Introduction – PROCESS FOR RECOVERY OF ACCOUNTS RECEIVABLES

The University of Memphis has established policies and procedures to be followed in the management, collection and reporting of accounts receivable.

As referred in this process, "accounts receivable" refers to amounts due from students, individuals or others which have been billed as a result of regular 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 would 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.

Transaction balance 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 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. The 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, 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.

<table>
<thead>
<tr>
<th>Step</th>
<th>Estimated Days From Separation of the University</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30</td>
<td>Send first statement 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)</td>
</tr>
<tr>
<td>2</td>
<td>60</td>
<td>Send second statement to customer.</td>
</tr>
<tr>
<td>3</td>
<td>90</td>
<td>Send a 3rd notification to customer requesting immediate payment.</td>
</tr>
<tr>
<td>5</td>
<td>105</td>
<td>Send a FINAL DEMAND letter informing the student that unless the past due payment of $100.00 is received within the next 15 days it will be necessary to refer the account to a collection agency.</td>
</tr>
<tr>
<td>6</td>
<td>120</td>
<td>If payment plan arrangements with initial payment or payment in full are not received with 15 days, then the student account receivable will be referred to an external collection agency (unless the balance is less than $100.00)</td>
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<tr>
<td></td>
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<tr>
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<td>---</td>
</tr>
<tr>
<td>7</td>
<td>450</td>
<td>If the student account has been at the collection agency for at least 11 months without any collections, the University and Student Business Service Office will request that the collection agency return the delinquent account.</td>
</tr>
<tr>
<td>8</td>
<td>480</td>
<td>When the student account has been returned from the collection agency, the University and Student Business Service Office will placed the returned student account receivable to the second collection agency for recovery.</td>
</tr>
<tr>
<td>9</td>
<td>810</td>
<td>If the student account has been at the collection agency for at least 11 months without any collections, the University and Student Business Service Office will request that the collection agency return the delinquent student account.</td>
</tr>
<tr>
<td>10</td>
<td>840</td>
<td>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 for review and approval.</td>
</tr>
<tr>
<td>11</td>
<td>STATE REVIEW AND OFFICIAL APPROVAL</td>
<td>Upon Approval, the University and Student Business Service Office will process the appropriate transactions to reflect the written off status has been completed.</td>
</tr>
<tr>
<td>12</td>
<td>FINAL STEP BY UNIVERSITY AND STUDENT BUSINESS SERVICE OFFICE</td>
<td>Upon final processing of the information on the student account for the write off, the University and Student Business Service Office will properly code the accounts in order.</td>
</tr>
</tbody>
</table>
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

**Only the first four steps are required for accounts of $25 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.

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

**Collection Agencies**

The Contracted Collection agencies have agreed to 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 of Memphis University and Student Business Service Office. 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 thru the contractual period can be utilized at the discretion of the University of Memphis.

<table>
<thead>
<tr>
<th>Collection Agency</th>
<th>Fee Without Litigation</th>
<th>Fee With Litigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coast Professional, Inc.</td>
<td>18%</td>
<td>23%</td>
</tr>
<tr>
<td>214 Expo Circle, Suite 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Monroe, LA 71292</td>
<td></td>
<td></td>
</tr>
<tr>
<td>800-231-0225</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fax: 318-807-6398</td>
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</tr>
</tbody>
</table>
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 the UofM University and Student Business Service Accounts Receivable Report form or some other reporting tool or software of their choice. This monthly report is to be maintained in the department.

Annual - All departments are to report total outstanding accounts receivable equal to or greater than $50,000 due from external customers as of June 30th. A copy of the Accounts Receivable Report is to be submitted to the University and Student Business Service Office by July 15th. Do not include receivables due from other university departments.

The University and Student Business Service Office will handle the accounts receivable reporting procedures for sponsored projects and receivables being reported in the UofM ERP System. Thus, 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 for less than $10 delinquent balance.

- 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 would not include delinquent dollar amount.

• Access approved by the Registrar's Office would be available to each department 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. The University and Student Business Service 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 the University and Student Business Service Office 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 the University and Student Business Service that the account to be written off has been returned by the collection agency.

The Write Off Request should be sent to the University and Student Business Service (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 or tax identification number, the debtor's name, the dollar amount due and the basis for determining the account to be uncollectible.

• The total dollar amount to be written off.

• The total number of accounts to be written off.

All requests to write-off accounts as uncollectible are submitted to the University and Student Business Service. When the accounts have been approved for write off by the State Division of Accounts and Reports, the department will be notified by the University and Student Business Service 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.
All state agency accounts receivable which have been approved for write-off by the Director 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 and then for further appeal to the State of Tennessee Controller Office.

The law also authorizes the University and Student Business Service to attempt to collect the accounts which have been written off and thus assigned to the University and Student Business Service.

Each department is to provide the same assistance for these written off and assigned accounts as they do for other accounts placed in the setoff program, including answering 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 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;

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 the University and Student Business Service Office if you have any questions concerning the identity theft prevention steps mentioned in this Chapter.

Questions

Please contact the University and Student Business Service 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 and Student Business Service Office 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.