

ADMINISTRATIVE DIVISION FINA Administration and Finance		POLICY NUMBER FINA 2.60
POLICY TITLE Miscellaneous Accounts Receivable		
SCOPE OF POLICY USC System		DATE OF REVISION December 20, 2024
RESPONSIBLE OFFICER Executive Vice President for Finance and Chief Financial Officer		ADMINISTRATIVE OFFICE University Finance – Controller’s Office

PURPOSE

The purpose of this policy is to provide guidance on how credit is extended to customers and how Miscellaneous Accounts Receivable (MAR) is managed at the University. This policy applies to the billing and collection for goods and services provided by the University to individuals and organizations, except billings related to students and sponsored awards.

DEFINITIONS AND ACRONYMS

Accounts Receivable: Amounts owed to the University for goods and/or services that have been delivered or rendered.

Accounts Receivable Aging: A method of categorizing unpaid customer receivables according to the length of time the debt is past due (e.g., 1-30 days, 31-60 days, 61-90 days, etc.).

POLICY STATEMENT

This policy provides guidelines for billing and collection of non-student and non-grant receivables to:

- Ensure that revenue from all sources is recorded, collected, and reported in a timely and effective manner,
- Maximize University cash flow through the timely collection of receivables,
- Minimize exposure from uncollectible receivables,
- Provide consistent and equitable treatment to debtors and regular communication of amounts owed,
- Ensure uncollectible accounts receivable are written off under the proper authority and only after all reasonable and appropriate collection action has been taken,
- Ensure the accuracy of financial statements through consolidation of receivables and revenues, and
- Ensure effective internal controls exist, including segregation of duties.

All billing and accounts receivable of the University are subject to review by State authorities, auditors, and Controller’s Office staff. Campuses/departments extending credit or generating accounts receivable must ensure that such transactions are necessary, reasonable, and directly related to the goals and mission of the University.

A. Regulations

1. The Federal Fair Debt Collection Practice Act (FDCPA) regulates the activities of those who regularly collect debt from others. It requires that debt collectors treat debtors fairly by prohibiting certain methods of debt collection such as harassment, false statements, and unfair practices.
2. Generally Accepted Accounting Principles (GAAP) require the University to make every effort to collect receivable balances, evaluate and write off receivables deemed uncollectible, and estimate and record receivable amounts that will be uncollectible in the future.
3. State law requires each state agency, including higher education institutions, to report its outstanding debts to the Chairmen of the Senate Finance and House of Representations Ways and Means Committees and the Inspector General on an annual basis.
4. SC Code of Law Section 34-31-20 provides for charging interest on past due accounts receivables at the legal interest rate of 8.25%. All credit customers must be informed of the credit terms, including interest and collection costs.

B. Safeguarding Personal Information

Entities that collect, share, and keep personal information must maintain reasonable safeguards to ensure the security, confidentiality, and integrity of personal information.

C. Department Responsibilities / Restrictions

1. Whenever possible, campuses/departments should require payment at or before the time goods and services are provided to the customer. In cases where this is not possible or practical, campuses/departments may extend credit to such customers who provide sufficient information to enable the establishment of an accounts receivable. The customer record must include sufficient information to allow subsequent collection procedure to be applied if necessary.
2. By extending credit, campuses/departments assume the risk that their customers may not pay. A receivable becomes past due if payment is not received by the due date. Campuses/departments are required to take all appropriate and cost-effective actions to collect accounts receivable, including any collection costs, penalties, or fees assessed. Invoices older than 120 days will be placed with an external, state-approved collection agency.
3. Campuses/departments are responsible for monitoring, processing, and recording the collection of all payments due to the University for goods and services rendered by campuses/departments.

4. Campuses/departments are responsible for establishing procedures to ensure adequate internal controls, including appropriate segregation of duties, adequate documentation, prompt recordkeeping, reconciliations, proper retention, and monitoring activities.
5. Internal charges and interdepartmental transfers should not be invoiced through MAR. See FINA 2.06 and FINA 2.12 for respective guidance.
6. No invoices for nominal amounts less than ten dollars should be issued. Campuses/departments with charges less than the minimum amount should require payment at the time the goods/services are provided, create a minimum order amount, or accumulate charges for a specific customer until the minimum amount is reached.

PROCEDURES

The accompanying procedure provides additional details on the administration and management of this policy and references to training and resources. The procedure can be found here: https://sc.edu/about/offices_and_divisions/controller/toolbox/policies_and_procedures/index.php

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

- FINA 1.00 Chart of Accounts
- FINA 2.06 Internal Charges
- FINA 2.12 Accounts Payable
- FINA 3.00 Sponsored Awards
- FINA 4.10 Receipt and Handling of University Payments
- FINA 4.13 Allowance for Doubtful Accounts (Student Receivables)
- FINA 4.14 Accounts Receivable – Collections of Past Due Accounts (Student Receivables)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
December 20, 2024	New policy for the USC System regarding miscellaneous accounts receivable.