
Applies to: Faculty, staff, students, visitors, and vendors

POLICY

To define the policy and procedures for the extension of credit and collection of accounts receivable and returned checks.

Policy Details

Applies to: All college personnel and departments that sell goods or services on credit.

Issued: 07/2015

I. Extension of Credit

- A. It is preferred that college departments accept payment before or upon delivery of a good or service. However, under certain circumstances, it may be necessary to provide a good or service prior to payment. This creates an accounts receivable credit transaction.
- B. Credit will not be granted or denied because of race, sex, age, national origin, or creed, in accordance with Ohio Revised Code 4112.021.
- C. The inability to pay by any other method does not necessitate the extension of credit, as refusal of service or merchandise is a feasible alternative.
- D. Extension of credit is the last alternative as a method of payment.

II. Billing for Credit Accounts

- A. All account receivables must be billed at regular intervals, with a frequency of no less than monthly as appropriate (ie student accounts may be less frequent).
- B. Billing invoices will clearly indicate the following:
 - 1. Description and price of the item or service purchased
 - 2. Address to which payment is to be sent and/or
 - 3. Notification of online payment options (as applicable)
 - 4. The amount is due according to stated due date
 - 5. A statement indication that a hold will be placed on all college records if a student account is not paid by the due date
- C. All sales income is credited to a revenue account.
- D. The total on the invoice must be entered in the college general ledger accounts receivable account.
- E. An aging schedule should be prepared yearly for all accounts receivable accounts. An aging schedule is an analysis of accounts receivable, distinguishing between amounts and number of accounts that are current and those that are past-due.

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III. Past-due Credit Accounts

- A. If the receivable account remains unpaid 30 days after the original payment due date, departmental personnel will contact the customer by telephone, COTC email account (as applicable), and/or letter requesting prompt payment.
- B. Past-due accounts 90 days in arrears **may** be referred to the Fees & Deposits Office for collection at the discretion of the Accounting department.
- C. The Fees & Deposits Office is responsible for all attorney and collection agency contacts, including any contact with the Ohio Attorney General's Office.
- D. Only the Office of Business & Finance is authorized to approve write-offs on accounts.
- E. The Accounting Department must establish a method of bad debt recognition including an allowance for uncollectible accounts for all income producing operations of the College unless deemed de minimis.

IV. Returned Checks

- A. The bank sends returned check documentation to the Fees & Deposits Office and/or Accounting Office for collection efforts.
- B. Checks can be returned from the bank for the following reasons including:
 - 1. Non-sufficient funds (NSF)
 - 2. Account closed
 - 3. Lack of information
 - 4. Stale date
 - 5. Customer placed stop payment

PROCEDURE

Applies to: All college personnel and departments that sell goods or services on credit.

Issued: XX/2015

I. Bad Debt Recognition and Uncollectible Accounts

- A. The Accounting Department must estimate yearly losses due to bad debts and enter this into the Allowance for Uncollectible Accounts on the General Ledger by the end of the fiscal year for all income producing operations of the College unless deemed de minimis.
- B. Estimates of bad debt expenses are based either on:
 - 1. Past documented figures (historical collections),

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2. A percentage of total sales,
3. A percentage of total accounts receivable, or
4. Any combination of the above

C. This estimate is adjusted by the Office of Business & Finance to the calculated uncollectible balance at year end.

III. Write-offs & Recovery

- A. The Office of Business & Finance must approve all write-offs of any debt.
- B. If a student debt is paid after it has been written off, the write-off recovery is processed through Accounts Receivable. If a miscellaneous debt is paid after it has been written off the recovery is processed through miscellaneous revenue.
- C. Any service charges are charged to the collection expense account.

IV. Legal Services

- A. The services of an attorney for collections on debts or returned checks shall be initiated only at the discretion of the Fees & Deposits Office.
- B. Legal fees are a percentage of any amounts recovered through legal action.
- C. There are no additional attorney fees.

Resources

Contacts

Individual or Office	Office	Telephone	E-mail/URL
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All changes must be listed sequentially, including edits and reviews.

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