

AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL

POLICY NO.: IV:01:06 DATE: March 1, 1982
SUPERSEDES POLICY NO.: IV:02:01:03 DATED: August 1, 1981
SUBJECT: Collection of Receivables
APPROVED: Robert O. Riggs, President Robert O. Riggs

It shall be the policy of Austin Peay State University to obtain, whenever practical, advance payment for all goods and services provided by the University. A security deposit will be required when advance payment is impractical. Accounts receivable will be created only when there are no means of prior collection. When it is necessary to establish an account receivable, immediate steps will be taken to insure full and prompt repayment.

1. In accordance with the State Board of Regents' Policy No. 4:01:03:00, all fees assessed to students will be paid in advance prior to students being admitted for any academic term. "Assessed fees" will include registration fees, out-of-state tuition, debt service, book rent, room rent, Student Government Association fees, and any and all other fees outstanding from prior enrollment at the University.
2. Accounts and notes receivable may be generated at any time for library fines, traffic fines, music fees, damage charges, bad checks, rental property, and such other instances in which by their inherent nature, prohibit advance payment.
3. Prior to the establishment of an account receivable, efforts will be made by the operational area of the University involved to secure payment for the account. Because individuals owing the University will be given adequate prior notice, when an account is recorded on the University's books, it will be considered delinquent and will be collected by methods developed for the collection of delinquent accounts.

Exception: Apartment and house rents will be placed on the accounts receivable records one month before they are due and notices for rents will not be considered delinquent. If similar instances occur for other charges, first billing notices will not be considered past due.

4. Where applicable, security deposits will be used to insure payment of outstanding debts to the University.

Collection procedures will be established and enforced in accordance with federal and state regulations as well as State Board of Regents'

Policies and Guidelines. These procedures will be divided into two major areas: Accounts Receivable Collection Procedures and Notes Receivable Collection Procedures.

I. Accounts Receivable

- A. Each accounts receivable will receive a first billing notice at the end of the month in which the charge occurs. A separate notice as detailed under Student Accounts Receivable will be attached to student billings. This notice will state that the student will not be permitted to register for any courses, will not receive grades, diplomas, or transcripts until the debt is paid. On-campus students and employees will receive their notices in their campus post office boxes. All others will be notified by mail at their last known address.
- B. If no payment is received within thirty (30) days of the first billing notice, the appropriate notice stating that the account is thirty (30) days past due will be distributed as indicated in (A) above. This notice will request that immediate attention be given this past due account. It will give the name and location of the person the debtor should contact if there are any questions about the account. A special notice as detailed under Employee Accounts Receivable will be attached to all employee thirty-day notices.
- C. If no payment is received within sixty (60) days of the first billing notice, a notice will be sent by certified mail, return receipt requested. This notice will state that the past due amount must be received by the University within fifteen (15) days from date of notice or the account will be referred to a collection agency or legal proceedings will be instigated.
- D. If no payment is received within ninety (90) days of the first billing, a notice will be mailed indicating what action has been taken (referral to a collection agency or instigation of legal proceedings).
- E. The account will be sent to the State Board of Regents' approved agency for collection.

II. Employee Accounts Receivable

- A. A notice will be attached to the thirty-day past due notice stating that the employee must either pay the bill, or appear in the Business Office for a hearing within fifteen (15) days from date of notice to contest the obligation. If the employee does not appear for a hearing and does not pay the debt, arrangements will be made to deduct the debt from his salary at a rate not to exceed the legal garnishment rate until full payment is reached. The Business Office will notify by campus mail the employee of the amount and rate of any garnishment. A copy of the garnishment notice will be attached to the employee's payroll check.

- B. Arrangements may be made by an employee with the Business Office to have rent due from on-campus housing deducted from his monthly wages.

III. Collection of Bad Checks

In accordance with the State Board of Regents' Guidelines for Bad Check Collections, all employees and students who tender checks for payment of goods and services which are returned by a bank will be required to immediately redeem the check with cash. The following are procedures adopted for the collection of such checks.

- A. Upon receipt of notification from a bank that a check presented is not payable, the individual will be contacted by telephone (if possible, otherwise by mail) and informed that the check has been returned. The individual presenting the check will be required to redeem the check immediately with cash.
- B. In addition to (A) above, a written notice will be mailed to the individual requiring payment within five (5) days from date of notice.
 - 1. An individual presenting a bad check for registration will receive notification that his registration will be cancelled if the check is not redeemed. A \$5.00 bad check fine and a \$10.00 late registration fee will be levied.
 - 2. An individual presenting any other bad checks will receive notice that the check must be redeemed. A \$5.00 bad check fine will be imposed and the total amount will be placed on Student Accounts Receivable. Notice will be given that the student will not be allowed to enroll in classes, graduate, receive grades, or receive a transcript until all accounts are settled. Check-cashing privileges will be revoked for the remainder of the school year.
- C. If a bad check is not redeemed within the five (5) days, a registration cancellation notice will be sent. A copy of the registration cancellation notice will be sent to the Housing Coordinator, if appropriate.
- D. If a dishonored check from a person other than a student or an employee is not redeemed, then the person will be given notice by registered mail of the dishonored check, demanding payment within five (5) days. If payment is not received within the five-day period, the check will be referred to the APSU Department of Public Safety for action, provided the amount is equal to or greater than \$25.00.

IV. Uncollectible Accounts Receivable

- A. If an account receivable of a student or employee is deemed by the University to be uncollectible, a request for permission to refer the account to a collection agency or to instigate legal proceedings shall be submitted to the SBR Legal Counsel.
- B. If the account is still uncollectible, then Austin Peay State University will request permission to write off the account using the State Board of Regents' form. Accounts will be summarized by type of debt and age. Listings will be sent to the State Board of Regents with the Summary. When approvals are obtained from appropriate state agencies, the accounts will be written off.

V. Notes Receivable (NDSL)

- A. Each borrower's loan folder shall be sent from the Student Financial Aid Office to the Business Office for placement in a pending file. Exit interviews shall be scheduled by the Student Financial Aid Office and conducted jointly with a Business Office representative, usually by means of a group exit interview.
- B. During the exit interview each borrower shall be required to complete an Exit Personal Data Sheet. Each borrower shall complete and sign his repayment schedule and an Exit Interview Checklist and receive a copy of each. He shall receive also a Summary of Terms of Repayment.
- C. If a borrower leaves campus without having an exit interview, the documents noted in (B) above shall be sent by certified mail with a memorandum explaining the procedure for repayment. The borrower shall be asked to return the documents noted in (B) above. A copy of the repayment schedule shall be retained in the borrower's record.
- D. Teacher, military, student, disability and hardship deferment and/or cancellation forms are available for individuals who qualify under the guidelines established by the U. S. Office of Education.
- E. When a loan is ninety (90) days into the grace period, a letter shall be mailed to the borrower indicating that the grace period will be expiring. A copy of the repayment schedule shall be included with the letter.
- F. When a loan is one hundred eighty (180) days into the grace period, a letter indicating when the grace period will expire and the due date and amount of the first quarterly payment shall be mailed to the borrower.
- G. A statement indicating the amounts of principal and interest due and the due date shall be mailed to each borrower between fifteen (15) and thirty (30) days before each payment is due.

- H. If a payment is not received within fifteen (15) days after the due date, a letter shall be sent requesting immediate payment.
- I. If payment has not been received after the first delinquent notice, another notice shall be sent when the payment is forty-five (45) days past due. The borrower shall be requested to contact the Business Office if there are any questions regarding the bill.
- J. If a payment has not been received after seventy-five (75) days, a final notice shall be sent by certified mail requesting payment. The borrower shall be advised that the account will be referred to a collection agency if a payment is not received within fifteen (15) days from date of notice.
- K. The loan shall be considered uncollectible through normal methods if no response is received within fifteen (15) days of the seventy-five (75) day notice. At that time, the loan shall be referred to a collection agency. The borrower shall be notified of such action by certified mail.
- L. If, or when, the collection agency has returned a first referral as uncollectible, the account shall be referred to a second agency for collection. If, or when, the second collection agency has deemed that the account is uncollectible, a request shall be sent to the State Board of Regents Legal Counsel for litigation. If after the account has been litigated, it is still deemed to be uncollectible, another request shall be sent to the SBR Legal Counsel for assignment to the U. S. Office of Education.