

PIEDMONT VIRGINIA COMMUNITY COLLEGE

VII. FISCAL POLICIES AND PROCEDURES

VII – 4.0 ACCOUNTS RECEIVABLE

VII – 4.1 GENERAL POLICIES AND PROCEDURES

Policy #:	VII-4.1
Effective:	July 1, 1993
Revised:	June 16, 2009
Responsible Dept.:	Business Office

I. OVERVIEW

This policy provides guidelines to properly account for, report, manage, and collect receivables in accordance with the Commonwealth of Virginia Policies and Procedures Manual, Section 20500, and the legislation and/or regulations referenced therein, copies of which are available from the Business Manager and/or Vice President of Finance and Administrative Services. The overall policy of the Commonwealth and Piedmont Virginia Community College (PVCC) is to take all appropriate and cost effective actions to aggressively collect accounts receivable.

II. DEFINITION

Accounts receivable represents debts owed the College for goods and services the College has sold or provided to its customers. These debts are short term and are normally expected to be paid to the College within 30 days. PVCC's accounts receivables include, but are not limited to:

- Community Education/Public Service Fees
- Insufficient Funds Checks
- Library Fees and Fines
- Parking Fines
- Payroll Advances
- Reimbursable Grants
- Travel Advances
- Tuition and Associated Student Fees
- Vending Commissions

III. AUTHORIZATION FOR CHARGES

Services will not be provided as a receivable without proper written authorization. Authorizations for students' charges should be on company letterhead or on the form provided by the College. The authorization must include the company name, federal employer identification number or social security number for individuals or sole proprietorships, billing address, telephone number, contact name, and the employees' names, social security numbers or EMPLID's, and amounts authorized. Other types of receivables may be authorized by grant award documents, travel or payroll advance forms, vending contracts, written authorization from the Financial Aid Office, and others as approved by management.

IV. COLLECTIONS

Proper accounts receivable management requires internal collection policies and procedures that meet the requirements of the Code of Virginia and the policies and procedures established by the Department of Accounts (DOA) and the Attorney General. Copies of these documents are available from the Business Manager or Vice President of Finance and Administrative Services. Collection policies detailed in this document apply to all types of College receivables unless otherwise noted.

A. Billing

Accounts must be billed on a timely basis from the date the debt is incurred except for sponsors of students' tuition and fees which should not be billed prior to the end of the add/drop period for the semester. The original invoice shall contain, as a minimum: the student or sponsor's name, address, and contact name; identification of charges; due date (thirty (30) days from invoice date unless otherwise specified by contractual documents); and remittance address. Invoicing should be done on a system approved by the Business Manager.

A.1. Procedures: Insufficient Funds Checks

NSF checks returned by the bank are bought back from the bank with local funds.

- A collection letter is sent to the responsible party requesting the check be picked up with cash, cashier's check, or money order. A \$5 service charge is added to the amount of the check.
- A hold is placed on the students' records to prevent further registration or the receipt of transcripts.
- If still outstanding after 10 days from the initial contact, the student's enrollment is dropped and a state revenue refund is issued to local funds for the buyback of the check.

A.2. Procedures: Library Fines and Fees

- The Library sends three notices to students with overdue books. (Usually generated 7 days after the due date, the second 14 days, and the third 21 days).
- When the third notice is generated, the Library places a hold on the student's record.
- A copy of the third overdue notice will be sent to the Business Office for further collection. The Accountant will send a final letter to the student indicating their account will be sent to the Department of Taxation and a collection agency.

A.3. Procedures: Parking Fines

- Parking tickets are given to the Cashier on a daily basis for input into Peoplesoft.
- Students are invoiced with other tuition billings.
- If cost effective, collection procedures specified in Section IV.B. are followed.
- Accounts written off are approved by the Vice President of Finance.

A.4. Procedures: Payroll Advances

- Payroll advances are issued only in a situation where an employee has missed a payroll due to college error and only up to 80% of the new employee's net pay. Payroll advances are issued from local funds.
- Payroll advances must be approved by the Business Manager or Vice President of Finance and Administrative Services.
- The advance must be repaid as soon as the first salary check is received.
- The Business Manager or VP will be notified if an advance has not been repaid by the next pay date.

A.5. Procedures: Reimbursable Grants

- Grants will be billed in the manner prescribed and on the most frequent basis permitted by the grant award documents.
- Past due grant reimbursements will be reviewed by the Business Manager at 30 days past due to determine appropriate collection action.

A.6. Procedures: Travel Advances

- Travel advances are made from local funds for those employees that need to pay for expenses upfront.
- All travel advances are to be requested on the appropriate form and approved by the Business Manager or the Vice President of Finance and Administrative Services.
- The advance must be repaid when the employee is reimbursed for expenses incurred and, in all cases, not more than 30 days after receipt of the advance.
- The Business Manager will be notified when a travel advance reaches 15 days past due.

A.7. Procedures: Tuition and Associated Fees

- A query is run to determine students with account balances. This is run after Financial Aid has been posted to the student accounts and third party contracts have been attached to the students.
- Student bills are issued using the Peoplesoft billing process. The original invoice is mailed and a copy is on file in the Cashier's Office. Corporate bills are run individually. The duplicate is attached to the authorization and placed in the sponsors' file.
- Payments are compared to the invoice, posted to the Corporate or Student Payment item type, and a copy of the receipt attached to the invoice in the file.
- If the debt remains past 30 days, collection procedures specified in Section IV.B. of this document are followed.

A.8. Procedures: Vending Commissions

- Each vending contract is filed by company name and reviewed monthly to determine if the vendor is paying the appropriate amount of commission with the time specified by the contract.
- Vendor commission payments are receipted into Local Funds and a copy filed in the vendor file.
- Payment which reach 30 days past due are referred to the Business Manager or Vice President of Finance and Administrative Services to determine appropriate collection action.

B. Past-Due Account Collections

Accounts must be reviewed on a monthly basis and the appropriate collection actions taken. PVCC shall contract with a full service collection service to collect delinquent accounts receivable. A vendor shall be selected from the contract established by the Department of Purchases and Supply or by competitive procurement.

Past due accounts receivable will be managed as follows:

Age of Accounts	Balance \$1-999	Balance \$1,000-2,999	Balance \$3000+
1-30 days past due	Mail first past-due letter, including notification of Code 2.2-4805 actions.	Mail first past-due letter, including notification of Code 2.2-4805 actions.	Mail first past-due letter, including notification of Code 2.2.4805 actions.
		Make phone contact and get a promise to pay.	Make phone contact and get a promise to pay.
31-59 days past due	Mail second and third past-due letter, including notification of Code 2.24806 actions.	Mail past due letters every two weeks (2/mo) with notification of Code 2.2.4806 actions	Mail past due letters every two weeks (2/mo) with notification of Code 2.2.4806 actions
	Send to Debt Set-Off Program	Send to Debt Set-Off Program	Send to Debt Set-Off Program
	Make phone contact and get a promise to pay.	Make 2 nd phone contact, renegotiate, and send confirmation letter.	Make 2 nd phone contact, renegotiate, and send confirmation letter.

60+ days past due	Send to collection agency. Send to collection agency.	Send to collection agency.
	List with credit bureau. Refuse additional services to the debtor where this does not conflict with Federal or State laws.	List with credit bureau. Refuse additional services to the debtor where this does not conflict with Federal or State laws.
		List with credit bureau. Refuse additional services to the debtor where this does not conflict with Federal or State laws.

C. Penalties and Other Charges

PVCC may charge late penalty fees in an amount equal to 10% of the past due amount as well as any attorney's fees incurred in pursuing and collecting past-due amounts. If accounts are referred to a collection agency, an additional 14.5% fee will be accessed.

D. Debt Setoff Programs

PVCC will submit all receivables that are 30 days past due, prior to the receivable reaching 60 days past due, to the appropriate setoff program with the following exceptions:

- receivables from business or individuals in bankruptcy;
- receivables from individuals if the administrative cost of submitting the debt to the Individual Setoff program exceeds the debt; and
- receivables for which the responsible party as yet to be determined.

The college will submit past-due receivables to the Department of Taxation, Debt Setoff Unit, based on the "User's Guide" issued by the Department of Taxation.

E. Office of the Attorney General

PVCC will submit past-due accounts in excess of \$3,000 to the Attorney General's Office, Division of Debt Collection, unless the debtor is paying in monthly payments which are deemed satisfactory by college management. Procedures for submission of past-due accounts to the Attorney General's Office can be found in "Collection Procedures" issued by Division of Debt Collection, dated January 1992.

F. Allowance for Doubtful Accounts

Based on our collection experience, we establish an allowance for doubtful accounts as 80% of all receivables that are over 90 days past due. This allowance amount will be reported quarterly on the College's Receivable Summary Report. Write offs are requested for receivables that are over 1 year old.

G. Uncollectible Accounts

Accounts will be written off the College's accounting records, with the approval of the Vice President of Financial and Administrative Services, when all collection procedures, including those required by the Attorney General's Office, have been conducted without results after being past-due for one year. The account file documenting all collection efforts and the reason for writing off the account must be submitted to the VP for approval. Interagency receivables cannot be written off without the approval of the Department of Accounts. Accounts must be submitted to the Department of Taxation for setoff debt proceedings at least once prior to write off and continuously after write off. While uncollectible accounts may be written off the College's accounting records, the legal obligation to pay the debts still remain until discharged by the Office of the Attorney General or collected. The certification by the Office of the Attorney General that further measures to collect a debt are not appropriate does not discharge a debt. In most instances, no statute of limitations exists for College receivables.

Procedures to account for uncollectible receivables that have been written off are outlined below:

- The individual files documenting the debt and collection efforts of uncollectible receivables that have been written off will be maintained until the debt has been collected or discharged.

- A control total of accounts written off must be maintained and reported to the Comptroller quarterly in the Analysis of Uncollectible Debts section of the Receivables Summary Report.
- If an account is determined to be an indigent care account or a contractual adjustment, the account is no longer classified as a receivable/debt of the college and, therefore, the procedures to account for uncollectible receivables do not apply.

V. REPORTING

PVCC will report accounts receivable to DOA quarterly. The Receivables Summary Report will be prepared in accordance with the guidelines in Section 20500 of the Commonwealth Accounting Policies and Procedures Manual. The quarterly Receivables Summary Report must be approved by the Vice President of Finance and Administrative Services prior to submission.

VI. RECORDS RETENTION

In accordance with the Library of Virginia Records Retention and Disposition Schedule and under the provisions of the Virginia Public Records Act 42-1-76 in the Code of Virginia, all accounts receivable records must be retained for three years or until audited, whichever is longer, then destroyed.

VII. INTERNAL CONTROL

Employee #1 (Cashier):

- Processes only properly authorized charges.
- Never processes charges for self or immediate family.
- Receipts and posts payments for accounts receivable in a timely and accurate manner.
- Never adjusts account balances without management approval.
- Reviews accounts monthly and takes appropriate collection actions as prescribed by this policy.
- Documents all activity in individual account files.
- Reconciles files to charges and payments monthly and certifies to Accountant.

Employee #2 (Accountant):

- Notifies individual, business or agency responsible for NSF check.
- Establishes new accounts.
- Processes student and corporate billings.
- Review account balances and substantiates activity periodically.
- Review accounts receivable reconciliation every month in order to verify proper accountability.
- Verifies cash receipts to account receivable posting daily.
- Assists employees in appropriate collection actions.
- Handles items disputed by customers.
- Approves adjustments to account balances.
- Prepares the quarterly Accounts Receivable Summary Report, submits to the Vice President of Finance and Administrative Services for approval, and submits to DOA in compliance with time requirements.
- Review write offs for uncollectible accounts and submits to the Vice President of Finance and Administrative Services for approval.
- Sends past due accounts to the Virginia Department of Taxation Set-off Debt Program and to the collection agency, if applicable.

Business Manager:

- Reviews internal controls periodically to ensure compliance.
- Reviews College policies and procedures periodically and updates as appropriate.

Vice President of Finance and Administrative Services:

- Approves quarterly Accounts Receivable Summary Report.
- Approves all write offs for uncollectible accounts.
- Reviews policies and internal controls annually.