
Procedure 7.6.2 Accounts Receivable Management**Part 1. Purpose**

To ensure an efficient and effective collection of all debts owed to the college, university, or the system office.

Part 2. Authority

Pursuant to Board Policy 1A.3, Part 4, the Board of Trustees delegates to the chancellor authority to manage all enterprise or auxiliary activities, including but not limited to accounts receivable.

Part 3. Definitions

For the purpose of this procedure only, the following words and terms are defined as follows:

Debt

Any amount greater than zero owed to the colleges, universities, and the system office, including, but not limited to, debts for tuition, fees, loans, and sales of goods and services.

Debtor

An individual, business, non-profit organization, or any other public or private entity, including a state, local, or federal government, or an Indigenous/Native Tribal Sovereign Government, that is liable for a debt or against whom there is a claim for a debt.

Accounts receivable

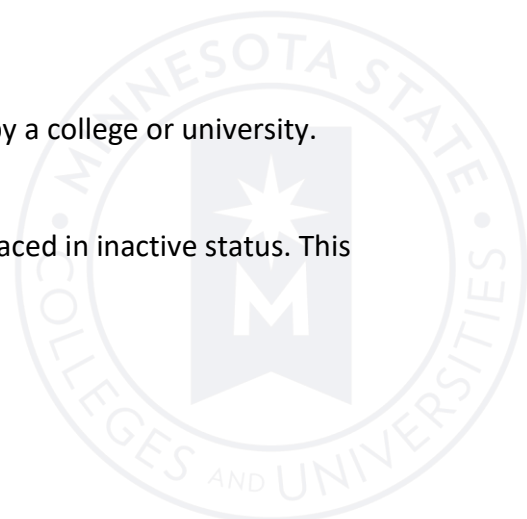
Any obligation arising from a consumer transaction. Accounts receivables are the result of various types of financial transactions, including, but not limited to: student tuition, fees, room, board, miscellaneous student accounts, and short-term loans, as well as sales of products and services to the general public.

Student

A person who enrolls in any credit or noncredit course offered by a college or university.

Account write-offs

Accounts that have been determined to be uncollectable and placed in inactive status. This does not eliminate the legal obligation to pay.



Revenue recapture

A Minnesota Department of Revenue process to collect debts owed to state agencies by applying an individual's income tax refund (or lottery winnings) against the amount owed to the state. The cost of participation in the program is deducted from the amount of the debtor's refund.

Hold

The process by which a college or university prevents defined, future student activity.

Minnesota Department of Revenue, Collection Division

The division is a state-operated collection management service. As required by Minn. Stat. §16D.04, subd. 2, accounts receivable must be referred to the Department of Revenue for collection.

Part 4. Management of Receivables.

Minnesota State colleges and universities must have written policies and procedures, and a system of internal controls for managing the accounts receivable process. Written procedures should include at a minimum:

- Requirements for establishing and recording a receivable.
- Collection actions and timeline for the collection process.
- Requirements for placing holds on student registration.
- Approvals for adjustments to accounts.
- Periodic review of past due accounts.
- Criteria for referral to the revenue recapture program.
- Process for referring to the Minnesota Department of Revenue, Collection Division
- Criteria for writing off accounts and approvals needed.
- Process for restoring a previously written-off account and recording receipt of payment.
- Reporting.

All accounts receivable activities undertaken should be documented in writing and, as appropriate, recorded in the Minnesota State Enterprise Resource Planning (ERP) tool.

Subpart A. Establishing the receivable

Colleges and universities are responsible for establishing the terms and conditions for payment at the time an account is created. The debt must be acknowledged by the student or other debtor at this time. The acknowledgement must be either in writing or, with automated registration processes, by a positive action that indicates that the debtor is accepting the terms and conditions for payment.

Subpart B. Collection activities

Each college and university should follow up routinely and diligently on all accounts receivable. Written procedures and guidelines should be developed for collection activity, including determination of balances below which only minimal collection activity is required. A structured timetable for collection activities should include, at a minimum:

- Billing.
- Time frame for placing a hold on the student registration.
- Time frame for contacting departments generating non-tuition/fee revenues regarding past-due receivables.
- Referral to the Minnesota Department of Revenue, Collection Division, including notification that the account is being referred to an outside collection agency.

All collection activity undertaken for each account should be documented in writing and, as appropriate, recorded in the Enterprise Resource Planning (ERP) tool.

Subpart C. Billing

Students may view their account activity online, which will constitute an electronic invoice. Each college and university shall mail a uniform printed invoice to the debtor at least 20 days before referral to the Minnesota Department of Revenue, Collections Division, pursuant to Minn. Stat. § 16D.07. The invoice form must be uniform in content and appearance across all colleges and universities except for designated space for school-specific information such as school name, address, phone number, and logo.

Subpart D. Holds placed on student registration

Each college and university shall place a registration hold on all unpaid student accounts with balances of more than \$500 and that are more than 30 days past due. These holds must be in place before registration begins for the next term. All balances of \$500 or less shall be carried forward without generating a hold.

The president, or their designee, may approve the temporary lifting of a registration hold to allow the student to register for the current term. If such an exception is granted, the college or university shall document the reasons for granting the temporary lift of the registration hold.

Each college and university shall place a registration hold on all student accounts deemed uncollectible and written off pursuant to internal policies and procedures.

Requests for official transcripts will be honored regardless of any holds due to balances owed on a student account.

Subpart E. Current receivables

Current term receivable activity should be reviewed monthly but no less than once each semester by the Chief Finance Officer or designee.

Subpart F. Past due receivables

Past due accounts should be reviewed monthly by the Chief Finance Officer or designee.

Colleges, universities, and the system office should, on a quarterly basis but no less than annually:

- Age all accounts receivable amounts.
- Review all accounts receivable that are one year or more past due for write-off.
- Calculate an estimate of uncollectible accounts receivable amounts.

Subpart G. Writing off uncollectable accounts

The president or designee must periodically, but no less than annually, review all past-due accounts receivable. Accounts receivable deemed to be uncollectible based on internal policies and procedures must be written off in the Enterprise Resource Planning (ERP) tool and are no longer recognized as accounts receivable for management and financial reporting purposes.

A clear distinction must be made between removing accounts receivable and writing off accounts receivable. Accounts receivable can be removed or adjusted when the college or university is not entitled to collect the money. Accounts receivable must not be removed to avoid write-off procedures.

Application fees are considered unearned until the student completes the application process by paying the fee. Unpaid application fees may be removed rather than written off.

Colleges, universities, and the system office must make every reasonable effort to collect an account before a write-off. In most cases, the collection effort should include written notices, attempted phone contact, consideration of revenue recapture, and the required referral to the Minnesota Department of Revenue, Collection Division.

Writing off an account receivable is sensitive and should therefore be subject to strong internal accounting controls. All write-offs of uncollectible accounts receivable require the approval of the president or designee.

When a debt is determined to be uncollectible, pursuant to the factors of Minn. Stat. § 16D.09, the debt must be written off from Student and Financial Information System and is no longer recognized as an account receivable for financial reporting purposes.

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt except when the debt has been discharged in bankruptcy or compromised pursuant to the factors of Minn. Stat. § 16D.15.

Subpart H. Restoring the previously written-off receivable

Payment against a written-off account receivable should be accepted by the college or university. The receivable must be reestablished in the Student and Financial Information

System to record the payment and deposit funds to the appropriate accounts.
Reinstatement of all previously written-off accounts receivable requires periodic review of the president or designee.

The system office will report all accounts receivable and write-offs for each college and university, with the basis for the decision, to Minnesota Management and Budget.

Subpart I. Referral to Minnesota Department of Revenue, Collection Division

As required by Minn. Stat. § 16D.04, subd. 2, accounts receivables which the college or university is unsuccessful in collecting and are 121 days past due, or thirty days after the final class registration period has concluded for the following semester, whichever is later, must be referred to Minnesota Department of Revenue, Collection Division for collection. The college or university should refer debts with such necessary information including debt type, debtor name, date of debt origination, amount of debt, and whether a revenue recapture claim has been filed on the debt.

This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the college or university determines that the debtor is adhering to acceptable payment arrangements. Pursuant to Minn. Stat. § 16D.07, a college or university is required to send notice to the debtor by U.S. mail or personal delivery at the debtor's last known address at least 20 days before the debt is referred to Minnesota Department of Revenue, Collection Division, or any private collection agency. The notice must state the nature and amount of the debt, identify to whom the debt is owed, and inform the debtor of the remedies available under Minn. Stat. § 16D, Debt Collection Act.

The college or university should discontinue any billing statements, demand letters, or active collection efforts for referred debts.

Related Documents:

[Board Policy 7.6](#) - Business Activities

[Board Policy 1A.3](#) System Administration, Chancellor

[System Procedure 7.6.1](#) - Competition with Private Sector

[System Procedure Operating Instruction 7.6.2.1](#) - Satisfactory Academic Progress Exception

[System Procedure 5.12.5](#) - Payment Plans

To view the following related statutes, go to the Revisor's website (https://www.revisor.mn.gov/state_register/). You can conduct a search from this site by typing in the statute number.

- M.S. 16D, State Debt Collection
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Procedure History

Date of Adoption: 07/29/03
Date of Implementation: 08/15/06
Date of Last Review: 07/19/21

Date and Subject of Amendments:

06/26/24 - Reviewed as a result of federal statute which requires examination of the process of holds on student records for past-due receivables. Language related to holds placed on student transcripts has been removed from Section 4, Subpart D.

09/13/21 – In Part 4, Subpart D, added three transcript requests that must be honored pursuant to Minn. Stat. 16D.

7/19/21 – Updated verbiage in part 4, subpart C, stating student may view account activity online reflecting current practice. Updated part 4, subpart D, raising the threshold at which a hold will be placed on a student account to more than \$500 from \$100; added verbiage allowing the president or their designee to temporarily lift a hold consistent with procedures under policy 5.12; also added verbiage stating transcript will not be withheld due to a balance owed to a college or university. Other minor changes were made for clarity and consistency.

1/12/15 - Amended to create new Part 1. Amended Part 2. Amended Part 4 regarding holds for registration and transcripts. Registration hold threshold increased to \$100; transcript hold threshold remains at \$30. Formatting and style changes throughout.

Additional [HISTORY](#)