

Establishing and Collecting Accounts Receivable

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Status Final

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Policy Type [University](#)

Contact Office

[UVA Finance Student Financial Services](#)

Oversight Executive

[Vice President and Chief Financial Officer](#)

Applies To

Academic Division The College at Wise

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Reason for Policy

This policy describes how authorized billing departments may establish an accounts receivable for faculty, staff, students, and other customers of the University and how to collect the receivable. This policy and associated procedures are designed to minimize the number and amount of past due (delinquent) accounts receivable and the write-off of uncollectible balances.

Definition of Terms

Accounts Receivable (Receivable)

Monies owed to the University that have not yet been received. This includes, but is not limited to, tuition and fees, student loans, notes receivable, amounts owed for goods or services provided, signing bonus repayments, grants and contracts, cash advances, library fees, parking and transportation fees, moving allowance repayments, and payroll overpayments.

Allowance for Doubtful Accounts

Management's estimate of the amount of gross receivables that will become uncollectible.

Billing Department

A school/department/unit that has been authorized to establish an accounts receivable or that is responsible for the collection of accounts receivable.

Central Accounts Receivable (Central AR)

A unit within UVA Finance that has the primary responsibility for generating invoices and dunning notices and managing other collection efforts of accounts receivable processed through the finance system, other than sponsored programs accounts receivable managed by the Office of Sponsored Programs.

Past Due (Delinquent) Accounts Receivables

Receivables for which payment has not been received by the payment due date.

Recovery

Amounts collected on accounts that were previously written off the accounting records of the University.

Student Financial Services (SFS)

The University department with the responsibility for billing, management, collection, and reporting of student receivables. SFS is also responsible to act as the University's agent for receivables assigned to collection agencies or credit reporting bureaus.

Write-off

A transaction that removes from the University's financial accounting records a receivable that management has determined to be uncollectible. Writing off the receivable does not relieve the debt; it remains owed to the University but is no longer reported in the University's accounting system as a receivable.

Write-off Committee

This committee meets on a quarterly basis to review receivable balances proposed for write-off by billing departments, Central Accounts Receivable, and Student Financial Services to verify that due diligence procedures have been completed. The Write-off Committee approves or disapproves write-offs based on the facts and circumstances of each account. The Write-off Committee is comprised of representatives from UVA Finance and Student Financial Services.

Policy Statement

UVA Finance and Student Financial Services (SFS) have responsibility for the management, reporting, and collection of University accounts receivable (except for gift pledge receivables managed through University Advancement, and sponsored programs receivables managed through the Office of Sponsored Programs (OSP)). As a state agency, the University applies the Commonwealth of Virginia's policies, standards, and limitations to all accounts receivable transactions, regardless of the source of funds. The University's procedures are based on the Commonwealth Accounting Policies and Procedures Manual, which is published by the Virginia Department

of Accounts (DOA) to provide guidance on the application of accounting policies, procedures, and systems pursuant to Section 2.2-803 of the Code of Virginia.

The following requirements are designed to minimize past due (delinquent) accounts receivable and the write-off of uncollectible balances:

1. Authorization:

Whenever possible and practical, billing departments should require payment at or before the time goods or services are provided to faculty, staff, students, or other customers. However, University schools/departments/units can be authorized to establish a receivable for faculty, staff, students, and other customers for the goods and services they provide. Prior to establishing a receivable for faculty, staff, students, or other customers, University schools/departments/units must obtain approval from UVA Finance and/or SFS in accordance with the University's credit and collections procedures. By establishing a receivable, the billing department is assuming the risk of nonpayment by the customer and will absorb the cost of any uncollected revenues or bad debt expense.

2. Collection of Accounts Receivable:

Any University billing department that is authorized to issue credit and handle collection of accounts receivable must follow applicable laws and regulations related to credit and collections including, but not limited to:

- [Virginia Debt Collection Act, Code of Virginia, Sections 2.2-4800 through 4809.](#)
- [Fair Debt Collection Practices Act, United States Public Law 95-109, as amended.](#)
- [Fair Credit Reporting Act, United States Public Law 91-508, Title VI, as amended.](#)

Billing departments authorized to establish an account receivable must assure that such transactions are necessary, reasonable, and directly related to the goals and missions of the University. Billing departments must take all appropriate and cost-effective actions to collect a receivable. Some examples include:

- Place a hold on official transcripts for former students with student-related receivables.
- Place a block on course registration for individuals with outstanding student-related receivables.
- Delay or withhold services when not in conflict with Federal or State laws.
- Inform/notify credit reporting bureaus.
- Place debts with private collection agencies.
- Obtain garnishments, liens, and judgments (non-student receivables only).
- Utilize administrative offset (Virginia Set-Off Debt Collection Program).

SFS and Central Accounts Receivable (Central AR) forwards accounts to collect agencies/credit reporting bureaus. Additionally, on a quarterly basis, these departments must provide to Central AR or SFS the information necessary for the accrual and reporting of the accounts receivable balances in the University's accounting records.

Payroll deduction is the default method of collection from current employees and terminated employees prior to issuance of final paycheck or leave pay out. Repayments collected through payroll will be deducted from the next available check. If the repayment from the next available check would create a financial hardship, and there is no indication of fraud, the Director of Payroll Services (or designee) may establish a repayment plan within a reasonable timeframe (see procedures).

Billing departments are also responsible for referring accounts to Payroll Services, Central AR, or SFS for further collection action in accordance with the University's credit and collection procedures (see below links for references).

3. Accounts Receivable Systems:

In general, all receivables should be processed through the University finance system (Finance) or Student Information System (SIS).

Prior approval by UVA Finance is required to utilize a system other than Finance or SIS. Approval to utilize a different system is typically granted only to large, complex schools/departments/units with business processes that require specialized applications or functionality not provided by Finance or SIS. These systems must meet the minimum requirements as stated in the University's credit and collections procedures and have adequate control and security processes in place.

Billing departments that do not utilize Finance or SIS to bill customers and manage accounts receivable are responsible for all due diligence efforts to collect monies owed to the University and for referring uncollectible accounts to Payroll Services, Central AR, or SFS. Based on the aging of the debt, Central AR and SFS may forward uncollected debts to outside collection agencies and/or the [Virginia Set-Off Debt Collection Program](#) managed by the Virginia Department of Taxation. (See references for collection agencies.)

4. Allowance for Doubtful Accounts:

In keeping with generally accepted accounting principles, management should establish an allowance for doubtful accounts to reflect the amount of receivables that management estimates will become uncollectible. UVA Finance is responsible for establishing the allowance for doubtful accounts, but billing departments are required to provide information, as requested by Central AR and SFS, to establish a reasonable estimate of uncollectible balances.

5. Write-off of Uncollectible Accounts:

Accounts should be written off the University's financial accounting records when all collection actions have been completed, in accordance with the University's collection procedures, and management determines the receivable to be uncollectible. On a quarterly basis, Central AR, SFS, and billing departments not utilizing Finance or SIS will recommend write-offs to the Write-off Committee. Billing departments must develop documentation to support write-offs and make it available to Central AR and auditors. The Write-off Committee approves or disapproves write-offs based on the facts and circumstances of each account.

Upon approval by the Write-off Committee, the write-offs should be processed in the applicable accounts receivable system, and no longer recognized as collectible for financial reporting purposes. However, the legal obligation to pay the debt remains, and the University will process and record the recovery of any previous write-offs, should they occur.

6. Reporting of Accounts Receivable:

As an agency of the Commonwealth of Virginia, the University is required to report accounts receivable information to the DOA on a quarterly basis. Billing departments not utilizing Finance, as well as OSP and

SFS, are required to provide Central AR with the information needed to complete institutional level accounts receivable reporting.

On an annual basis, UVA Finance submits a report to the University's Board of Visitors of uncollectible balances approved for write-off by the Write-off Committee.

7. Compliance with Policy:

Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Questions about this policy should be directed to [UVA Finance](#) or [Student Financial Services](#).

Procedures

[Collection Procedures](#)

[Payroll Overpayments](#)

Repayment of Moving Allowances and Signing Bonuses: refer to [HRM-047: Provision of Moving and Relocation Assistance for Newly Hired Faculty or Staff](#)

Related Information

[BOV Signatory Authority Policy \(June 15, 2001\)](#)

[Commonwealth Accounting Policies and Procedures \(CAPP\) Manual Topic 20505](#)

[Fair Credit Reporting Act](#)

[Fair Debt Collection Practices Act](#)

[Virginia Debt Collection Act](#)

[Student Collections](#)

[Student Finances - Overview](#)

[FIN-016: Receiving and Depositing Cash & Select Monetary Instruments](#)

[HRM-047: Provision of Moving and Relocation Assistance for Newly Hired Faculty or Staff](#)

Major Category [Finance and Business Operations](#)

Next Scheduled Review Tuesday, October 27, 2026

Revision History

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Applies To Text

Academic Division and the College at Wise.

Supersedes Policy Text

V.B.2, Credit and Collection

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Approved By Policy Review Committee

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