

Pine Technical College

Policy and Procedure

Policy Number: 412 Date: June 16, 2003 Revision Date:
Division/Department: Fiscal Operations Author: Katherine Dettinger
Subject: Accounts Receivable Management

Authorities:

MnSCU Board Policy 7.6

Purpose:

Accounts receivable is a significant asset for the College and, as such, it must be carefully managed to ensure efficient and effective collection of all debts.

Policy:

Pine Technical College will maintain a policy for managing the accounts receivable process.

Procedure:

1. Refer to Policy No. 407 for the following procedures:
 - a. Establishing and recording a receivable
 - b. Collection actions and timeline for the collection process
 - c. Placing holds on student records
 - d. Criteria for referral to the Minnesota Collection Enterprise (MCE)
2. **Current Receivables** – Current term receivable activity will be reviewed monthly by the Account Clerk Senior.
3. **Past Due Receivables** – Past due accounts will be reviewed monthly by the Account Clerk Senior.
4. On an annual basis, the Chief Financial Officer (CFO) or designee will:
 - a. Age all accounts receivable and review for possible write-off
 - b. Calculate an estimate of uncollectible accounts receivable. The estimate will be calculated as follows: 100% of the total amount of accounts receivable three or more years old; 50% of the total amount of accounts receivable one or two years old; and 2% of the total amount of current year accounts receivable.
5. Accounts receivable deemed to be uncollectible must be approved by the CFO and written off in ISRS prior to the close of each fiscal year and will no longer be recognized as accounts receivable for management and financial reporting purposes. Every reasonable effort must be made to collect an account before a write-off. In most cases, the collection effort should include written notices, consideration of the Revenue Recapture Program, and required referral to MCE.

A debt is considered to be uncollectible when it meets one of the following criteria:

- a. All reasonable collection efforts have been exhausted.
- b. The cost of further collection action will exceed the amount recovered.
- c. The debt is legally without merit or cannot be sustained by evidence.
- d. The debtor cannot be located.
- e. The available assets or income (current or anticipated) are insufficient.
- f. The debt was discharged in bankruptcy.
- g. The applicable statute of limitations for collection of the debt has expired.
- h. It is not in the public interest to pursue collection of the debt.
- i. The debt has been compromised, in the best interests of the state.

Determining that a debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except under the above criteria c, f, and i.

6. On an annual basis, the President or designee will review past due accounts.
7. Records will be maintained in accordance with applicable State of Minnesota, MnSCU, and College policies.

Responsibilities:

1. The Account Clerk Senior will review all current and past due receivables on a monthly basis.
2. The CFO or designee will age all accounts receivable and review for possible write-off and calculate an estimate of uncollectible accounts receivable on an annual basis.
3. The CFO or designee will approve write offs of accounts receivable that are determined to be uncollectible prior to the close of each fiscal year and provide a list of those accounts to the Account Clerk Senior for write off.
4. The President or designee will review all past due accounts receivable on an annual basis.

Dissemination:

1. The policy will be available in the President's Office, Administrative Services, the Media Center, and on the College's Intranet.
2. The President may provide the policy to third parties and outside agencies.

Reviewed by Leadership Team: (6/16/03

Reviewed by Faculty Shared Governance Council: N/A

Reviewed by: Leadership Team 6/30/03

Approved: _____ Date: 6/30/03

Robert L. Musgrove, Ph.D., President