

Oklahoma State University Policy and Procedures

BILLING AND RECEIVABLE SYSTEM	3-0330 ADMINISTRATION & FINANCE Office of the Controller November 2018
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INTRODUCTION AND GENERAL STATEMENT

1.01 Oklahoma State University (OSU) utilizes a centralized accounts receivable system. As prescribed by the Board of Regents for the Oklahoma Agricultural & Mechanical Colleges, all University departments that maintain accounts receivable systems or are involved with invoicing sales, services, and assessments are required to utilize the central system for the recording of accounts receivable. Any payments of recorded accounts receivable must be sent directly to the Bursar's Office for receipt. Letterhead and other billing documents not flowing through the central system are prohibited.

1.02 Departments that assess special charges must comply with Policy and Procedures Letter 2-0806 Fees, Tuition, and Special Charges to Students, which addresses the approval process to be followed prior to the assessment of fees and special charges.

1.03 Invoicing for reimbursable grants and contracts is exempt from the centralized billing and receivable system. This type of activity should be coordinated through Grants and Contracts Financial Administration. Any additional exemptions require authorization from the Controller.

1.04 Departments must safeguard information and protect the privacy of their students and clients in accordance with OSU Policy and Procedures as well as state and federal regulations, particularly compliance with 3-0540 Red Flag Rules and Identity Theft Prevention; 3-0322 Electronic Use of Social Security Numbers, and Family Educational Rights and Privacy Act (FERPA).

PURPOSE AND SCOPE

2.01 The objective of the central accounts receivable system is to lessen the requirements for departmental record-keeping, consolidate charges into one billing and promote standardized reporting of accounts receivable in the University's financial records.

2.02 Departmental efforts are reduced under the central system. The Bursar's Office maintains the accounts receivable record, records payments, assesses finance charges for unpaid balances, delivers monthly statements to students and clients, assesses bad debt expense, writes off bad debt accounts, and manages necessary collection tasks. Charges are updated to the Financial System and management reports reflecting charges, payments, and balances due are available to departmental management. Departments are further relieved of the accepting, safeguarding, recording, and depositing of cash since payments are made directly to the Bursar. Departments receive management reports reflecting charges, payments and balances due in order

to determine business risk for extending credit to students and clients. Departmental staff appointed by the department head have access to on-line real time data located in the system.

2.03 The central system collects and consolidates all departmental charges into one billing statement for each student, client, faculty or staff member, thus allowing one payment for all charges at the one central point on campus. This not only lessens the number of transactions and duplication of effort, but also allows the Bursar's Office to uniformly assess prescribed penalties for failure to pay.

2.04 The central system interfaces with the Banner Financial System which facilitates monthly and annual reporting. Internal and external auditors will prepare direct confirmations of accounts receivable balances as necessary.

PROCEDURES

Overview of the Bursar Receivable System

3.01 The central system consists of shared components (information shared by all information systems) as well as detail records of the transactions. Shared components records include such items as identification number, name, address, telephone number, email address, etc.

3.02 Account identification number - All "charge" clients must exist within the billing and receivable system before a transaction may be processed.

3.03 Detail Codes are used to process the transactions and identify the originating department. Departments may submit a Bursar Detail Code Request Form to request a new code. If the charge is course related, approvals must have been obtained by the appropriate channels prior to creation. A typical detail code is assigned by the bursar office with the following values:

- A. A one-digit charge or payment indicator
- B. A category code identifying the user department
- C. A description of the charge or payment
- D. The Finance Fund and Account Number to be debited
- E. The Finance Fund and Account Number (to be credited)

3.04 Invoices are issued by the service/product provider (departments) indicating the specifics of the transaction. Departments are responsible for creating, delivering and retaining the initial invoice as well as recording the charge to the bursar account. Invoices should be auditable and available to support the charges placed on bursar accounts by departments. Inability to produce invoices may jeopardize collection of receivables and may result in immediate write-off to bad debt. Departments must retain invoices at least five years provided all audits have been completed and provided no legal actions are pending in compliance with the records retention policy for receivables. This documentation may be in electronic format. The Bursar's Office

must approve invoice formats/templates before distribution to students and clients. It is mandated departmental invoices include, at a minimum:

- Invoice number
- Invoice date
- Remit address
- OSU Office of the Bursar, 113 Student Union, Stillwater, OK 74078
- Payment questions phone number
 - 405-744-5993
- Service/product questions phone number
 - Departmental phone number
- Client account identification number
- Client name and address
- Transaction information
 - Date
 - Description
 - Amount
 - Charge or Credit

Processing New Transactions

3.05 Departments may submit, via electronic media, transactions for upload into bursar accounts. Departments will be granted on-line access to AIRS or to Banner which allows entry to process sales (charge) transactions.

3.06 Correcting (reversals) or adjusting the amount of a previous invoice is accomplished by issuing a "credit." The user department must initiate credit entries.

3.07 Departments are subject to audit. The department is the responsible entity to maintain records adequate to sustain an audit and respond to a client's inquiry.

Accounts Receivable

3.08 Returned Items - The Bursar's Office purchases all returned items (i.e. insufficient checks) from the financial institutions and records them as receivable items against the maker's account and assesses a service charge. A bad check flag will be placed on the maker's account, and the maker will be stopped from issuing further checks to the University when warranted. If a client gives the University three or more bad checks, the flag will remain permanently on his/her account until risk is re-evaluated to remove. If the bad checks are not cleared within a designated timeframe and the checks prove to be uncollectible by the Bursar, they are ultimately turned over to a collection agency and/or charges may be filed with the appropriate County District Attorney. Uncollected bad checks will be charged back to the departments at face value.

3.9 Accounts Receivable and Bad Debts - The Bursar assesses departments a percentage of their total billings each semester for an uncollectable bad debt allowance. Assessment ratios are determined from historical University and departmental data. Ratios are reviewed and computed annually. Assessments are performed three times annually, during the fall, spring and summer

semesters. These monies are set aside in an account to be used for writing off uncollected accounts.

3.10 Any charges written off as uncollected will result in a permanent hold on future enrollment and academic records until the bad debt is paid. The account will be submitted to the State for the “Warrant Intercept Program” to seize the Oklahoma income tax refund to pay against the debt.

3.11 Delinquent and Uncollected Accounts - The Bursar has several sanctioned penalties that may be assessed to students to encourage payment of items owed the University. These penalties include a “hold” on all academic records, enrollment in future semesters and additional charging of optional items. Departments will respect the charging privilege hold and not process additional charges to the bursar account until resolved. If a student is currently enrolled, the Bursar will not utilize an external collection agency. Collection agencies will be used whenever a student is no longer enrolled and still has a bursar account past due. The collection agency’s fees will be charged to the delinquent student and the responsibility of the account holder.

3.12 The Bursar employs monthly statements and collection letters to assist in collection efforts. The University has contracted with external collection agencies and has given the Bursar authority to assign delinquent accounts to these agencies. If the client does not respond to monthly statements or collection letters, the account will be placed with the external collection agency. Departments should utilize management reports to monitor accounts and should contact the Bursar Office if action is desired.

3.13 Standard Terms Concerning Payments on Account - The monthly statement states payment is due prior to the fifteenth of the month.

3.14 Finance Charge - Finance charges are computed at a periodic monthly rate of 1.5% per month or an APR of 19.56% on any unpaid past due balance. All accounts with an unpaid past due balance will be assessed a minimum finance charge of \$.50 per month.

3.15 Minimum Amounts - Due to the cost of processing and collecting, departments are asked not to charge amounts less than one dollar on any one transaction; this should be handled as a point of sale cash transaction. Processing small amounts as receivables is not cost effective for the University.

3.16 Deferments/Payment Arrangements - The Bursar has authority to approve any deferments or establish special payment arrangements.

Grants, Loans, Scholarships, and Third Party Sponsors

3.17 Third Party Sponsors - The Bursar will bill third party sponsors for educational expenses. A student must submit an award or notification letter to the Bursar Office to initiate the billing.

3.18 The financial aid department processes federal, state, and institutional grants, scholarships, and loans. Financial aid is electronically disbursed to the student’s bursar account. If all charges for the semester are paid at the time of disbursement, the student may be eligible for a refund.

Revised: November 1983
Revised: July 1985
Revised: August 30, 2005
Revised: May 2011
Revised: November 2018