

CCS Administrative Procedure

5.10.01-C Billing, Collection and Write-Offs

Implementing Board Policy [5.10.01](#)

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1.0 Purpose

To provide adequate controls, audit trails, prompt recording, collection, follow-up and remedy of accounts receivable.

2.0 Limitations and Requirements

2.1 In accordance with this procedure, state laws and state policies, the CCS Accounting department is required to follow these procedures.

2.2 These procedures are designed to be applied in a fair and equitable manner, to obtain funds owed quickly, to minimize the cost of collections and to minimize write offs.

2.3 Customers are to be notified of amounts owing in a timely manner.

2.4 Past due accounts should be identified, reviewed and monitored on a regular basis.

2.5 The collection of all past due and delinquent receivables is to be vigorously pursued.

2.6 Receivables identified as uncollectible should be removed from the financial records.

3.0 Billing

3.1 Invoices are created when a receivable is recorded into the Customer Accounts Billing system on the Customer Accounts Activity Screen, BM 1620. Customers are invoiced according to the established billing schedules for the type of vendor (i.e. immediately upon receipt of service, monthly or quarterly). Invoices are processed and mailed by the District Accounting department.

3.2 Sufficient source documentation should be maintained to provide backup of the goods or services being invoiced.

3.3 Student statements of amounts due are distributed one week before the quarterly tuition payment due date. The statements include all unpaid amounts on the student's customer account record.

3.4 Six weeks after the start of each quarter, invoices are generated and sent to students who owe for the current quarter only. If statements are returned by the post office the District Accounting department checks the student's Admission screen to verify the last known address on file. If the Admissions file address is different, the returned notice is sent to the address on the Admissions record. If the address is the same, the statements are sent to the college Registration Office to determine if a corrected address is available for the student.

4.0 Collection

4.1 Aging of Receivables

4.1.1 An accounts receivable aging report is prepared weekly. The aging report (BM 1710) is used as a tool to identify agencies and individuals who owe CCS for goods or services. The aging report categorizes unpaid invoices as follows: current, 31-60 days, 61-90 days, 91-120 days, or 120+ days. Priority for

collection efforts is given to accounts with large outstanding balances in the 61-90 day column.

- 4.1.2 The District Accounting Manager must review the aging report at least monthly and document collection efforts performed during the month.

4.2 Past Due Notices

A second invoice is generated from the invoicing system when a receivable is 45 days old. This is a duplicate invoice stating that this is the second notice for payment. A subsequent notice is issued at the 90 day period if the amount is still unpaid. This notice clearly states that the account is "Past Due."

4.3 Follow up for Late Payment of Invoices

- 4.3.1 Special reminder notices are computer generated or manually prepared and mailed to customers for past due accounts. These notices request immediate payment and notify the customer of additional actions which may be taken if the debt is not paid.

- 4.3.2 All invoices and any backup information pertaining to the outstanding account are pulled from the invoice file and copies are made. These copies are used as working papers and are kept in a separate collection file with the contact phone number and name. All customer contact for collection should be documented with the date, action taken, and response in the collection file.

- 4.3.3 If an invoice remains unpaid after the second notice is mailed, additional collection attempts are initiated. A telephone call may be made to the customer. The outstanding invoice number, the services or goods rendered, and the amount owing is discussed with the contact person. The payment status is monitored and additional calls are made if payment is not received.

- 4.3.4 Additional collection efforts may also be made by mail. A letter stating that the invoice is past due and a copy of the unpaid invoice is mailed to the customer.

4.4 Emergency Student Loan Collection

- 4.4.1 If a short term emergency student loan remains unpaid on the due date, a computer generated reminder letter is sent via regular mail on the following business day. This notice gives the student a 15-day grace period to pay the loan before a late charge is added and a 30-day grace period before a service charge is added and the account is sent to collections. An unusual action code is entered in the Student Management System (SMS) on the student's record to block registration and transcripts.

- 4.4.2 If the loan remains unpaid after the grace period, a late fee is added to the student's account. A computer generated notice is sent via regular mail informing the student that the late charge has been added to the total amount due, and that a collection fee and submission to a collection agency will follow if the loan is not paid within the next 15 days.

- 4.4.3 If the loan remains unpaid after the last grace period, a collection fee and interest calculated at 12% per annum from the loan origination date is added to the student's account. A computer generated notice is sent via regular mail notifying the student that the loan has been sent to a collection agency.

- 4.4.4 Once a student loan has been referred to the collection agency all inquiries and payments by the student are referred directly to the collection agency. The

student can no longer pay CCS directly for the outstanding balance. CCS will cease collection attempts.

- 4.4.5 A student may petition to have a loan cancelled or to have the due date extended by submitting a written request. Only the college vice president or their designee may approve modifications to a student's promissory note. When modifications to the terms and conditions of the loan document are considered, fair and equitable treatment to all students and the consideration of the extraordinary needs of the student must be followed at all times. If the vice president grants a loan exception, the vice president or designee must provide written notification to the District Accounting department.
- 4.4.6 A student may make partial payments on the loan up until the time the loan is sent to the collection agency.
- 4.4.7 If a student pays all or a part of their tuition and fees with a short-term loan and subsequently withdraws during a refund period (100% or 50% or are granted a refund by special exception) the percentage of refund will be applied to their short-term loan. The loan origination fee is not refundable.
- 4.4.8 If loan notices are returned by the post office, the District Accounting department checks the student's Admission screen to verify the last known address on file. If the Admissions file address is different, the returned notice is sent to the address on the Admissions record. If the address is the same, the Accounting department considers the situation as having no correct address available. The returned letter is filed with the loan document. Future notices are sent to the address on the loan form in case the student files a "change of address" form with the post office.

5.0 Interest

- 5.1 Interest will be charged on past due receivables in accordance with OFM SAAM 85.54.50(c).
- 5.2 Interest cannot be charged on debts owed by other governmental units.

6.0 Collection Agency

- 6.1 If payment is not received from a customer after reasonable collection efforts are made, the account may be turned over to a collection agency retained by CCS for further collection efforts, in accordance with OFM SAAM 85.54.50(d).
- 6.2 The Accounting department sends a letter to the customer thirty days prior to referring the debt to the collection agency. The letter notifies the customer of the intent to refer their debt to a collection agency if payment is not made in full within thirty days.
- 6.3 The Accounting department sends the debt to the collection agency contracted by CCS, if the amount owing is over \$100. Collection efforts for debts less than \$100 continue to be the responsibility of the Accounting department.
- 6.4 Once an account has been referred to the collection agency all inquiries and payments by the debtor are referred directly to the collection agency. The debtor can no longer pay CCS directly for the outstanding balance. CCS will cease collection attempts.
- 6.5 Receivables due from other governmental units cannot be referred to a collection agency, per OFM SAAM 85.54.d.

- 6.6 Emergency short term student loan collections will be processed in accordance with section 4.4 of these procedures.

7.0 Punitive Actions

- 7.1 If an outstanding invoice remains unpaid by a third party sponsor, the charges may be reopened to the student. This action will result in an open, unpaid charge on the student's customer account record. A statement is sent to the student for notification of the outstanding charge.
- 7.2 An unusual action hold is placed on the student's record in the student management system (SMS) by the Accounting Department to block future registration and release of transcripts to the student. When the charge is paid in full, the unusual action hold is removed from the student's record by the Accounting Department.
- 7.3 If CCS issues a check to a student either because of employment by CCS on a work study program or a financial aid award check, CCS may require the student to satisfy unpaid charges before releasing the check. If the Cashiers' Office has sufficient cash on hand, the student may use their check to pay the amounts due by endorsing the check and allowing the cashier to pay off their open charges. The cash balance remaining after the payment will be given to the student.

8.0 Disputes

- 8.1 The Accounting Department is responsible for researching and reconciling invoice disputes between customers and CCS.
- 8.2 If, during collection contacts, a customer states that the invoice has been paid, information is obtained on the check number, the date paid, and the amount of payment. The deposit receipt log is reviewed to determine if payment was received and posted to an incorrect account. If the check is not found on the deposit receipt log, a second request is made to the customer to verify that the check has cleared their bank. The customer is asked to provide a copy of the front and back of the cancelled check or to reissue the payment.
- 8.3 The Accounting Manager may authorize the cancellation of an invoice if it is determined that the receivable is invalid. Reasons for the cancellation are to be documented in the collection file.

9.0 Write Offs

- 9.1 When it has been determined by the Accounting Manager that collection efforts by the Accounting department will not result in payment of the amount due, the account will be considered uncollectible and removed from the financial records.
- 9.2 The Accounting Manager is responsible for determining that due diligence has been exercised in attempting to collect receivables.
- 9.3 Uncollectible amounts up to \$2,500: The Accounting Manager identifies and authorizes the accounts to be written off. Documentation for write offs should include the collection procedures followed and the reasons the account is considered uncollectible.
- 9.4 Uncollectible amounts over \$2,500: Consult the Attorney General's Office (AG). The AG will be consulted to ensure that cost-effective methods to collect the receivables have been exhausted. The AG either provides authority to write off the account or recommends further collection activity by CCS.

- 9.5 Uncollectible Accounts Clean-up: Implementation of these write-off procedures occurred during 2002-03. Evaluation of accounts older than three year (2000-01) was performed. In most all cases the accounts were considered uncollectible and were removed from the accounting records.
- 9.6 On a monthly basis the Accounting Manager will provide the CFO or designee a record of all amounts written off during the month.
- 9.7 Accounts that meet one or more of the following criteria may be written off:
- 9.7.1 Accounts returned by a collection agency as uncollectible.
 - 9.7.2 Bankruptcy of the debtor has been legally declared (see specific procedures for bankruptcies).
 - 9.7.3 Accounts that are over three years old.
 - 9.7.4 Accounts owed by companies no longer in business.
 - 9.7.5 Accounts owed by a debtor who has died.
 - 9.7.6 Residual amounts under \$25.00; collection amount is insufficient to warrant collection efforts.
 - 9.7.7 Costs exceed benefits of further collection procedures.
 - 9.7.8 Disputed accounts with insufficient documentation to pursue collection efforts.
 - 9.7.9 Other reasons considered on a case-by-case basis considering the type of debt, how long the debt has been outstanding and the debtor's status.
- 9.8 Collection attempts for students who are currently enrolled should be pursued and not written off except where prohibited due to bankruptcy or other special circumstances.
- 9.9 Accounts that have been turned over to a collection agency should not be written off unless it has been determined that the possibility of collection is remote.
- 9.10 After write offs have occurred, payments for obligations will be accepted. Collections will be posted to the original account.
- 9.11 All Unusual Action holds on a student's account should remain in effect until the obligation has been paid, whether or not the account has been written off.
- 9.12 Although a receivable is written off, the receivable will remain as an open charge on a student's record. If the student requests further services from the colleges and an open charge is on the student's record, payment of the open charge is required.
- 9.13 Delinquent accounts of employees will result in notification of supervisors, administrative action and possible payroll deductions.

10.0 Write off Entry

- 10.1 The allowance method of accounting for uncollectible receivables is used in accordance with OFM SAAM 85.54.55 a. and b.
- 10.2 Write offs for accounts that are recorded on the Customer Accounts billing system will be made in accordance with the OFM SAAM entries for uncollectible receivables in section 85.65.32.

- 10.3 Receivables due from other governmental units are written off by canceling the invoice from the customer accounts system. This will reverse the revenue that was originally recorded when the receivable was invoiced.
- 10.4 For receivables due from non-governmental entries, the charge status of an invoice should be changed to a write off status on the Customer Accounts system. This entry will generate the accounting entries to record a bad debt expense or reduction in revenue and an entry to the Allowance for Doubtful GL account.
- 10.5 Write off entries affect the current year revenue or expense.
- 10.6 Write off entries affect the original fund that provided the revenue source when the receivable was recorded.
- 10.7 An account, which was inappropriately written off, can be recorded back onto the accounting records by reversing the write-off entries.
- 10.8 Write offs will be charged back in full to the originating department if the receivable results from actions or business practice that is inconsistent with state and CCS policy as illustrated in the following examples:
 - 10.8.1 A college representative makes exceptions when issuing emergency student loans that later become delinquent.
 - 10.8.2 Untimely deposits. If a department holds revenue deposits and violates state deposit rules, there is a greater risk that checks will be returned NSF from the bank. The value of the NSF checks will be charged back to the department.

11.0 Related Information

OFM SAAM, [Chapter 85](#) – Accounting Procedures