Part 1. Authority
Minnesota State Colleges and Universities (MnSCU) Board of Trustee Policy 7.6.2 Accounts Receivable Management.

Part 2. Purpose
Accounts receivable is a significant asset for the College. Accounts Receivable must be carefully managed to ensure efficient and effective collection of all debts owed to the College.

Part 3. Definition
Accounts Receivable: Any obligation arising from a consumer transaction. Accounts receivables are the result of various types of financial transactions including but not limited to: student tuition, fees, personal service fees, library and parking fines, short term loans, continuing education open enrollment courses, customized training, reimbursement method grants as well as from sales of products and services.

Account Cancellation: An account that has been canceled or adjusted because the College is not entitled to collect the money.

Account Write-offs: An account that has been determined to be uncollectible and placed in inactive status. This does not eliminate the legal obligation to pay.

Debt: All amounts owed to the College including but not limited to debts for tuition, fees, loans, sales of goods and services.

Debtor: An individual, business, non profit organization, or any other public or private entity, including a state, local, or federal government, or an Indian tribe, that is liable for a debt or against whom there is a claim for a debt.

Minnesota Department of Revenue (MDOR) - Collection Division - A division within the Minnesota Department of Revenue, is a state-run collection management service. As required by MN Statute 16D.04, sub. 2, accounts receivable must be referred to MDOR-Collection Division for collection.

Revenue Recapture: A Minnesota Department of Revenue process to collect debts owed to state agencies by applying an individual's income tax refund (or lottery winnings) against the amount owed to the state. The cost of participation in the program is deducted from the amount of the debtor's refund and not paid to the state agency.

Student: Student is defined as one who enrolls in any credit or noncredit course offered by the College.

Part 4. Management of Accounts Receivable
All accounts receivable activities must be documented and, as appropriate, recorded in the MnSCU Integrated Student Record System (ISRS). The debt must be acknowledged by the student or other debtor at the time an account is created. The acknowledgment must be either in writing or, with automated registration processes, by a positive action that indicates that the debtor is accepting the terms and conditions for payment. The receivable must be entered into the MnSCU ISRS system at the time the amount is first established or within a reasonable period afterwards.

Part 5. Collection Activities
The College will follow up routinely and diligently on all accounts receivable. The Business Office Supervisor or designee, will follow a structured timetable for collection activities including billing intervals, record holds, past due notices, and referral to MDOR-Collection Division. All collection activity undertaken for each account should be documented in writing and as appropriate, recorded in ISRS.

Past due accounts should be reviewed monthly by the Business Office Supervisor or designee.
The College will on a semester basis, but no less than annually, age all accounts receivable amounts and review records that are one year from submission to MDOR-Collection Division more past due for write-off. The College will calculate an estimate of uncollectible accounts receivable amounts.

As required by MN Statute 13.D.04, sub. 2 accounts receivables which the College is unsuccessful in collecting and are 121 days past due, must be referred to MDOR-Collection Division for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the institution determines that the debtor is adhering to acceptable payment arrangements. The College will discontinue any billing statements, demand letters, or active collection efforts for referred debts.

Part 6. Writing Off Uncollectible Accounts
The College will periodically, but no less than annually, write off accounts receivable deemed to be uncollectible in the MnSCU ISRS. The Business Office will prepare the list of uncollectible accounts for approval by the President or designee. Uncollectible accounts are no longer recognized as an accounts receivable for management and financial reporting purposes.

The College will cancel or adjust accounts receivable if appropriate. An accounts receivable may be canceled or adjusted because the institution is not entitled to collect the money, or because the debtor qualifies for a waiver or refund (College Policy 5.12 Tuition Refunds and Waivers). An accounts receivable may not be canceled to avoid write-off procedures.

Pursuant to MN Statute 16D.09, when a debt is determined to be uncollectible, the debt may be written off from the financial accounting records and no longer be recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when it meets one of the following criteria:

1. All reasonable collection efforts have been exhausted.
2. The cost of further collection action will exceed the amount recovered.
3. The debt is legally without merit or cannot be substantiated by evidence.
4. The debtor cannot be located.
5. The available assets or income, (current or anticipated), are insufficient.
6. The debt was discharged in bankruptcy.
7. The applicable statute of limitations for collection of the debt has expired.
8. It is not in the public interest to pursue collection of the debt.
9. The debt has been compromised, in the best interests of the state.

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except as under the criteria 3, 6 and 9.

The College will report all accounts receivable and write-offs, with the basis for the decision, to the Minnesota Department of Finance.

*Date of Implementation:* Immediate

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Reviewed With No Changes 1/16/16