



ACCOUNTS RECEIVABLE AND CREDIT RISK POLICY

PURPOSE

Purpose of the policy is:

- To ensure the Financial Statements of the University correctly reflects all accounts receivable;
- To establish guidelines by which credit is extended to external customers and students of the University;
- To manage the collection risk of the University;
- To manage the extension of credit within the various departments of the University;
- To keep the cost of collecting accounts receivable to a minimum;
- To maximize cash flow.

SCOPE

This Policy applies to all University Departments, Units and Researchers that provide goods and/or services to customers or are involved with invoicing sales, services and student assessments.

In the event that any provision of the Policy is found to be inconsistent with the provisions of a collective agreement, the collective agreement will prevail.

POLICY STATEMENT

All University Departments, Units and Researchers that provide goods and/or services to customers or are involved with invoicing sales, services are required to utilize the Workday Finance customer invoicing process under the administration of Financial Services unless prior approval from Financial Services has been obtained to use a customized invoicing process.

Student assessments are administered in accordance with university billing guidelines that are the responsibility of Financial Services. All students are responsible to pay all applicable fees for the courses/programs in which they enroll and to inform themselves about the University's fee payment

policies, deadlines, course withdrawal and drop dates and refund policies. Students may submit an appeal form for back dated billing adjustments for medical and/or extraordinary life event circumstances to the Office of Student Accounts and Financial Aid when an academic backdated course drop or withdrawal has been denied, is not applicable or results in no financial credit to the student. A decision on the appeal will be made by a committee of Financial Services in consultation with the Registrar's Office, the Faculty of Graduate Studies, and Student Health Services, and other departments when appropriate. The University will not consider any appeals on the grounds that the student was not aware of or misinterpreted university policies and deadlines, including course drop and withdrawal deadlines. Fees may be reversed or refunded in part or in full at the discretion of the Fee Appeals Committee. The decision of the Fee Appeals Committee shall be final.

The responsibility for extending credit to customers of the University has been delegated by the Vice-President Administration to the Department or Unit SAC member involved, with appropriate support services provided by Financial Services. Researchers are responsible for credit extended on their grants with appropriate support services provided by the Office of Research Services and Financial Services.

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.

Departments, Units and Researchers should, in conjunction with Financial Services, establish the most efficient method of charging customers for goods and/or services while limiting the risk of exposure to uncollectible accounts.

To improve the University's legal position for collection, it is recommended, where possible, that a formal contract or written agreement be signed whenever goods or services are provided and credit is granted. Prior approval of Financial Services is required where credit is being granted and there is no written agreement as described above. In certain circumstances, a deposit on account may be required.

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 Financial Services before extended credit terms are offered to customers.

Invoices outstanding beyond the regular thirty (30) day payment term may be charged interest if the annual percentage interest rate is disclosed on the original invoice. Departments, Units or Researchers are required to advise Financial Services if they wish to include an interest rate for late payment. Financial Services will ensure all administrative fees and interest charges are in accordance with the Canadian Interest Act.

Student assessments outstanding after the published payment deadlines will be charged interest as approved by the Board of Trustees on the balance outstanding until the debt is paid in full. Interest rates will be disclosed on the University's web site and student financial accounts.

Collection of customer accounts receivable is the ultimate responsibility of the Department, Unit or Researcher providing the goods or services, with active support from Financial Services using normal collection procedures. If a customer contests a charge, the Department, Unit or Researcher providing the goods or services will be responsible for resolving the contested item.

Collection of student accounts receivable is the ultimate responsibility of Financial Services.

A service charge (as approved by the Vice-President Administration) will be levied on all accounts receivable payments returned to the University by the Bank (i.e. NSF, account closed, etc.)

In the absence of legitimate disputes, credit privileges will be withdrawn where customers or students have not responded to collection notices to discharge outstanding debts.

Uncollected customer accounts receivable balances will be charged back to the initiating Department, Unit or Researcher after all internal means of collection have been exhausted. This

action will normally be initiated by Financial Services after consultation with the Department, Unit or Researcher involved.

Researchers are accountable and responsible for all deficits resulting from over-expenditures, expenses deemed ineligible by the research sponsor and to comply with the rules and regulations of the funding agency and/or University policies.

Uncollected student accounts receivable balances will be written-off to a global account.

Generally, uncollectible accounts will be forwarded through Financial Services 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, Unit or Researcher, net of service fees charged by the collection agency.

When invoices are outstanding beyond the standard thirty (30) day period, the University reserves the right to deduct those outstanding amounts against payment that are otherwise owing by the University to the customer, which have arisen from commercial transactions such as consulting fees, accounts payable invoices, expense claims, etc.

Departments, Units or Researchers granting credit are required to notify Financial Services, by disclosure on the invoice, in the following instances:

Where an employee has or could be seen to have the opportunity to use the authority, knowledge, or influence derived from their position to benefit improperly the employee or another person. This includes having personal financial dealings with an individual or company whose business with the University involves the employee's sphere of responsibilities.

If an employee is faced with a situation involving an existing or potential conflict of interest, or is in any doubt about the possible existence of a conflict of interest in issuing credit or special payment terms, he or she must report the circumstances to the SAC member of the department providing the service. For transactions greater than \$500, the Department, Unit or Researcher granting the credit with an existing or potential conflict of interest must obtain written authorization from the

SAC member or designate. A copy of this authorization is to be forwarded to Financial Services with the invoice request.

DEFINITIONS Student Assessment - Billing students for Tuition, Residence, Ancillary Fees and other fees that are initially applied to the student's financial account.

COMPLIANCE AND REPORTING This Policy is under the jurisdiction of Financial Services. The interpretation and application of this Policy is the responsibility of Financial Services. Final decisions related to this Policy will be made by Financial Services, where required.

Policy violations are to be reported to Financial Services. Financial Services will take appropriate action with the credit granting Department, Unit or Researcher SAC member where a violation has been identified.

Policy owner:	Vice-President Administration
Authorized by:	Board of Trustees, Financial Planning and Investment Committee
Accepted by:	Senior Administrative Council
Effective date:	March, 2018
Next review:	February, 2025
Revision history:	February 2022
Related documents:	Undergraduate Backdated Withdrawal Request Form Graduate Studies Backdated Withdrawal Request Form Research Account Holders Accountability Form