Collection and Write-Off of University Accounts Receivable

Policy 503.9

1 Introduction

1.1 In accordance with policies established by the North Carolina State Controller’s Office (OSC) and standards developed by the UNC FIT initiative, delinquent accounts should be written off an agency’s financial accounting records when all collection procedures, including those required by the North Carolina Attorney General’s Office (AG), have been conducted without results and management deems the accounts uncollectible.

2 Scope

2.1 This policy applies to Student, Faculty and Staff accounts deemed uncollectable and other non-university related accounts.

3 Definitions

4 Policy and Procedure Statements

4.1 Collection Guidelines for Delinquent Student Accounts

4.1.1 The University has established threshold limits for delinquent accounts as set by the AG and OSC in addition to the following collection guidelines:

1. Under $10.00: Accounts that meet this threshold will receive a past due letter when 1-30 days past due, then a second and final letter when 31-60 days past due. After 61+ days the account is deemed uncollectable and no further collection efforts are required and the account may be written off once necessary approvals have been obtained from the Vice Chancellor of Business Affairs. The account will not be flagged for holds.

2. $10.01 - $50.00: Accounts that meet this threshold will receive a past due letter when 1-30 days past due, then a second and final letter when 31-60 days past due. After 61+ days the account is deemed uncollectable and no further collection efforts are required. The account may be written off once approvals have been obtained from the Vice Chancellor of Business Affairs. A “hold” will be placed on the account in the Banner System and individuals will not be able to register for classes, receive a transcript or diploma.

3. $50.01 and above: Accounts that meet this threshold will receive a past due letter when 1-30 days past due, then a second final letter when 31-60 days past due. If no response is received, the debt will be reported to the Department of Revenue (DOR) for Set Off Debt collection pursuant to the NC Set Off Debt Collection Act, N.C. Gen. Stat. § 105A-1, et seq. and referred to the AG. A “hold” will be placed on the account in the Banner System and individuals will not be able to register for classes, receive a transcript or diploma. After the account has been with the AG for a period of 60 days the AG will advise the campus of next steps regarding the collection of debt, which may include write off, litigation, referral to a collections agency, or other remedies as allowed by law. After all collection efforts have been exhausted and the account is deemed uncollectable, all accounts $50.01 to less than $1,000.00 may be written off only upon approval by the Vice Chancellor of Business Affairs. Accounts of $1,000.00 and above will be written off only upon the approval of both the Vice Chancellor of Business Affairs and the Appalachian State University Board of Trustees.

4.1.2 Accounts for Deceased Students: An unpaid account belonging to a deceased student may be written off with the approval of the Vice Chancellor of Business Affairs, or their designee, upon notification from the Dean of Student’s Office or with other appropriate documentation. These accounts do not have to be aged to be written off. The write off of accounts for a deceased student will be documented and added to the list of University accounts written off filed in the Student Accounts Office. See 4.6 below.

4.2 University Faculty or Staff Accounts Receivable

4.2.1 The State Employee Debt Collection Act (SEDCA), N.C. Gen. Stat. § 143-552, et seq., requires that employees whose salaries are paid in whole or in part by state funds must pay in full any amount owed to the state as a condition of employment.

4.2.2 A University employee who has elected and authorized in writing to allow not less than 10% of their net disposable earnings to be periodically withheld for application towards a debt owed to the University is considered to be repaying the debt within a reasonable period of time and employment will not be terminated so long as the employee is consenting to repayment according to the agreed upon written terms.
4.2.3 The University will allow an employee who for some extraordinary reason is incapable of repaying the debt in accordance to the agreed upon written terms to continue employment so long as they are attempting repayment in good faith under present financial circumstances.

4.2.4 The University will promptly terminate employment if the employee ceases to make payments or discontinues a good faith effort to make payments.

4.3 Interagency Receivables

4.3.1 Receivables due from another state agency cannot be written off by the University. The Office of State Controller’s Statewide Accounts Receivable Management Unit should be contacted for assistance no more than 90 days after the due date of the billing.

4.4 Non-University Related Accounts/Other Receivables

4.4.1 A list of uncollectible non-university customer accounts should be prepared periodically (at least annually) and submitted to the Dean or Director of the unit with a copy to the appropriate Vice Chancellor to determine if legal action is to be taken or if the account is to be written off as uncollectable. The Chancellor must approve all recommendations for legal action. Legal action is intended to identify any action requiring the services of a local attorney and/or involvement in local court proceedings. In the case of collection or write-off procedures, the list will be submitted to the Vice Chancellor for Business Affairs to initiate collection or write-off procedures as specified below. The accounts receivable of New River Light and Power Company and student organizations funded through the student allocation fund are not covered by this policy.

1. Accounts Less than $50: The department should make at least two formal attempts in writing to collect past due amounts before submitting the account for possible write off. The following schedule should be followed: 1-30 days past due the department sends the first written request, 31-60 days past due the department sends the second written request, 61+ days past due the department includes the account on the list of non-collectable accounts as prescribed in 4.3.1 above. : The Vice Chancellor of Business Affairs will have the option of either writing off these accounts or turning them over to the University's collection agency. The department will be notified of those accounts written off and of amounts collected less any required collection fees. Those accounts sent to the collection agency that are deemed as uncollectable will be written off.

2. Accounts Between $50.01 and $1,000: The department should make at least two formal attempts in writing to collect past due amounts before submitting the account for possible write off. The following schedule should be followed: 1-30 days past due the department sends the first written request, 31-60 days past due the department sends the second written request and the account will need to be submitted to the Department of Revenue for Set off Debt collection, 61+ days past due the department includes the account on the list of non-collectable accounts as prescribed in 4.3.1 above. : The Vice Chancellor of Business Affairs will have the option of either writing off these accounts or turning them over to the University's collection agency or submitting it to the Attorney General's Office.

3. Accounts $1,000.00 and greater: The department should make at least two formal attempts in writing to collect past due amounts before submitting the account for possible write off. The following schedule should be followed: 1-30 days past due the department sends the first written request, 31-60 days past due the department sends the second written request and the account will need to be submitted to the Department of Revenue for Set off Debt collection, 61+ days past due the department includes the account on the list of non-collectable accounts as prescribed in 4.3.1 above. : The Vice Chancellor of Business Affairs will have the option of either submitting the account to the University’s Board of Trustees for approval to write off the account, turn it over to the University's collection agency or submitting it to the Attorney General's Office. Upon approval from the Board of Trustees to write off the account, the Assistant Controller Treasury and the Controller will write off the accounts. The department will be notified of those written off.

4.5 Notification of Bankruptcy

4.5.1 Bankruptcy: Upon receipt of any Notification of Bankruptcy where a University Account is involved, immediately cease all communication with the individual or company that has filed for bankruptcy. Send all necessary documentation to the Controller’s Office who will notify the General Counsel’s Office and seek guidance regarding how to proceed with the uncollectable account.

4.6 Write-off Records and Documentation Maintained

4.6.1 A list of all University accounts written off will be maintained in the Student Accounts Office until such time the account is either collected or discharged. The list will include the account ID, the name on the account, the dollar amount, and a description of the write off along with any other documentation relative to the write off process to include collection efforts and write off approvals.

4.6.2 All student accounts greater than $10.00 that have been written off will have a hold placed on the account in the ERP system preventing, registration, and/or receipt of transcripts or diplomas until such time as the account has been fully paid by
the student.

4.6.3 Any account collected after the write-off procedure will be credited to the appropriate fund and account.

5 Additional References

6 Authority

UNC General Administration, UNC Business Process Procedural Guidance, Collection of Past Due Receivables and Write Offs

7 Contact Information

Office of Student Accounts (828-262-2113)
Controller’s Office (828-262-2110)

8 Original Effective Date

9 Revision Dates

May 27, 2014