



Accounts Receivable Policies and Procedures

UT Department of Theatre • 206 McClung Tower • Knoxville, TN 37996

The following procedures outline the workflow and accounting practices for all accounts receivable handled by the Department of Theatre and are intended to ensure timely, traceable, and accurate processing for all outstanding debt owed to the Department.

DEFINITION

Accounts Receivable: Money owed by a client/customer (account) in good standing for goods or services.

In short accounts receivable is “good debt”. Accounts receivable in the Department of Theatre include all commodity rentals (props, costumes, equipment, etc.), facility rentals, advertising (in our programs), and sponsorships.

GENERAL NOTES

Accounts receivable tracking should begin with the first customer contact and ends only once the debt has been written off or paid/deposited into the University’s Accounts. Even receivables with a \$0 value (in-kind) should be tracked using the accounts receivable spreadsheet as these must be approved by the Dept. Head.

1. The appropriate Supervisor will initiate a rental, sponsorship, and/or advertising agreement as per the procedures for that type of account receivable (see next section).
2. When a rental, sponsorship agreement/advertising order, and/or ticketing confirmation goes out, the Supervisor will add an entry to the Accounts Receivable spreadsheet on the server. At a minimum, the **Vendor Name**, **Type**, **Purpose**, **Initiated** date, and **Initiated By** fields must be completed. If a receivable is processed for \$0 (in-kind), the **Writeoff/In-kind** date and **Approved By** fields must also be completed after the appropriate approval is obtained—the original document must be signed by the Department Head for all in-kind.
3. When a rental or sponsorship agreement/advertising is returned/completed, the Supervisor will complete the **Completed** date, **Completed By**, and **Amount** fields in the Accounts Receivable spreadsheet.
4. Once a week the Accounting Specialist will check the Accounts Receivables Spreadsheet to create and send invoices for all completed entries which have not been invoiced or which have not been paid within one month of the last invoice. When an invoice is sent, the appropriate **Invoice X** date and **Invoice X By** fields must be completed and a copy of the invoice sent to the Business Manager.
5. Once mailed, the Accounting Specialist will assign internal order and GL account numbers for depositing remitted funds and a breakdown will then be forwarded to the Box Office with a copy of the invoice.
6. Invoices will instruct vendors to return checks to the Clarence Brown Theatre Box Office made out to the University of Tennessee. The Box Office will receipt remitted payments and complete the **Receipt** date and **Receipt #** fields in the Database. Payment will be matched to the breakdown forwarded by the Accounting Specialist and funds deposited with the University accordingly. At the time of deposit, the **Deposited** date, **Deposited By**, and **IRiS Doc #** fields must be completed.
7. In the event a receivable is not remitted, a writeoff must be processed as per the Department’s Collections Policy. If a writeoff is processed the **Writeoff/In-Kind** date and **Approved By** fields must be completed after the appropriate approval is obtained.

COMMODITIES RENTALS POLICIES AND PROCEDURES

RESPONSIBILITY: Each Shop Supervisor is responsible for initiating all rentals of commodities in their area.

RENTING: Commodities rentals are at the sole discretion of the appropriate Shop Supervisor and require completion of an invoice using the department's Commodities Rentals Database. As these invoices are only signed by the renter, these are not contracts and do not require signature by the University or any of its representatives. No yellow fields may be left in the Commodities Rentals Database when creating an entry.

TAX EXEMPTION: Tax exemptions may only be entered by the Business Manager who maintains records of exemption certificates as required by University Policy. To add an organization to the exempt list, submit either a tax exemption certificate or proof of out of state status to the Business Manager. UT organizations are tax exempted by default.

Procedures Summary for Steps 1-4 from the General Procedures:

1. Shop Supervisor initiates rental using the Commodities Rental Database & creates an initial entry in the Accounts Receivable Database.
2. Rental occurs
3. Rental is returned
Shop Supervisor updates Commodities Rental Database with damages, cleaning costs, etc.
Shop Supervisor updates Accounts Receivables Database
4. Accounting Specialist creates invoice or transfer voucher and updates Accounts Receivable Database.

FACILITIES RENTALS POLICIES AND PROCEDURES

RESPONSIBILITY: The General Manager is responsible for initiating all Facilities rentals for the Department.

CONTRACTING: A signed contract (using the department's standard format) should be completed for all rentals at least one month prior to the start date for the rental. Exceptions to this deadline are at the sole discretion of the General Manager. In all cases, rentals by non-UT organizations require a fully executed contract be on file prior to the first day of the rental. Contracts with non-UT organizations should be signed by the General Manager (as Department representative) and by the renter, then submitted to the Business Manager to be processed through the University's contract review for official signature. Contracts with UT organizations are considered fully executed when signed by the Department and the renting organization.

Modifications to the standard contract format should be submitted to the Business Manager for review by the General Council prior to inclusion in any signed agreements.

BILLING: The General Manager will create a billing summary within 30 days of the strike for the rental. A pdf of the summary will be forwarded to the Accounting Specialist to create an invoice or IRIS transfer voucher as appropriate. For internal transfers, the final billing summary will be uploaded to the document in IRIS.

Procedures Summary for Steps 1-4 from the General Procedures:

1. General Manager schedules rental
2. General Manager initiates contract & creates initial entry in Accounts Receivable Database
3. Contract fully executed per policies above.
4. Rental occurs
5. Strike Occurs
6. General Manager creates a Billing Summary after the payroll period including the strike has posted.
Billing Summary emailed to Accounting Specialist for review/billing.
General Manager Updates Accounts Receivables Database
7. Accounting Specialist creates invoice or transfer voucher and updates Accounts Receivable Database.

SPONSORSHIPS AND TRADE AGREEMENT POLICIES AND PROCEDURES

RESPONSIBILITY: The Marketing Director is responsible for creating all sponsorship and trade agreements for the Department.

CONTRACTING: Sponsorship and trade agreements require a signed contract between UT and the sponsor. The agreement is to be signed by both parties prior to the sponsor's name/logo appearing on any marketing materials. The Marketing Director will initiate the agreement and bring the contract to the Business Manager to process through contract review.

Procedures Summary for Steps 1-4 from the General Procedures:

1. Marketing Director initiates agreement & creates initial entry in Accounts Receivable Database.
2. Agreement submitted to Business Manager for contract review
3. Contract fully executed
4. Business Manager updates the Accounts Receivable Database to indicate a "completed" date one month prior to the first show sponsored OR the contract execution date whichever is later.
5. Accounting Specialist checks the Database for completed Sponsorships on a weekly basis and generates invoices as required updating the database as invoices are sent.