



POLICIES & PROCEDURES

Title: Accounts Receivable and Allowance/Write-Off Policy

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Department: Finance

Purpose

The purpose of the College's 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 delinquent accounts for financial reporting purposes only.
- To establish guidelines for implementation of internal controls and procedures for accounts receivable department.

Scope

Entire College community.

Compliance

In accordance with LRS 39:79, each LCTCS institution shall submit a quarterly AR report to OSRAP. Additionally, any single account to be written off greater than \$5,000 shall be reported to the LCTCS President. Government Accounting Standards Board (GASB) requires that revenues generated and expenses incurred in generating those revenues should be reported in the same reporting year. This is identified as the matching principle. In accordance with this principle, the College will use the allowance method for recording uncollectible receivables.

Louisiana Delta Community College has established an accounts receivable and allowance/write-off policy in accordance with LCTCS Policy #5.008, Accounts Receivables, and LCTCS Policy # 5.009, Allowance/Write Off Policy.

Definitions

An account is deemed to be delinquent if all charges have not been paid by their due date.

An account is deemed uncollectible when one or more of the following conditions exists:

- a. The account is two years or older.
- b. All reasonable collection efforts have been exhausted by the College.
- c. The debtor cannot be located or a discharge or bankruptcy has occurred.
- d. The debtor is deceased and there is no estate.

General Guidelines

The Office of Debt Recovery (ODR) is the state agency used by LDCC to collect delinquent debts.

In accordance with LCTCS Policy #5.008, students, individuals or entities who are in default on obligations or for whom previous obligations have been written off as uncollectible shall not be admitted to the college, or be issued a transcript, without payment in full of any previous unpaid obligations.

Detailed Operating Procedure

A. Student Billing

1. Student account balance information is available to students immediately at the time of registration and at any time during the semester through Banner Self-Service.
2. Additionally, invoices and/or statements of delinquent balances are generated by the College during the semester and provided to the customer electronically or by mail.
3. A nightly job is run in the Enterprise Resource Planning (ERP) System, which places restrictive holds on unpaid student accounts.
4. Holds are not released until the account is paid in full.
5. The Bursar's Office is responsible for tracking the College's student receivables and keeping records of, and all correspondence pertaining to, the account.
6. The Bursar's Office will inform and notify the debtor of additional fees, charges, and costs that may be incurred for failure to pay a debt.

B. Collection Process

1. The collection process begins when the debt is recognized as delinquent by providing the student notice of amounts owed.
2. When an account becomes ninety (90) days delinquent, a final statement is mailed to the student's address on record. The notice provides the debtor with:
 - a. A final opportunity to make a payment in full before being sent to Office of Debt Recovery.
 - b. A statement indicating that the student will be responsible for any and all collection related expenses, including collection costs if account is turned over

- to Office of Debt Recovery.
- c. A 30-day period with which to respond.
 3. The Office of Admissions/Registrar will not be allowed to release transcripts, diplomas, certificates of completion or final grades until such time as the student has satisfied the debt.
 4. If the delinquent account is not paid in full by the final notice deadline, the account is sent to Office of Debt Recovery.

C. Establishment of the Allowance

1. The College will establish an allowance for doubtful accounts to ensure 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. Documentation of the collection efforts that have occurred on the account should be on file.
3. Establishment of the allowance is completed by a journal entry directly to the general ledger as of June 30 of each fiscal year.

D. Write-Off of Uncollectible Accounts

1. The write-off process authorizes a state agency to:
 - a. Transfer an account to a dormant file.
 - b. Discontinue incurring expense involved in collecting the account.
 - c. Discontinue reporting the amount as a receivable on the General Ledger.
2. An authorization to write off an account does not constitute a forgiveness of indebtedness and the debtor remains obligated to the College.
3. The College has the ability to write off an account from its financial statements when it is evident that it is uncollectible.
4. In accordance with LCTCS Policy #5.009 (Allowance/Write Off Policy), actual write-offs of delinquent accounts shall be made at the end of no more than the second (2) year.
5. Write-offs below \$50 for inactive, non-student receivables that are over two (2) years old and deemed uncollectible are at the discretion of the CFO. The CFO will manage the process using the direct write-off method.
6. Approved write-offs must be reported on the Quarterly Accounts Receivable Report and retained in a dormant file and removed from current records.