



Applies to: All units that sell goods or services prior to payment and individuals and entities that owe the university money for any reason. This policy does not apply to the **Health System** (except to those employees with university past due accounts) or to goods and services exchanged between units.

Responsible Office

Office of Business and Finance

POLICY

Issued: 06/01/1991
 Revised: 01/07/2021 – Not in effect until [Workday](#) Finance and Supply Chain are implemented at Ohio State. For information only.
 Current Policy: [Accounts Receivable](#)

As a public institution, The Ohio State University is held to a high level of accountability for fiscal stewardship. Numerous constituencies, including alumni, students, taxpayers, the State of Ohio, and the federal government, have an interest in how the university handles and safeguards its money. Accordingly, every reasonable effort must be made to ensure that **accounts receivable** are managed appropriately. While the university prefers that **units** accept payment before or upon delivery of a good or service, the university recognizes that at times it will be necessary to create an accounts receivable transaction when a good or service is provided prior to payment.

Purpose of the Policy

To define requirements for the creation of an accounts receivable, collection of accounts receivable, and returned checks.

Definitions

Term	Definition
Accounts receivable	Money owed to the university by individuals and entities for goods or services provided but not yet paid for by the individual or entities.
Aging schedule	Analysis of accounts receivable that distinguishes between amounts and number of accounts that are current and those that are past due.
Allowance for uncollectible accounts	A contra asset account on the balance sheet representing accounts receivable the university does not expect to collect.
Earnings operation	University entity that earns revenue from the sale of goods/services and is identified by a unique combination of Workday worktags: balancing unit, cost center, and fund (conferences, earnings auxiliary, earnings other, and recharge center funds).
Exception	Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).
Health System	University Hospital, East Hospital, Brain and Spine Hospital, Richard M. Ross Heart Hospital, Harding Hospital, Dodd Rehabilitation Hospital, Ambulatory Clinics and Services, and Arthur G. James Cancer Hospital and Richard J. Solove Research Institute and Outreach Sites.
Payment terms of net 30	Total outstanding on the invoice is due in full 30 days after the good or service is provided.
Senior fiscal officer	Individual who is responsible and accountable for all fiscal operations of a unit.
Unit	College or administrative unit.
Waiver	Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.
Write-off	An accounting action taken when a debt/receivable is determined to be uncollectable. Collection activities cease and the asset value associated with the debt is reduced by the uncollectable amount.



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Policy Details

- I. An accounts receivable will not be granted or denied because of age, ancestry, color, disability, marital status, military status, national origin, race, religion, or sex ([Ohio Revised Code \(ORC\) §4112.021](#)) and will not be granted or denied because of any protected status in accordance with the [Affirmative Action, Equal Employment Opportunity, & Non-Discrimination/Harassment](#), policy 1.10.
- II. Units should not create an accounts receivable just because a customer cannot pay by any other method. Rather, creating an accounts receivable is the last alternative as a method of payment, and refusing to provide the good or service is a feasible alternative.
- III. When creating an accounts receivable, the unit must notify the customer at the time of billing in writing that failure to pay when due will result in the account being turned over to the Office of the Ohio Attorney General (OAG) in accordance with state law for collection and possible state tax offsets and may result in finance charges and/or late fees.
 - A. Finance charges and/or late fees will be charged centrally unless a **waiver** has been granted. See Procedure XIII.
- IV. It is the responsibility of the sponsoring unit to obtain advance approval of the dean of the college in which the student is enrolled, the Office of the University Bursar (Bursar's Office), Student Accounting, and the Office of Legal Affairs, for any contract/grant/fellowship/scholarship that:
 - A. Provides payment by or on behalf of the university to a student from contract/grant/fellowship/scholarship funds in support of student tuition, fees, or other expenses or for any stipend or salary supplement (other than those managed by the Office of Student Financial Aid); and
 - B. Requires the student/graduate to meet certain obligations which if not satisfied could require the student/graduate to repay all or a portion of the payment to the university.

PROCEDURE

Issued: 06/01/1991
Revised: 01/07/2021

- I. The Bursar's Office approves the creation of new accounts receivable customers in Workday to avoid duplicate customers.
- II. Billing for Accounts Receivable
 - A. All units must submit billing invoices to customers at regular intervals, at least once a month. Each unit must generate these billing invoices through Workday unless the Office of Business and Finance has approved a local application allowing the unit to generate the invoices through the unit's own billing system in accordance with the [Fiscal Stewardship](#) policy.
 - B. Billing invoices for accounts receivable must include the following:
 1. Address to which payment is to be sent;
 2. Description and price of the item or service purchased;
 3. **Payment terms of net 30;**
 4. Statement that a hold may be placed on all university records or services, including student records, if an account is not paid when due;
 5. Statement that all unpaid charges will be sent to the OAG in accordance with state law for further collection activity and possible state tax offsets; and
 6. Statement that past due balances may incur finance charges and/or late fees.
 - C. **Senior fiscal officers** are responsible for ensuring that all sales revenue is recorded to the appropriate revenue category and ledger account for their units.



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- D. Units that manage their customers and accounts receivable balances external to Workday must:
 - 1. Prepare and review an **aging schedule** on a monthly basis,
 - 2. Record their receivables in Workday at least monthly,
 - 3. Reconcile receivables balances in Workday to the receivables balances in the unit's local application at least monthly, and
 - 4. Provide the aging schedule upon request by the Office of the Controller (Controller's Office).
- E. Payment discounts (e.g., 1% 10/Net 30) are prohibited.

III. Payments

- A. All customer invoices produced out of Workday will contain a central remit-to location.
- B. Customer payments for invoices produced out of Workday made via check, electronic funds transfer, and eCommerce are received centrally.
- C. Deposit, application of payment, and collection for invoices produced by Workday are managed through the Bursar's Office.

IV. Past Due Accounts

- A. If the accounts receivable remains unpaid 30 days after the original invoice due date, unit personnel must immediately contact the customer by email, letter, and/or telephone requesting prompt payment in compliance with all applicable account collection laws.
- B. Past due accounts in arrears 45 days from the invoice due date must be referred to the Bursar's Office for collection in accordance with [Ohio Revised Code \(ORC\) §131.02](#). Accounts may be referred for collection sooner at the unit's discretion in accordance with state law.
- C. The Bursar's Office is responsible for all attorney and collection agency contacts, including any contact with the OAG.
- D. The Bursar's Office may assess the unit a collection charge.
- E. All units must establish and use a method of bad debt recognition including an **allowance for uncollectible accounts**. See Procedure IX – Accounting for Bad Debt Recognition and Uncollectable Accounts.
- F. The unit must direct any customers wishing to make payments for past due accounts that have been assigned to the OAG to the Bursar's Office. Payments that are received by units for accounts that have been assigned to the OAG must be directed to the Bursar's Office. Workday may not have the most updated balance.
 - 1. If a unit receives a check via U.S. mail, the unit must take the check to the Bursar's Office within one business day of receipt. The Bursar's Office must immediately deposit the check in accordance with the [Deposit of Funds policy](#).

V. Returned Checks

- A. The bank sends returned checks to the Bursar's Office for collection efforts. The Bursar's Office will create an invoice for the returned check for the depositing unit and will invoice the individual or entity that presented the original check.
- B. The Bursar's Office will coordinate on behalf of the university all inquiries made by an attorney or the OAG relating to a returned check.

VI. Employees and Applicants with University Past Due Accounts

- A. Applicants for non-student employment with a past due university account must pay the outstanding amount owed in full or make payment arrangements with the Bursar's Office prior to being hired.
- B. Employees must pay or make payment arrangements for a past due university account no later than 45 days from the invoice due date with the Bursar's Office. Any employee who fails to do so may be subject to corrective action, up to and including termination, in accordance with university policies and rules.
- C. This section VI does not apply to student employees.



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- VII. The Bursar's Office serves as the sole point of contact for the university for customer bankruptcy matters.
 - A. Units must notify the Bursar's Office of any customer that has declared bankruptcy and cease collection efforts.
 - VIII. Units must manage accounts receivable consistent with university policies with special attention to the [Earnings Operations policy](#) and [Fiscal Stewardship policy](#).
 - IX. Accounting for Bad Debt Recognition and Uncollectible Accounts
 - A. **Earnings operations** must estimate monthly losses due to bad debts and enter this into the Allowance for Uncollectible Accounts on the General Ledger by the end of the month.
 - B. Estimates of bad debt expenses are based 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 month end. Units can contact Accounting in the Controller's Office for assistance.
 - D. Supporting documentation must be electronically attached to the journal entry.
 - X. Write-offs
 - A. Only the Bursar's Office is authorized to approve **write-offs** on accounts receivables.
 - B. The Bursar's Office will identify uncollectible bad debt and initiate the write off process.
 - C. If sales tax was collected on an amount written off, the unit must contact Tax Compliance in the Controller's Office for assistance.
 - XI. Write-off Recovery
 - A. Payments received by units against write-offs must be forwarded immediately to the Bursar's Office.
 - B. The Bursar's Office credits unit accounts for the amount collected. Any service charges may be charged to the unit in accordance with the Bursar's Office fee schedule.
 - XII. Legal Services
 - A. In conjunction with the OAG, the Bursar's Office has sole discretion as to whether to initiate the process of engaging an attorney for collections or returned checks.
 - XIII. Waivers to this policy must be approved in advance and documented by the Office of Business and Finance, using the [Business and Finance University Policy Waiver Request](#).
 - XIV. Policy Violations
 - A. All policy violations must be tracked as an **exception** in accordance with the [Fiscal Stewardship policy](#).
 - B. The university may require successful completion of training.
 - C. The university may enforce corrective action, up to and including termination, in accordance with applicable policies or rules.
 - D. The university may seek restitution, as appropriate.
 - E. Criminal charges may be filed, as appropriate.



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Responsibilities

Position or Office	Responsibilities
Applicants with university past due accounts	Pay the outstanding amount owed in full or make payment arrangements with the Bursar's Office prior to hire.
Bursar's Office	<ol style="list-style-type: none"> 1. Approve in advance any contract/grant/fellowship or scholarship as described in Policy IV. 2. Approve the creation of new accounts receivable. 3. Manage deposit, application of payment, and collection for invoices produced by Workday. 4. Take responsibility for all attorney and collection agency contacts. 5. Assess collection charges on units. 6. Deposit checks received immediately. 7. Create invoices for returned checks for the depositing units. 8. Coordinate all inquiries by attorneys or the OAG related to returned checks. 9. Make payment arrangements with applicants for non-student employment with a past due university accounts. 10. Make payment arrangements with employees for past due university accounts. 11. Serves as the sole point of contact for the university for bankruptcy accounts. 12. Approve write-offs on accounts receivables. 13. Identify uncollectible bad debt. 14. Credit unit accounts for the amounts collected. 15. Charge service charges to units. 16. Initiate process of engaging attorneys for collections or returned checks in conjunction with the OAG.
Dean	Approve in advance any contract/grant/fellowship or scholarship as described in Policy IV.
Earnings operations	Estimate monthly losses due to bad debts and enter the allowance for uncollectible accounts by month end; contact Accounting in the Controller's Office for help; electronically attach documentation to journal entry.
Employees with university past due accounts	Pay or arrange to pay with the Bursar's Office for a past due university account no later than 45 days from the invoice due date.
Office of Legal Affairs	Approve in advance any contract/grant/fellowship or scholarship as described in Policy IV.
Senior fiscal officer	Ensure that all sales revenue is recorded to the appropriate category and account.
Student Accounting	Approve in advance any contract/grant/fellowship or scholarship as described in Policy IV.
Unit	<ol style="list-style-type: none"> 1. Use an accounts receivable as the last alternative as a method of payment. 2. Notify the customer at the time of billing in writing of all items in Policy Details III when creating an accounts receivable. 3. Obtain advance approval for any contract/grant/fellowship or scholarship program as specified in Policy Details IV. 4. Submit billing invoices to customers at least once a month. 5. Include the required data on the billing invoice as described in Procedure II.B. 6. Contact the customer if the receivable account is unpaid 30 days after original invoice date. 7. Refer past due accounts in arrears 45 days from invoice due date to the Bursar's Office. 8. Establish and use a method of bad debt recognition; see Procedure IX. 9. Direct customers wishing to make payments for accounts assigned to the OAG to the Bursar's Office. 10. Direct payments received for accounts assigned to the OAG to the Bursar's Office. 11. Take checks received via US mail to the Bursar's office within one business day of receipt. 12. Notify the Bursar's Office of any customer that has declared bankruptcy; cease collection efforts. 13. Adjust the estimate of bad debt expenses to the calculated uncollectible balance at month end. 14. Manage receivables consistent with university policies, especially Fiscal Stewardship. 15. Contact Tax Compliance in the Controller's Office if sales tax was collected on an amount written off. 16. Forward payments received against write-offs to the Bursar's Office.
Unit that manages customers/accounts receivable balances external to Workday	<ol style="list-style-type: none"> 1. Prepare an aging schedule monthly. 2. Record receivables in Workday monthly. 3. Reconcile receivables balances to Workday at least monthly. 4. Provide the aging schedule upon request by the Controller's Office.



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Resources

University Policies, policies.osu.edu/

Affirmative Action, Equal Employment Opportunity, & Non-Discrimination/Harassment, policy 1.10, policies.osu.edu/assets/docs/policy_pdfs/AffirmativeActionEqualEmploymentOpportunityandNon-Discrimination-Harassment_FINAL.pdf

Deposit of Funds, busfin.osu.edu/sites/default/files/512_depositsofcashandchecks.pdf

Earnings Operations, busfin.osu.edu/sites/default/files/earnings-operations.pdf

Fiscal Stewardship, busfin.osu.edu/sites/default/files/111_internalcontrols.pdf

Business and Finance Forms, busfin.osu.edu/policies-forms

Business and Finance University Policy Waiver Request, docuSign.net/Member/PowerFormSigning.aspx?PowerFormId=fd68959a-4afb-48bb-a0ae-67521b9ad821&env=na1&acct=387d1013-fb1c-4705-9bd9-7cf575f484ce&v=2

Governance Documents

Financial Code of Ethics, busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf

ORC §131.02, Collecting amounts due to state, codes.ohio.gov/orc/131.02

ORC §4112.021, Unlawful discriminatory practice of creditor, codes.ohio.gov/orc/4112.021

Additional Guidance

Attorney General’s Office, ohioattorneygeneral.gov/

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions	Office of the University Bursar, Office of Financial Services, Office of Business and Finance	614-292-1056	bursar@osu.edu busfin.osu.edu/bursar
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
Recovering sales tax from the State of Ohio	Tax Compliance, Office of the University Controller, Office of Business and Finance	614-292-6220	busfin.osu.edu/university-business/controller/tax-compliance

History

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