Fiscal Policy – Rule 03-110-202
Non-Student Accounts Receivable

1. Summary

1.1. Oregon State University provides services and products to individuals and entities. If payment is not received in advance or made by the customer at the point of delivery, the university creates a receivable and the customer incurs a debt which is formalized through an agreement that specifies the amount owed, the due date and any other terms.

1.2. OSU non-student accounts receivable policy is subject to applicable statutes, regulations, bargaining agreements and contracts. This policy provides guidelines for billing and collection of non-student and/or non-grant receivables associated with university business to:

- ensure that revenue from all sources is recorded, collected and reported in a timely and effective manner,
- maximize the university's cash flow through the timely collection of receivables,
- minimize exposure from uncollectible receivables,
- provide consistent and equitable treatment to debtors and regular communication on amounts owed,
- ensure uncollectible accounts receivable are written off under the proper authority and only after all reasonable and appropriate collection action has been taken,
- ensure the accuracy of financial statements through consolidation of receivables and revenues and
- ensure effective internal controls, including segregation of duties.

1.3. All faculty, staff and students who are assigned to the administration of accounts receivable must comply with OSU accounting policies and procedures. All employees at OSU, as well as budget authorities, managers and supervisors who are responsible for approving or processing billings and receivables should be informed and understand this rule.

2. General Compliance Requirements

2.1. OSU’s receivable policy should comply with all federal and state credit and collection rules and regulations such as:
2.1.1. OSU, State and Federal Data Protection regulations (e.g. Oregon Consumer Identity Theft Protection Act) which requires entities that collect, share and keep personal information to maintain reasonable safeguards to ensure the security, confidentiality and integrity of personal information).


2.1.3. Federal Fair Credit Reporting Act (FCRA): This law requires that users and furnishers of credit data must comply with provisions of privacy and security, have permissible purposes for obtaining credit reports and maintain procedures ensuring that supplied data is current and accurate and have procedures to correct bad data.

2.1.4. Federal Fair Debt Collection Practices Act (FDCPA): This law regulates the activities of those who regularly collect debts from others. It requires that debt collectors treat debtors fairly by prohibiting certain methods of debt collection such as: harassment, false statements and unfair practices.

2.2. Departments with non-student accounts receivable will be responsible for establishing procedures to ensure adequate internal controls. Internal control procedures include appropriate segregation of duties, adequate documentation, prompt recordkeeping, reconciliations and monitoring activities. Documented policies and procedures support clearly defined activities and related controls throughout the department’s accounts receivable processes.

3. Process & Responsibilities

3.1. Establishing a Receivable

3.1.1. The Controller’s Unit is responsible for maintaining accounts receivable records in the university’s accounting system of record, ensuring appropriate internal controls within the system.

3.1.2. Departments that extend credit to customers must maintain detailed records with supporting documentation for the accounts receivable transactions, sales and subsequent payments by customer.

   a) All amounts due to the university must be promptly recorded as an accounts receivable, listing customer information, date, amount and description of transaction.

   b) Each receivable account must be assigned a unique customer ID and be maintained until the amount due is satisfied, either with payment in full or through more costly resolutions such as a settlement or write-off.
3.1.3. Before extending credit by providing services, departments must obtain customer information, including contact information.

3.1.4. The department must have credit guidelines so that credit decisions are made objectively, to include:

a) customer eligibility factors, credit limits, payment terms, acceptable forms of payment; and

b) consequences of non-payment, including details about the costs that a delinquent customer must cover such as interest, collection costs and legal fees.

3.1.5. The department must provide the customer with the terms and conditions by which credit will be extended, including potential collection procedures.

3.1.6. When goods or services are provided without simultaneous payment, the department must track the receivable with sufficient detail to report outstanding amounts due and to accurately post payments when received. See section 3.3 for reporting requirements.

3.2. **Billing**

3.2.1. Accurate and timely invoices must be produced and provided for all customers. Invoices must include proper documentation such as customer name and ID, contact information, date, unit, price, quantity, description, total amount due, the due date, terms and where to send the payment.

3.2.2. The amount that is billed must be in accordance with the OSU Fee Book.

3.2.3. Any adjustment or change to an existing invoice (modification to any component of the invoice or an accounting correction) must be adequately documented and justified.

3.2.4. Departments must issue statements itemizing outstanding invoices to customers at least quarterly.

3.2.5. Interest may be charged when stated in the terms and conditions issued to the customer.

3.2.6. The department must review billing activity at least monthly.
3.3. **Reporting**

3.3.1. For the required fiscal year-end reporting, departments must report to the Controller’s Unit all outstanding accounts receivable not recorded in the university’s accounting system of record net of any amounts deemed uncollectible as of June 30 of each fiscal year.

3.3.2. An adequate allowance for doubtful accounts must be established within the appropriate accounting fund, based on a method established by the Controller’s Unit.

   a) When all reasonable efforts fail to collect an account receivable and it has been approved for write-off, the related provision for doubtful accounts will be reduced.

   b) The allowance must be updated at least annually at fiscal year-end.

   c) The Controller’s Unit will periodically review a department’s actual write-offs to assess if the allowance account is at an appropriate level and write-offs are being decisioned appropriately.

3.4. **Collections and Due Diligence**

3.4.1. On a routine basis, departments are responsible for reviewing the accounts receivable aging report and making every effort to collect any outstanding receivables.

3.4.2. All due diligence actions taken to collect overdue accounts must be documented and must abide by federal and state fair collection laws and regulations. Due diligence may include:

   a) Communication of past due amount by emails, phone calls or letters

   b) Offering a defined payment schedule

   c) Restriction of services or requirement of secured funds as payment (i.e. bank check, money order or credit card payment)

3.4.3. The department may accept a compromise settlement of a debt. The uncollected portion of the original debt is written off as identified under the terms of a settlement agreement.

3.4.4. The Controller’s Unit has the authority to assign accounts to a third party for collection. The department may request that an account receivable be referred to a third party for resolution after normal collection activities have been exhausted or when a business case supports this collection option, but no earlier than 90-days overdue unless circumstances warrant such action.
a) Utilizing the Oregon Department of Revenue as a collection agent, using the Other Agency Account (OAA) program.

b) Using commercial credit reporting agencies by contract and as permitted (or required by law).

c) The Controller’s Unit will notify departments when delinquent accounts will be turned over to third-party collection agencies.

d) Fees paid to collection agencies will be deducted from any monies collected from the customer.

e) The department must ensure that the following information is provided to the Controller’s Unit prior to referral of the debt to a third party:
   - How and when the debt occurred (include copies of the original invoices and customer statements),
   - Collection action taken to-date (including the date contact was made with the debtor, the person(s) contacted, payment agreements and any other relevant information) and
   - The reason for initiating the third-party demand.

3.5. Write-offs

3.5.1. Amounts deemed uncollectible after reasonable collection efforts may be written off.

3.5.2. Departments may write-off individual charges based on circumstances and collection costs, with appropriate documentation and approval by a department finance manager.

3.5.3. To write-off the amount, an entry is made to remove it from the central accounting system of record or department accounts receivable sub-ledger and expense bad debt within the same Index that the original revenue was posted.

   a) If a receivable is subsequently collected from a customer, the collected revenue should be credited to the accounting FOAPA (Fund, Organization, Account, Program and Activity code) string that recorded the bad debt expense.

3.5.4. Documentation required for write-off submissions must include the relevant debt information, including: the debtor's customer ID, name, the dollar amount due and the basis for determining the account to be uncollectible.

3.5.5. All accounts receivable over $100 which have been approved for write-off are eligible to be assigned to the Oregon Department of Revenue for tax offset recovery.
a) The department and the Controller’s Unit are both responsible to provide assistance for these written off and assigned accounts, including answering general debtor inquiries concerning the accounts and participation in any appeal resolution hearings or litigation.

3.5.6. In the case of bankruptcies, the Controller’s Unit files proofs of claim. The department and the Controller’s Unit coordinate activities with OSU’s general counsel regarding the disposition of the debt.

4. Related Information

4.1. University Policy 03-100 Fiscal Policy Program Authority

4.2. Please refer to all other policies, standards and fiscal rules that may be applicable, including but not limited to the following:

4.2.1. University Standard 580-041-0010 Receivables

4.2.2. University Standard 576-010 Collecting Accounts and Notes Receivable and Revolving Charge Account Program

4.2.3. Fiscal Policy-Rule 03-150-113 Collections and Bad Debt

4.3. Please check with your unit for unit-level procedures related to this rule.

4.4. Following are forms and other resources related to this policy:

4.4.1. Standardized templates to be developed (invoice, statement, aging report, credit guidelines, etc.).

4.5. Fiscal Policy Program Definitions of Terminology

4.6. Fiscal Policy Program Frequently Asked Questions (FAQs)

5. History

5.1. Original Issue Date: 08/2021

5.2. Last Version: None

5.3. Last Review Date: 08/2021

5.4. Next Scheduled Review Date: 08/2024

6. Contacts

6.1. Policy Steward: Director of Business Affairs
6.2. Program: Fiscal Policy Officer, Financial Accounting & Analysis

6.3. Link to full list of Fiscal Policy Program Contacts