



1 **Procedure 7.6.2 Accounts Receivable Management**

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3 **Part 1. Purpose**

4 To ensure an efficient and effective collection of all debts owed to the college, university, or the
5 system office.

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7 **Part 2. Authority**

8 Pursuant to Board Policy 1A.3, Part 4, the Board of Trustees delegates to the chancellor
9 authority to manage all enterprise or auxiliary activities, including but not limited to accounts
10 receivable.

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12 **Part 3. Definitions**

13 For the purpose of this procedure only, the following words and terms are defined as follows:

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15 **Debt**

16 Any amount greater than zero owed to the colleges, universities, and the system office,
17 including, but not limited to, debts for tuition, fees, loans, and sales of goods and services.

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19 **Debtor**

20 An individual, business, non-profit organization, or any other public or private entity,
21 including a state, local, or federal government, or an Indigenous/Native Tribal Sovereign
22 Government, that is liable for a debt or against whom there is a claim for a debt.

23

24 **Accounts receivable**

25 Any obligation arising from a consumer transaction. Accounts receivables are the result of
26 various types of financial transactions, including, but not limited to: student tuition, fees,
27 room, board, miscellaneous student accounts, and short-term loans, as well as sales of
28 products and services to the general public.

29

30 **Student**

31 A person who enrolls in any credit or noncredit course offered by a college or university.

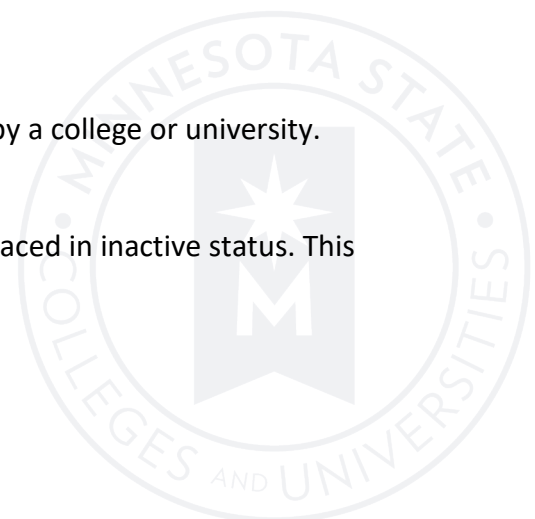
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33 **Account write-offs**

34 Accounts that have been determined to be uncollectable and placed in inactive status. This
35 does not eliminate the legal obligation to pay.

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38 **Revenue recapture**

39 A Minnesota Department of Revenue process to collect debts owed to state agencies by
40 applying an individual's income tax refund (or lottery winnings) against the amount owed to
41 the state. The cost of participation in the program is deducted from the amount of the
42 debtor's refund.

43

44 **Hold**

45 The process by which a college or university prevents defined, future student activity.

46

47 **Minnesota Department of Revenue, Collection Division**

48 The division is a state-operated collection management service. As required by Minn. Stat.
49 §16D.04, subd. 2, accounts receivable must be referred to the Department of Revenue for
50 collection.

51

52 **Part 4. Management of Receivables.**

53 Minnesota State colleges and universities must have written policies and procedures, and a
54 system of internal controls for managing the accounts receivable process. Written procedures
55 should include at a minimum:

56

- 57 • Requirements for establishing and recording a receivable.
- 58 • Collection actions and timeline for the collection process.
- 59 • Requirements for placing holds on student records.
- 60 • Approvals for adjustments to accounts.
- 61 • Periodic review of past due accounts.
- 62 • Criteria for referral to the revenue recapture program.
- 63 • Process for referring to the Minnesota Department of Revenue, Collection Division
- 64 • Criteria for writing off accounts and approvals needed.
- 65 • Process for restoring a previously written-off account and recording receipt of payment.
- 66 • Reporting.

67

68 All accounts receivable activities undertaken should be documented in writing and, as
69 appropriate, recorded in the Minnesota State Student and Financial Information System.

70

71 **Subpart A. Establishing the receivable**

72 Colleges and universities are responsible for establishing the terms and conditions for
73 payment at the time an account is created. The debt must be acknowledged by the student
74 or other debtor at this time. The acknowledgement must be either in writing or, with
75 automated registration processes, by a positive action that indicates that the debtor is
76 accepting the terms and conditions for payment.

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80 **Subpart B. Collection activities**

81 Each college and university should follow up routinely and diligently on all account's
82 receivables. Written procedures and guidelines should be developed for collection activity,
83 including determination of balances below which only minimal collection activity is
84 required. A structured timetable for collection activities should include, at a minimum:

- 85
- 86 • Billing.
- 87 • Time frame for placing a hold on the student records.
- 88 • Time frame for contacting departments generating non-tuition/fee revenues
89 regarding past-due receivables.
- 90 • Referral to the Minnesota Department of Revenue, Collection Division, including
91 notification that the account is being referred to an outside collection agency.
- 92

93 All collection activity undertaken for each account should be documented in writing and as
94 appropriate, recorded in the Student and Financial Information System.

95 **Subpart C. Billing**

96 Students may view their account activity online, which will constitute an electronic invoice.
97 Each college and university shall mail a uniform printed invoice to the debtor at least 20
98 days before referral to the Minnesota Department of Revenue, Collections Division,
99 pursuant to Minn. Stat. § 16D.07. The invoice form must be uniform in content and
100 appearance across all colleges and universities except for designated space for school-
101 specific information such as school name, address, phone number, and logo.
102

103 **Subpart D. Holds placed on student records**

104 Each college and university shall place a registration hold on all unpaid student accounts
105 with balances of more than \$500 and that are more than 30 days past due. These holds
106 must be in place before registration begins for the next term. All balances of \$500 or less
107 shall be carried forward without generating a hold.
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109
110 The president, or their designee, may approve the temporary lifting of a registration hold to
111 allow the student to register for the current term. If such an exception is granted, the
112 college or university shall document the reasons for granting the temporary lift of the
113 registration hold.
114

115 Each college and university shall place a registration hold on all student accounts deemed
116 uncollectible and written off pursuant to internal policies and procedures.
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118 An official transcript will not be withheld from a student due to a balance owed that is \$500
119 or less to a Minnesota State College or University. At the time of request, colleges and
120 universities may communicate the options available to the student to resolve the debt.
121

122 **Requests for official transcripts must be honored if (a) the student entered into and, as**
123 **determined by the institution, is in compliance with a payment plan with the college or**
124 **university holding the debt, (b) the request is from a prospective employer, or (c) the**

125 **student's debt has been sent to the Minnesota Department of Revenue, Collection**
126 **Division or collection agencies.**

127
128 **Subpart E. Current receivables**

129 Current term receivable activity should be reviewed monthly but no less than once each
130 semester by the Chief Finance Officer or designee.

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132 **Subpart F. Past due receivable**

133 Past due accounts should be reviewed monthly by the Chief Finance Officer or designee.

134
135 Colleges, universities, and the system office should, on a quarterly basis but no less than
136 annually:

- 137
- 138 • Age all accounts receivable amounts.
 - 139 • Review all accounts receivable that are one year or more past due for write-off.
 - 140 • Calculate an estimate of uncollectible accounts receivable amounts.

141
142 **Subpart G. Writing off uncollectable accounts**

143 The president or designee must periodically, but no less than annually, review all past-due
144 accounts receivable. Accounts receivable deemed to be uncollectible based on internal
145 policies and procedures must be written off in the Minnesota State Student and Financial
146 Information System and are no longer recognized as accounts receivable for management
147 and financial reporting purposes.

148
149 A clear distinction must be made between removing accounts receivable and writing off
150 accounts receivable. Accounts receivable can be removed or adjusted when the college or
151 university is not entitled to collect the money. Accounts receivable must not be removed to
152 avoid write-off procedures.

153
154 Application fees are considered unearned until the student completes the application
155 process by paying the fee. Unpaid application fees may be removed rather than written off.

156
157 Colleges, universities, and the system office must make every reasonable effort to collect an
158 account before a write-off. In most cases, the collection effort should include written
159 notices, attempted phone contact, consideration of revenue recapture, and the required
160 referral to the Minnesota Department of Revenue, Collection Division.

161
162 Writing off an account receivable is sensitive and should therefore be subject to strong
163 internal accounting controls. All write-offs of uncollectible accounts receivable require the
164 approval of the president or designee.

165
166 When a debt is determined to be uncollectible, pursuant to the factors of Minn. Stat. §
167 16D.09, the debt must be written off from the Student and Financial Information System
168 and is no longer recognized as an account receivable for financial reporting purposes.

169
170 Determining that the debt is uncollectible does not cancel the legal obligation of the debtor
171 to pay the debt except when the debt has been discharged in bankruptcy or compromised
172 pursuant to the factors of Minn. Stat. § 16D.15.

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174 **Subpart H. Restoring the previously written-off receivable**
175 Payment against a written-off account receivable should be accepted by the college or
176 university. The receivable must be reestablished in the Student and Financial Information
177 System to record the payment and deposit funds to the appropriate accounts.
178 Reinstatement of all previously written-off accounts receivable requires periodic review of
179 the president or designee.

180
181 The system office will report all accounts receivable and write-offs for each college and
182 university, with the basis for the decision, to Minnesota Management and Budget.

183
184 **Subpart I. Referral to Minnesota Department of Revenue, Collection Division**
185 As required by Minn. Stat. § 16D.04, subd. 2, accounts receivables which the college or
186 university is unsuccessful in collecting and are 121 days past due, or thirty days after the
187 final class registration period has concluded for the following semester, whichever is later,
188 must be referred to Minnesota Department of Revenue, Collection Division for collection.
189 The college or university should refer debts with such necessary information including debt
190 type, debtor name, date of debt origination, amount of debt, and whether a revenue
191 recapture claim has been filed on the debt.

192
193 This requirement does not apply if there is a dispute over the amount or validity of the
194 debt, if the debt is the subject of legal action or administrative proceedings, or the college
195 or university determines that the debtor is adhering to acceptable payment arrangements.
196 Pursuant to Minn. Stat. § 16D.07, a college or university is required to send notice to the
197 debtor by U.S. mail or personal delivery at the debtor's last known address at least 20 days
198 before the debt is referred to Minnesota Department of Revenue, Collection Division, or
199 any private collection agency. The notice must state the nature and amount of the debt,
200 identify to whom the debt is owed, and inform the debtor of the remedies available under
201 Minn. Stat. § 16D, Debt Collection Act.

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203 The college or university should discontinue any billing statements, demand letters, or
204 active collection efforts for referred debts.

Related Documents:

[Board Policy 7.6](#) - Business Activities

[Board Policy 1A.3](#) System Administration, Chancellor

[System Procedure 7.6.1](#) - Competition with Private Sector

[System Procedure Operating Instruction 7.6.2.1](#) - Satisfactory Academic Progress Exception

System Procedure 5.12.5 - Payment Plans

To view the following related statutes, go to the Revisor's website <https://www.revisor.mn.gov/statutes/>. You can conduct a search from this site by typing in the statute number.

- M.S. 16D, State Debt Collection
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Procedure History

Date of Adoption: 07/29/03

Date of Implementation: 08/15/06

Date of Last Review: 07/19/21

Date and Subject of Amendments:

09/13/21 – In Part 4, Subpart D, added three transcript requests that must be honored pursuant to Minn. Stat. 16D.

7/19/21 – Updated verbiage in part 4, subpart C, stating student may view account activity online reflecting current practice. Updated part 4, subpart D, raising the threshold at which a hold will be placed on a student account to more than \$500 from \$100; added verbiage allowing the president or their designee to temporarily lift a hold consistent with procedures under policy 5.12; also added verbiage stating transcript will not be withheld due to a balance owed to a college or university. Other minor changes were made for clarity and consistency.

1/12/15 - Amended to create new Part 1. Amended Part 2. Amended Part 4 regarding holds for registration and transcripts. Registration hold threshold increased to \$100; transcript hold threshold remains at \$30. Formatting and style changes throughout.

Additional [HISTORY](#)