




# SAN DIEGO STATE UNIVERSITY

SDSU Policies and Procedures

**Subject:** Accounts Receivable Billing, Collection, Write-off and Reserve for Uncollectible Accounts

**Department Name:** Accounting, Student Account Services

Supersedes:	07/24/2008	
Effective Date:	06/01/2009	
Issue Date:	06/24/2009	
Approved by:	Scott Burns	

These policies and procedures have been developed in accordance with the Draft Integrated California State University Administrative Manual (ICSUAM) Policy (attached.)

## **Policy: Writing Off Uncollectible Accounts Receivable**

Accounting Services initiates the write off process twice annually in November & May.

- **Outstanding Bills less than \$5,000.00**

Items less than \$5,000 with a bill date at least one year old with no payments within the prior six months are eligible to be written off. Upon review, approval, and sign off by the University Controller, these bills are written off for accounting purposes. Collections activity may still continue on bills that have been written off.

- **Individual billings \$5,000.00 or more**

Items greater than or equal to \$5,000 with a bill date at least one year old with no payments within the prior six months are eligible to be written off. Upon review, approval, and sign off by campus Chief Financial Officer, these bills are written off for accounting purposes. Collections activity may still continue on bills that have been written off.

## **Policy: Establishing Allowance for Doubtful Accounts**

Any account older than six months as of June 30 will be reserved as doubtful unless the University has information to support the debt as collectible within the next six months.

# **Procedures for Billing and Collection**

## **Student Billings**

Charges for students accumulate during the month in the student account in the CASHNet™ system. These charges are grouped into a student statement once a month. Types of charges this statement may contain are registration fees, tuition, housing fees, installment fees, financial aid over awards, library fees, telephone charges, etc. These charges are updated to CASHNet™ by extracts, manual input, and fee calculations based on registration/housing information.

### **Timing of Billing/Contact (day number is approximate)**

Day 0 - Student Account Services staff send the student statement notification by email. Students are given instructions to log in to their student account and download their student statement (Ebill1)

1 week after the statement due date – a \$20.00 late fee is added for balances greater than or equal to \$5.00

Day 30 – Student Account Services staff send the second student statement notification by email. Students are given instructions to log in to their student account and download their student statement (Ebill 2)

Day 60 – The Collections office staff sends the first collection notice by mail to the student for amounts greater than or equal to \$10.00(M1)

Day 75 – The Collections office staff places a phone call to the student to let them know about their past due billing for amounts greater than or equal to \$50.00.

Day 90 - The Collections office staff sends the second collection notice by mail to the student for amounts greater than or equal to \$50.00.(M2)

Day 120 - The Collections office staff sends the final collection notice by mail to the student for amounts greater than or equal to \$50.00.(M3)

Day 240 – (approx 8 months) The Collections office staff sends the student account to a collection agency for amounts greater than \$50.00

At 1 year old every bill is considered for writeoff for accounting purposes (see Writeoff of Uncollectible Accounts Receivable)

Once a year in October, students will receive a letter that says their records will be sent to the Franchise tax board if they have an outstanding balance in Collections. In December, these records will be sent to the Franchise Tax Board for tax offset.

## **Dishonored Items and Perkins Loan Overawards**

Dishonored checks and Perkins Loan overaward debts are sent to University Collections immediately. A billing and initial contact to the student are made promptly. Cashier Holds are placed the same day as the bill is added.

#### Timing of Billings/Contact (day number is approximate)

Day 0 - A paper billing is generated by Student Account Services staff, and is sent to the student along with a Dishonored Check Letter by the Collections office staff.

Day 1 – The Collections office staff places a phone call to the student to let them know about the debt.

Day 30 - The Collections office staff sends the second collection notice by mail to the student for amounts greater than or equal to \$50.00.(M2)

Day 60 - The Collections office staff sends the final collection notice by mail to the student for amounts greater than or equal to \$50.00.(M3)

Day 90 - The Collections office staff sends the student account to a collection agency for amounts greater than \$50.00

At 1 year old every bill is considered for writeoff for accounting purposes (see Writeoff of Uncollectible Accounts Receivable)

Once a year in October, students will receive a letter that says their records will be sent to the Franchise tax board if they have an outstanding balance in Collections. In December, these records will be sent to the Franchise Tax Board for tax offset.

### **Federal Grant Overawards**

Per Federal Regulations, PELL/SEOG/SMART/ACG debts have to be returned to Debt Collection Services (DCS) if payment arrangements are not being made or the student does not pay in full in 24 months. At SDSU, if the student has not registered for the following semester or the student is not making regular payments, the debt is sent back to DCS.

The Federal Grant overawards follow the same collections procedures as other student billings. The only exception is that these debts are not sent to a collection agency because of the timing of when they must be returned to DCS. If the university receives franchise tax monies, and the debt has already been cancelled and sent to DCS, these funds will be forwarded to DCS.

### **Third Party - Agency Billings**

Third Party Agency billings are created for agencies that have promised to pay for a student's fees, tuition or College of Extended Studies courses. Invoices for Third Party Agency billings are either created when running census billings or on a case by case basis as students notify the university that fees may be paid by a third party.

#### Billing/Collection Schedule (day number is approximate)

Day 0 – A paper invoice is generated and sent by either Student Account Services or the College of Extended Studies Cashiers Office

Day 45 - The staff in Student Account Services generates and sends a paper second notice

Day 90 - The staff in Student Account Services generates and sends a paper third notice

Day 120 - Debt shall be transferred back to student absent mitigating circumstance

On a monthly basis the Accounts Receivable analyst runs a report of past due billings and contacts agencies that have billings that are late. Contacts with these agencies are updated to the Third Party Agency Past Due Billing Follow-up Report.

### **Third Party - Other Billings**

These billings are non-student related billings that are requested by departments. These billings are typically for vendors or other agencies. Examples of these types of billings are telephone charges, reprographics charges, charges related to contracts, etc.

#### **Billing/Collection Schedule (day number is approximate)**

Day 0 – Accounting Services sends a paper invoice to the vendor

Day 30 - Accounting Services sends a paper second notice to the vendor

Day 60 – The Collections office staff sends the first collection notice by mail to the vendor for amounts greater than or equal to \$10.00(V1)

Day 75 – The Collections office staff places a phone call to the vendor to let them know about their past due billing for amounts greater than or equal to \$50.00.

Day 90 - The Collections office staff sends the second collection notice by mail to the vendor for amounts greater than or equal to \$50.00.(V2)

Day 120 - The Collections office staff places a follow up phone call to the vendor about the past due billing for amounts greater than or equal to \$50.00.

Day 150 - The Collections office staff sends the final collection notice by mail to the student for amounts greater than or equal to \$50.00.(M3)

At 1 year old every bill is considered for writeoff for accounting purposes (see Writeoff of Uncollectible Accounts Receivable)

Once a year in October, if a social security number or tax identification number is available the vendor will receive a letter that says their records will be sent to the Franchise tax board if they have an outstanding balance in Collections. In December, these records will be sent to the Franchise Tax Board for tax offset.

## **Tools for Tracking Debtors with Bad Addresses**

- CASHNet – for tracking address changes, and other student account data changes
- SIMS/R - another source for tracking demographic changes
- Housing – source of residence hall room locations for a student
- Athletics – source of information for student athlete billings
- Telephone services - source of information for locating student and references current phone numbers
- Accurint – online vendor service where demographic information is located
- Department of Motor Vehicles (DMV) – source of current demographic data
- Contacting all references when applicable – locate demographic information from referenced used on contracts, license agreements and other forms that may have been filled out by a student

## **Payment Arrangements**

When payment arrangements are made, a contract is signed which outlines payment stipulations, warns of credit bureau reporting, and indicates the possibility of the account being sent to a collection agency. There is also a 10% penalty fee assessed on the account. This contract also states that the balance owed is an educational debt. Follow up is done by the Collections Analyst to ensure that the contract terms are being met by the debtor.

## **Process for Sending Outstanding Billings to the Collections system (ECSI)**

When a billing is created, potential events associated with a billing are assigned to the bill. Each day a process is run in CASHNet that checks the event dates associated with items that are ready to be sent to ECSI. If that date matches the parameters input when the process is run, the item is extracted and sent to the ECSI system. This is the primary system used by the Collections office staff. The billing in CASHNet is also updated with a flag that shows it has been sent to the Collections office.



**INTEGRATED CSU ADMINISTRATIVE MANUAL POLICY**

**CSU POLICY**

**Section:**

**Policy Number:**

**Policy Title:** Write Off of Uncollectible Accounts Receivable

**Last Revision Date:**

**POLICY OBJECTIVE**

It is the policy of the California State University (CSU) that debts and accounts receivable balances determined to be uncollectible must be written off in a timely manner. Each campus must prepare procedures that implement this policy.

**POLICY STATEMENT**

Campus procedure must describe:

- How debts and accounts receivable balances are determined to be uncollectible
- The process for approving the write off of uncollectible balances.

Campus procedures must provide that debt and accounts receivable balances determined to be uncollectible must be written off by the close of the fiscal year.

Campus procedures must require that the Chief Financial Officer (CFO) approve the write off of balances \$5,000 and more. The CFO must designate the person(s) authorized to approve the write off of balances below \$5,000.

The write-off of uncollectible balances in funds held by the State Treasurer and accounted for by the State Controller must follow the process outlined in the State Administrative Manual.

**RESOURCES AND REFERENCES MATERIAL**

**Guidelines:**

Revenue Management Program (RMP) document dated 3/21/08 - Accounts Receivable Collections and Write-Offs [http://www.calstate.edu/BF/rmp/documents/17-AR\\_Collections\\_Write\\_Document.doc](http://www.calstate.edu/BF/rmp/documents/17-AR_Collections_Write_Document.doc)

**Principles:** - - -

**Practices:** - - -

**Laws, State Codes, Regulations and Mandates:**

Executive Order 616 - <http://www.calstate.edu/EO/EO-616.pdf> Executive Order 731 - <http://www.calstate.edu/EO/EO-731.pdf>

Executive Order 1000 - <http://www.calstate.edu/EO/EO-1000.html>

Education Code 89750.5 - <http://www.leginfo.ca.gov/cgi-bin/waisgate?WAISdocID=96920623088+1+0+0&WAISaction=retrieve> (**EDUCATION CODE SECTION 89750.5**)

Title 5 California Code of Regulations, Section 42380 - Debts Owed California State University - <http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&zAction=Welcome>

**POLICY OWNERSHIP**

<b>CO Manager:</b>	Sylvia Olivas	<a href="mailto:solivas@calstate.edu">solivas@calstate.edu</a>
<b>Subject Expert:</b>	Lisa Chavez	<a href="mailto:lchavez10@csla.calstatela.edu">lchavez10@csla.calstatela.edu</a>
<b>Affinity Group:</b>	FOA	<a href="http://foa.calstate.edu">http://foa.calstate.edu</a>

***Related SAM References:***

- State Administrative Manual, Section 8776.6 - Accounts Receivable, Discharge from Accountability - <http://sam.dgs.ca.gov/TOC/8700/8776.htm>



**INTEGRATED CSU ADMINISTRATIVE MANUAL POLICY**

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**CSU POLICY**

**Section:**

**Policy Number:**

**Policy Title:**           **Accounts Receivable Collections**

**Last Revision Date:**

**POLICY OBJECTIVE**

It is the policy of the California State University (CSU) that collection efforts be pursued on debts and accounts receivable balances that are valid and past due. Each campus must prepare procedures that implement this policy.

**POLICY STATEMENT**

This policy applies to all types of receivables including student, employee, related party and general. Campus procedures must describe the collection efforts applicable to each type of past due receivable. In addition, campus procedures must identify the materiality threshold below which collection efforts will not be pursued.

Each campus is authorized to withhold services as a collection tool when appropriate, including the period after an account balance has been written off. Note that the State allows recovery of debts by offset against tax refunds even after the State statute of limitations has expired.

Each campus is expected to utilize all reasonable collection methods including direct contact, collection agencies, legal actions and Franchise Tax Board refund offsets.

**RESOURCES AND REFERENCES MATERIAL**

**Guidelines:**

Revenue Management Program (RMP) document dated 3/21/08 - Accounts Receivable Collections and Write-Offs - [http://www.calstate.edu/BF/rmp/documents/17-AR\\_Collections\\_Write\\_Document.doc](http://www.calstate.edu/BF/rmp/documents/17-AR_Collections_Write_Document.doc)

CSU Policy and Procedures Governing Travel and Relocation Expense Reimbursement - 7/15/08 - <http://www.calstate.edu/HRAdm/pdf2008/HR2008-10.pdf>

**Principles:**    - - -

**Practices:**

<http://www.calstate.edu/HRAdm/pdf2008/HR2008-10.pdf>

**Laws, State Codes, Regulations and Mandates:**

Executive Order 1000 - <http://www.calstate.edu/EO/EO-1000.html>

Title 5 California Code of Regulations, Section 42380 - Debts Owed California State University  
<http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&zAction=Welcome>

Title 5 California Code of Regulations, Section 42381 - Withholding of Services for Non-Payment  
of Debts - <http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&zAction=Welcome>

California Government Code Section 19838 - <http://www.leginfo.ca.gov/cgi-bin/waisgate?WAISdocID=97054127985+1+0+0&WAIAction=retrieve> (CA GOVT CODE SECTION 19838)

Executive Order 812 - <http://www.calstate.edu/EO/EO-812.pdf>

**POLICY OWNERSHIP**

<b>CO Manager:</b>	Sylvia Olivas	<a href="mailto:solivas@calstate.edu">solivas@calstate.edu</a>
<b>Subject Expert:</b>	Lisa Chavez	<a href="mailto:lchavez10@csla.calstatela.edu">lchavez10@csla.calstatela.edu</a>
<b>Affinity Group:</b>	FOA	<a href="http://foa.calstate.edu">http://foa.calstate.edu</a>

***Related SAM References:***

SAM Section 8776.2 - Valid Accounts Receivable - <http://sam.dgs.ca.gov/TOC/8700/8776.2.htm>

SAM Section 8776.5 - Collections Procedures - <http://sam.dgs.ca.gov/TOC/8700/8776.5.htm>

SAM Section 8776.6 - Non Employee Accounts Receivable-  
<http://sam.dgs.ca.gov/TOC/8700/8776.6.htm>

SAM Section 8776.7 - Employee Accounts Receivable -  
<http://sam.dgs.ca.gov/TOC/8700/8776.7.htm>

SAM Section 8116.3 - Recovery of Temporary Travel Advances -  
<http://sam.dgs.ca.gov/TOC/8100/8116.3.htm>