Accounts Receivable Policy
Category: Finance
Policy Number: 5001
Policy Manager: *Office of the Bursar*
Current Revision Approval Date: June 24, 2026

PURPOSE

The purpose of this policy is to ensure the timely collection of receivables, minimize credit losses, and maintain sound internal controls over receivable balances in accordance with the Commonwealth Accounting Practices and Procedures (CAPP) Topic 20505.

TARGET AUDIENCE

This policy applies to all University departments and administrative units engaged in billing for goods, services, tuition, fees, or other receivable activity on behalf of Virginia State University.

AUTHORITY

A. The University's Board of Visitors, pursuant to Virginia Code § 23.1-1301, delegates administrative authority to the University President, who may further delegate authority to University employees.

B. The Chief Financial Officer, or other presidential designee, through presidential delegated authority, oversees the creation, implementation, and enforcement of financial policies, including accounts receivable management, in accordance with state and federal requirements.

DEFINITIONS

Accounts Receivable (AR): Amounts owed to the University by students, vendors, grantors, or others for goods or services provided.

Aging Schedule: A report categorizing outstanding amounts owed based on the length of time a bill has been unpaid.

Allowance for Doubtful Accounts: An estimate of amounts owed to the University that may ultimately be uncollectible.

Collection Agency: A third-party organization contracted to pursue recovery of debts on behalf of the University.

Debt Setoff Program: A state program allowing the University to take state payments or tax refunds to satisfy unpaid debts owed to the University.

Past-Due (Delinquent) Accounts: Any receivable for which payment has not been received by the stated due date. If no due date is specified, the receivable is considered past due thirty (30) days after the invoice or billing date, unless otherwise required by contract.

Virginia State University – VSU or University

Write-Off: The formal removal of an uncollectible amount owed to the University from the University's financial records.

POLICY STATEMENT

Virginia State University is committed to the timely billing, monitoring, collection, and reporting of accounts receivable, i.e., amounts owed to the University. University employees who are officially responsible for administering the University's billing, collection, and financial reporting processes must be proficient in this policy and related regulations, principles, and laws. Employees are expected to carry out their duties in compliance with the University's accounts receivable standards and applicable Commonwealth of Virginia requirements.

The following governs the management of receivables:

1. Billing

- Departments must bill customers promptly after goods or services are provided.
    - Exception: In cases such as student tuition and fees, billing occurs upon course enrollment before services are provided.
- Invoices must clearly state the amount due, payment terms, and payment instructions.

2. Collections

- Accounts must be monitored regularly, and reasonable collection efforts must be made for past-due balances. Reasonable collection efforts include but are not limited to sending billing statements and notices, making direct contact with students, providing payment plan options for currently enrolled students in accordance with Commonwealth of Virginia requirements, and restricting university services when balances remain unpaid.
- Past-due (delinquent) accounts shall be prioritized based on balance size and collectability.

Delinquent accounts must be submitted to the Commonwealth's Debt Setoff Program and referred to a contracted collection agency, as required by state regulations.

3. Allowance for Doubtful Accounts

- The University shall maintain an allowance for doubtful accounts to recognize the risk of non-payment.
- The allowance shall be reviewed and adjusted annually based on historical collection data and aging trends.

4. Write-Offs

Receivables may only be written off after reasonable collection efforts have been completed. Reasonable collection efforts include, but are not limited to, making regular communications to attempt to secure payment, assessing applicable interest and late fees, submitting debts to the Virginia Department of Taxation Debt Setoff Program, and referring accounts to collection agencies or the Office of the Attorney General's Division of Debt Collection as required.

All collection actions must be documented, and write-offs require review and approval by the designated University authority.

- Departments must retain documentation supporting the write-off, including records of all collection efforts.

5. Reporting

- The University must report accounts receivable balances to the Department of Accounts quarterly in compliance with CAPP Topic 20505.
- Departments must maintain and review receivable aging schedules.

RELATED PROCEDURES

- Not Applicable

RELATED MATERIALS/REFERENCES

- Commonwealth of Virginia CAPP Manual, Topic 20505 – Accounts Receivable
- Virginia Code § 23.1-1301
- Virginia Setoff Debt Collection Act
- State Comptroller's Reporting Requirements
- Fair Debt Collection Practices Act (FDCPA) 15 U.S.C. § 1692e

APPROVED BY:

Makola M. Abdullah, Ph.D.
President

6/26/26
Date

REVISION HISTORY

This policy supersedes the following archived policies:

Month, Date, and Year	*Previous Policy Title*
August 7, 2013	Collections Policy, Policy 5001
August 11, 2013	Validation Policy, Policy 5006
December 10, 2007	Miscellaneous Accounts Receivable, Policy 5008