FAU has student billing, internal billing and external billing so this may not be too helpful for FAU's operations, therefore only the list of suggested best practices is listed.

Invoice Delivery
4-1 Add carrier route codes to billing addresses
4-2 Delivery person delivers the invoice
4-3 Early billing of recurring invoices
4-4 Issue electronic invoices through the Internet
4-5 Issue single, summarized invoice each period
4-6 Print separate invoices for each line item
4-7 Transmit transactions via electronic data interchange

Invoice Error Checking
4-8 Automatically check errors during invoice data entry
4-9 Delivery person creates the invoice
4-10 Computerize the shipping log
4-11 Track exceptions between the shipping log and invoice register

Invoicing Efficiency
4-12 Eliminate month-end statements
4-13 Offer customers secure Internet payment options
4-14 Reduce number of parts in multipart invoices
4-15 Replace intercompany invoicing with operating transactions
4-16 Use automated bank account deductions
4-17 Use fingerprint verification for credit card and check payments
Summary of Collections Best Practices

Best Practice Cost Install Time Collection Management

7-1 Clearly define account ownership - See record 123
7-2 Utilize collection call stratification
7-3 Grant percentage discounts for early payment
7-4 Conduct immediate review of unapplied cash
7-5 Outsource collections
7-6 Simplify pricing structure
7-7 Write off small balances with no approval - See record 124

Collection Systems
7-8 Compile customer assets database
7-9 Maintain access to customer orders database
7-10 Arrange for automatic bankruptcy notification
7-11 Set up automatic fax of overdue invoices
7-12 Issue dunning letters automatically
7-13 Use a collection call database
7-14 Implement customer order exception tracking system
7-15 Install payment deduction investigation system
7-16 Link to comprehensive collections software package - See record 125
7-17 Institute lockbox collections

Credit Issues
7-18 Preapprove customer credit
7-19 Create standardized credit level determination system

Invoice Issues
7-20 Add receipt signature to invoice
7-21 E-mail invoices in Acrobat format
To improve the collections process, a company should clearly define who “owns” each customer account and assign collection responsibility to the person who has been given account ownership. "Ownership" means that salesperson's name or sales region number should be included in the account database for each customer name. Collections staff can now call upon specific individuals in the department when they feel that they will not otherwise collect payment on an invoice.

NOTE: This is included here because of the amount internal A/R. Various departments sent data to A/R to be put on A/R and the billing process and then they are often forgotten about. This may be one internal account owing another internal account or an external party (often a business) owing a department. This was obvious when we recently started looking at accounts for possible writeoffs. Examples - a student club owes a department money, a vendor owes for a utility service, a local government owes for employees attending a class offered by IOG. The department originating the invoice should take some responsibility in making sure payment is made.

The typical procedure for writing off a bad debt is for a collections person to write up a bad debt approval form, including an explanation of why an account receivable is not collectible, which the controller must then review and sign. The form is filed away, possibly for future review by auditors. This can be a time-consuming process, but a necessary one if the amount of the bad debt is large. However, some bad debts are so small that the cost of completing the associated paperwork exceeds the bad debt. In short, the control point costs more than the savings for small write-offs.

The obvious solution is to eliminate approvals for small amounts that are overdue. A company can determine the appropriate amount for the upper limit of items that can be written off; an easy way to make this determination is to calculate the cost of the collections staff's time, as well as that of incidental costs, such as phone calls. Any account receivable that is equal to or less than this cost should be written off. The timing of the write-off, once again, depends on the particular circumstances of each company. By avoiding the approval process for writing off small accounts receivable, the collections staff avoids unnecessary paperwork while managers eliminate a waste of their time.
An example of a new breed of software is GetPAID which can be reviewed at the www.getpaid.com Web site. This product is linked to a company's legacy accounting systems (specifically, the open accounts receivable) by customized interfaces, so that there is a continual flow of information.

The GetPAID system does not just store collections data - it can also export it to other systems, where it can be altered for other uses or reformatted for management reporting purposes (though the package contains its own reporting features, as well). It can also create reports that are tailored by recipient. The software can also export data files into Excel or Access.

NOTE: A/R has had problems getting the type of A/R reports needed. Also, could this system interact with a collection agency's system?

The book contains more than 200 best practices related to every phase of a company's billing and collections activities: creating credit systems, granting credit, creating and delivering invoices, applying cash receipts, managing the collections department, outsourcing collections work and using a variety of collection techniques. The above website is the Appendix which provides a summary of the best practices.

While most of these suggestions do not apply to FAU's operations, nevertheless, there are large sums of money due to the University and it's not just student receivables.

**BEST PRACTICES, Controller's Office - A/R**

<table>
<thead>
<tr>
<th>Title</th>
<th>Collection Agency Contracts</th>
<th>Source: Florida DOE - Div of Colleges &amp; Universities</th>
<th>Co Area:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addl Info:</td>
<td>Contact Florida Atlantic University</td>
<td></td>
<td></td>
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</tbody>
</table>
| Abstract:                 | Steps Taken to Implement Best Practice: (e.g., policies, procedures, RFPs, contracts, task force formed, etc.)
Since the early 1980’s, an inter-institutional group of collection managers has been assembled to produce or update a Request for Proposal (RFP) for collection services with the intent of identifying and contracting with a pool of highly quality, reputable vendors to provide collection services at the best pricing possible for the Universities. This workgroup has gone through thorough selection processes to identify the vendors that best meet the needs of the State University System. A contract is established with each of the selected vendors which allows each of the Universities to utilize the contract as the basis for their contract with the vendor. Each vendor is also required to provide a bond for the services provided). A University can choose to contract with any or all of the selected vendors for collection services.

Measurable Results: (e.g., savings, revenues, reduction in process steps/time, etc.)
The Universities are utilizing these vendors to collect delinquent amounts owed with little or no cost to the institutions. Collection costs are added to amount owed from the debtor and are only due to the vendor if they succeed in collecting amounts due. Universities have reported that they generally continue to cycle delinquent debts between collection agencies until they are collected. Universities have reported an initial 20-40% collection rate on those accounts placed with a collection agency under this contract.

<table>
<thead>
<tr>
<th>Title</th>
<th>Accounts Receivable Management Best Practices</th>
<th>Source: Book by John G. Salek</th>
<th>Co Area:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addl Info:</td>
<td>Check local library for book</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abstract:</td>
<td>This book discusses the importance of managing accounts receivable, and provides proven principles for achieving benefits such as increased cash flow, higher margins, and a reduction in bad debt loss. The book is easy to read, with each chapter giving an Overview of the topic and then suggest Best Practices in list form. There are also brief case studies.</td>
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</tbody>
</table>
Effective Management of Accounts Receivable

Faced with a 1.6 million dollar writeoff of student accounts receivable in 2003, we embarked upon a campaign of continuous process improvement with the goal of reducing writeoffs, and improving our bottom line. We find that by making incremental improvements to the management of our accounts receivable, we are also able to:

- Expedite cash flow
- Generate additional income
- Reduce our dependency on collection agencies
- Improve customer service and satisfaction
- Retain students, who might otherwise be forced to discontinue their pursuit of education
- Increase staff morale
- Reduce our expenses

The results are astonishing – even to those of us who articulated and shared our vision and passion for the project. Over a four-year period, our annual writeoffs were reduced from $1.6M to only $225,000 in 2006, increasing our bottom line by nearly a half million dollars annually in each of the last three years.

One Way To Deal With Difficult Budgetary Times

In light of the growth in student accounts receivable, the Kentucky Community and Technical College System (KCTCS) in 2006 reviewed its student accounts receivable as a means to reduce the amount of bad debt it was writing off. In doing so a few things popped out – student account receivables and the gap between the reserve for doubtful accounts and write-offs was growing steady. KCTCS had in its 10 short years of existence roughly $10 million in written off uncollectable tuition. One idea from the brainstorming was how the Federal government offsets income tax returns and could KCTCS working with the Commonwealth of Kentucky do this for its student accounts receivable.

Solution: KCTCS was able to put in place a process that would serve as the prototype for all higher education in Kentucky to use the Commonwealth of Kentucky for collection of past due accounts. This includes the use of tax offsets, liens, and seizure of property – personal and real – in the course of collection of debt owed.
Concerned with customer wait times and lines, Northeastern State University’s Office of Business Affairs sought to improve customer service through a series of efforts including:

* Creation of student charge accounts,
* Implementation of electronic refund disbursements,
* Implementation of automated call distribution,
* Creation and communication of FAQs,
* Development of self-help kiosks, and
* Implementation of real time processing of web payments.

Through these improved practices, we have greatly reduced student, faculty, and staff wait times and enhanced our rapport with customers while focusing office staff efforts toward resolution of customer concerns.