

LAKE SUPERIOR STATE UNIVERSITY PROCEDURES MANUAL

Administrative Policy

Section: Business Operations

Section Number: 3.7.18

Subject: Accounts Receivable/Collections Procedure

Date of Present Issue:
6/25/2025

Date of Previous Issues:
01/19

Policy Statement:

University accounts receivables include receivables from students (for tuition, fees, room & board, etc.) and from other individuals and businesses (for catering, advertising, rentals, etc.) which are referred to as general receivables. All university revenues are recorded on the accrual basis of accounting. This requires that revenues be recorded at the time goods or services are provided. If a customer does not make cash payment at the time of service, a receivable must be established.

All debtors who do not meet their financial obligations will be held responsible for all collection fees and related expenses incurred by the University as provided by law or as permitted by an applicable signed agreement.

Scope:

This policy applies to all LSSU faculty, staff, students, as well as any non-LSSU person, entity, etc. that creates an extension of credit with the university.

Definitions:

- Extension of Credit: When payment is not collected at time of service or point of sale.
- Account Receivable: Debts owed for goods or services used or delivered but not yet paid for.

Receivables Procedures:

1. Receivables established must be entered into the University's Enterprise Resource Planning (ERP) software on a monthly basis or per the applicable contractual agreement by the originating department.
2. All originating departments will be responsible for the monitoring of outstanding accounts receivables to ensure that billing and collection activities are managed according to applicable campus business processes.
3. University receivables, both student and general, are accounted for in the accounting records using the University's ERP software under the direction of Business Operations.

4. Any exception must be approved by the Vice President of Finance & Operations. The minimum required billing activity, performed by the originating department, for receivables is:
 - Initial Billing Notice
 - 30-Days Past Due Notice
 - 60-Days Past Due Notice
 - 90-Days Past Due Notice

**The time-line above is approximate. Actual communications should be based on a monthly processing calendar rather than on the specific age of individual accounts. Generally, collection procedures should not accelerate faster than indicated in the time-line above.*

Collection Procedures:

1. The process of collecting past due accounts that exceed 120 days is a cooperative effort between Business Operations and the various other departments which are providing the product, service, or loan and who bear ultimate financial responsibility for the receivable.
2. The University will employ all reasonable and customary business practices to collect receivables and loans owed to the University. Such practices include, but are not limited to:
 - Terminating current student registration or restricting students' ability to register for future classes
 - Credit reporting
 - Use of collection agencies and litigation.
3. The following minimum collection efforts will occur for past due accounts within Business Operations:
 - Dunning notices will be sent to the debtor.
 - Financial holds will be placed on the debtor's record.
 - Various communications (letters, emails, phone calls, etc.) will be placed to debtors.
 - Payment plans may be offered to the debtor.
 - Remittance to a Collection Agency for further collection activities.
4. Use of external collection agencies in the collection of past due accounts is considered the most efficient way to collect past due accounts which have not responded to repeated billing requests and collection efforts by University employees. Business Operations will contract with several outside agencies, including, but not limited to, the State of

Michigan, at the discretion of the Vice President for Finance & Operations. The University does not restrict methods used by the external agencies, however, the University does make reasonable efforts to ensure that external agencies follow all applicable federal and state laws and are generally professional in their efforts.

Responsibilities:

- Approved university departments allowed to extend line of credit will obtain appropriate, signed agreement when necessary, and manage the account until paid in full. If the account exceeds delinquency of 120+ days, the account must then be assigned to Business Operations for further collection action.
- Vice President for Finance and Operations will approve departments that can offer lines of credit as well as any needed exceptions to already established agreements; approve contracts with any current and/or new outside collection agencies.
- Business Operations (Accounts Receivables & Collection Coordinator) will oversee and manage any assigned accounts considered delinquent.

Review Cycle:

University receivables are reviewed regularly and adjusted to their expected net realizable value using an Allowance for Doubtful Accounts on an annual basis. Accounts receivable that are deemed completely uncollectible are removed from the university accounting records as described in Policy 3.7.2 Accounts and Notes Receivable Write Off.