

# BUSINESS & FINANCE

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Policies & Procedures

5 Receivables

[5.1 Managing Receivables](#)

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## 5.1 Managing Receivables

### Policy Statement

All units must comply with the State of Illinois, University of Illinois System, and generally accepted accounting requirements for accounts receivable. Utilizing the Banner Accounts Receivable (Banner AR) system for accounts receivable management facilitates this compliance. Every unit must record its receivables in Banner AR. If this is not possible (e.g., due to HIPAA compliance), then the unit must request and receive approval to manage their accounts receivable outside of the Banner AR system. Units that do not use Banner AR must properly manage their accounts receivable (which includes timely reporting within Banner and properly handling collection efforts), and they must also compile and submit their accounts receivable data to UAFR on a quarterly basis to ensure compliance with UAFR's quarterly accounts receivable reporting requirements to the State of Illinois.

### Reason for the Policy

The system is subject to and complies with state regulations including:

[Illinois State Collection Act of 1986](#), Statewide Accounting Management System (SAMS), and the [Revised Uniform Unclaimed Property Act](#) (726 ILCS 1026). These acts mandate that the system must:

- Assess monthly late payment charges on delinquent receivables balances.
- Perform and track collection activities on all accounts with a balance of \$25 or more that are 30 days past due (which would include Student Accounts Receivable (SAR) when the student is no longer enrolled).

<b>Qualifies as a Receivable</b>	<ul style="list-style-type: none"> <li>Submit receivable balances of \$1,000 or more with the Illinois Comptroller's State Offset System when they are more than 90 days past due. The Offset System deducts the amount owed from Illinois wages, tax refunds, lottery winnings, and other state payments.</li> </ul>
<b>5.2.5 Process (Assess) Student (SAR) Charges in Banner AR</b>	<ul style="list-style-type: none"> <li>Obtain permission from the State Attorney General's Office to write off uncollectible receivables over \$1,000.</li> </ul>
<b>5.2.6 Process (Assess) Study Abroad Charges in Banner AR</b>	<ul style="list-style-type: none"> <li>Submit Quarterly Accounts Receivable reports to the State Office of the Comptroller. These reports must include the beginning quarterly accounts receivable balances, changes to the balances during the quarter, delinquent amounts and how long they have been delinquent (aging amounts), estimated uncollectible balances, write-off totals with details, and information about collection activity.</li> </ul>
<b>5.3.1 Calculate Your Allowance for Uncollectible Receivables</b>	<ul style="list-style-type: none"> <li>Submit the system's Annual Financial Report to the State of Illinois Governor's Office and the Office of the Auditor General. This report must include all receivable balances at fiscal year end.</li> </ul>
<b>5.3.2 Collect Delinquent Accounts Receivable</b>	<ul style="list-style-type: none"> <li>Return all credit balances of \$10 or more to the customer. Credit balances not returned to the customer must be transferred to the Unclaimed Property fund and returned to the State of Illinois after three years. If an individual presents documentation of a credit balance and requests a refund check after the balance has been transferred to Unclaimed Property, forward the individual's name, address, and refund amount to University Payables and University Accounting and Financial Reporting (UAFR).</li> </ul>
<b>5.4 Request an Exemption from Using Banner AR</b>	<h2>Applicability of the Policy</h2> <p>This policy applies to all units that generate accounts receivable.</p>
<b>Accounts Receivable Resources</b>	<h2>System Requirements</h2> <p>In addition to State of Illinois regulations, the system requires the following:</p> <ul style="list-style-type: none"> <li>Ensure separation of duties and responsibilities to meet auditing requirements as outlined in <a href="#">9 Audits, Internal Control, and Business System Security</a>.</li> <li>Encumber SAR with past due balances over \$1,500 by placing financial holds immediately before advance registration.</li> <li>Review all accounts receivable transactions each month for accuracy. This review confirms that customers who are expected to owe the system for goods or services have been charged the right amount and that no customers have been charged in error.</li> <li>If unable to bring accounts current after completing internal due diligence, place accounts with a third-party collection agency that will perform due diligence and: <ul style="list-style-type: none"> <li>Evaluate the cost effectiveness of litigation and make recommendation to the system.</li> </ul> </li> </ul>
<b>Responsibilities</b>	
<b>Definitions</b>	
<b>University Bursar Who to Ask</b>	

- Close and return all uncollected accounts to the system within one year.
- Record all accounts receivable to the Banner General Ledger and reconcile against records monthly. Identify and resolve all differences.

# Accounting Principles

The system complies with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) for state and local government entities. These require the system to:

- Accrue accounts receivable at fiscal year end.
- Estimate an allowance for uncollectible receivables and record in the General Ledger.

## Policy Information

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January 2025

**Last Reviewed**

January 2025

## Related Policies and Procedures

[5.3.2 Collect Delinquent Accounts Receivable](#)

[5.4 Request an Exemption from Using Banner AR](#)

[9 Audits, Internal Control, and Business System Security](#)

[10.1.2 Implement Internal Controls for Handling Cash and/or Checks](#)

## Additional Resources

[General Ledger Reports KnowledgeBase](#)

[Illinois State Collection Act of 1986](#)

[Reconcile AR Transactions Ledgers to Accounts Receivable](#)

[Revised Uniform Unclaimed Property Act \(726 ILCS 1026\)](#)

[Statewide Accounting Management System \(SAMS\)](#)

## Business and Finance

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