

## **San Mateo County Community College District Account Receivable Collection Procedures**

**Procedure:** Account Receivable Control, Uncollectible Account Receivable and Write-Off

**Position Responsible:** Chief Financial Officer

**Dates Procedure Performed:** As Required

**Documentation Required:** Account receivable document, prove of due diligence

**Resources Required:** None

**Outside Training Required:** None

**Deliverables:** Banner Reports

**Supervisor Responsible:** College Business Officers, C.F.O., Controller

**Evidence of Completion Required:** (CBO's initials on write off listing forwarded to CFO for approval)

**Applicable Board Policies:** Board report on accounts written off as required

**Applicable Laws and Regulations:**

- Education Code
- California School Accounting Manual

**General - the procedures that follow contain Part-A for Student Billing, and Part-B for Write Offs**

### **Part-A Student Billing (Effective Fall 2007)**

|           |  |
|-----------|--|
| August    | Send Schedule/Bill to current students (by ITS)  |
| September | Make SARS calls to current students with outstanding balances (current or prior terms balances) (by college)                                   |
| October   | Send a past due bill to all current and former students with outstanding balances (College)  |
| November  |  |
| December  | Submit student accounts to collections (former students only) ( District Accounting with ITS)  |
| January   | Send Schedule/Bill to current students (by ITS)  |
| February  | Make SARS calls to current students with outstanding balances (current or prior terms) (by college)  |
| March     | Send a past due bill to all current and former students with outstanding balances that have not already been placed with collections (College) |
| April     |  |
| May       | Submit student accounts to collections (former students only) (District Accounting with ITS)   |
| June      | Send Schedule/Bill to current students (by ITS)  |
| July      | Make SARS calls to current students with outstanding balances (current or prior terms) (by college)  |

We would also email the student once a term with a copy of the "over the counter" bill produced by Banner and would email the student with this same information any time changes are made to WebSmart for a student (add or drop). ITS

No current student will be sent to collections. All current students will be notified of prior balances. Collections will not take balances less than \$50. Accounts that have been created within the last two years have not been sent to collections at this time.

### **Non-resident Students**

Non-resident students who have a balance due of more than \$20 will have a hold placed on their account and will not be able to register for the next term. Other than that, the above rules apply.

## **Part-B Write Offs:**

### **1. Authority:**

- The authority proposes to write off of uncollectible accounts is vested in the College Business Officer (CBO) at each campus.
- All decisions to write off an account are based on review of documented collection efforts demonstrating that due diligence has been exercised.
- All write offs must be final approved by the Chief Financial Officer, or his/her designee, at district office.

### **2. Accounting for Write Offs:**

- The State Accounting/Budget Accounting Manual states that when accounts receivable must be written off when such receivables became uncollectible, such amounts are always recorded as a charge to an expense object code or Bad Debt Allowance related reserve for doubtful accounts, not as a reduction of revenue.
- At SMCCCD, we will write off bad debts to the Bad Debt Allowance.

### **3. Initial Collection Efforts:**

- Any receivable account balance which remains unpaid **180** days after the initial payment due date shall be referred to the District General Accounting Office for collection procedures.
- The District General Accounting Office will take appropriate collection steps, including, but not limited to, dunning calls and letters, placement with collection agencies, or initiation of legal action to recover amounts due to SMCCCD.
  - For accounts less than **\$10**, no collection work is necessary to write off balances, but CBO & CFO or designee's advance approval is still required. Each campus should prepare a list of proposed write offs for approval. For accounts **\$10** or more, but less than **\$100**, the colleges must make at least **2** good faith efforts to collect by letter or telephone. For accounts of **\$100** or more, at least **3** good faith efforts to collect must be made and documented.
  - If the account remains unpaid after **45** days in the collection process (i.e. **225** days past the original due date), the account will be evaluated for transfer to collection agencies.
  - If the account is returned by a collection agency as uncollectible, the account record will again be reviewed to determine if further collection agency placement or legal action should be taken, before a recommendation to write off the account will be made.

### **4. Write Offs Procedures:**

- **Requests for Write Offs:** If it is determined that further collection action would not be productive, and after appropriate consultation with the referring office, the complete record of the account and collection actions will be forwarded by the General Accounting Office to the College Business Officer, or his/her designee, for write off recommendation.
- **Processing Write Offs:**
  - Write off is recommended by College Business Officer.
  - An appropriate expense account, or the proper reserve for doubtful accounts, will be identified by the General Accounting Department to fund the write off.
  - Obtain final approval by Chief Financial Officer.

- All required documents will be prepared by the General Accounting Department to accomplish the write off of the uncollectible account.
- Final approved documents are then sent to Colleges and Information Service Technology Department for writing off in the Banner Accounting System.
- **Record Retention:** The complete record of the account, including write off approval and documentation of due diligence in the collection process, will be retained in the archives at the colleges for five (5) years.

## 5. **REPORTS**

- A Banner report will be generated listing aging, payments made to accounts. This will permit the Colleges and the District to review of accounts history, and estimate the funds to the reserve for doubtful accounts fund for future use.
- Appropriate reports will be prepared by the ITS department of accounts written off to support internal and external audit requirements for due diligence.