

ADOPT A NEW ACCOUNTS RECEIVABLE POLICY**THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING:**

That the Board adopt a new policy for the tracking of receivables and establish a procedure for the removal of uncollectible items from the general ledger when collection efforts are deemed not to be cost effective for CPS personnel to pursue.

Purpose:

Establishing the administrative requirements in this policy will ensure the uniform implementation and management of tracking and collecting receivables. This policy will help prevent unreimbursed allocations and delays in deposits while providing a centralized source for payment inquiry. Certain debts are inevitably uncollectible and this policy is required to establish the methodology for removing debt from the books and records.

POLICY TEXT:**I. CPS Receivables**

Whereas many central office departments have agreements with other organizations for the reimbursement of Chicago Public School's expenses, the Chicago Public Schools maintains one payment location for the central office. All payments received by central office departments must be submitted to the Accounts Receivable Unit for deposit on the same day as it is received. All payments will be entered into the Oracle Accounts Receivable Module for tracking and audit purposes. All invoices submitted by any central office unit to a third party must contain an Accounts Receivable Invoice Number and the Accounts Receivable address for the payment location. This information is obtainable from the Division of Revenue, Accounts Receivable Unit. The invoicing department will be required to identify the due date, amounts, description of services, inquiry contact and phone number, and Oracle budget line to reimburse.

II. Rebates and Refunds

Rebates and refunds offered by retailers, manufacturers, or service providers based on usage or sales volumes will be credited to the general fund and appropriated as determined by the Office of Management and Budget.

III. Write-offs

Pursuant to Board Rule 5-32, the Chief Financial Officer shall have the authority to determine if a receivable totaling \$50,000 or under is uncollectible and should be removed from the general ledger based upon a review of the circumstances. The Board shall authorize all write-offs of \$50,001 or more through board action. The Chief Financial Officer shall submit an annual report to the Board of all write-offs and maintain a listing of uncollectible invoices and provide this listing to the General Counsel, Chief Officer of Human Resources and Chief Purchasing Officer to prevent future board actions, supplier payments or the rehiring of the debtor. Removing the receivable from the general ledger shall not preclude the Chief Financial Officer from seeking collection through legal action initiated by the Board or third party collection efforts.

As a general rule, receivables should be written off when the expected costs of further collection efforts exceed the expected benefits.

IV. Collection Policy

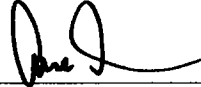
The Chief Financial Officer has the authority to refer debts owed to the Chicago Public Schools to a third party collection firm for collection. All referred debts will be reviewed by the General Counsel prior to being referred out to a third party collection firm that has a contract with the Chicago Public Schools.

Approved for Consideration:



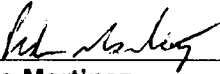
**M. Hill Hammock
Chief Operating Officer**

Respectfully Submitted:



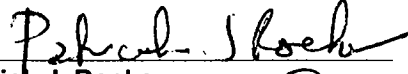
**Arne Duncan
Chief Executive Officer**

Noted:



**Pedro Martinez
Chief Financial Officer**

Approved as to Legal Form 



**Patrick J. Rocks
General Counsel**

