



Chapter 7: General Finance Provisions

Accounts Receivable Management

Adoption:	5/1/24
Revised:	
Last Reviewed:	3/6/24 (SGC)
Executive Team Approved:	4/24/24
Next Review Date:	4/24/29
Authority:	HTC
Custodian of Policy:	Director of Finance

POLICY STATEMENT

Part 1. Authority

Minnesota State Colleges and Universities Board of Trustees Policy 7.3 confers responsibility to the President to assure financial administration of the College in conformance with Board policies and system procedures.

Part 2. Purpose

Accounts receivable is a significant asset for the College. Accounts receivable must be carefully managed to ensure efficient and effective collection of all debts owed to the College.

Part 3. Definition

1. *Accounts Receivable*: Any obligation arising from a consumer transaction. Accounts receivables are the result of various types of financial transactions, including, but not limited to: student tuition, fees, miscellaneous student accounts, and short-term loans, as well as sales of products and services to the general public.
2. *Account Removed*: An account that has been removed or adjusted because the College is not entitled to collect the money.
3. *Account Write-offs*: An account that has been determined to be uncollectible and placed in inactive status. This does not eliminate the legal obligation to pay.
4. *Collection Agency*: A privately operated collection management service used to collect debts that cannot be sent to or are received back from the Minnesota Department of Revenue.
5. *Debt*: Any amount greater than zero owed to the College including, but not limited to, debts for tuition, fees, loans, and sales of goods and services.
6. *Debtor*: An individual, business, non-profit organization, or any other public or private entity, including a state, local, or federal government, or an Indigenous/Native Tribal Sovereign Government, that is liable for a debt or against whom there is a claim for a debt.
7. *Hold*: The process by which the College prevents defined, future student activity such as additional registration and provision of official transcripts.
8. *Minnesota Department of Revenue, Collection Division*: A state-operated collection management service. As required by Minnesota Statutes §16D.04, sub. 2, accounts receivable must be referred to Minnesota Department of Revenue for collection.
9. *Revenue Recapture*: A Minnesota Department of Revenue process to collect debts owed to state agencies by applying an individual's income tax refund (or lottery winnings) against the amount owed to the state. The cost of participation in the program is deducted from the amount of the debtor's refund and not paid by the state agency.
10. *Student*: An individual who is admitted and/or enrolls in any credit or noncredit course offered by the College.

Part 4. Management of and Establishing the Receivable

All accounts receivable activities must be documented and, as appropriate, recorded in the Minnesota State Colleges and Universities accounting system. The student or other debtor must acknowledge the debt at the time an account is created. The acknowledgment must be either in writing or, with



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automated registration processes, by a positive action that indicates that the debtor is accepting the terms and conditions for payment.

Part 5. Collection Activities

The College will follow up routinely and diligently on all accounts receivables. The Vice President of Finance and Operations will designate staff to follow a structured timetable for collection activities, including billing intervals, record holds, past due notices, attempted phone contact, and referral to Minnesota Department of Revenue, Collection Division, or another collection agency. All collection activity undertaken for each account should be documented in writing and as appropriate, recorded in the Minnesota State Colleges and Universities accounting system.

The Vice President of Finance and Operations will designate staff to review past due accounts monthly. The College will, on an annual basis, age all accounts receivable amounts and review records that are one year or more past due for write-off. The College will calculate an estimate of uncollectible accounts receivable amounts.

As required by Minnesota Statutes §16.D.04, sub. 2, accounts receivables which the College is unsuccessful in collecting and are 121 days past due, or thirty days after the final class registration period has concluded for the following semester, whichever is later, must be referred to Minnesota Department of Revenue, Collection Division for collection. This requirement does not apply if there is a dispute over the amount or validity of the debt, if the debt is the subject of legal action or administrative proceedings, or the College determines that the debtor is adhering to acceptable payment arrangements. The College will discontinue any billing statements, demand letters, or active collection efforts for referred debts once the account is referred to the Minnesota Department of Revenue.

Students may view their account activity online, which will constitute an electronic invoice. Pursuant to Minnesota Statutes §16D.07, the College will mail a printed invoice to the debtor at least 20 days before the debt is referred to the Minnesota Department of Revenue, Collection Division, or any private collection agency. The notice must state the nature and amount of the debt, identify to whom the debt is owed, and inform the debtor of the remedies available under Minnesota Statutes §16D. State Debt Collection.

The Minnesota Department of Revenue, Collection Division will file a Revenue Recapture claim for each referred student on behalf of the College. Unpaid balances returned to the College by Minnesota Department of Revenue Collections should be referred directly to a private collection agency as appropriate.

Part 6. Holds Placed on Student Records

The College shall place a registration hold on all unpaid student accounts with balances of more than \$500 and that are more than 30 days past due. These holds must be in place before registration begins for the next term. All balances of \$500 or less shall be carried forward without generating a hold.



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The College shall also place a registration hold on all student accounts deemed uncollectable and written off.

The President, or their designee, may approve the temporary lifting of a registration hold to allow the student to register for the current term. If such an exception is granted, the College shall document the reasons for granting the temporary lift of the registration hold.

The College will not withhold a transcript from a student because of debt owed.

Part 7. Writing Off Uncollectible Accounts

The College will periodically, but no less than annually, write off accounts receivable deemed to be uncollectible in the Minnesota State Colleges and Universities accounting system. The College will prepare the list of uncollectible accounts for approval by the Vice President of Finance and Operations. Uncollectible accounts are no longer recognized as accounts receivable for management and financial reporting purposes.

The College will remove or adjust accounts receivable if appropriate. An accounts receivable may be removed or adjusted because the institution is not entitled to collect the money, or because the debtor qualifies for a waiver or refund (Minnesota State Colleges and Universities Policy 5.12 Tuition and Fee Due Dates, Refunds, Withdrawals and Waivers). Accounts receivable will not be removed to avoid write-off procedures.

Pursuant to Minnesota Statutes §16D.09, when a debt is determined to be uncollectible, the debt must be written off from the financial accounting records and is no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when it meets one of the following criteria:

1. All reasonable collection efforts have been exhausted.
2. The cost of further collection action will exceed the amount recoverable.
3. The debt is legally without merit or cannot be substantiated by evidence.
4. The debtor cannot be located.
5. The available assets or income, current or anticipated, are insufficient.
6. The debt was discharged in bankruptcy.
7. The applicable statute of limitations for collection of the debt has expired.
8. It is not in the public interest to pursue collection of the debt.

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt, except as under the criteria 3 and 6.

Minnesota State Colleges and Universities will report, for the College, all accounts receivable and write-offs, with the basis for the decision, to Minnesota Management and Budget.



Hennepin Technical College™

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Policy

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Part 8. Restoring the Previously Written Off Receivable

The College will accept payment for accounts receivable previously written off. The Vice President of Finance and Operations will designate staff to reestablish and review the previously written off accounts receivable in the Minnesota State Colleges and Universities accounting system to record the payment and deposit funds to the appropriate accounts.