

Northwest Louisiana Technical Community College

Accounts Receivable

Original Adoption: October 16, 2019

Effective Date: October 16, 2019

Last Revision: January 1, 2023

Northwest Louisiana Technical Community College shall promote the standardization in the recording, managing, and reporting of accounts receivables in an effort to:

- A. Ensure NLTC financial statements correctly reflect all amount owed to the college;
- B. Minimize the cost of collecting accounts receivable; and
- C. Maximize cash flow.

I) Accounts Receivable Process Overview and Objectives

A) Billing Process Overview and Objectives

- 1) To provide accurate and timely billing for amounts owed to NLTC
- 2) To provide a means of tracking accounts receivable
- 3) To provide billing capabilities for various types of receivables
- 4) To provide the capabilities of monitoring the aging of accounts receivable, creating customer billings and statements based on the age of the receivable
- 5) To provide internal control procedures and accountability

B) Billing Event Overview and Objective

- 1) Recording of the billing event will be performed by the College. The Bursar's Office will initiate the data entry, obtain approvals and process the billing.
- 2) Invoices and statements are generated by the College and sent to the student/customer electronically or by mail on a timely basis. The College will provide statements at least monthly.
- 3) Once a receivable has been incurred, an invoice will be prepared and made available to debtor on a timely basis.
- 4) The Bursar's office is responsible for tracking the College's receivables and keeping records of, and all correspondence pertaining to, the account.
- 5) The Bursar's Office will obtain complete and accurate information on each debtor in the event of default.

- 6) Each month a report is prepared by the Bursar's Office to review the accounts for further action. The report provides information relating to accounts that are over 30 days, over 60 days, over 90 days, and older.
- 7) The Bursar's Office will inform and notify the debtor of additional fees, charges, and costs that may be incurred for failure to pay a debt, including:
 - a. fee that will be charged for NSF checks;
 - b. interest on unpaid balance per month, as applicable;
 - c. attorney or collection agency fees, as applicable; and
 - d. late penalty fees, as applicable.

C) Billing Receipts Overview and Objective

- 1) The College's Bursar's office receives the money and credits the appropriate customer's account.
- 2) Compliance with R.S. 39:372 and the Louisiana Constitution Article VII, Section 9 (A) requires "all monies received by the State or by any state board, agency, or commission shall be deposited immediately upon receipt in the State Treasury, except for certain listed therein." ("Immediately" is defined as within 24 hours of receipt. The State Treasury cash management practices require state-depositing entities to deposit receipts in NLTCC's central depository account or designated regional depository accounts. Northwest Louisiana Technical Community College is responsible for revenue classification in the accounting system.)

D) Accounting Procedures Overview and Objective

- 1) The Bursar's Office will maintain a proper segregation of duties such as opening the mail, recording the receipt, and maintaining the accounts receivable records. When not feasible, supervisory review and controls will be implemented.
- 2) The Bursar's Office will provide a monthly Aged Trial Balance of all accounts, which will be checked and verified by the Vice Chancellor of Finance and Administration to ensure that the amount equals the balance in the General Ledger, if applicable.
- 3) The Bursar's Office will obtain all necessary information on the debtor in the event of default such as:
 - a. current home and work address and phone number;
 - b. social security and/or federal employer identification number;
 - c. name of address of nearest relative or guardian;
 - d. date of birth;
 - e. any other relevant information

II) Collection Process Overview, Objective, and Policy Guidelines

A) Collection Process Objectives

- 1) To identify delinquent accounts.
- 2) To pursue delinquent accounts by creating collection letters that are tailored to the College's needs.
- 3) To apply late charges and interest to delinquent accounts, as appropriate.
- 4) To interface with other software to enhance the intercepting of payments.
- 5) To provide an updated customer account balance for any collection activity, payments or NSF checks.

- 6) To provide the ability to write off uncollectible accounts with proper authority and documentation that debt is still owed to the state.
- 7) To establish and maintain internal controls.

B) Collection Process

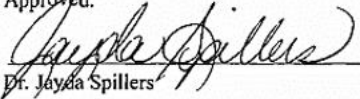
- 1) Begins when the debt is recognized or the service is completed. The Bursar's Office will provide an invoice or statement in a timely manner to the debtor.
- 2) Different messages will appear on the statement according to the status of the account to remind the debtor of the amount owed to the state and any payments and/or adjustments made since the last statement.
- 3) The College will apply interest and/or late charges as statutorily prescribed and as deemed appropriate by the College.
- 4) With the proper documentation and approval, and in accordance with LCTCS Policy No. 5.009 - Allowance/Write Off Policy incorporated herein, the College may write off from the financial statements any account that is deemed uncollectible after following the proper procedures. The debt is still owed to the state.

C) Collection Follow-Up Procedures

- 1) Send a minimum of two follow-up billing statements to debtor. The scheduled billing cycle shall be designated by the College as follows:
 - a. Within 60 days after the end of a semester, Northwest Louisiana will do an analysis of all student accounts that have an outstanding balance for that semester. Northwest Louisiana will send a minimum of one follow-up billing statement to the debtor each month until three (3) letters have been sent or until the account is written off, whichever comes first.
- 2) Send second billing statement to debtor with a warning (dunning) message explaining the action that will be taken within a scheduled billing cycle from the first statement.
- 3) Third billing statement notifies the debtor that the account has been forwarded to a collection agency or the attorney general's office within a scheduled billing cycle from the second statement.
- 4) Course of action after the third billing statement:
 - a. Discontinue service and notify debtor by letter that service has been discontinued, if applicable to the College.
 - b. The College will continue to collect amounts by all available means - private collection agency, attorney general's office, debt offset, etc.
- 5) Further action may be taken at the discretion of the College and may include a decision by the Controller on whether to approve the account to be written off or continue to collect.
- 6) The College may continue its collection process or assign the account to a collection agency.
- 7) Follow-up with the Attorney General's office or collection agency on the status of the account
- 8) If appropriate, contact past due customers by telephone at any time during the collection process to ensure collection.
- 9) Students, individuals or entities who are in default on obligations or for whom previous obligations have been written off as uncollectible shall not be admitted to the College, or be used a transcript, without payment in full of any previous unpaid obligations or upon presentation of written evidence of bona fide payment arrangements as approved by or

Vice Chancellor of Finance and Administration. Such arrangements should be documented in the student's file. Payment arrangements shall not extend beyond the semester the student is admitted.

Approved:

A handwritten signature in black ink, appearing to read "Jayda Spillers", written over a horizontal line.

Dr. Jayda Spillers

Chancellor