



ACCOUNTS RECEIVABLE PROCEDURE

Policy Number: 3.5000

Subject Area: Business Services and Finances

Adopted: 05/19/2014

Revised: 01/10/2024

I. OBJECTIVE:

- The purpose of this policy is to establish formal written policies that will positively impact the recording and collection of accounts receivable and ensure the consistent application of institutional policies to all students and stakeholders.
- Accounts receivable includes account balances resulting from tuition, fees, childcare, bookstore charges, sponsored billings, auto repair, catering, and any other charges that may occur.

II. INTERNAL CONTROLS

To promote the accuracy of the College's accounts receivable records the following internal control measures shall be in place:

- An aging of all accounts and a review of past due accounts shall be performed monthly.
- A reconciliation of sub-ledgers to the general ledger shall be performed monthly.
- The Director of Student Accounts (who does not handle cash receipts) shall approve payment of credit balances and credit adjustments to account balances.
- A diligent effort shall be made to collect all outstanding accounts (see 3 below).
- Regular billings shall be made to all customers on account.
- Where possible, segregation of duties shall be exercised.
- Accounts receivable write-offs shall be approved by the Controller.
- Routine collection procedures shall be documented.

III. STUDENT REGISTRATION AND ACCOUNTS RECEIVABLE

- **Payment of Tuition and Fees:** Tuition and fees are charged at time of enrollment and are due in accordance with the tuition and fees section of the college catalog. Students who are qualified to receive financial aid and have completed all current requirements of application through the Financial Aid Office may receive a deferment. The amount deferred will not exceed the amount a student is eligible to receive in the current semester. Before registering for an upcoming term, students are expected to settle all accounts with the Cashiers. A Cashier hold will prevent future registration until prior balances are paid in full.
- **Late Fees:** If a student fails to pay tuition and other charges by the billing due date and has not set up a payment plan, the College reserves the right to apply a late payment fee to the student's account. The College also reserves the right to assess the late payment fee to the accounts of students with deferments who do not pay by the deferment deadline.
- **Payment Options:** Students shall pay with cash, money order, personal check, credit/debit card, electronic check, or may sign up for a payment plan. **Formal Withdrawal and Refunds:** The term refund shall be understood to mean either a) the repayment of money received by the College for tuition and fees, or b) a reduction of charges if tuition and fees have not yet been paid.
- **Reduction of Class Schedule:** If a student reduces his/her schedule (drop courses), a refund will be made in accordance with the schedule in the student handbook.
- **Withdrawal from the College:** If a student formally withdraws from the College (discontinues all classes), a refund will be made in accordance with the schedule in the student handbook.
- **Unofficial Withdrawals:** Students who do not officially notify the Admissions Department of their withdrawal will not be eligible for a refund and shall be responsible for payment of all charges on their student account.
- If the debtor is a former student of the College, a hold on future registration privileges will remain in effect until the obligation is paid. Whenever collections are made for amounts previously written off, an official receipt shall be prepared and the amount collected credited to the appropriate income accounts. Any holds against the individual shall be released.

IV. BILLING AND COLLECTION EFFORTS

Due Diligence: Due diligence in collection efforts must be applied. The following steps are in place:

- Statements are sent 2-3 times throughout each term. Statements are always available at mykc within the self-service option.
- The student account is sent to collections and/or the state's Local Debt Recovery Program depending on the dollar amount and date of the debt.

Exceptions to this policy may be granted by the Controller or a designee when students provide proof of the ability to settle the debt in a timely manner or special circumstances warrant the exception.

- **Faculty and Staff Collections:** Balances on faculty and staff accounts are generated from the use of College services and are maintained in the College's accounts receivable. A notice of an outstanding accounts receivable balance is mailed to the

employee's permanent address. If payment is not received by the Cashiers by the 15th of the second month, then a payroll deduction will be initiated for the outstanding balance.

V. RETURNED CHECKS

The following general policies apply to returned checks:

- All NSF checks are tracked on an NSF Check Record spreadsheet to assure that collections are made. Each term, this check record is reviewed. At this time, NSF checks will be sent to collections or evaluated for write-off. When student organizations accept NSF checks, a \$25 service charge is expensed to the club's account.
- When collection is made directly through accounts receivable for returned checks, a \$25 service charge shall be assessed and included with the receipt unless the debt is paid within 10 days.
- Returned checks result in a hold placed on the student account until the debt is collected along with the service charge (when applicable).
- If a returned check is determined to be uncollectible, "Uncollectible Accounts" procedures shall be followed to write-off the amount from the university's accounting records.

VI. UNCOLLECTIBLE ACCOUNTS

- When accounts prove to be uncollectible based on collection efforts described in "Billing and Collection Efforts" above, the Accounts Receivable department will initiate write-off procedures.
- At fiscal year end, the 3 terms that have aged beyond 2 years are written off and a hold is placed on each account (if future reinstatement is necessary). Requests for other write-offs may be submitted at any time during the year with proper justification. All write-offs to be included in the previous fiscal year shall be submitted to the Controller for approval no later than June 30.
- An appeals committee is also used for the consideration and approval of balance forgiveness in unusual circumstances. Justifications for write-offs include:
 - Accounts over 2 years old that have been billed in accordance with this policy.
 - Accounts under \$10.00 that are more than two terms past due and either (1) returned for incorrect address or (2) billed at least three times. Generally, the third billing shall include a special collection notice.
 - Residual amounts under \$5.00 of any age.
 - Bankruptcy of the debtor has been legally declared and the College has been notified to release the debt. Other reasons to be considered on a case-by-case basis.
 - Internal Audit may use these records to perform a periodic audit of accounts receivable write-offs.

VII. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The College records an Allowance for Doubtful Accounts in the general ledger in accordance with Generally Accepted Accounting Principles. This account is adjusted each fiscal year end to reflect an increase or decrease in accounts receivable.

VIII. MISCELLANEOUS

Kaskaskia College meal card balances are not redeemable for cash. Cards that have not been reloaded and show no signs of activity for a one-year time period will be void and balances will be forfeited. This will be reviewed annually.

Approval History: Replaces Accounts Receivable Procedure 4.154 approved May 19, 2014; Revised January 10, 2024.