

Section:	Finance (FN)
Subject:	Accounts Receivable

Legislation:	
Effective:	March 12, 2004
Revision:	June 4, 2007; September 1, 2016 (reformatted); April 24, 2019; May 25, 2020

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

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1. For all of SAIT's revenue-generating contracts, excluding direct charges to students:
 - a) A minimum 50% non-refundable deposit must be obtained to secure facility rentals. The outstanding balance must be collected prior to the event start date. This requirement can only be waived at the written direction of the director, commercial services department.
 - b) For all other contracts, excluding sponsored students, charges of \$300 or less must be on a cash, cheque or credit card payment basis.
 - c) For contracts greater than \$10,000, a credit check must be completed and a credit limit assigned by the Accounts Receivable section, Finance department, before a contract is signed, a purchase order is accepted or goods or services are provided.

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- d) To establish credit privileges, new clients will be required to complete a credit profile, which will include the company's credit requirements and key contact information. The completed credit profile is forwarded to Accounts Receivable for appraisal.
 - e) Accounts Receivable will establish a credit limit based on an assessment of commercial credit reports, available financial data, historic payment trends, the client's requested credit and any other relevant information. At the discretion of the credit evaluator, a commercial credit report may be obtained. Bank and trade references may also be obtained. The sales and delivery teams will assist Accounts Receivable in obtaining client information when required.
 - f) Credit appraisals for North American companies are expected to be completed in two business days, and all other appraisals in four business days.
 - g) Credit limits will be established based on an assessment by Accounts Receivable. Where the amount of credit requested exceeds that supported by the Accounts Receivable assessment, the credit limit must be approved by the CFO and vice president, corporate services, or the vice president of the division.
 - h) The credit assessment will be attached to the contract that is to be approved by the appropriate signing authority.
 - i) Credit limits in excess of \$10,000 will be reviewed at least annually. All other credit limits will be reviewed at least every two years.
 - j) Any exception to the approval limits set out in the Signing Authority Matrix, procedure FN.12.1.1 Signing Authority, requires the written approval of the associate vice president, finance or the CFO and vice president, corporate services, or their designates.
 - k) If credit is not approved, Accounts Receivable will notify the key account manager or the originating business unit to request the services or goods be paid in advance.
 - l) In the absence of legitimate disputes, credit privileges may be withdrawn where customers have not responded to collection notices to discharge outstanding debts.
2. For students in programs supported by government grants, no credit assessment will be performed.
 3. For students in programs not supported by government grants:

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- a) Student enrollment and orders may be initiated; however, delivery or fulfillment is subject to final credit approval.

- b) Finance and academic chairs/earned revenue coordinators will jointly review documentation from students with respect to third party funding.

POLICY/PROCEDURE REFERENCE

- FN.13.1 Accounts Receivable policy
- FN.13.1.2 Doubtful Accounts Receivable – Corporate procedure
- FN.13.1.3 Doubtful Accounts Receivable – Student procedure

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PROCEDURE