2.3 Collection of Past Due Accounts

Policy Statement
The Accounts Receivable Department and other Departments with departmental sales/services will make every reasonable effort to collect past due accounts for the University of Georgia.

Reason for policy
The Collection of Past Due Accounts policy is needed to ensure the collection of delinquent accounts in which a client was issued credit for sales and/or services provided by the University of Georgia.

Procedures
After bills have been issued to the customer, the timing of the outstanding bill should be tracked so that the receivable can be aged. UGA departments must maintain an aging schedule in the format provided as the *Departmental Sales Accounts Receivable Aged Analysis*. See Policy 8.3 Receivables Reporting.

Follow-up correspondence should be sent to the customer if payment is not received by the due date listed on the invoice. A series of collection letters should be issued to the customer. If payment is not received as a result of these collection letters, phone calls should be placed to the customer.

Due Diligence must be done before referring the account to a collection agency. Departments should discuss the use of external collection agencies with the Accounts Receivable Department. If the department wishes to contract with a collection agency for the department's specific needs, they should contact the Accounts Receivable department for guidance.

Students who have delinquent accounts should have their University records flagged to deny all University services including holding diplomas until the delinquent account is cleared.

Employees who have delinquent accounts are subject to payroll deduction if the debt is not paid in a reasonable amount of time.

Collection Agencies
The University will follow Board of Regents guidelines for accounts that are considered delinquent. Any account which becomes delinquent may be routinely assigned to a collection agency if no acceptable effort has been made on the part of the debtor to clear the obligation. If the efforts of a collection agency do not produce the desired collection results, presidents and chief business officers are authorized to file actions in small claims court for the collection of debts over which they have administrative control.

In general, unless there has been evidence of good faith intention to pay, accounts which are at least 120 days past due, but not more than 180 days past due, should be referred to collection. Collection agencies should not retain accounts for more than twelve (12) months. Once an account is referred to a collection agency, the department may not perform any collection efforts on the account as long as it is held by the collection agency. If, after one year, no collection effort has been made, the account may be placed with a second agency for a year.

Collection Agencies contracted with the University will be reviewed periodically to evaluate success in their collection efforts and ensure accounts are being worked in a timely manner.

Death of a Debtor
A claim against the estate of a Georgia resident must be prepared in accordance with specific regulations and filed within six (6) months after first publication of notice to creditors. Therefore, in order to assure that the University’s interests are fully protected, help from the Office of Legal Affairs and Accounts Receivable, as appropriate, is to be sought whenever an institution receives notification that a person owing money to the institution has died.

**Bankruptcy**

When a bankruptcy notice is received, all collection efforts must be stopped. Contact the Accounts Receivable Department for instructions on how to proceed. A proof of claim may need to be filed. Verification of the status of the bankruptcy will need to be done.

### Forms/Instructions

- **Past due letters**
- **Payroll deduction authorization form**

### Additional contacts

Susan Caldwell, Accounts Receivable Manager

spcald@uga.edu

706-542-6942

### Policy definitions

- **Collection Agency** – a business that pursues payments of debts owed by individuals or businesses
- **Delinquent (past due)** – being overdue in payment
- **Due Diligence** – a process in which a series of letters are sent to debtor in an attempt to collect on a past due account before it is sent to collections.

### Responsibilities

- **Responsible University Senior Administrator**: Vice President for Finance & Administration
- **Responsible University Administrator**: Associate Vice President and Controller

  - Policy Owner: Accounts Receivable
  - Policy Contact: Susan Caldwell
  - Phone Number: 706-542-6942

*Responsibilities: It is the responsibility of individual departments to perform due diligence on all past due receivables. The department will refer past due accounts to the Accounts Receivable Department for further collection procedures.*

### Record Retention

**Retention**: Ranges from 5 – 7 years depending on the record used for reference. Aging reports should be kept for 7 years ([BOR 0472-03-002](#)). All other Accounts Receivable reports are kept for 5 years. For Collection Records the time is 5 years after the account is paid in full or deemed uncollectible. ([BOR 0472-03-001](#))

**Georgia Code**: O.C.G.A. 11-2-725

### Related information

- [BOR collection policy 10.4.4](#)
- [BOR Garnishment of Pay policy 8.2.14](#)
- [Billing | Receivables Reporting](#)
Policy Dates
Effective Date:
Date Last Approved:
Date of Last Review:
Date of Approval:
Previous Version of Policy: