

Student and Non-Student Accounts Receivable

Original Implementation: July 15, 2008

Last Revision: April 11, 2022

Purpose

This policy establishes guidelines for the prudent collection of student accounts receivable in the best interest of Stephen F. Austin State University (the university) and the State of Texas. Although this policy primarily applies to student accounts receivable, including certain university-issued short-term loans, processes stated herein may be used for other delinquent receivables from vendors and non-student accounts. This policy does not apply to the write-off of any federal loans.

General

Procedures will be maintained by the office of student business services, for at least the following:

- to ensure that the requested extension of credit is not a prohibited transaction.
- to ensure that any extension of credit (installment plan contract or repayment agreement) is done so in a prudent manner, including the use of standardized credit applications and legal authority required for approval of the requested credit.
- to analyze whether credit should be extended to students who are in default on other obligations or for whom previous obligations have been written off as uncollectible. If a student account is past due, a transcript and registration hold will be placed on the account.
- for managing and monitoring the billing and collection activities on student accounts.
- for recording and monitoring student billing and subsequent payments received on student accounts.
- to ensure that amounts reported as receivables on the financial statement are recorded in accordance with generally accepted accounting principles.

Criteria for Recognizing an Account Receivable

A student account receivable will be recognized (recorded in the university's financial records) when:

- a student has enrolled for classes at the university or has been registered for classes by the university;
- a student has incurred charges for costs associated with attendance (tuition, fees, housing

and meal charges, post office charges, book purchases, parking permits and fines, etc.) from which a benefit to the student is derived;

- payment is due to the university from the student or a third party;
- payment has not been received (collected) by the university from the student or third party;
- the account receivable does not represent an extension of credit that is prohibited by law; and,
- the recording is deemed to be appropriate by the university's fiscal officers.

Recording an Account Receivable in the Financial Records

An account receivable is recorded in the financial records automatically by the registration and billing process. These entries credit the appropriate revenue accounts and debit the appropriate account receivable accounts in the university's accounting system.

In the event that a student withdraws during the semester, the student charges will be adjusted in accordance with state law.

Reconciling Accounts Receivable

The office of student business services maintains records of student accounts receivable and prepares a reconciliation of the student receivable records and the financial accounting records on a timely basis.

Aging Accounts Receivable

The office of student business services also maintains an aging schedule for all student accounts receivable with the total of the aging schedule balanced to the total recorded accounts receivable. At year end, the aging schedule may be analyzed to aid in the process of the calculation of the allowance for doubtful accounts.

Collecting Accounts Receivable

Guidelines and procedures for collection of delinquent accounts will be maintained by the office of student business services.

An account will be considered in default if the following apply:

- the account balance is at least 30 days old;
- the debtor has not exhibited concern regarding the delinquent account (i.e., requested a

- repayment agreement); and,
- the debtor is not an active student.

An account will be considered delinquent if it is past due.

Billing and Collection Activity on Delinquent Accounts or Accounts in Default

Active Students: Active students will be billed throughout the term with due dates set by the office of student business services. Students may be assessed penalties for late payments, but will not be turned over for collection in the term if they are actively enrolled.

Inactive Students: Delinquent accounts will be analyzed and processed on a regular basis. Any general deposits will be applied to inactive students' outstanding balances to defray the amounts due to the university. As appropriate, delinquent accounts on inactive students will be subject to collection activity. Attempts will be made to contact students before delinquent accounts are turned over to collections. Students will not be assessed collection agency fees or collection costs if they make a payment or set up a repayment agreement prior to the account being turned over to a collection agency. Collection agency fees assessed to the student will be negotiated in advance by the university and approved by the Texas Attorney General's office. Additionally, accounts may also be reported to the Texas Comptroller of Public Accounts as authorized by Texas Government Code § 403.055 to ensure that no treasury warrants are issued or payments are paid to the debtor until the debt is paid.

If a debtor with a delinquent account establishes a repayment agreement and makes scheduled payments towards the balance within one of the warning periods, the debtor will be treated as an "active" student and will not be turned over to a collection agency unless monthly payments cease before the account balance is paid in full. If the account is turned over for collection, collection costs, collection agency fees and/or attorney fees will apply. There will be transcript and registration holds placed on the student's account until the balance has been paid in full.

All demand letters should be mailed in compliance with applicable collection laws. If an address correction is provided by the United States Postal Service, the demand letter should be mailed to the corrected address prior to the referral procedures described above. Demand should be made upon every debtor prior to referral of the account to an outside collection agency and the attorney general.

Write-Off of an Uncollectible Account

The university will establish procedures to determine when the write-off of an uncollectible account will occur. These write-off procedures will consider both the age of the account and the amount due from the student.

Allowance for Doubtful Accounts

The university records an allowance for doubtful accounts on past due accounts. Prior to closing each fiscal year's books, the office of student business services and office of financial reporting will analyze and adjust the allowance for doubtful accounts, with offsets to the appropriate revenue accounts or bad debt expense, in accordance with accounting guidelines. An allowance for doubtful accounts will be set up as a contra-receivable in the general ledger.

Cross Reference: Texas Comptroller of Public Accounts Fiscal Policies & Procedures, Accounting for Uncollectible Accounts (APS 027); Tex. Gov't Code § 403.055; Ch. 2107; Tex. Educ. Code § 54.006

Responsible for Implementation: Vice President for Finance and Administration

Contact for Revision: Director of Treasury and Student Business Services

Forms: None

Board Committee Assignment: Finance and Audit