



FLETCHER TECHNICAL COMMUNITY COLLEGE
Policy # FI 5.003

Accounts Receivable

Authority: LCTCS Policy # 5.008

Effective Date: 02/11/2004

Last Revision: 11/16/2020

PURPOSE:

To ensure that all appropriated agencies follow the requirements for policies and procedures per Act 904 of the Regular Session of 2001. These policies and procedures were first published as a Notice of Intent in Volume 28, Number 06 of the *Louisiana Register* dated June 20, 2002 and codified in Volume 28, Number 11 of the *Louisiana Register* dated November 20, 2002.

POLICY STATEMENT:

L.E. Fletcher Technical Community College has adopted the LCTCS Accounts Receivable Policy #5.008 and the Division of Administration's "Collection Policy and Procedure" (LAC 4: XIII. Chapter 1) as codified in the *Louisiana Register*, Volume 28, Number 11, dated November 20, 2002, as well as LCTCS's Allowance/Write-Off Policy #5.009, dated December 9, 2015.

POLICY/PROCEDURE:

To ensure compliance to Act 904, L.E. Fletcher Technical Community College adheres to the attached (six pages) policy as published by the Louisiana Community and Technical College System and Division of Administration and a six-page internal procedural document entitled "L.E. Fletcher Technical Community College - Procedures for Billing and Collections of Accounts Receivable."

Reference:

L.E. Fletcher Technical Community College has adopted the [LCTCS Accounts Receivable Policy #5.008](#) and the Division of Administration's "Collection Policy and Procedure" (LAC 4: XIII. Chapter 1) as codified in the *Louisiana Register*, Volume 28, Number 11, dated November 20, 2002, as well as [LCTCS's Allowance/Write-Off Policy #5.009](#), dated December 9, 2015.

Distribution: Distributed Electronically via College's Internet.

APPROVAL:

Reviewing Council/Entity	Approval Date
Other (if applicable)	00/00/0000
College Council	00/00/0000
Executive Cabinet	00/00/0000


[Kristine Strickland \(Apr 16, 2021 13:40 CDT\)](#)

Kristine Strickland, Ph.D.
Chancellor

Apr 16, 2021

Date

L.E. Fletcher Technical Community College – Procedures for Billing and Collections of Accounts Receivable

Procedures

A. Accounts Receivable – The Billing Process

Objectives of the Billing Process

1. Ensure that the College will receive payments and credit the appropriate debtor's account.
2. Provide accurate and timely invoicing to students and other debtors for amounts owed to the College.
3. Provide a means of tracking accounts receivable.
4. Establish internal control procedures and accountability for the accounts receivable department.

Guidelines for Invoicing

1. Jobs/reports are run in the ERP system to determine which accounts have amounts due and must be invoiced.
2. Invoices and/or notices are produced by the College's Business Office and provided to the debtor according the semester schedule in one of the following ways: US postal service, e-mail, or through Student Self Service Banner.
3. Invoices will include the total amount due, a description of the amounts due, a due date, and payment instructions.
4. The Business Office will use the demographic information available on the ERP system to track student whereabouts and attempt collection.
5. The Business Office is responsible for tracking the College's billing efforts and keeping records of and all correspondences pertaining to the account.
6. The Business Office will inform and notify the debtor of additional fees, charges, and cost that may be incurred for failure to pay a debt.

Student Billing Procedures

1. Student account balance information is available to students immediately at the time of registration and at any time during the semester through Student Self Service Banner, with the exception of the Fall Semester registration period when tuition rates and fees are pending LCTCS Board of Supervisors' approval.
2. Email notifications and reminders are sent to all students enrolled in the College's Payment Plan as follows:
 - a. Reminder emails are sent prior to the payment due dates.

- b. Late payment reminders are sent the day after the payment was due and follow-up notifications are sent after payment is 15 days late.

B. Collection Process

Collection Process Objectives

1. To identify delinquent accounts.
2. To pursue delinquent accounts by creating and sending collection notices with appropriate information meant to encourage prompt payment.
3. To apply late charges and interest to delinquent accounts, as appropriate.
4. To place restrictive holds on unpaid accounts
5. To identify, place and manage accounts that have been deemed delinquent and refer these accounts to an external collection agency or to internal collections.

Guidelines for Collection Process

1. Restrictive holds are placed on unpaid student accounts
 - a. For all past due balances - holds restrict transcripts release, viewing of grades and graduation and will prevent the student from registering for future classes at the College.
 - b. Holds are not released until the account is paid in full.
 - i. Exceptions can be made by the Director of Accounting on a case by case basis. The explanation for any such exception is to be documented.
2. The collection process begins when the debt is recognized as delinquent.

Accounts are considered delinquent on the day following the last payment due date for the semester.
3. A collection notice is mailed and emailed to the student's address on record semi-annually. This notice provides the debtor with:
 - a. A final opportunity to make a payment in full or face penalties including additional late fees, collection fees, and placement with an external collection agency.
 - b. A statement indicating that student is responsible for any and all collection related expenses, including collection costs and attorney fees, if account is turned over to an external collection agency.
 - c. A 30-day period with which to respond.
4. The College *may* apply interest and/or late charges to the past due account as deemed appropriate by the College.

5. If the delinquent account is not paid in full by the final notice deadline, the account is sent to the Louisiana Office of the Attorney General for collection.
6. Exceptions include:
 - a. If the account balance is less than \$100, it is placed in internal collections.
 - b. Traffic and library fines are not eligible to be placed with the Attorney General.
 - c. General and, therefore, are placed in internal collections.
 - d. Accounts that require research and/or additional documentation for any reason may temporarily remain active or placed in internal collections.
 - e. The student is enrolled in the current or subsequent semester.
7. An account that has been placed in collections (internal or external) will have a more restrictive hold placed on the account directing the student where the debt has been placed as follows:
 - a. Students with Attorney General holds are instructed to pay the Office of Attorney General directly so that additional fees due to the Attorney General may also be collected.
8. For accounts in active internal collections, further action may be taken as follows:
 - a. The Business Office may continue its collection process or later choose to assign the account to the Office of the Attorney General.
 - b. If appropriate, past due customers will be contacted by telephone at any time during the collection process.

C. Allowance for Doubtful Accounts

1. The College will establish an allowance for doubtful accounts to ensure that the College's receivables are not overstated for financial reporting purposes. In accordance with [LCTCS Policy #5.009, Allowance/ Write Off Policy](#), delinquent account receivables (defined as not having been paid after their due date) that are deemed uncollectible will be 100% reserved annually.
2. The allowance method used will be established by the College. However, the amount will be based on historical data or other pertinent information relative to the receivable. Sound accounting theory must be used at all time.

D. Write Off of Uncollectible Accounts

Proper write offs are encouraged on a fiscal year end basis. Write off authorizes the College to:

- transfer an account to a dormant file;
- discontinue incurring the expense involved in collecting the account;
- and
- discontinue reporting the amount as a receivable on the General Ledger.

Write-Off Objectives

1. To identify uncollectable accounts.
2. To write off accounts found to be uncollectable.
3. To document and track accounts written off.
4. To establish a procedure for re-establishing and collecting debt that was written off.

Write-Off Classifications

1. *Account Deemed Uncollectable* - The College has the ability to write off an account from its financial statements when it is evident that it has become uncollectible. In most instances, an authorization to write off an account does not constitute a forgiveness of indebtedness. The debtor remains obligated to the College, and therefore, the state.
2. *Refund Committee Approval* – If a student tuition appeal is granted, the approved amount is written off and the debt is forgiven.
3. *Administrative Adjustment* – The Chancellor, the Vice Chancellor of Finance and Administration, and the Director of Accounting may under certain documented circumstances grant forgiveness of debt and write off the balance.
4. *Write-offs of Small Amounts* – Small balances that are the result of an error, overpayment or underpayment may be written off and cleared from the student's account with proper departmental approval.

Write-Off Guidelines

1. An account may be deemed uncollectible when one or more of the following conditions exist:
 - a. The account is two years or older.
 - b. All reasonable collection efforts have been exhausted by the College and/or an external collection agency.
 - c. The debtor cannot be located or a discharge of bankruptcy has occurred.
 - d. The debtor is deceased and there is no estate.
 - e. The debtor has been granted an appeal and the debt is forgiven.
2. When debts are forgiven, amounts over \$5,000 require additional approval from the Chancellor.

Write-Off Procedures

1. Based on the College's collections procedures outlined in Section 4B, *Collection Process*, delinquent accounts are placed in either external or internal collections to pursue payment. Using a collection report from the ERP system, or custom reports produced by the Information Technology department, collection accounts that are deemed uncollectible are reviewed by the Accounts Receivable staff and Director.
2. Accounts that meet the criteria for write off are compiled into one document that includes:
 - a. The collection agency in which the account was placed.
 - b. Total amount due by term and by student.
Student ID numbers that are available to reference, any special action taken to collect, notices of bankruptcy or death, or any legal action against student
3. Proposed write off accounts are presented to the Director of Accounting for review and approval.
4. Once approval to write off is granted, Accounts Receivable staff use appropriate code in ERP system to write account off in the agency account, which will allow for further collection efforts.
5. The collection hold remains on the student account preventing any future business with the College until amount is paid in full. A current listing of all collection accounts, including accounts that have been written off is available and the current balance due in the ERP system for periodic review*
6. If a student with an amount written off would like to return to the College or any LCTCS institution, the debt must be paid directly in full directly to the Attorney General's Office, or if in internal collections, must be re-established and the account activated. Once payment is verified, any restrictive holds can be lifted on the student's account.
7. The Business Office monitors collection amounts to determine if the amount of payments received on written off accounts so debt can be re-established in the agency account.
8. Approved write offs are reported on the Quarterly Accounts Receivable Report due to the Office of Statewide Reporting and Accounting Policy (OSRAP).
9. Quarterly reports are available on the Office of State-wide Reporting and Accounting Policy's (OSRAP) website: <http://doa.louisiana.gov/OSRAP/>