



**Policy 7.1**  
**Accounts Receivable**  
**Management and Write-Off Procedure**  
Reviewed 9/27/06

Mesabi Range Community & Technical College will use the MnSCU ISRS system for recording accounts receivable. All amounts to be billed by the College should be done through either the Virginia or Eveleth Business Office. (One exception is Customized Training receivables, which are entered in the MnSCU ISRS system by their CT Assistant). Departments and individuals should NOT be sending out memos to outside entities as "bills." Recording receivables on the ISRS system is necessary to provide accurate accounts receivable totals on the annual Financial Statements.

**Definition of Accounts Receivable**

Accounts receivable are assets that result from earning revenue even though cash may not yet be received. In other words, it is money due for goods or services sold that has not yet been collected. The online registration system is very clear that if a student registers for a course, they are incurring an obligation to pay. It will not allow a student to register unless they acknowledge they have read and agree to these terms.

**Collection actions and timeline for collection process**

Tuition is due upon the designated date for each semester, with the exception of students who signed up for the payment plan. If the student is not dropped for nonpayment, invoices will be sent throughout the semester. The student is then sent a 20-day letter per MCE's (Minnesota Collection Enterprise) criteria, to warn that further action will be taken. If the student still does not pay, they are turned over for collections to MCE.

**Placing holds on student accounts**

Holds will be placed on student accounts each semester. If a student has not paid their bill in full, or has not complied with a payment plan, a hold will be put on their account. It is important to do this before students start registering for the next semester. Registration personnel are not to override business office holds.

**Approvals for adjustments to accounts**

Approvals for adjustments to accounts will be approved by a petition signed by the Provost. This must be done in writing before any adjusting of any receivable.

**Periodic review of past due accounts**

The Eveleth and Virginia Business Office are responsible for review of past due accounts. See collection actions, above.

**Criteria for referral to revenue recapture and MCE**

The account balance must be \$25 or more and MRCTC must show proof of two attempts to collect the balance. A past due letter is sent out first, with the 20 day MCE letter following in two weeks. If no attempt has been made to pay the balance, the account is referred to MCE.

**Criteria for writing off accounts and approvals needed**

Each fiscal year, past due accounts that have not been submitted to MCE (i.e. less than \$25), and any other debts believed to be uncollectible, will be reviewed for write-off. The Virginia or Eveleth Business

Office will pull the files for the debtors, review their status, and request the Director of Budget and Finances' approval to write-off. The Business Office will fill out a request for write-off form with the reason for write-off. The Director of Budget and Finance will sign off on the form if approved. The Business Office will enter the write-off on the AR2201UG screen.

***The Business Office is responsible for maintaining the hard copy files of written off accounts, which must be maintained permanently.***

**Process for reversing a previously written off account**

The Business Office at Virginia or Eveleth will pull the write-off file if a debtor later wishes to make a payment. After determining the amount to be paid, the information will be given to the Director of Budget and Finance for Approval. The Business Office at Virginia or Eveleth will then reverse the write-off on the AR2202UG screen. (see documentation for more detail).

***Under no circumstances will a student be given an official transcript or will a hold be taken off, until their debt is paid in full.***

*Review/Revision History:*

*Adopted 11/2003*

*Reviewed 9/27/06*



## Accounts Receivable Write-Off Approval Form

Debtor Name/Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Tech ID or SSN#: \_\_\_\_\_  
(SSN preferred)

Federal ID #: \_\_\_\_\_  
(if applicable)

Amount of Write-Off: \_\_\_\_\_

Age of Receivable: \_\_\_\_\_

Reason(s) for Write-Off (check all that apply):

- \_\_\_\_\_ 1. All reasonable collection efforts exhausted.
- \_\_\_\_\_ 2. Cost of further collection action will exceed the amount recovered.
- \_\_\_\_\_ 3. Debt is legally without merit or cannot be substantiated by evidence.
- \_\_\_\_\_ 4. Debtor cannot be located.
- \_\_\_\_\_ 5. Available assets or income (current or anticipated), are insufficient.
- \_\_\_\_\_ 6. Debt was discharged in bankruptcy.
- \_\_\_\_\_ 7. Applicable statute of limitations for collection of debt has expired.
- \_\_\_\_\_ 8. Not in the public interest to pursue collection of the debt.
- \_\_\_\_\_ 9. Debt has been compromised, in the best interest of the State.

Comments (optional):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Requestor: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_