

Introduction – PROCESS FOR RECOVERY OF ACCOUNTS RECEIVABLES

The University of Memphis has established Policy BF4033 and the following procedures noted below to provide guidance in the management, collection and reporting of accounts receivable.

As referred in this process to support the University Policy [BF4033](#), "accounts receivable" refers to amounts due to the University from federal, state or local governmental agencies, from businesses, individuals or others which have been billed as a result of regular University business transactions. Amounts covered by departmental transfers need not be included as receivables, even though the departmental transfer credit has not yet appeared on the monthly departmental statement.

Records and General Receivable Procedures

Accurate records are to be maintained on all accounts receivable. The records to be maintained for each customer must include the complete name and address plus the social security number (when necessary), Federal Employer Identification Number (FEIN) or other taxpayer identification number.

Transactions will be maintained and updated in the university enterprise resource planning (ERP) system and will be available either via electronic access or in electronic invoice copy (upon request by the customer) and available to the customer. The charge or payment transaction activity will be maintained in the accounts receivable ledger based on the date of the transaction. The accounts receivable ledger is to be maintained for each account showing all charges and payments. The general ledger is to equal the receivable ledgers for all customers. The reconciliation process will be maintained between the receivable records and the general ledger to ensure accuracy.

ERP Recon report (TGRRCN) of GL to AR subledger is reviewed monthly. Aging report system generated each month-end and reviewed by USBS management. These ARGOS reports are reflective of the last day of the month and are generated the next day and are maintained in a report directory on the shared drive.

Transaction balances due will be generated either in paper or electronic notifications on a monthly basis. Account Receivables that are placed with a third-party billing system or third-party collection agency will be assessed under the purview of the terms and conditions provided under the contractual agreement. The agreement will ensure that all federal and state regulations are complied with throughout the collection of accounts receivables due to the University of Memphis. Each statement should indicate the total balance due and identify a payment due date. The payment due date is up to each department, but should allow sufficient time for the department to post the payment before the next billing cycle. If the department has approval to assess a finance charge or the assessment of any additional collection fees, would be reflected in the Financial Responsibility Statement or the contractual terms and conditions. If full payment is not received the procedures outlined above then the following procedures would be recommended:

Departmental Collection Procedures

It is the responsibility of each department to collect monies due to the University of Memphis in the most effective and efficient manner. The following procedures should be used at a minimum for collecting amounts due:

- Obtain the complete name and address as well as the social security number (when necessary) or a Federal Employee Identification Number (FEIN), or other taxpayer identification number before extending credit.
- Use the following procedures for accounts which exceed \$25.00, and keep a record of each action, including the name or initials of the person taking the action and the date the action was taken.

| Step | Estimated aging of debt as determined by number of days of separation from the University | Action |
|------|---|--|
| 1 | 30 | First Notification of balance due to customer. (If the customer is a student, place a hold on the student's academic records and review to ensure student is not enrolled for a future semester. (See SOAHOLD Placing a Hold on Student Records for Non-Payment for further details) |
| 2 | 60 | Send second notification to customer. |
| 3 | 90 | Send third 3 rd notification to customer requesting immediate payment. |
| 5 | 120 | Send a FINAL DEMAND notification informing the student that unless the past due payment of \$100.00 is received within the next 30 days it will be necessary to refer the account to a collection agency. |
| 6 | 150 | If payment plan arrangements with initial payment or payment in full are not received with 30 days, then the student account receivable will be referred to an external collection agency (unless the balance is less than \$100.00) |

| | | |
|----|---|--|
| 7 | 450 | If the student account has been at the collection agency for up to 11 months without any collections, University & Student Business Service Office will request that the collection agency return the delinquent account. |
| 8 | 480 | When the student account has been closed and returned from the collection agency, University & Student Business Service Office will place the closed and returned amount with another collection agency for recovery. |
| 9 | 810 | If the student account has been at the collection agency for up to 11 months without any collections, University & Student Business Service Office will request that the collection agency return the delinquent student account. |
| 10 | 840 | Upon the student account being returned from the collection agency, the University will begin the formal write off process and submit the student account past due balance to the State and/or University senior leadership for review and approval per TN Department of Finance & Administration Chapter 0620-1-9 Policy & Procedures Governing Write-off of Accounts Receivable. |
| 11 | STATE REVIEW AND OFFICIAL APPROVAL | Upon Approval, University & Student Business Service will process the appropriate transactions to reflect the write off status has been completed. |
| 12 | FINAL STEP BY UNIVERSITY & STUDENT BUSINESS SERVICE | Upon final processing for the account balance for the write off, University & Student Business Service Office will properly code the accounts in order for the relevant financial holds be maintained should the student need access to academic transcripts, grades, diploma or any additional confirmation of enrollment or completion of degree. |

*If a student's notification is returned, the university may then elect to explore placement within a reasonable period of time to a third-party collection agency as this would be deemed as defaulting and no need to send any further notifications.

**Only the first four steps are required for accounts of \$100.00 or less. However, they are to be included in the write-off request if not collected. When any account becomes 60 days past due, additional credit should not be given until the account is returned to current status.

A hold may be placed on a student's records to prevent the issuance of a transcript and/or diploma, access to grades and future registration or maintaining enrollment until the student has satisfied all debts or obligations owed to the University.

Pursuant to T.C.A. § 49-7-166, diplomas, transcripts, certificates of credit, or grade reports will not be issued until the student involved has satisfied all debts or obligations owed to the University;

1. This statutory limitation shall not apply to debts or obligations:

a. of less than one hundred dollars (\$100.00).

b. evidenced by notes, or other written contracts, providing for future payment, such as, but not limited to, loans authorized under federal or state education or student assistance acts.

2. An amount owed under the University's installment payment plan for enrollment fees, which is not yet due, shall not cause a hold to be applied. A notice stating the specific amount due should be sent to each student prior to completion of registration.

Enrollment and Outstanding Debts or Obligations.

A student must pay any past due debts and obligations incurred in prior academic terms before being permitted to register.

1. However, enrollment will be allowed when the outstanding obligation is five hundred dollars (\$500.00) or less for currently enrolled students.

2. The University will continue to withhold diplomas, transcripts, certificates of credit, or grade reports until the student involved has satisfied all debts or obligations of balances over one hundred dollars (\$100.00) or meets the criteria established in T.C.A. § 49-7-166.

Deviations from the recommended business processes noted in the steps above may occur based on the individual circumstances and are at the discretion and professional judgement of the Bursar, Executive Director-University & Student Business Services or Executive Vice President/Chief Financial Officer of the University of Memphis.

Allowing student, current or future intended enrollment of the student, pre-collection process and other individual circumstances at the discretion and professional judgement, subject to materiality with the approval of the President and/or EVP/CFO. The Bursar/Executive Director of University and Student Business Services may be authorized to approve such exceptions on accounts where the individual balance does not exceed \$2,000. Second approval for exceptions on individual accounts in excess of \$2,000 and up to \$5,000 may be required from AVP for Financial Reporting. Individual accounts in excess of \$5,000 require approval from EVP/CFO. Any deviation of the policy may be at the discretion of the President and/or EVP/CFO.

Collection Agencies

Per the contract terms, all contracted collection agencies will remain compliant with the federal and state laws and regulations. These firms will not initiate litigation action until written authorization is provided by the department involved and the University & Student Business Services. The current contract that was approved on July 1, 2019 is an initial 5 year period with five one (1) year renewable agreement periods. The following agencies are currently being utilized effective July 1, 2019. Other contracted agencies under the contracts enacted on July 1, 2019 through the contractual period, can be utilized at the discretion of the University of Memphis.

| Collection Agency | Fee Without Litigation | Fee With Litigation |
|---|------------------------|---------------------|
| Coast Professional, Inc. 214 Expo Circle, Suite 7 West Monroe, LA 71292 800-231-0225 Fax: 318-807-6398 | 18% | 23% |
| Law Office of Robert Schuerger 81 S. 5 th Street Suite 400 Columbus, OH 43215 855-875-6314 Fax: 614-824-1120 | 18% | 23% |

Reporting Accounts Receivables

Quarterly Verification by all departments are to complete the accounting and aging of any receivables outstanding at the end of the month. Departments may use reporting tool or software of their choice. This monthly report is to be maintained in the department.

Annual - All departments are to prepare an accounts receivable report as of June 30th of any external customer with an outstanding accounts receivable balance that is equal to or greater than \$50,000. A copy of the Accounts Receivable Report is to be submitted to University & Student Business Services by July 15th. The report should not include any receivables due from other university departments.

University & Student Business Services will handle the reporting of accounts receivable for sponsored projects and receivables recorded in the UofM ERP System. Departments should not include these receivables in their reports.

The UofM Accounts Receivable form and instructions are available by clicking on one of the following documents:

[UofM Accounts Receivable Report Instructions to invoice non-student debt](#)

[UofM Accounts Receivable Report Form to invoice non-student debt](#)

Placing a Hold on Student Records for Non-Payment

If a student's account becomes past due a hold may be placed on the student's records to prevent the issuance of a transcript and/or diploma. Departments or colleges that place holds on a student's academic records should note the following:

- Departmental policy should determine the minimum amount for which a hold should be placed on a student's account; however, it is recommended that a hold not be placed on an account with a delinquent balance less than \$10.
- Any hold or removal of a hold is to be posted to UofM ERP system by the originating department or college.
- Departments are responsible for timely removal of any hold which they have placed on a student's academic record.
- UofM departments are to contact the Registrar's Office with questions concerning procedures for placing a hold on a student's academic record. The Registrar's Office will train departments in placing holds on student's academic record.
- Lists of students by name and department and/or by hold code can be obtained based on their access granted by the Registrar's Office. This access will not include delinquent dollar amounts.
- Access approved by the Registrar's Office will be available to each department that is in override status immediately following early enrollment. If a department does not want a student's academic record to have a hold cleared, then the department is responsible for reactivating the hold.

Setoff Collections

When collections are obtained by the setoff action described in Step 6 of the Departmental Collection Procedures, 100% of the receipts will be credited to the department by using a Journal Voucher Process. Another Journal Voucher will be used to pay any collection agency 18% collection assistance fee. University & Student Business Services will contact the department to determine which account is to receive the payment and from which account the collection assistance fee is to be paid and will then send a record of each of these transactions to the department for recording and filing.

Departmental Write-off Request Procedures

A department is to apply to University & Student Business Services for authority to write-off a receivable when the following criteria have been met:

- The department has complied with Departmental Collection Procedures and has determined that the receivable is uncollectible.
- The department has received notification in writing from University & Student Business Services that the account to be written off has been returned by the collection agency.

The Write Off Request should be sent to University & Student Business Services (original and one copy) after including the following information:

- A statement signed by the department head that in his/her opinion the accounts are uncollectible and should be written off.
- A list showing each debtor's social security (when necessary) or tax identification number, the debtor's name, the delinquent amount due and the basis for determining the account to be uncollectible.
- The total delinquent amount to be written off.
- The total number of delinquent accounts to be written off.

When the accounts have been approved for write off by the State Division of Accounts and Reports or University Senior Leadership, the department will be notified by University & Student Business Services and instructed to delete the accounts from the department's accounts receivable. These accounts are not to be included on the monthly accounts receivable reports after receiving the notification that the write off is complete.

All state agency accounts receivables which have been approved for write-off by the State Division of Accounts and Reports become assigned to the State. Any amounts received on these accounts are to be remitted to the TN Department of Business & Finance. – (we don't remit payments received from uncollected accounts to the state – we apply to the overall allowance for the specific area and it is offset to future bad debt contra-revenue.)

The law also authorizes University & Student Business Services to attempt to collect the accounts which have been written off and thus assigned to the University & Student Business Services for further collection attempts.

Each department is to provide the same assistance for these account in write off status and those account in the assigned to be written off status. Departments will provide assistance in responding to general debtor inquiries concerning the accounts and participation in any appeal resolution hearings or litigation.

Identity Theft Prevention

Sufficient business practices should be implemented to detect and stop identity theft from occurring through campus sales and service activities. Pursuant to the Federal Trade Commission's Red Flags Rule the following guidelines are offered to assist in the identification of risks associated with extending credit or establishing account receivables for customers.

"Identity Theft" is a fraud committed or attempted using the identifying information of another person without authority.

- A "Red Flag" is a pattern, practice, or specific activity that indicates the possible existence of identity theft.
- A "Covered Account" includes all customer accounts or loans that are administered by the University.

"Identifying information" is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person.

In order to identify relevant Red Flags, the University should consider the types of accounts that it offers and maintains, the methods it provides to open its accounts, the methods it provides to access its accounts, and its previous experiences with identity theft. Please consider the following as potential Red Flags in each of the listed categories:

A. Notifications and Warnings from Credit Reporting Agencies

1. Report of fraud accompanying a credit report;
2. Notice or report from a credit agency of a credit freeze on an applicant;
3. Notice or report from a credit agency of an active duty alert for an applicant;
4. Receipt of a notice of address discrepancy in response to a credit report request; and
5. Indication from a credit report of activity that is inconsistent with an applicant's usual pattern or activity.

B. Suspicious Documents

1. Identification document or card that appears to be forged, altered or inauthentic;
2. Identification document or card on which a person's photograph or physical description is not consistent with the person presenting the document;
3. Other document with information that is not consistent with existing customer information; and
4. Application for service that appears to have been altered or forged.

C. Suspicious Personal Identifying Information

1. Identifying information presented that is inconsistent with other information the customer provides (example: inconsistent birth dates or address field not matching a loan application);
2. Identifying information presented that is the same as information shown on other applications that were found to be fraudulent;
3. Identifying information presented that is consistent with fraudulent activity (such as an invalid phone number or fictitious billing address);
4. Social security number (when necessary) presented that is the same as one given by another customer;
5. An address or phone number presented that is the same as that of another person;
6. A person fails to provide complete personal identifying information on an application when reminded to do so; and
7. A person's identifying information is not consistent with the information that is on file for the customer.

D. Suspicious Account Activity or Unusual Use of Account

1. Change of address for an account followed by a request to change the customer's name;
2. Payments stop on an otherwise consistently up-to-date account;
3. Account used in a way that is not consistent with prior use;
4. Mail sent to the customer is repeatedly returned as undeliverable;
5. Notice to the University that a customer is not receiving mail sent by the University;
6. Notice to the University that an account has unauthorized activity;
7. Breach in the University's computer system security; and
8. Unauthorized access to or use of customer account information.

E. Alerts from Others e.g. Notice to the University from a customer, identity theft victim, law enforcement or other person that the University has opened or is maintaining a fraudulent account for a person engaged in identity theft.

If the University extends credit, and requests a Consumer Credit Report, University personnel will take the following steps to assist in identifying address discrepancies:

1. Require written verification from any applicant that the address provided by the applicant is accurate at the time the request for the credit report is made to the consumer reporting agency; and
2. In the event that notice of an address discrepancy is received, verify that the credit report pertains to the applicant for whom the requested report was made and report to the consumer reporting agency an address for the applicant that the University has reasonably confirmed is accurate.

In the event University personnel detect any identified Red Flags, one or more of the following steps should be taken depending on the degree of risk posed by the Red Flag:

1. Continue to monitor the account for evidence of identity theft;
2. Contact the customer or applicant (for which a credit report was run);
3. Change any passwords or other security devices that permit access to accounts;
4. Do not open a new Account;
5. Provide the customer with a new customer identification number;
6. Notify the Program Administrator Appointed by the President per the Policy [BF4013](#).

In order to further prevent the likelihood of identity theft from occurring, the departments should take the following steps in their internal operating procedures to protect customer identifying information:

1. Ensure that websites are secure or provide clear notice that the website is not secure;
2. Ensure complete and secure destruction of paper documents and computer files containing customer account information when a decision has been made to no longer maintain such information;
3. Ensure that office computers with access to accounts receivable information are password protected;
4. Avoid use of social security numbers when possible;
5. Ensure computer virus protection is up to date; and
6. Require and keep only the kinds of information that are necessary for University purposes.

In the event the University contracts with a service provider to perform an activity in connection with accounts or loans receivables, the University will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft.

1. Require, by contract, that service providers have such policies and procedures in place; and
2. Require, by contract, that service providers review the University's policies in regard to the FTC's Red Flag Ruling and report any Red Flags to the University department with primary oversight of the service provider relationship.

Please contact University & Student Business Services Office if you have any questions concerning the identity theft prevention steps mentioned in this Chapter.

Questions

Please contact University & Student Business Services if you have any questions about extending credit; recording, managing, collecting and reporting accounts receivable; or other related matters OR questions regarding the annual reporting of accounts receivable are to be referred to University & Student Business Services at 901-678-2712. Questions regarding the encumbering of students' records are to be referred to the Office of the Registrar at 901-678-2810.