



OBJECTIVE

To define the policy and procedures for the extension of credit and the collection of accounts receivable and returned checks.

POLICY

Applies to: All university personnel and departments that sell goods or services on credit.
Issued: 06/1991
Revised: 08/2009

I. Extension of Credit

- A. It is preferred that university departments accept payment before or upon delivery of a good or service. However, under certain circumstances, it may be necessary to provide a good or service prior to payment. This creates an accounts receivable credit transaction.
- B. Credit will not be granted or denied because of race, sex, age, national origin, or creed, in accordance with Ohio Revised Code 4112.021.
- C. The inability to pay by any other method does not necessitate the extension of credit, as refusal of service or merchandise is a feasible alternative.
- D. Extension of credit is the last alternative as a method of payment.

II. Billing for Credit Accounts

- A. All account receivables must be billed at regular intervals, with a frequency of no less than monthly.
- B. Billing invoices will clearly indicate the following:
 - 1. Description and price of the item or service purchased
 - 2. Address to which payment is to be sent
 - 3. The amount is due upon receipt
 - 4. A statement indication that a hold will be placed on all university records if a student account is not paid by the due date
- C. All sales income is credited to an earnings account.
- D. The total on the invoice must be entered in the departmental general ledger accounts receivable account (01xxxx).



- E. An aging schedule should be prepared monthly by all departments having accounts receivable. An aging schedule is an analysis of accounts receivable, distinguishing between amounts and number of accounts that are current and those that are past-due.
- F. An accounts receivable aging schedule must accompany account certification statement submitted to the Office of the Controller, Division of Accounting on March 31 of each year and possibly other times throughout the year as required.

III. Past-due Credit Accounts

- A. If the receivable account remains unpaid 30 days after the original payment due date, department personnel will contact the customer by telephone and/or letter requesting prompt payment.
- B. Past-due accounts in arrears 90 days must be referred to the Office of the University Bursar (Accounts Receivable Collections) for collection.
- C. Accounts may be referred for collection sooner at the discretion of the department.
- D. The Office of the University Bursar (Accounts Receivable Collections) will assess the department a collection charge calculated as a percentage of the amount successfully collected on past-due uncollectible accounts.
- E. The Office of the University Bursar (Accounts Receivable Collections) is responsible for all attorney and collection agency contacts, including any contact with the Ohio Attorney General's Office.
- F. Only the Office of the University Bursar (Accounts Receivable Collections) is authorized to approve write-offs on accounts.
- G. All income producing (earnings) operations of the university must establish and use a method of bad debt recognition including an allowance for uncollectible accounts.

IV. Returned Checks

- A. The bank sends returned checks to the Office of the University Bursar (Accounts Receivable Collections) for collection efforts.
- B. Checks can be returned from the bank for the following reasons including:
 - 1. Non-sufficient funds (NSF)
 - 2. Account closed



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3. Lack of information
 4. Suspicion of fraud
 5. Stale date
 6. Customer placed stop payment

- C. The Office of the University Bursar (Accounts Receivable Collections), on behalf of the university, will coordinate all inquiries made by an attorney or the Ohio Attorney General's Office relating to a returned check.

PROCEDURE

Applies to: All university personnel and departments that sell goods or services on credit.
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I. Bad Debt Recognition and Uncollectible Accounts

- A. Earnings operations must estimate yearly losses due to bad debts and enter this into the Allowance for Uncollectible Accounts on the General Ledger by the end of the fiscal year.
- B. Estimates of bad debt expenses are based either on:
 1. Past documented figures
 2. A percentage of total sales, or
 3. A percentage of total accounts receivable.
- C. This estimate is adjusted by the department to the calculated uncollectible balance at year end. Assistance in this procedure may be obtained from the Division of Accounting, 292-4156.

II. Write-Offs

- A. Departments cannot write off their own debts.
- B. The Office of the University Bursar (Accounts Receivable Collections) will identify uncollectible debts and notify the department.
- C. If sales tax has been paid on an amount later deemed as uncollectible, the amount written off can be claimed as a refund from the State of Ohio. Contact the Office of the Controller 292-6220 for assistance.



III. Write-Off Recovery

- A. If a debt is paid after it has been written off, the write-off recovery is processed through Accounts Receivable.
- B. Payment received by the department is immediately forwarded to the Office of the University Bursar (Accounts Receivable Collections).
- C. The monthly department activity report provided by the Office of the University Bursar identifies these payments.
- D. Department accounts are credited for the amount collected. Any service charges are charged to the department expense account by the Office of the University Bursar (Accounts Receivable Collections).

IV. Legal Services

- A. The services of an attorney for collections on debts or returned checks shall be initiated only at the discretion of the Office of the University Bursar (Accounts Receivable Collections) with the concurrence of the referring department.
- B. Legal fees are a percentage of any amounts recovered through legal action, and are charged to the departments expense accounts.
- C. There are no additional attorney fees.

RESOURCES

[Office of the University Bursar](#) (Accounts Receivable Collections)
(250 Lincoln Tower
1800 Cannon Dr.
Columbus, Ohio 43210
Phone: (614) 292-7574 or 292-5997 E-mail: bursar@osu.edu

[Treasury Administration](#)
Riverwatch Tower, Suite B
364 W. Lane Ave.
Columbus, Ohio 43201-4340
Phone: (614) 292-6261 or (800) 678-6009 (toll free)

Training on accounts receivable is offered free of charge by Financial Training and Documentation, 292-8411.