

**DOUBTFUL ACCOUNTS RECEIVABLE - CORPORATE**

Section:	Finance (FN)
Subject:	Accounts Receivable
Legislation:	
Effective:	March 12, 2004
Revision:	May 20, 2004, October 14, 2005, June 4, 2007; September 1, 2016 (reformatted); November 21, 2018

APPROVED: \_\_\_\_\_  
President and CEO

**POLICY**

The policy of the Board of Governors is to have SAIT's Finance department complete a credit assessment for all customers and provide for doubtful accounts receivable.

**PROCEDURE****PROCEDURE****A. Collection of Accounts Receivable**

1. Invoices for goods or services provided to corporate clients must be submitted to the Accounts Receivable section, Finance department, within five business days of completion of service or provision of goods. Where a contract includes a specific billing schedule, invoices must be submitted to Accounts Receivable in accordance with the contracted billing schedule. Credits and other adjustments to be issued to a customer must be submitted to Accounts Receivable within five days of identification that a credit or invoice adjustment is required.
2. Collection of accounts receivable is the ultimate responsibility of the school/department or unit providing the goods or services, with active support from Accounts Receivable using normal collection procedures.
3. Accounts Receivable will contact all past due accounts within 45 days of the date of issue.

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## B. Resolution Processes

1. The resolution process may be initiated where a customer disputes a charge, fails to respond to collection efforts or does not honour previously stated commitments to pay an outstanding balance. This process will be initiated when Accounts Receivable identifies that dispute resolution is required.
2. When dispute resolution is required, Accounts Receivable will contact the client development manager. Within ten business days of formal notification, all parties will discuss the status of collection efforts, identify the school/department contact responsible for resolving disputed items with the client and create an action plan for resolution.
3. If the account remains unpaid 30 days after formal identification that resolution is required, Accounts Receivable will contact the school/department contact and the appropriate dean, director or designate. All parties will discuss outstanding issues and create an action plan for resolution.
4. If the account remains unpaid 60 days after formal identification that resolution is required, Accounts Receivable will contact the parties identified in paragraph B.3 of this procedure and the vice president of the division, or designate, to identify outstanding issues and an action plan for resolution.
5. The requirements of the resolution process may be waived if the account is written off or sent to an external collection agency, or with approval of either the CFO and vice president, corporate services or the vice president of the division.

## C. Provision for Doubtful Accounts

Finance will provide for doubtful accounts related to corporate accounts receivable as follows:

1. For accounts that are not collected within 90 days of invoice date, 50% of the outstanding balance will be provided.
2. For accounts that continue to remain uncollected at 180 days from invoice date, the remaining 50% of the outstanding balance will be provided.
3. Additional accounts that are identified as uncollectible will be included in the provision if not already provided in paragraphs C.1 and C.2 of this procedure.

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4. Uncollected accounts will be sent to an external collection agency if they reach 180 days past due, or earlier if required, at the discretion of Accounts Receivable. Authorization of the CFO and vice president, corporate services and the vice president of the division (or their delegates) is required for accounts over \$5,000 to be withheld from the external collection process.
5. Account write-offs must be approved by the associate vice president, finance in accordance with SAIT's signing authority. Any write-offs in excess of the associate vice president's signing authority must be approved by the CFO and vice president, corporate services. Finance will notify the dean/director of the school/department of the account write-off.
6. The provision will be charged to the school/department recording the sales and deducted from the sales total of the key account manager.
7. Where provisions have been made and accounts are subsequently collected, the amount collected will be credited back to the school/department recording the sales and added to the sales total of the key account manager.
8. Executive Management Council will be notified when the consolidated bad debt expense exceeds \$500,000.

#### D. Reporting

1. Accounts Receivable will provide a monthly status report of accounts outstanding greater than 60 days to each dean, director or designate.
2. The dean, director or designate must review the monthly status report and confirm this review via an e-mail response to Accounts Receivable.
3. Accounts Receivable will provide a monthly status report of accounts outstanding greater than 90 days and \$20,000 to the CFO and vice president, corporate services and to the vice president of the division.

#### POLICY/PROCEDURE REFERENCE

FN.13.1	Accounts Receivable policy
FN.13.1.1	Credit Assessment procedure
FN.13.1.3	Doubtful Accounts Receivable – Student procedure

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