

**Subject: Receivables and Collections**

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**1. Purpose**

This policy addresses the recording, monitoring, and reporting of all accounts receivable in accordance with the Commonwealth’s Accounting Policy and Procedures Manual (CAPP), Section 20500, Accounts Receivable and the Virginia Community College System (VCCS) *Policy Manual*, Section 4, Administration and Finance. It also addresses the requirement for adequate internal control of revenue collections.

**2. Policy**

Tuition and fees not covered by a billable document and/or financial aid shall be paid in full by the published payment due date for the respective term. The only exceptions to this policy are those students who have “Do Not Drop” (DND) indicators placed on their accounts in the Student Information System (SIS) in accordance with TCC Policy 2201 (Student Payment of Tuition and Fees).

The college shall collect and record the following information to facilitate effective collection measures: 1) name, 2) current address, 3) telephone number, and 4) Federal Tax Identification Number or Virginia Department of Taxation identification number. Individuals shall be requested to provide a valid Virginia driver’s license or

social security number; however, services may not be denied solely on an individual's refusal to provide this information.

The college shall use various collection techniques to collect past due accounts. This will include, but not be limited to, the Commonwealth's Setoff Debt Collection Program, a private collection agency, and/or the Office of the Attorney General. The college maintains an allowance for doubtful accounts for financial reporting purposes. However, these debts are never discharged and are still owed to the college. A record of the receivable, sufficient to substantiate the debt, is maintained until the debt has been collected.

### **3. Responsibilities**

The Vice President for Finance shall develop and maintain procedures that are consistent with this policy and that comply with applicable policies and procedures of the Virginia Community College System and the Commonwealth of Virginia.

### **4. Procedures**

The following procedures ensure accurate and timely billing and collection of accounts receivable in accordance with state, college, and VCCS policies and procedures.

#### **4.1. Student Receivables**

Students may incur debts to the college to include tuition, fees, unreturned or damaged Learning Resource Center (LRC) materials, bad checks and credit card charge backs, and/or changes in enrollment status that impact the student's financial assistance resulting in an account balance in the Student Information System (SIS).

Campus Business Offices will monitor the report of outstanding student charges and will receive notification of student debts from the Office of Central Financial Aid (CFA) and the Learning Resource Centers (LRCs). The LRCs will initiate collection for materials not returned by students and community patrons, in accordance with TCC Policy 5301 (Use of Library Materials by Students and Community Patrons), before submitting outstanding accounts to the Business Office for further collection activities.

Business Office staff will record each debt, place a service indicator on the student's account in SIS, and issue correspondence to the student notifying him/her of the debt owed.

If a debt remains unsatisfied within 15 days of the initial correspondence, the Business Office will issue a second notice to inform the student of the college's collection fee and subsequent collection procedures. If unpaid after 45 days from the initial correspondence, the Business Office will:

1. add the collection fee to the student's account;
2. submit the indebtedness to the Commonwealth's Setoff Debt Collection (SODC) program and private collection agency; and

3. notify the student of the actions taken.

The Office of Fiscal Services will manage the submission of debts to the SODC program and private collection agencies and act as the college liaison with these agencies.

When payment of the indebtedness is received from the student or through SODC and/or private collection agencies, the Office of Fiscal Services will post the payment to the student's account and remove the service indicator from the student's SIS record once the debt is completely satisfied. The Office of Fiscal Services will notify all appropriate college departments, SODC, and private collection agencies of the payment of the debt.

#### **4.2. Third-Party and Miscellaneous Receivables**

The Office of Fiscal Services will manage the billing and collection of third-party and miscellaneous receivables. Invoices will be generated after the add/drop date or as specified in contractual agreements. Miscellaneous receivables will be invoiced within thirty (30) days of the initial transaction or activity.

Third-party payments are due within 30 days of invoice date unless otherwise stated in a contractual agreement with the college. Once an invoice is over 90 days past due, a collection fee will be added to the account and the debt will be submitted to the Commonwealth's Setoff Debt Collection Program (SODC) and private collection agency.

The Office of Fiscal Services will manage the submission of debts to the SODC program and private collection agencies and act as the college liaison with these agencies.

When payments are received from the third-party or other debtor or through SODC and/or private collection agencies, the Office of Fiscal Services will post the payment to the appropriate account and notify all appropriate college departments, SODC, and private collection agencies accordingly.

#### **4.3. Allowance for Doubtful Accounts**

In accordance with CAPP Manual, Section 20500, the Office of Fiscal Services will calculate and report the allowance for doubtful accounts on a quarterly basis. The Virginia Community College System (VCCS) will record the allowance in the State accounting system. An allowance will not be calculated on interagency accounts.

Calculation of the allowance is based on a three-year average of the historical data relative to the past due amounts prior to write-off of the debt.

#### **4.4. Write-off of Uncollectible Accounts**

In accordance with CAPP Manual, Section 20500, the Office of Fiscal Services will remove from the agency's financial records those accounts which

management determines to be uncollectible. All outstanding debts, student and third-party, will be written off once they are unpaid for more than 120 days.

Writing off the debt for accounting purposes does not discharge the debt. The debt is still owed to the college, but will no longer be reported in the college's accounting system as a receivable.

## 5. Definitions

**Accounts Receivable** – defined as any amount owed to Tidewater Community College.

**Allowance for Doubtful Accounts** – management's estimate of the amount of gross receivables which will be or will prove to be uncollectible.

**Billable Document** – an authorized contract, agreement, and/or letter of commitment from a sponsoring company/agency to pay for tuition, fees, or other services rendered by the college.

**Federal Tax Identification Number** – Social Security Number (SSN) for individuals, Employer Identification Number (EIN) for businesses and other entities.

**Miscellaneous Receivables** – accounts receivable that are not typically associated with tuition and fees. Examples include bad check fees, room rentals, and other services rendered by the college.

**Department of Taxation Setoff Debt Collection Program** – Virginia Department of Taxation program to ensure compliance with the Virginia law requirement to verify any outstanding debts with agencies of the Commonwealth of Virginia, Virginia local governments, the Virginia court system and the Internal Revenue Service prior to issuing refunds.

**Third-Party Receivables** – accounts receivable that are typically associated with tuition and fee charges being paid by an entity other than the student. Third-party receivables are initiated by a billable document.

**Write-Off** – a transaction that removes an account from the college's financial accounting records which management has determined to be uncollectible.

## 6. References

[CAPP Manual, Section 20500 Accounts Receivable](#)

[VCCS Policy Manual, Section 4 Administration and Finance](#)

[Setoff Debt Collection Program](#)

[TCC Policy 2201 – Student Payment of Tuition and Fees](#)

[TCC Policy 4201 – Tuition, Fees, and Other Receipts](#)

[TCC Policy 5301 – Use of Library Materials by Students and Community Patrons](#)

## **7. Review Periodicity and Responsibility**

The Vice President for Finance shall review this policy annually on the anniversary of its approval and, if necessary, recommend revisions. The policy shall also be reviewed when changes to the relevant policies and procedures are made.

## **8. Effective Date and Approval**

This policy is effective upon its approval by the College President on January 22, 2015.

Policy Approved:

Procedure Developed:

Edna V. Baehre-Kolovani, Ph.D.  
President

Phyllis F. Milloy  
Vice President for Finance

## **9. Review and Revision History**

The initial version of this policy was approved January 20, 2011.

- Revision 1
  - Added Section 4.3 Allowance for Doubtful Accounts and Section 4.4 Write-Off of Uncollectible Accounts.

Approved January 22, 2015 by President Edna V. Baehre-Kolovani, Ph.D.