THE UNIVERSITY OF ALABAMA
REVENUE AND RECEIVABLES CYCLE
CONTROL NARRATIVE

REVENUE

Generation of Tuition Revenue

The Office of Student Receivables is responsible for the calculation of tuition and course related fees which is an automated process in Banner Accounts Receivable and is based on pertinent data residing in the Banner Student System. Student related information required in tuition calculation includes classification (graduate, undergraduate, law, medical), residency (in-state or out-of-state), course information, and other applicable student data fields. Rate tables are built for each semester in Banner AR which carry tuition rates, course related fees, and dates and percentages for tuition and fee adjustments in case of course drops and withdrawal. Student Receivables staff with responsibility for maintaining these tables are the only personnel with access to them. The Banner tuition calculation program uses the rate tables and applicable student and course information to calculate tuition and course related fees for each enrolled student. A receivable is established for the calculated amounts in the appropriate student's account. The tuition calculation program is run daily throughout the semester in order to make any necessary tuition adjustments due to schedule changes, residency changes, etc.

A key control concerning tuition and fee revenue is the tuition and fees verification performed by the Office of Student Receivables each semester. This control provides assurance that tuition and fees have been properly charged and recorded based on actual enrollment and established rates. This verification includes an independent recalculation of tuition revenue done outside of the Banner tuition calculation process. The recalculated revenue is then compared to the actual revenue recorded in the Banner Finance System. Significant variances, if any, are explained.

Generation of Revenue from other student account and miscellaneous AR charges

The University utilizes a centralized receivables approach for costs incurred by students, meaning that almost all student charges are billed through the student account in Banner Accounts Receivable. These charges are calculated by the responsible area and transferred to the student account daily, weekly, or as needed depending upon the frequency that the charges are incurred by the student. Semester dorm rent is calculated by the StarRez Housing System. Apartment rent and meal plan charges are calculated in the Banner System via the meal plan and housing fee assessment tables. Both StarRez and the Banner housing fee assessment tables are controlled by the Offices of Housing and Residential Communities and Auxiliary Services. These charges are systematically calculated and applied to the student account on a daily to weekly basis. Other student account charges include library fines, student health center charges, parking decals, traffic fines, and other incidental type charges. In most cases, these transactions are processed by electronic data files which are updated to Accounts Receivable. Data files are retrieved by a job (APPWORX) that places the file into an input folder on the FTP server. The file is then moved to the APPWORX folder and then a job is run to process the transactions to the student accounts, first in audit mode. If a transaction is submitted with an incorrect CWID or invalid detail code (the system code that maintains the accounting FOAPS and other financial detail), the system will show these transactions as errors on the output report sent to EPRINT. These errors are reviewed and corrected and then the job is run again in update mode and will update the transactions on the student account. The total amount of the charges and the number of transactions is calculated by the submitting department and included in the batch control header. Once the files are processed, the system reports the total dollar amount and number of transactions that were submitted by the department as compared to what is to be updated to Accounts Receivable. If this varies from the dollar amount and/or transaction count submitted by the department, a reconciliation is done and differences are resolved to the satisfaction of the department and AR before the file is run in update mode.
Recording of Revenue in Banner Finance

The Accounts Receivable system feeds revenue transactions in summary format to Banner Finance nightly. The monthly reconciliation between the AR subsidiary and the Banner Finance centralized receivables account provides assurance that the transactions flowed successfully from AR to Finance. This reconciliation is done by Ellie Hooks, Accountant II and is reviewed and initialed by Cindy Weaver, Assistant Director.

For fall semesters, revenue feeding Banner Finance prior to October 1 (beginning of new fiscal year), is transferred to a deferred revenue account by Financial Accounting. On or shortly after October 1, it is moved out of deferred revenue and recognized as revenue in the new fiscal year.

Although transactions are fed to Banner Finance in summary form, complete detail information is available through reports. All departments submitting transactions to Banner Accounts Receivable have the information they need to tie their data into their Banner FOAPS and to assure revenue accuracy.

RECEIVABLES CYCLE

Billing

Bills for enrolled students

The Student Receivables Office (SR) at The University of Alabama handles all the billing for student accounts. Before each semester begins, enrolled students receive an email notice that the registration web billing is available for payment/confirmation. A student must pay/confirm before a set deadline or his schedule will be canceled. If the student’s schedule is canceled, he will be given the opportunity to participate in late registration. About once per month throughout the semester, enrolled students are notified via myBama e-mail to access their student account to review activity since the last bill and for information regarding payment methods, the bill due date, and other related information.

An important control strength in the processing of student account transactions is the transparency of account activity to the customer. Detailed student account information is readily available to the student through the web or by contacting the Student Receivables Office. Students are encouraged to contact SR if they have questions and the contact information is published in all communications with the student and on the web. The student also has opportunity to establish access to his account for parents or others. Parents/guests receive the same e-mail notifications that the student does.

Students who are no longer enrolled but have an outstanding account balance are mailed a printed bill each month until the account is referred to UA’s Collection Department.

Bills for miscellaneous (non-student) accounts

When a "third party" (i.e. ROTC, a country, etc.) agrees to pay all or some part of tuition and other expenses for a specific student, then the University requires a written agreement from the third party specifying the student, student number, the exact items/amounts and the semesters or timeframe for which it will pay. These agencies are billed once a semester and the receivables are virtually 100% collectible.

Bills for other miscellaneous accounts (such as Supply Store, Bryant Conference Center, WVUA TV, etc.)
are printed and mailed once a month.

Payments

Cash Receipts

Recording AR payments and daily balancing – Students may either come to the SR window to pay their bills, make a payment on the web, send payment through the mail, or they may call and provide their credit card information. The cashier enters payments taken at the window, received through the mail, or taken by phone into the Banner AR system. The cashier also enters a transaction code which tells the type of payment (cash, check, money order, or credit card). The system generates a pre-numbered receipt, upon demand, for the payment. All transactions carry the cashier’s ID # in case a follow up is ever needed. The cashier processes checks received through the on-line Compass Bank Remote Deposit System. This is a method of transmitting checks to the UA bank account electronically with a virtual endorsement. (Occasionally there are checks that the Remote Deposit System will not accept which are manually deposited at the bank). At the point of daily balancing, the cashier enters the amount of checks as evidenced by report from the Remote Deposit System, plus any checks to be manually deposited, on the Daily Balancing Report (DBR) which is an EXCEL spreadsheet. Next, the cashier counts all of her cash by denomination and enters those totals. The total of credit card transactions processed by the cashier is then entered. After all of this information is entered reflecting funds on hand, the cashier exports a system generated report, from Banner Accounts Receivable, of all of the day’s student account transactions, which includes payments and cash refunds (see “Refunds of Credit Balances” below for more information). This information is automatically pre-filled on the DBR. The cashier then verifies that the two columns agree, one representing funds received and the other representing transactions posted to Banner AR. Once the cashier is in balance, she fills out a deposit slip for all of her cash receipts and any checks not processed through the Remote Deposit System. She also fills out a change slip if she needs to receive cash back in order to maintain her beginning cash balance (if she cashed checks or gave refunds to the extent that her ending cash in the drawer is less than her beginning balance). The cashier takes her deposit slip, change slip, checks to be deposited, Remote Deposit Report, Daily Balancing Report, all refund authorizations, all slips from student payments, all charge card receipts, and the system report to the Assistant Director for approval; then the funds and the documents are given to the Departmental Receipts Cashier. She reviews the work and totals the columns of the DBR to ensure accuracy. She then signs the report, enters the receipts into the Centralized Cash Receipts system, and generates a receipt for the cashier. The Student Receivables cashier documents (receipt of deposit, signed DBR, and all backup) are filed in SR. Deposits are picked up by the police and taken directly to the bank. Cash deposit procedures are described in the Treasury Control Narrative.

General student account web payments are automatically updated to Banner Accounts Receivable at the point the payment is made. Web payments for dorm deposits and dorm application fees are updated to the student account in batch from the StarRez System on a daily basis. These payments use cashier ID's assigned exclusively for web usage. Each day, a report reflecting web cashier activity, including credit card and electronic web check payments, is generated from Banner AR by the Assistant Director, Amy Haines. Reports reflecting web credit card adjustments made by the Student Receivables cashiers are also generated. The net credit card activity, including the web and Receivables cashier activity, is compared to the Touchnet payment gateway credit card total. Any differences are identified and corrected. A daily cash transmittal is completed, signed by the Assistant Director and forwarded to the Departmental Receipts cashier for recording to Banner Finance. (See Updates to Banner Finance and
Reconciliation below. This daily cash transmittal follows the same flow and approval process as all other transmittals. Credit card payments are settled each night. This is a process in which credit card payments are deducted from the appropriate customer’s credit card account and recorded in the University’s account at Compass Bank. Web check data is batched automatically each night and transferred to Compass Bank electronically for recording in the University’s bank account.

Securing cash – Cash payments are taken at the Student Receivables cashier windows. There are three SR cashiers with a beginning cash balance of $4,000 each. The Assistant Director has a change fund of $22,000. Only the responsible cashier has access to her cash at any time. Procedures have been developed and implemented to enable each cashier to maintain sole possession of the funds for which she is accountable or provide adequate internal control when the funds are accessed by others in emergency situations. These procedures are documented and on file in Student Receivables.

An additional internal control in securing change funds is the use of periodic but irregular surprise cash counts which are scheduled at random by the Associate Director, who has no direct access to the cash. The counts are performed and documented by the Change Fund Custodian, Amy Haines and the Associate Director, Vicky Morrison.

Updates to Banner Finance and reconciliation – The Banner AR system feeds the day’s AR payment transactions, in summary format, to Banner Finance on a nightly basis. The accounting entry for these payments would be

```
Cash awaiting distribution
AR
XXX
XXX
```

In addition, the Centralized Cash Receipts system feeds the day’s cash receipt transactions to Banner Finance. The accounting entry would be:

```
Cash
Cash awaiting distribution
XXX
XXX
```

The SR Accountant reconciles the Cash awaiting distribution account daily. This account should theoretically always be zero. Timing differences, however, must be reconciled. This account is also reconciled at month end using the information from the daily recon. The monthly reconciliation is prepared by Kathryn Salley, Accountant, and reviewed by Cindy Weaver, Assistant Director.

Other forms of payment

Bama Plan – This is a payment plan which allows educational expenses to be paid in 10 monthly installments. Sallie Mae is the educational financial company that is servicing the Bama Plan for the University. The parent or student signs up for the plan directly with SM and information regarding contract amounts for each student enrolled in the plan is sent to UA.

Bama Plan contract payments are made by the student directly to Sallie Mae. The funds are remitted to the University’s bank account at Compass by wire transfer twice each month. Upon notice from the bank, Financial Accounting records the wire transfer in the Accounts Receivable cash awaiting distribution clearing account. Sallie Mae sends individual student detail payment records to Student Receivables three times a month via secured electronic data file (secure shell). These payments are updated to the student account via Appworx. Each time a payment file is received from Sallie Mae and updated to Banner AR, a reconciliation is done comparing the total amounts received per Sallie Mae on-line reports to the total Bama Plan payments recorded in Banner AR. Any differences are researched and corrected.
Financial Aid, Scholarships, Exemptions, and Third Party – If a student has financial aid or scholarships from the Student Financial Aid office, then that amount is credited to the student’s account when the student completes requirements such as signing a promissory note for Perkins or Direct Loans or attending entrance interviews after the student’s schedule has been confirmed.

Credits such as Athletic Scholarships, Graduate Assistantships, and University sponsored grants, etc. are processed through the Banner AR exemption program. Based on information received from the Athletic Department, the Graduate School and other University departments, the student information is added to the appropriate exemption controlled by Banner detail code. The student’s account is automatically credited for the amount designated by the exemption when the exemption program update is run, several times daily. Each week, a report is run reflecting all student account exemptions for the week. This is reviewed for accuracy by the Student Receivable staff responsible for exemptions, Charlotte Rothermal, Assistant Director and Geneva Dove, Accounting Assistant. Each semester about a month after the term starts, the Graduate School and the Athletic Department send Student Receivables a master file of the finalized exemption information for each student. This is compared to Banner AR data to assure the accuracy of the exemption as recorded on the student account.

If the aid is coming from a “third party” (i.e. ROTC, a country, etc.) which has agreed to pay all or some part of tuition and other expenses for a specific student, the student’s account is credited upon sponsor authorization and the agency is billed later in the semester (see “Bills for miscellaneous (non-student) accounts”). The student account is credited, prior to receipt of the payment, through the Banner Accounts Receivable exemption program and a receivable is established for the third party account. Once a semester, in conjunction with the billing process, the total of all student account credits for each agency are agreed to the total for the applicable agency’s bill. Any differences are resolved and corrected before the bill is mailed. In addition, a reconciliation of the clearing account through which third party transactions flow is done on a monthly basis. This provides assurance that the student account credits for these transactions agree to the amounts charged to third party accounts.

The Accounts Receivable system feeds student account transactions in summary format to Banner Finance nightly to the appropriate FOAP in which these credits should be recorded. The offices responsible for these FOAPS have access to the summary data and more detailed information can be provided by Accounts Receivable reports as needed.

Refunds of credit account balances

A student is potentially eligible for a refund when his student account balance has been overpaid, resulting in a credit student account balance. Additional criteria are used in determining refund eligibility as described below.

Automated refunds

Refunds are automated on a daily basis for enrolled and paid/confirmed student accounts with a credit balance greater than $200 due to any type of financial aid including federal aid, scholarships, University sponsored grants, and other exemptions. The refund programming determines which accounts are eligible for refunding based on established criteria. The program checks for data such as hours of enrollment, financial holds, withdrawal from classes, etc. If the student is determined to be eligible, a refund transaction for the amount of the credit balance is applied to the students’ accounts using the appropriate detail code. This is fed to the Banner Accounts Payable system where either a refund check is generated or a direct deposit refund is created. This automated process will generate refund checks only to the name and address on the student account. Direct deposit refunds will be generated for only the name on the student account and using the banking information entered on-line by the student and to which only the student has access.
Cash refunds

Cash refunds of $200 or less may be issued by the Student Receivables cashiers upon request by the student. A standard cash refund request form is completed by the cashier which requires the student's signature. Acceptable picture ID is checked before the refund is released. The refund transaction is recorded on the student account by the SR cashier issuing the refund. The disbursement of cash refunds is accounted for in the cashiers' daily balancing. The total amount issued for the day is netted against payments received for the day, reducing the required bank deposit. When the cashiers' daily receipts are recorded in the Centralized Cash Receipts System, the cash refund total is recorded in the appropriate clearing account in Banner Finance.

Refund reconciliation

The SR Accountant, Kathryn Salley, reconciles the Banner Finance refund clearing accounts daily. Refund entries feeding from the student account are recorded in these clearing accounts as a credit, with a debit to Banner AR. The accounting entry for these transactions would be:

\[
\text{AR} \quad \text{XXX} \\
\text{Refund Clearing} \quad \text{XXX}
\]

The refund checks and direct deposit refunds issued by Accounts Payable, as well as the cash refunds recorded through the Centralized Cash Receipts System, are also recorded in the refund clearing accounts as a debit, with a credit entry to cash. The accounting entry for these transactions would be:

\[
\text{Refund Clearing} \quad \text{XXX} \\
\text{Cash} \quad \text{XXX}
\]

The clearing account balances should theoretically always be zero. Timing differences, however, must be reconciled. The official reconciliation of these accounts is done monthly, using the information from the daily recon. The reconciliation process provides assurance that all student refunds issued by Accounts Payable or refunds issued in cash by SR are accurately recorded on the student account. The monthly reconciliation is prepared by Kathryn Salley, Accountant, and reviewed by Cindy Weaver, Assistant Director.

Collection of past due accounts and write-offs

Past due accounts for enrolled students

Immediately after the due date for each billing period, a program is run to create an electronic file of past due student accounts. If a student owes $100 or more in previously billed charges, his account is considered past due. This file is used to charge each past due account a $30 late fee as well as a "past due balance" hold. If, by the end of the semester, a bill is still outstanding, both a $30 late fee and a $30 transcript hold fee are charged. The student's account is flagged and the student may not receive transcripts or a diploma until the debt is paid. The student also may not confirm his schedule for the following semester until his account is cleared.

Delinquent accounts for non-enrolled students

Four times per year (two for spring, one for summer, and two for fall) LR runs a report of people who have outstanding balances but are not presently enrolled at the University. Letters are generated with this report which state that the individual has two weeks to pay his bill. A final notice letter is sent to those
owing $50.00 or more giving an additional two weeks to pay, or be referred to a collection agency. Accounts less than $50 are not turned over to a collection agency, but are written off if they have not been paid within one year. (See "Write-off of delinquent non-enrolled student accounts" below). The records of these students contain a financial hold on the account which indicates that they had a debt written off and its amount. If one of these individuals ever needs grades or a transcript from the University, he must clear his account before the information will be released. All accounts with a balance of $50 or more are turned over to a collection agency if not paid within the two week grace period. The collection agency adds 30% to 40% of the amount for its fee (all collection accounts are collected on a contingency basis). The University receives monthly reports and remittances from the collection agency and clears accounts as appropriate. All accounts deemed uncollectible or that have had no activity in the past year are returned to the University, as uncollectible. The agency can send a request for suit.

**Write-off of delinquent non-enrolled student accounts**

Twice a year, the Loans Receivable and Collection department reviews a detailed printout of outstanding accounts for non-enrolled students. Based on aging a determination is made of which accounts should be written-off. An explanation is provided for each and the explanation might include that the collection agency determined a lack of assets or could not locate the individual. This helps ensure that the accounts written off are not worth attempting to collect. It is noted which collection agency sent the account back to the University, and the time period to which the balance relates. For this type of write-off, a financial hold is placed on the account, so that the individual may not receive transcripts or a diploma unless the account is cleared. If the agency suggests suit, the University has final say but usually agrees. The University must also approve the law firm that the agency plans to use. At this point, the University becomes responsible for court costs (the University MUST pay this even if collection is not successful). If collection is successful, the agency receives 40% of what it collects. Once the agency has taken the individual to court and settled, the account is closed. Regardless of what percent of the account the University receives, the account is cleared and the individual may receive grades and transcripts because the court has discharged his debt.

All write-offs of delinquent accounts must be approved by Reba Essary, Associate Vice President for Finance, and they are always fed into Banner Finance before year-end close. Carlene Jones, Director of Receivables and Collection, and Tony Bordeaux, Associate Director, Loans Receivable and Collection also have some authority to write-off delinquent accounts.

**Past due miscellaneous accounts**

Kay McAteer, Accounting Assistant, goes through the Aged Receivables report monthly. Any long outstanding items are discussed with the Associate Director. The organization is contacted and a collection letter may be sent explaining that services will be discontinued or sponsorship letters will no longer be accepted unless the delinquent amount is paid by a certain date. Uncollectible delinquent amounts are rare because the University has significant leverage in these circumstances.

*Updated for FY 2008 by Blenda Given, Receivables*
*Updated for FY 2009 by Blenda Given, Receivables*
*Updated for FY 2010 by Blenda Given, Receivables*
*Updated for FY 2011 by Blenda Given, Receivables*
*Updated for FY 2012 by Blenda Given, Receivables*
*Updated for FY 2013 by Blenda Given, Receivables*