedule identifying key past due dates is used to support this activity.
 - The college uses a variety of communication methods included mailed invoices/account statements, email correspondence and verbal communication to ensure that accounts receivable are managed and collected in a timely manner. Departmental Leads may be engaged to assist with this process as required.
 - Exceptions to the collection schedule may be made whenever it is determined that an extension of the payment deadline is warranted. Typical justifications for the exemption include untimely invoice delivery and incorrect customer information.

Accounts Receivable: is a short-term amount due from a buyer to a seller who has purchased goods or services from the seller on credit. An accounts receivable is established when a college activity generates revenue and funds are collected at a later point in time.

- [College Calendar](#)
- [Financial Management Policy](#)
- [Signing Authority Policy](#)

- [Request for Invoicing Form](#)

June 2020

Revision History:

June 2016: New (replaces Standard Practices 6.07: Student Accounts Receivable Credit and Collections, and 6.15: Non-student Accounts Receivable Credit and Collections)