The University of Alabama Policy for the Establishment of an Accounts Receivable System Maintained, Billed and Collected Outside of the University’s Centralized Accounts Receivable System

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Alabama State law prohibits the extension of credit by a state entity in most cases. This means that payment is to be received when the service is rendered, or the product is delivered, rather than collected at a later date. An exception is made with Board of Trustees approval for Student Account transactions within specific guidelines. Another exception is a sale between state agencies or entities.

UA requires that all billing activity (both student and non-student) be approved by the office of Student Receivables.

To determine if a department’s transactions are eligible to be billed, contact the Director of Receivables and Collection.

In most cases, all University of Alabama authorized accounts receivable are recorded, billed and collected within UA’s centralized receivables system maintained by the Office of Student Receivables.

In a few cases, a specialized accounts receivable system related to a specific type of receivables may be warranted in lieu of processing the transactions to the centralized receivable system. Examples include medical insurance billing, Medicare/Medicaid activity, etc.

If a department is planning to provide a service or to deliver a product for a fee, please refer to UA’s revenue generating policies for related instructions and guidance. All new revenue generating operations must be authorized by the Office of Student Receivables.

For those department’s that have been approved to operate a revenue generating operation which includes a separate accounts receivable system maintained by the department, it is the department’s management’s responsibility to assure that:

- Records are properly maintained within the subsidiary receivables system;
- Transactions are properly recorded within the University’s general ledger receivables account;
- Reconciliation of the subsidiary system to the general ledger balance on UA records is occurring at least monthly;
- Billing is occurring at least monthly;
- Appropriate internal controls are in place to insure that UA’s assets are being properly protected;
- Collection of amounts due are occurring in a timely manner;
- Appropriate approval is obtained before receivable write-offs occur; see policy
Review and Oversight of Receivable

To assure that these non-centralized receivables activities are working properly, the University has granted the oversight authority to the Office of Loans Receivable and Collection. Refer to Review and Oversight of Receivable.