



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

Responsible Office

Business and Finance

POLICY STATEMENT

Accounts receivable is a significant asset for Central Ohio Technical College (COTC). COTC has a responsibility to effectively manage the collection of all receivables to the college within the Standards, Guidance, and Pronouncements of GASB (Governmental Accounting Standards Board). Receivables include any obligation arising from financial activity including, but not limited to, student tuition and fees, as well as sales of products or services. COTC is responsible for maintaining a system of internal controls to manage the accounts receivable process, including procedures for addressing tuition and fees, payment options, payments, student billing, collections, administrative write-offs, requirements for placing holds on student records, refunds, form 1098-T and tuition statements.

Purpose of the Policy

To establish procedures for the review and collection of monies due COTC. To outline procedures for the extension of credit and collection of accounts receivable and returned checks.

Policy Details

- 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, color, religion, age, sex, military status, marital status, national origin, disability or ancestry, in accordance with Ohio Revised Code (ORC) 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 (i.e., 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 notification of online payment options (as applicable).
 3. The amount due according to stated due date.
 4. A statement indicating 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.
- 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 Student Financial Services for collection at the discretion of Business and Finance.
 - C. The Student Financial Services is responsible for all attorney and collection agency contacts, including any contact with the Ohio Attorney General's Office.



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- D. Only Business and Finance is authorized to approve write-offs on accounts.
 - E. The Business and Finance 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 Student Financial Services and/or Business and Finance 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

- I. Bad Debt Recognition and Uncollectible Accounts
- A. Business and Finance 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 on the following conditions:
 1. Past documented figures (historical collections),
 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 and Finance to the calculated uncollectible balance at year end.
- II. Write-offs and Recovery
- A. Business and 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.
- III. Legal Services
- A. The services of an attorney for collections on debts or returned checks shall be initiated only at the discretion of Student Financial Services.
 - B. Legal fees are a percentage of any amounts recovered through legal action.
 - C. There are no additional attorney fees.

Responsibilities

Office	Responsibilities
Business and Finance and Student Financial Services	Implementation, management and adherence to all procedures regarding Accounts Receivable including but not limited, all procedures outlined in this document.



Accounts Receivable, 3.1.03

College Policy

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Resources

[COTC Student Financial Services](#)

[COTC Business and Finance](#)

[ORC 4112.021](#)

[Ohio Attorney General](#)

Contacts

Subject	Office	Telephone	E-mail/URL
Student accounts receivable questions	Student Financial Services	740-755-7135	riggs.258@mail.cotc.edu
Other accounts receivable questions	Business and Finance	740-364-9692	mautz.19@mail.cotc.edu

History

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