



Applies to: All university personnel and units that sell goods or services on credit.

Responsible Office

Office of Business and Finance

POLICY

Issued: 06/01/1991
Revised: 08/01/2009
Edited: 07/24/2018

The university prefers that units accept payment before or upon delivery of a good or service. Under certain circumstances, it may be necessary to provide a good or service prior to payment, which creates an accounts receivable credit transaction.

Purpose of the Policy

To define requirements for the extension of credit, collection of accounts receivable, and returned checks.

Policy Details

- I. Extension of credit.
 - A. Credit will not be granted or denied because of race, color, religion, age, sex, military status, national origin, disability, or ancestry, in accordance with Ohio Revised Code 4112.021.
 - B. 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.
 - C. Extension of credit is the last alternative as a method of payment.
- II. Billing for credit accounts.
 - A. Units must bill all account receivables at regular intervals, with a frequency of no less than monthly.
 - B. Billing invoices must 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, and
 4. A statement indicating 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 unit general ledger accounts receivable account (01xxxx).
 - E. An aging schedule should be prepared monthly by all units 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 the account certification statement submitted to the Office of the Controller-Accounting, on March 31 of each year and 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, unit personnel must 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 unit's discretion.
 - D. The Office of the University Bursar-Accounts Receivable Collections will assess the unit 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.



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- 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 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,
 - 3. Lack of information,
 - 4. Suspicion of fraud,
 - 5. Stale date, or
 - 6. Customer placed stop payment.
 - C. The Office of the University Bursar-Accounts Receivable Collections will coordinate all inquiries made by an attorney or the Ohio Attorney General's Office relating to a returned check, on behalf of the university.

PROCEDURE

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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. The estimate is adjusted by the unit to the calculated uncollectible balance at year end. Assistance with this procedure may be obtained from the Office of the Controller.
- II. Write-offs.
 - A. Units cannot write off their own debts.
 - B. The Office of the University Bursar-Accounts Receivable Collections will identify uncollectible debts and notify the unit.
 - 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 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 unit must be forwarded immediately to the Office of the University Bursar-Accounts Receivable Collections.
 - C. The monthly unit activity report provided by the Office of the University Bursar identifies these payments.
 - D. Unit accounts are credited for the amount collected. Any service charges are charged to the unit 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 will be initiated only at the discretion of the Office of the University Bursar-Accounts Receivable Collections with concurrence of the referring unit.
 - B. Legal fees are a percentage of any amounts recovered through legal action, and are charged to unit expense accounts.
 - C. There are no additional attorney fees.

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Responsibilities

Position or Office	Responsibilities
Unit	<ol style="list-style-type: none"> 1. Bill all account receivables at least monthly. 2. Credit sales income to an earnings account. 3. Enter invoice totals in the unit general ledger. 4. Prepare an aging schedule each month. 5. Submit an accounts receivable aging schedule attached to the account certification statement submitted on March 31 annually and at other times as required. 6. Contact customers whose accounts remain unpaid 30 days after the original payment due date. 7. Refer past-due accounts in arrears 90 days to the University Bursar Accounts Receivable Collections. 8. Establish and use a method of bad debt recognition including an allowance for uncollectible accounts. 9. Coordinate inquiries made by an attorney or the Ohio AG's Office relating to returned checks. 10. Estimate yearly losses due to bad debts and enter into the Allowance for Uncollectible Accounts on the General Ledger by the end of the fiscal year. 11. Contact the Office of the Controller for help with a sales tax refund if such tax has been paid on an amount later deemed to be uncollectible. 12. Forward payment received for written off debts immediately to the University Bursar Accounts Receivable Collections.
University Bursar	<ol style="list-style-type: none"> 1. Assess collection charges. 2. Handle all attorney and collection agency contacts, including contact with the Ohio Attorney General Office. 3. Approve write-offs on accounts. 4. Identify uncollectible debts and notify the unit. 5. Process write-off recovery for debts paid after they have been written off. 6. Produce a monthly unit activity report. 7. Credit unit accounts for the amount collected and charge for associated service charges. 8. Initiate the series of an attorney for collections on debts or returned checks, with the concurrence of the referring unit. 9. Charge legal fees to the appropriate unit.

Resources

Ohio Revised Code 4112.021, Unlawful discriminatory practice of creditor, codes.ohio.gov/orc/4112.021

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions	Office of the University Bursar, Office of Business and Finance	614-292-1056	bursar@osu.edu busfin.osu.edu/bursar
Recovering sales tax from the State of Ohio	Office of the University Controller, Office of Business and Finance	614-292-6220	busfin.osu.edu/controller
Adjusting estimated to uncollectable balance at year end	Accounting, Office of the University Controller, Office of Business and Finance	614-292-6220 Fax: 614-688-3572	busfin.osu.edu/university-business/controller/accounting

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