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Course Information

Course Title: Credit and Collection Guidebook #362520

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 14 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy PX178025

Texas State Board of Accountancy: 009349

Course Description

Delayed payments by customers can seriously impact the finances of a business, but it is usually necessary to offer some level of credit to them. The *Credit and Collection Guidebook* shows how to strike a balance between more sales and a reasonable amount of bad debt. It does so by focusing on when to extend credit to questionable customers and how to select the best approach to collecting from late-paying customers. The discussion includes credit policies, credit monitoring, collection techniques, and the necessary controls, procedures, and reports to manage the process. The course also addresses more advanced concepts, such as credit and collection technology, the role of product and service improvements, and litigation tactics.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: Basic familiarity with accounting practices.

Advance Preparation: None

Course Content

Publication/Revision date:9/25/2020.

Author: Steven M. Bragg, CPA.

Final exam (online): Seventy questions (multiple-choice).

Instructions for taking this course

Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Specify the roles of the various employees of the credit and collection functions.
- Identify the key procedures and forms needed to operate the credit function.
- Cite the key controls needed for the credit function, and note what they are intended to accomplish.
- State the key procedures and forms needed to operate the collection function, and the situations in which they are applicable.
- Identify the key controls needed for the collection function.
- Identify the main elements of a credit policy, and note the situations in which the policy may be changed.
- Cite the contents and handling of a credit application, and note why this process is used.
- State the methodologies available for developing credit ratings, and the situations in which credit rating systems can be used.
- Itemize the events that can trigger a credit review.
- Identify the methods that can be used to interpret the financial statements of a customer.
- Cite the methods available for mitigating the risk associated with granting credit.

- State the methods used to achieve an efficient and effective billing process.
- Itemize the methods available for processing customer payments, and note who is involved in this activity.
- Identify the primary tactics used to collect cash from customers, and note how these tactics can be improved.
- Cite the management techniques used to deal with payment deductions made by customers.
- State the sources of information used to locate customers via skip tracing, and the circumstances under which skip tracing might be necessary.
- Specify the reasons for using a collection agency, when to use one, and the fee structures they employ.
- Identify the reasons for using litigation, and the methods for collecting on favorable judgments.
- Specify the classification of the allowance for doubtful accounts.
- Cite the methods used to estimate the amount of the allowance for doubtful accounts, and how to account for this allowance.
- State the types of technology that can support the credit and collection functions.
- Identify the areas in which other parts of a company can cause collection problems, and how to mitigate these problems.
- Identify the key measurements used to evaluate the performance of credit and collections, and note how these measurements should be used.
- Cite the key laws that impact the credit and collection functions.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written the following books and courses:

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Preface

The credit and collection functions have the conflicting roles of assisting in increasing company sales, while at the same time only extending credit in a sufficiently prudent manner that bad debts are not excessive. In the *Credit & Collection Guidebook*, we explore how these dual roles are achieved, as well as the methods by which the functions are managed and risk is reduced.

The *Credit & Collection Guidebook* shows how to most efficiently and effectively run the credit and collection functions, while also addressing the following topics:

- Which job descriptions to use for employees
- How to structure credit and collection procedures and controls
- What to include in a corporate credit policy
- What to include in the credit application form sent to customers
- How to assign credit ratings to customers
- How to interpret the financial statements submitted by customers
- How to mitigate credit risk
- Which methods to use to collect cash from customers
- How to manage payment deductions taken by customers
- How to locate customers who do not want to be found
- When to use collection agencies
- How to employ technology in the credit and collection functions
- Which laws apply to credit and collections

The *Credit & Collection Guidebook* is designed for both professional accountants and students, since both can benefit from its detailed descriptions of credit and collection procedures, controls, information technology, and operational techniques. The book also provides the information you need to support sales while keeping bad debts at a reasonable level. As such, it may earn a place on your bookshelf as a reference tool for years to come.

Centennial, Colorado
September, 2020