

Virginia State University
Policies Manual

Title: Collections Policy

Policy: 5001

Purpose

The purpose of this policy is to define terms and establish authority regarding the enforcement of collection actions for delinquent student receivables and the subsequent administrative write-off of the receivable from the University's financial statements.

Authority, Responsibility, and Duties

The Manager/Supervisor of Collections is responsible for ensuring that activity to collect delinquent debt is conducted in accordance with the guidelines established by the Office of the Attorney General and the federal Fair Debt Collections Practices Act. The Controller, or designee, shall review and submit for approval, the write-off of delinquent student receivables over 360 days past due, to the Vice President for Finance and Administration.

Definitions

- Billing Cycle:** The periodic presentment of a bill containing the financial details for charges assessed and payments made on the account. For student tuition and fees, the billing cycle is tied to the first day of class for each semester. For other types of receivable, the billing cycle begins when a bill is generated to the debtor. At a minimum, a billing statement should be issued at the time a debt to the University is incurred.
- Delinquent Debt:** Receivables for which payment has not been received by the agreed upon payment due date.
- Set-Off Debt:** Administered by the Dept. of Taxation, and known as the Commonwealth Set-Off Debt Collection Program, is a legal remedy for collecting delinquent debts owed to Virginia's administrative government units and courts. This program allows the offset of Commonwealth payments to individuals and vendors, to include, but not limited to, state income tax refunds and lottery winnings
- Receivables:** A debt (amount) owed for a good received from or a service rendered by the University. Generally, students create tuition and fee receivables. However, receivables can also be created by employees, vendors, non-profit organizations and other federal, state or local governmental agencies.
- Third Party Payer:** An outside agency or organization that certifies in writing, a promise to pay all or part of a student's related tuition and fee charges. The student ultimately retains liability for the unpaid debt. However, to accommodate the Third Party arrangement, the associated student billing is submitted to the Third Party Payer for payment.
- Validation:** The process of reviewing a student's financial transactions at the beginning of each semester to determine if the student has made sufficient arrangements to pay for the related semester cost in a timely manner. This financial clearing process looks at the student's total charges and payments, financial aid and scholarship awards, third party agreements, CWS deferments, employee waivers and tuition payment plan arrangements. If sufficient arrangements have been made, the student's record is marked as "Validated" in the student financial system.

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- Write-Off:** A financial transaction that removes an account balance, which has been determined to be delinquent for more than 360 days (1 year) from the agency's financial accounting records. Writing off the debt for accounting purposes does not discharge the debt. The debt is still owed to the Commonwealth, but is no longer reported on the agency's books as a receivable.
- A/R Hold:** The process of placing an A/R "Hold" on a student's account in BANNER prevents the student from any further registration processes or receiving of transcripts until the hold is cleared by paying the outstanding balance.

Policy Statements

Students who register for classes at the University are assessed charges based on the current Board of Visitor (BOV) approved rates. The balance of the student's bill, after consideration of any financial aid or outside awards, is immediately due prior to becoming "Validated" for that semester. Students with remaining unpaid and delinquent account balances over \$5.00 at the end of the semester will have an A/R "Hold" placed on the student's account in the student financial system to prevent future class registration and to prevent them from receiving transcripts or additional University services, until the debt has been satisfied in full.

Once an uncollectable student receivable has aged at 360 days past due, the related financial transactions are submitted for write-off review to be removed from the Universities financial record. However, this write-off process does not forgive the underlying outstanding debt. Written-Off accounts are continued to be subjected to collection activity (including Debt Set-Off) in accordance with guidelines established by the Office of the Attorney General. The student HOLD continues to prevent the release of the student's transcripts and also prevents future class registrations. On a case-by-case basis, the Controller, or their designee, may waive the provisions of this policy.

Bills unpaid by a third party payer are ultimately the responsibility of the student who received the services. During the course of the semester, due diligence is conducted on bills unpaid by the third party. Third party bills unpaid at the end of the semester are transferred back to the student's account for further collection activity against the student.

References

CAPP Manual – Section 20505 – Accounts Receivable. Receivables, found at:

http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Topics/20505.pdf

Office of the Attorney General Collections policy policies found at:

http://www.doa.virginia.gov/Financial_Reporting/Accounts_Receivable/CollectionProcedures.pdf

Fair Debt Collection Practices Act (15 U.S.C. 1601 et seq.) found at:

<http://www.ftc.gov/os/statutes/fdcpa/fdcpact.shtm>

Department of Taxation Set-Off Program found at:

<http://www.tax.virginia.gov/Documents/SETOFFPROGRAMGUIDE.pdf>

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Approval By:


President

Date:

8/7/13