

STATE OF WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

Section	07	REVENUES AND ACCOUNTS RECEIVABLE	Effective Date	10/1/2015
Sub-section	01	Accounts Receivable: Initial recording, Billing, Collection, Write-off and Reporting	Revision Date	2/19/2020

BACKGROUND AND AUTHORITY

Section 16.40(5), Wisconsin Statutes, gives DOA the authority to prescribe the forms of accounts and other financial records to be used by all agencies to record state receipts and disbursements. In addition, Section 16.40(7), Wisconsin Statutes, gives DOA the authority to collect revenue information from any available source.

POLICIES

1. It is the responsibility of each State department, agency or institution of higher education to establish and document internal procedures to ensure that all accounts receivable are recorded, billed, and collected or written-off in an efficient and timely manner. The STAR Accounts Receivable and Billing Modules provides agencies with on-line accounts receivable recording, billing and collection, write-off and reporting functions and automates the related accounting entries.
2. Agencies must use the STAR Accounts Receivable and Billing subsystems for all accounts receivable applications that benefit from the integration of paper lockbox, electronic lockbox (a.k.a. E-Payment) or other payment applications with the STAR Accounts Receivable and Billing subsystems. The SCO will assist agencies in determining when such integrations would result in increased efficiency and effectiveness.
3. Agencies must comply with the policies and procedures used for the central collection of delinquent receivables by the Wisconsin Department of Revenue. <https://www.revenue.wi.gov/Pages/HTML/debtcoll.aspx>

PROCEDURES

ACCOUNTS RECEIVABLE: INITIAL RECORDING

Generally, accounts receivable should be recorded and billed when goods are shipped or services are rendered. Agencies should record their accounts receivable into STAR as soon as practical - not to exceed 15 days following the point in time when the debtor has a legal obligation to pay the agency. Refer to the ***Creating an Invoice STAR Job Aid*** in the Job Aids Section for instructions on entering and generating an accounts receivable entry within STAR through the Billing Module. Once an invoice has been created and dispatched through the Billing Module, the outstanding balance is recorded against the Customer ID in STAR. Additionally, the following accounting entry is posted into the General Ledger:

Agency	Fund	Appn	Dept	Acct	Acct Name	DR	CR
XXXXX	XXXXX	XXXXX	xxx	1351000	Accounts Receivable (Billed)	X,XXX	
XXXXX	XXXXX	XXXXX	xxx	xxxxxxx	Revenue		X,XXX

Note: Account Code 1351000 is a “control” account and can only be Debited or Credited through the use of the Billing Module or Accounts Receivable Module in STAR. In certain circumstances “control” status can be temporarily lifted by SCO to address errors or make necessary corrections.

ACCOUNTS RECEIVABLE: BILLING AND COLLECTION

The following table shows enterprise guidelines for the billing and collection of agency accounts receivable. They are intended to be a reference point that will provide agencies with guidance for the collection process. Many types of receivables require more specialized collection procedures and an agency may use more vigorous efforts than those stated here. Nevertheless, agencies should follow these guidelines at a minimum.

TIMELINE FOR COLLECTION OF ACCOUNTS RECEIVABLE

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Collection Step	Latest Day for Completion
Services Rendered, Goods Delivered, Fees Due, etc.	Day 0
Receivable is Recorded, Initial Invoice or Statement is Mailed	Day 15
First Dunning Invoice/Statement with Dunning Message No. 1	30 Days Past Due
First Telephone Contact	45 Days Past Due
Second Dunning Invoice/Statement or Collection Notice with Dunning Message No. 2	60 Days Past Due
Second Telephone Contact	75 Days Past Due
Referral of Accounts to the Department of Revenue	90 Days Past Due
Referral of Out of State Delinquencies to a Private Collection Agency, once returned by the Department of Revenue	90 Days+ Past Due

Initial Billing of a Receivable

An invoice should be sent as soon as practical (not to exceed 15 days) following the point in time when the debtor has a legal obligation to pay the agency for goods, services, fees, assessments, overpayments or other purposes. The invoice should include, at a minimum, a brief description of the obligation owed, the amount owed, the date the amount is due, the remittance address and an agency contact name and phone number. **Unless otherwise provided by statute, all receivables are due within 30 days of the day that the debtor has a legal obligation to pay.**

First Dunning Letter

A Dunning letter should be sent to the appropriate party within 30 days of the due date of the receivable. This letter should indicate that the invoice is past due and referral for further collection efforts by the Department of Revenue may occur. Refer to the ***Dunning Letters STAR Job Aid*** in the Job Aid section below.

First Telephone Contact

If no response is received after the first Dunning letter, the first telephone contact should be made within 45 days of the due date of the receivable. Agencies should be respectful but firm when dealing with customers with past due balances.

Second Dunning Letter

A Dunning letter should be sent to the appropriate party within 60 days of the due date of the receivable. This letter should indicate that the invoice is past due and referral for further collection efforts by the Department of Revenue may occur. Refer to the ***Dunning Letters STAR Job Aid*** in the Job Aid section below.

Second Telephone Contact

The second telephone contact should be made within 75 days of the due date of the receivable.

Referring the Receivable to the Department of Revenue

Accounts should be referred to the Department of Revenue within 90 days of the due date of the receivable. Please see the procedures published by the Department of Revenue for more information.

Referring the Receivable to a Private Collection Agency

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The State Bureau of Procurement has contracted with several private collection agencies that can assist with out of state delinquent debts returned by DOR. Contact the State Bureau of Procurement for additional information on those contracts and how to contact the desired collection agencies.

LITIGATION OF ACCOUNTS RECEIVABLE

For some delinquent accounts, litigation may be the only way to effect collection. When a state agency, the Department of Revenue or a collection agency determines that the account cannot be collected without legal action, the account may be litigated. These accounts should be referred to the Department of Justice (DOJ) in the event that litigation is necessary. However, accounts should not be referred to DOJ for routine collection - instead, they should be referred to the Department of Revenue per their enterprise collection policies and procedures.

APPROVALS FOR WRITING-OFF ACCOUNTS RECEIVABLE

Each state department, agency or institution of higher education shall implement and maintain written procedures for the internal approval to write-off of uncollectible accounts. The following dollar limits and procedures should be used in the write-off process unless otherwise provided within state statutes:

1. In all cases the agency Financial Manager must approve write-offs.
2. Amounts not to exceed \$1,000 per account, \$10,000 in aggregate may be written off with the approval of the agency Financial Manager.
3. All accounts of \$1,000 or more (\$10,000 or more in aggregate) must be approved for write-off by the SCO. To request approval, the agency should fill out the Write-Off Request Form below and send it the State Controller.

Refer to the ***Write-Off STAR Job Aid*** in the Job Aid section blow for instructions on writing-off accounts within STAR once the above procedures have been followed.

ANNUAL ACCOUNTS RECEIVABLE AGING REPORT

Agencies are required to file an annual accounts receivable aging report with the SCO for all ARs tracked outside of the STAR system. The report must contain a detailed aging of outstanding ARs and a description of actions taken on accounts aged over 90 days. The report is due to the SCO Treasury section by **August 31st** of each year. In addition, agencies are expected to review all aged accounts receivables quarterly for potential delinquent receivables and report timely within 15 business days to DOR State Collections.

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Request for Write-off of Accounts Receivable

Agency:	
Receivable Type:	
Financial Manager Name (print)	
Financial Manager Signature	
Date of Request:	

Amount Due	Original Due Date	Account Name	Reason(s) the Account is Uncollectible	Date Returned from DOR	Date Returned from Collection Agency

SCO Approval - Name: _____ Date: _____

SCO Approval - Signature: _____

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JOB AIDS

Job Aid Title	Job Aid URL
Creating an Invoice	http://starconnection.wi.gov/Documents/JobAids/FinProc/AccountsReceivableAndBilling/createinvoice.pdf
Dunning Letters	http://starconnection.wi.gov/Documents/JobAids/FinProc/AccountsReceivableAndBilling/dunningletters.pdf
Write-Offs	http://starconnection.wi.gov/Documents/JobAids/FinProc/AccountsReceivableAndBilling/dunningletters.pdf