1. **Purpose**

   To publish the College’s accounts receivable and collection policy and procedures.

2. **Scope and Applicability**

   These policy and procedures apply to all budget units of the College.

3. **General Guidelines**

   Delgado Community College has established accounts receivable and collection policy and procedures in accordance with the accounts receivable and collection policies and procedures as codified in the Louisiana Register, Volume 28, Number 11, dated November 20, 2002. The purpose of this internal policy and procedure is as follows:

   - To establish procedures for invoicing, collecting and writing off amounts due to the College.
   - To establish parameters and guidelines used to determine when an account is delinquent and/or uncollectable.
   - To establish an approval process for writing off for delinquent accounts for financial reporting purposes only.
   - To establish guidelines for implementation of internal controls and procedures for accounts receivable department.
4. **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 Accounts Receivable Department and provided to the debtor according the semester schedule in one of the following ways: US postal service, e-mail, or through Student Self-Serve.
3. Invoices will include the total amount due, a description of the amounts due, a due date, and payment instructions.
4. The Accounts Receivable Department will use the demographic information available on the ERP system to track student whereabouts and attempt collection.
5. The Accounts Receivable Department is responsible for tracking the College’s billing efforts and keeping records of and all correspondences pertaining to the account.
6. The Accounts Receivable Department will inform and notify the debtor of additional fees, charges, and cost that may be incurred for failure to pay a debt.

**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 Serve.
2. Invoices are provided to any student who does not pay in full at the time of registration.
3. First notice of invoice is made available approximately 10 days prior to the fee payment deadline for the semester.
4. A second notice is made available by midterm.
5. A third notice is made available at the beginning of the month in which the last payment is due on payment plan.
6. A fourth notice is made available at the end of the term.

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 delinquent accounts
5. To identify accounts that require placement with an outside collection agency.
6. To place and follow up on accounts placed with outside collection agency.

**Guidelines for Collection Process**

1. The collection process begins when the debt is recognized as delinquent.
2. Accounts are considered delinquent on the day following the last payment due date for the semester. Spring – April 15; Summer – July 15; Fall – November 15.
3. A job is run in the ERP system which places restrictive holds on student accounts:
   a. For accounts with amounts past due $100.00 or less - holds restrict transcripts release, viewing of grades and graduation.
   b. For accounts with amounts past due over $100.01 - holds restrict transcripts release, viewing of grades and graduation and will prevent the student from registering for future classes at the College.
   c. Holds are not released until the account is paid in full.
      i. An exception is made if a student will be receiving enough financial aid in a subsequent semester to cover both the past due balance and the amount due for the upcoming semester. This is called a “one term override.”
      ii. To be eligible for a one term override, the student must obtain written verification from the financial aid department, indicating the amount of aid that the student would receive for an upcoming semester if allowed to register.
      iii. The one term override does not release the hold, but instead future dates the start date of the hold, allowing the student a short amount of time to register.
      iv. Exceptions can be made by the Director of Accounts Receivable on a case by case basis. The explanation for any such exception is documented in the ERP system at time of processing.
4. A collection notice is mailed to the student’s address on record approximately 60 days following the end of the term. 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 outside 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 outside collection agency.
   c. A 30 day period with which to respond.
5. The College may apply interest and/or late charges to the past due account as deemed appropriate by the College.
6. If the delinquent account is not paid in full by the deadline included in the notice, the account is sent to an outside collection agency unless:
   a. The account balance is less than $50
   b. The majority of the charges on the account are traffic fines
   c. The student is a dually enrolled high school student
   d. There is a potential error on the account and it must be reviewed further
   e. The student is enrolled in the current or subsequent semester

7. Accounts sent to an outside collection agency will have a more restrictive hold placed on the account which will restrict online payment and payment in person. Students with these holds are directed to pay the collection agency directly so that the agency may collect the additional fees due to them.

8. For accounts not submitted to an outside collection agency, further action may be taken as follows:
   a. The Accounts Receivable Department may continue its collection process or later choose to assign the account to a collection agency.
   b. If appropriate, past due customers will be contacted by telephone at any time during the collection process.
   c. With the proper documentation and approval, accounts may be written off by the College.

**Procedures for Collection of NSF Checks**

In person checks:

1. Delgado Community College’s banking institution will make two attempts to receive payment on a check through the debtor’s bank. After two unsuccessful attempts, the College’s banking institution reports the dishonored check to the College.

2. Upon notice of dishonored check from the College’s banking institution:
   a. An entry is made on the student’s account to reverse the payment
   b. The student is assessed an NSF fee
   c. The NSF counter is increased by one

3. If the student’s NSF counter is greater than two, the college may refuse future check payments from the student for up to one year.

Online checks:

1. The College’s payment gateway provider notifies the College of a dishonored check via e-mail.
2. The College’s payment gateway provider transmits and posts to the student account:
   a. A charge transaction that reverses the payment transaction
   b. An increase to the NSF counter
3. The College’s payment gateway provider assess, collects, and retains an NSF fee from the student

C. Allowance for Doubtful Accounts

1. The Accounts Receivable Department has established an allowance for doubtful accounts to ensure that the College’s receivables are not overstated for financial reporting purposes.

2. The allowance method used is based upon historical data and other pertinent information relative to the receivable, and sound accounting theory is used at all times. The allowance method is based on the Historical Write-Off Method (i.e., an estimated five-year average of ending Accounts Receivable ÷ actual bad-debt write offs).

D. Write Off of Uncollectible Accounts

The College will have the ability to write off an account from its financial statements when it is evident that it has become uncollectible. 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. 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 reestablishing and collecting debt that was written off.

Write-Off Guidelines

1. An account is deemed uncollectible when one or more of the following conditions exist:
   a. The account is 366 days or older.
   b. All reasonable collection efforts have been exhausted by the College and/or an outside 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.

2. All write offs of amounts greater than $100 are approved by the College Controller.

3. Amounts over $5,000 require additional approval from the Chancellor.
**Write-Off Procedures**

1. Using an aging report from the ERP system, or custom reports produced by the IT department, student accounts with amount past due 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. All known demographic information for the students including name, address, phone number, e-mail address, social security number and college wide ID
   b. Total amount due and amount due by term
   c. Notes, if required, including 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 Controller 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, creating a zero balance.

5. Any account written off has a special restrictive hold placed on the account to prevent any future business with the College until amount is paid in full.

6. All written off accounts are documented on a shared spreadsheet that cashiers and Accounts Receivable staff may refer to if needed.

7. If a student with an amount written off would like to return to the college or any LCTCS institution, the amount written off must be re-established by a cashier or Accounts Receivable staff member.
   a. This is accomplished by reversing the write off entry.
   b. The total amount due must be collected before holds are released.

8. Approved write offs are reported on the Quarterly Accounts Receivable Report due to the Office of Statewide Reporting and Accounting Policy (OSRAP).


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*Policy Reference:* Louisiana Register, Volume 28, Number 11, dated November 20, 2002  
Louisiana Community and Technical College System Policy #5.009  
Allowance/Write Off Policy

*Reviewed by:* Ad Hoc Accounts Receivable and Collections Policy Committee 12/12/13  
Business and Administrative Affairs Council 1/14/14

*Approval:* Vice Chancellor for Business and Administrative Affairs 1/14/14