

**STATE OF WISCONSIN
STATE ACCOUNTING MANUAL**

SECTION:	VI Revenues	EFFECTIVE DATE:	July 1, 2007
SUB-SECTION:	3 - Accounts Receivable	REVISION DATE:	September 1, 2007
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ACCOUNTS RECEIVABLE RECORDING, BILLING AND COLLECTION, WRITE-OFF, AND REPORTING

It is the responsibility of each State department, agency or institution of higher education to establish and document internal procedures to assure that all accounts receivable are recorded, billed and collected or written-off in an efficient and timely manner. The WiSMART Accounts Receivable Subsystem (ARS) provides on-line accounts receivable recording, billing and collection, write-off and reporting functions and automates the related accounting entries.

RECORDING ACCOUNTS RECEIVABLE INTO WISMART

Generally, accounts receivable should be recorded and billed when goods are shipped or services are rendered. Agencies using the WISMART-ARS should record their individual accounts receivable into WISMART 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. When agencies are converting to ARS for the first time, only those pre-existing accounts receivable that are expected to be collected within the next 12 months should be recorded in the WiSMART ARS module as a receivable. Refer to the WiSMART ARS Subsystem User Guide for instructions on entering WiSMART accounts receivable.

Agencies who have not yet converted to the ARS should record revenue receivables monthly at the Fund/Agency/Appropriation level. These agencies should compile month-end summary receivable information from their internal billing systems and enter it into WiSMART using a Journal Voucher (JV). These journal vouchers must also be scheduled to automatically reverse to avoid double counting. To automatically reverse a JV, enter the reversal date on the JV in MMDDYY format in the transaction date. When this date is coded, the JV document number must have an "E" entered as its last character. The receivables would then be reversed out of WiSMART automatically after the monthly closing. The summary receivables should be recorded to Account 3502 "Accounts Receivable (Journal Vouchers)". Also, an "N" must be placed in the cash indicator field of the JV transaction to avoid recording accrued revenue to the budgetary "receipts" field within the EAP2 table. An example of the monthly summary receivable entry is below:

Fund	Agy	Appn	AT	Acct	Acct Name	DR	CR
XXX	XXX	XXX B	01	3502	Accounts Receivable (JV)	X,XXX	
XXX	XXX	XXX R	31	XXXX	Revenue		X,XXX

JV transactions to record the monthly summary accounts receivable at the appropriation level. The cash indicator field must be set to "N".

Please refer to the WiSMART User Guide for system instructions on entering a journal voucher and to the year-end procedure manual for special instructions on the collection of accounts receivable during the 13th month.

ACCOUNTS RECEIVABLE BILLING AND COLLECTION

The following table shows statewide 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

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collection process. Some 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

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 a Collection Agency	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. ARS billing profiles for statements should be designed to meet this requirement. 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 Invoice or Dunning Statement

An invoice or statement with a message similar to Dunning Message No. 1 (see below) should be sent to the appropriate party within 30 days of the due date of the receivable.

Dunning Message No. 1

Your account is now overdue. Please remit the balance as soon as possible to avoid further collection efforts.

First Telephone Contact

If no response is received after the first dunning invoice or dunning statement, 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 Invoice or Dunning Statement or Collection Notice

An invoice or statement or collection notice with a message similar to Dunning Message No. 2 (see below) should be sent to the appropriate party within 60 days of the due date of the receivable.

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Dunning Message No. 2

Your account is now more than 30 days past due. Please remit the balance immediately to avoid referral to a collection agency.

Second Telephone Contact

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

Referring the Receivable to a Collection Agency

Accounts should be referred to one of the statewide collection agencies within 90 days of the due date of the receivable. Each state agency should select at least one collection agency under the Statewide Collection Agency Contract and should make their referrals accordingly. When collection of the entire amount of the receivable is not possible, state agencies may authorize collection agencies to accept a lesser amount. When a collection agency discovers a bankruptcy filing, the Department of Justice should be contacted to determine if further litigation would be beneficial.

LITIGATION OF ACCOUNTS RECEIVABLE

For some delinquent accounts, litigation may be the only way to effect collection. When a state agency or a collection agency determines that the account can not be collected without legal action, the account may be litigated. 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 a statewide collection agency.

APPROVALS FOR WRITING-OFF ACCOUNTS RECEIVABLE

Each state department, agency or institution of higher education shall implement and maintain written procedures for the 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 someone not connected with either the billing or collection cycles must approve write-offs.
2. Amounts not to exceed \$100 may be written off at the institution or division level, provided all collection efforts were completed up to the point where the account would have been referred to a collection agency.
3. Accounts between \$100 and \$1,000 may be written off with the approval of the agency's chief financial officer after a collection agency has returned the account as uncollectible.
4. All accounts of \$1,000 or more must be approved for write-off by the State Controller's Office (SCO). To request approval, the agency should fill out the Write-Off Request Form below and send it the State Controller.

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ANNUAL DELINQUENT ACCOUNTS RECEIVABLE REPORT

All agencies are required to file an Annual Delinquent Accounts Receivable Report with the SCO (see below). The report must be completed for all accounts receivable that are **not** recorded in the ARS. The report is due to the SCO by July 31st of each year. Contact the State Controller's Office to receive an Excel version of the report.

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Request for Write-off of Accounts Receivable

<i>Agency:</i>	
<i>Receivable Type:</i>	
<i>Name/Phone # of Requester:</i>	
<i>Date of Request:</i>	

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

SCO Approval: _____

Date: _____

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Annual Delinquent Accounts Receivable Report

RECEIVABLE INFORMATION

Agency Number/Name	
Receivable Type Name	
Fiscal Year Ended 6/30	

RECEIVABLE AGING

Not Yet Due	
01-90 Days Passed Due	
91-150 Days Passed Due	
151-365 Days Passed Due	
> 1 Year Passed Due	
Total	\$0

WRITE-OFFS

Total Delinquencies Written-Off During the Year	\$0
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COLLECTION EFFICIENCY

No. of FTE's Collecting Delinquencies for this Receivable Type (if the same FTE's are collecting multiple Receivable Types, list types)	0 FTE
Amount of Delinquent Accounts (> 90 days passed due) Collected During the Year	\$0

COLLECTION AGENCY REFERRALS

Beginning Balance of Delinquent Accounts Referred to Collection Agencies	\$0
Additional Delinquent Accounts Referred to Collection Agencies During the Year	\$0
Delinquent Accounts Collected By Collection Agencies	\$0
Receivables Returned by Collection Agencies as Uncollectible	\$0
Ending Balance of Receivables Referred to Collection Agencies	\$0
Fees Paid to Collection Agencies	\$0

CERTIFICATION

To the best of my knowledge the information included above is correct.	
<i>Signature of Agency Chief Financial Officer</i>	<i>Date</i>