

**University of Rhode Island
Office of the Controller**

Collections Policy

Revised: October 2007 | May 2017

I. Purpose:

This policy creates a uniform understanding regarding collection of the University's Accounts Receivable

II. Applicability:

This policy is applicable to all University assets.

III. Policy:

Any department that creates billing and maintains accounts receivables for their department/University is primarily responsible for the collection of receivables. This includes granting credit, billing accounts, making collections, analyzing and aging outstanding receivables, providing for bad debts and write-offs and referring accounts to the Financial Reporting Office in the Office of the Controller to start the collection process.

A. Billing/Collections

Any receivable account balance which remains unpaid 90 days after the initial payment due shall be referred to the Financial Reporting Office for collections. This office will take appropriate collection steps, including, but not limited to, dunning calls and letters, placement with collection agencies, contact with credit bureaus, or initiation of legal action to recover amounts due to URI.

1. For accounts less than \$100, no collection work is necessary to write-off balances, but Business Managers or designee advance approval is still required. Each department may exercise more stringent practices, but may not be more lenient. For accounts \$100 or more, but less than \$500, the collections department must make at least two good faith efforts to collect by letter or telephone. For accounts of \$500 or more, at least three good faith efforts to collect must be made and documented.
2. If the account remains unpaid after 45 days in the collection process (i.e. 135 days past the original due date), the account will

be evaluated for transfer to an appropriate collection agency or collection attorney.

3. If the account is returned by a collection agency as uncollectible, the account record will again be reviewed to determine if further collection agency placement or legal action should be taken, before a recommendation to write-off the account will be made.

B. Aging Analysis:

Adequate information concerning the age of outstanding receivables is vital for the proper management, control and reserve for bad debts.

1. Information on aging of billed/unbilled receivables must be collected, maintained, and used in a consistent manner.
2. Every effort in record keeping and collection of receivables must be utilized to achieve success.
3. An aging of outstanding receivables report as of June 30th must be submitted to the Controller's Office by July 15th.

C. Provisions for Bad Debts/Write Off

In order to properly reflect realized revenues in the University's books, bad debts must also be recognized.

1. The department should contract the Controller's Office to establish an allowance for debt accounts as of June 30th. The department should maintain a reserve for bad debts and write-off any accounts deemed uncollectible according to the University Policy on Write-Offs.

IV. Responsibilities:

The Office of Sponsored & Cost Accounting Office is primarily responsible for the collection of research receivables; Student Enrollment Office for tuition, Financial Reporting Office for loans and miscellaneous URI invoices; Auxiliary enterprises for fees and various other departments for special purpose receivables.