



## College Policy 5.10.01

### Accounts Receivable Procedures

## Part 1. Authority

Minnesota State Colleges and Universities (MnSCU) System Procedures for Board of Trustee Policies 7.3 and 7.6. Minneapolis Community and Technical College Policy 5.12 Accounts Receivable Management.

## Part 2. Management of Accounts Receivable

All accounts receivable activities must be documented and, as appropriate, recorded in the MnSCU Integrated Student Record System (ISRS). The student or other debtor must acknowledge the debt at the time an account is created. The acknowledgment must be either in writing or, with automated registration processes, by a positive action that indicates that the debtor is accepting the terms and conditions for payment. The receivable must be entered into the MnSCU ISRS system at the time the amount is first established or within a reasonable period afterwards.

The approved procedures for accounts receivable documentation are as follows:

### Tuition and Course Fees

Charges are generated through the automated registration process. Students acknowledge financial responsibility at time of registration. Responsibilities are divided between Academic Affairs, Records Department and Business Office as appropriate.

### Application Fees

A \$20 Application Fee is assessed to each student record in ISRS when the admission transaction is entered by the Admissions Department.

### Personal Service Fees

Charges tied to a specific course are automatically generated in ISRS per registration transaction (e.g. Risk Management Insurance). The Business Office posts transactions for specific services requested by a student (e.g. Check Stop Payment Fees, Transcript Fees, Student ID Fees).

### Late Fees

The Business Office Cashiers post Late Fees to student accounts.

### Short Term Loans

The Financial Aid Office approves Short Term Loans for students. The student must complete a loan application and sign for the debt incurred. Business Office billings personnel post the loan to the student account. (The student's check is issued by Accounts Payable, and verified by the Business Office cashiers.)

### Bookstore Purchases

Approved students with financial aid, scholarships, and third party funding sources may charge books, supplies, course

materials, parking and prepaid bus passes from the campus bookstore. Bookstore personnel verify funding as appropriate and obtains student signature as acknowledgement of debt. Business Office billings personnel post charges to student accounts.

## **Continuing Education**

Charges are generated for open enrollment courses through the automated registration process. Students acknowledge financial responsibility at time of registration. Responsibilities are divided between Continuing Education and Business Office as appropriate.

## **Customized Training**

Income Contracts are generated in ISRS by Continuing Education / Customized Training and invoiced by the Business Office. The invoice is generated in ISRS and mailed by Business Office billings personnel.

## **Grants Invoicing**

The Grants Manager forwards appropriate documentation to the Business Office accompanied by a Request for Invoice form. The Business Office billings personnel generates an invoice in ISRS and completes billing activity.

## **College Invoices**

The Business Office invoices all charges to non-college groups for services or products in ISRS. The requesting party is required to forward copies of appropriate documentation and a Request for Invoice form to the Business Office billings personnel. Examples of charges include but are not limited to charges for facility rental, event management, equipment rentals, parking fees, telephone services, and expense charge backs to non-college groups.

## **Part 3. Collection Activities**

The College will follow up routinely and diligently on all accounts receivable. The Vice President of Finance and Operations will designate staff to follow a structured timetable for collection activities including billing intervals, required phone calls, record holds, past due notices, and referral to MCE. All collection activity undertaken for each account should be documented in writing and as appropriate, recorded in ISRS.

The approved procedures for billings and collection activities are as follows:

### **Student Fee Statements**

The Business Office prints Fee Statements to notify students of their registration and account balance. After appropriate review for accuracy, Fee Statements are mailed to students by Central Services.

The Business Office completes billings each term to ensure timely collections. Fee Statements are printed and mailed daily for all new account activity. A second Fee Statement with time-specific information is mailed to students owing a balance after the second financial aid disbursement of the term. Finally, a third Fee Statement with time-specific information is mailed to students owing a balance at the mid-point of the term.

### **Drop for Non Payment**

The College reserves the right to drop students for non-payment at the start of each term. The Business Office, Financial Aid Office and Records Department work together to complete this process. The Business Office completes a daily drop list per the dates published in the term Class Schedule.

### **Business Office Holds**

The Business Office places holds on student accounts with past due balances to ensure collections and reduce exposure to

additional uncollectible revenue. Students with Business Office Holds may not receive a transcript nor register for additional courses at the College. Holds are placed after the second Fee Statement is mailed to a student. Business Office Holds are removed once the student has paid the past due balance.

## **Collection Letters**

The Business Office mails a collection letter to students accompanied by a copy of their Fee Statement prior to the end of the term. This dunning letter requests actions within 10 business days to avoid additional collection proceedings.

## **MCE 20-Day Notification**

The Business Office mails the required notification letter (MN Stat. 16D.11) to all students who owe a balance at the end of the term. This letter alerts the student they will be referred to the MN Collections Enterprise (MCE), a division of the MN Department of Revenue, for collections if their payment is not received within 20 days.

## **MCE Submission**

The Business Office calculates and submits unpaid student balances to MCE for collections. Student records are flagged in ISRS and all invoicing from the College is stopped.

## **Revenue Recapture**

MCE files a Revenue Recapture claim for each referred student on behalf of the College. Unpaid balances returned to the College by MCE should be referred directly to Revenue Recapture as appropriate.

## **Invoices**

The Business Office mails Invoices to non-college groups for charges incurred, Third Party Billings, grants, and Customized Training Income Contracts throughout the fiscal year. Reminders and past due notices are mailed as necessary until receivable is collected. Organizations that fail to respond to collection notices will be referred to MCE as required by MN Stat. 16D.11. The one exception is other State of Minnesota Agencies.

## **Accounts Receivable Aging**

MCTC Finance and Operations prepares an aging of all accounts receivable amounts and review collection trends quarterly. This information is reviewed quarterly with the Director of Business Affairs. Updates are provided to the President's Council as appropriate.

## **Part 4. Waivers, Refunds and Writing-Off Uncollectible Accounts**

The College will periodically, but no less than annually, write off accounts receivable deemed to be uncollectible in ISRS. Uncollectible accounts are no longer recognized as an accounts receivable for management and financial reporting purposes.

The College will cancel or adjust accounts receivable if appropriate. An accounts receivable may be canceled or adjusted because the institution is not entitled to collect the money, or because the debtor qualifies for a waiver or refund (College Policy 5.02 Tuition Refunds and Waivers). An accounts receivable may not be canceled to avoid write-off procedures.

The Office of the Chancellor will report all accounts receivable and write-offs, with the basis for the decision to the Minnesota Department of Finance using DOF forms FI-054601 and FI-0054501.

The approved procedures for waivers, refunds, and writing-off uncollectible accounts are as follows:

### **Employee Waivers**

Employee Tuition Waivers are approved by Human Resources and posted in ISRS by the Business Office. Qualifying MnSCU employees may request Employee Tuition Waivers per the conditions outlined in their Bargaining Unit Contract.

## **Student Waivers**

Student Waivers are approved and posted by the Business Office. Examples of student waivers include but are not limited to Alliss Grant waivers, Student Leader Stipends, Course Conditions, College Error, Significant Personal Circumstances, Medical Conditions, and Death of Student.

## **Petition for 100% Refund**

MnSCU Board of Trustee Policy 5.12 allows refunds of tuition and fees for situations involving College Error, Significant Personal Circumstance, Medical Condition and Death of Student.

The Business Office approves and processes Petitions for 100% Refund. The Financial Aid Office and Records Department are consulted for specific information relating to the petition. The appropriate Dean or Vice President is consulted in cases involving College Error.

## **Allowance for Doubtful Accounts**

MCTC Finance and Operations will calculate an Allowance for Doubtful Accounts each fiscal year for budgeting and financial reporting purposes.

## **Write-Offs**

The Business Office will periodically but no less than annually, write off accounts receivable deemed to be uncollectible. The Accounts Receivable Officer will prepare a list of accounts identified for write-off. The Director of Business Affairs will approve the write-offs and designate staff to complete the entries.

For financial reporting, a debt is written off once it has been aged 2 years. A debt is considered to be uncollectible when it meets one of the following criteria:

1. All reasonable collection efforts have been exhausted.
2. The cost of further collection action will exceed the amount recovered.
3. The debt is legally without merit or cannot be substantiated by evidence.
4. The debtor cannot be located.
5. The available assets or income, (current or anticipated), are insufficient.
6. The debt was discharged in bankruptcy.
7. The applicable statute of limitations for collection of the debt has expired.
8. It is not in the public interest to pursue collection of the debt.
9. The debt has been compromised, in the best interests of the State.

## **Reinstating Previously Written Off Receivables**

The College will accept payment for accounts receivable previously written off. The CFO will designate staff to reinstate the previously written off accounts receivable in the MnSCU ISRS system to record the payment and deposit funds to the appropriate accounts. The Accounts Receivable Officer will reinstate the accounts receivable for payment by the Business Office Cashiers. The Accounts Receivable Officer will maintain a record of all reinstated accounts receivables for audit.

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**Date of Implementation (if different from adoption date):**

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**Date and Subject of Revisions:**