



## **Student and Non-Student Accounts Receivable**

### **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.

### **Persons Affected**

Students and non-students with accounts receivable to the university are affected by this policy.

### **Policy**

An account for each student will be maintained by the office of student business services. Consideration will be given to the following:

- ensuring that any requested extension of credit is not a prohibited transaction.
- ensuring that any extension of credit (payment plan contract or repayment agreement) is done in a prudent manner.
- analyzing 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.
- managing and monitoring the billing and collection activities on student accounts.
- recording and monitoring student billing and subsequent payments received on student accounts.
- ensuring that amounts reported as receivables on the financial statement are recorded in accordance with generally accepted accounting principles.

### **Procedures**

#### *A. 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 and;
- the 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 and;
- payment is expected to the university from the student or a third-party payor and;



- payment has not been received (collected) by the university from the student or third-party payor and;
- 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.

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

- a charge has been incurred by a non-student for university goods or services and;
- payment is expected to the university and;
- payment has not been received (collected) by the university and;
- the recording is deemed to be appropriate by the university's fiscal officers.

#### *B. Recording an Account Receivable in the Financial Records*

An account receivable is recorded in the financial records automatically by the student registration/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.

A non-student accounts receivable will be recorded in the financial records by the office of financial reporting. The department responsible for the account receivable should maintain records and send timely information to the office of financial reporting.

#### *C. Reconciling Accounts Receivable*

The office of student business services maintains records of student accounts receivable for tuition, fees, room and board and some other charges and prepares a reconciliation of the student receivable records and the financial accounting records on a timely basis.

The office of financial reporting reconciles the non-student records provided by the responsible department.

#### *D. 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 will be analyzed to aid in the process of the calculation of the allowance for doubtful accounts. Specific identification will be used to identify uncollectible non-student accounts receivable.

#### *E. 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 delinquent if the following apply:

- the account balance is at least 30 days old and;
- the debtor has not exhibited concern regarding the delinquent account (i.e., requested a repayment agreement) and;
- the debtor is not an active student.

*F. 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 set up a repayment agreement with reoccurring payments 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 with reoccurring payments and makes scheduled payments towards the balance, 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. Once an account has been placed with collections, payments will not be accepted at the university. 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 will be mailed in compliance with applicable collection laws. If an address correction is provided by the United States Postal Service, the demand letter will 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.

*G. 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.

#### *H. 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.

Should there be a discrepancy between a Regent Rule and/or a UTS policy and this HOP, the Regent Rule or the UTS policy prevails.

#### **Related Statues or Regulations, Rules, Policies, or Standards**

Tex. Educ. Code § 54.006  
Tex. Gov't Code § 403.055; Ch. 2107

Texas Comptroller of Public Accounts Fiscal Policies and Procedures, Accounting for Uncollectible Accounts (APS 027)

#### **Responsible Executive**

Vice President for Finance and Administration, Director of Treasury and Student Business Services

#### **Forms**

None

#### **Revision History**

September 1, 2023 (Original)