



Purpose:

This document establishes CSU, Chico procedures related to accounts receivable (A/R) management in accordance with University and ICSUAM Policy 3130.01. The objective is to ensure funds are safeguarded to prevent loss of revenue, that proper segregation of duties is in place, that balances are converted to cash in a timely manner, that amounts due are valid and properly recorded to the general ledger, that collection efforts are pursued, and that debts are written off in a timely manner with proper approval. Each auxiliary organization has its own procedures related to A/R management.

100 CENTRALIZED FUNCTIONS

To ensure that monies owed to the University are accurately accounted for, all A/R due to the university must be recorded in the general ledger to comply with the collection efforts, and allowance for doubtful accounts and write offs procedures in Sections 200 and 300 of this policy; as well as oversight by the CFO or designee to ensure the policy objective is met.

200 COLLECTIONS

This section applies to all types of receivables, including employee, student, related party and general receivables. Specific details are included below for employee, student and other receivables.

201 General Information:

The University will utilize all reasonable collection efforts including direct contact for all balance thresholds, collection agencies for balances greater than \$100, and Franchise Tax Board (FTB) refund offsets for balance greater than \$10. The University will adhere to federal and state laws covering collection practices, it is noted that the State allows recovery of debts by offset against tax refunds even after the State statute of limitations has expired.

202 Employee Receivables:

Employee Receivables generated from payroll salary overpayments may be collected using payroll deductions, only when the repayment method and terms are expressly agreed upon in writing by the employee and the deduction would not reduce the employee's wage below minimum wage for any period covered within the terms of the repayment schedule. Payroll deduction is the preferred repayment method and may not be used to collect payroll salary overpayment receivable from an employee's final paycheck.

The following parameters will be used for establishing repayment terms:

- Repayment period to be over same number of pay periods in which error occurred,
- Maximum of 12 months,
- Repayment amounts will not be less than \$25 per pay period, and
- Variations from the above parameters will require VPBF approval.

Employee receivables established over \$25 (per error occurrence not per A/R) will be the threshold for collection efforts per agreement with Financial Accounting and Reporting (FAR) and Payroll offices. Those at or below \$25 per error occurrence will be written off.

The University will attempt direct contact with employee and engage in agreeable repayment schedules. If the employee fails to engage, the balance will be referred to Student Financial Services (SFIN) for collection efforts. If the balance is greater than \$100 it will be referred to a collection agency. For balances greater than \$10 it will be annually submitted to the FTB for tax offset, even if there is an active repayment plan.

Receivable balances, once employee separates from the University, will become a general receivable to the campus. FAR will reclassify from an employee receivable to a general receivable and SFIN will continue the collection process.

203 Student Receivables:

Term-specific student accounts receivable prescribed collection activity (30/60/90 day notification) will commence upon the end of the term for which the funds were due. This will be no later than one month after the last day of finals for the term. Continuing students may not invoke the collection activity until their relationship with the campus ceases.

All students will receive notifications of the due dates and student account balance emails will be conducted during the term. Utilization of holds and enrollment cancellation will be managed on current term student accounts receivable as applicable.

The campus has identified the following thresholds and collection procedures for student account receivables

Past Due Balance	Withhold Services (Hold)	Tax Offset	Collection Agency
Less than \$10	Yes	No	No
Between \$10-\$99	Yes	Yes	No
Greater than \$99	Yes	Yes	Yes

204 Other Receivables:

Financial Accounting and Reporting (FAR) is responsible for most of the campus billing and collection of various other receivables not listed above, including billings between the Campus and Auxiliaries. Billing will be processed directly in the Common Financial System (CFS) based on supporting documentation (MOU, Contract, etc.).

The following areas have been approved to have a separate billing system, but will coordinate with FAR to post amounts to the GL. They will also maintain and provide detailed documentation:

- Parking Citations - Parking Management Bureau
- Health Center – Point n Click
- Library Circulation – Alma
- Career Center - Handshake

300 WRITE OFF OF UNCOLLECTABLE AMOUNTS

301 Allowance and write off of uncollectable accounts receivables

An allowance for uncollectible A/R will be established based on type of outstanding debt and expectations of repayment. The expectation of repayment will be determined based on age, type of debt, and historical collections. The allowance will be adjusted at fiscal year-end.

Debts and accounts receivable balances determined to be uncollectible will be written off by the close of the fiscal year. Balances at least two years old will be evaluated for write-off. Balances less than two years, may be written off if determined to be uncollectible.

The approval of the write off of uncollectible balances will be documented and will follow the discharge authority below.

302 Discharge Authority

The campus Chief Financial Officer (CFO) will approve the write off of balances above \$5,000 and the AVP Financial Services will approve the write off of balances \$5,000 or less.

The write-off of uncollectible balances in funds held by the State Treasurer and accounted for by the State Controller must follow the process outlined in the **State Administrative Manual (SAM), section 8776.6.**

Forms, Resources and Related Links:

[ICSUAM Policy 3130.01](#)

[Legal Manual, Accounts Receivable Chapter 28](#)

[State Admin Manual 8776](#)

[SCO Payroll Procedures Manual](#)

CSU Business Process Guide for Administration of Employee Salary Overpayments

Original Implementation Date: July 2019