



# Standard Operating Procedures Collections Handbook

**APPROVED: DATE August 19, 2019**

# Collections Handbook

## Policy Cross Reference Sheet

This handbook is an administrative procedure of the District and subject to policies adopted by the Board of Trustees. In case of conflict between administrative procedures and Board policy, policy shall prevail.

Date of Superintendent Approval: \_\_\_\_\_

 8-19-19

Version Number: (i.e. "2018.1") \_\_\_\_\_

 2018.1

The contents of this handbook relate to the following Board policies:

Policy	Title	Page(s)
CO	FOOD AND NUTRITION MANAGEMENT	*
DEA	COMPENSATION AND BENEFITS COMPENSATION PLAN	*
EHDA	SUMMER SCHOOL	*
EHDB/EHDC	CREDIT BY EXAM	*
EHDD	COLLEGE COURSE WORK / DUAL CREDIT	*
FD	ADMISSIONS	*
FM	STUDENT ACTIVITIES	*
FP	STUDENT FEES, FINES AND CHARGES	*
GKB	ADVERTISING AND FUNDRAISING	*
GKD	NONSCHOOL USE OF SCHOOL FACILITIES	*

\* The above listed policies relate to areas in which collections are necessary. This handbook speaks directly to collections.

# Table of Contents

POLICY CROSS REFERENCE SHEET.....	2
INTRODUCTION .....	4
PURPOSE.....	5
Collection of Accounts Receivable Procedure .....	5
RECEIVABLES.....	6
Delinquent Accounts.....	6
Parent/Guardian Receivables.....	6
Employee Receivables.....	6
Returned Checks.....	7
COLLECTION ADMINISTRATION.....	8
Service.....	8
Account Recall.....	8
Reports.....	8
Litigation.....	8
Write-offs.....	9
EXHIBIT A – Campus/Department Guidelines .....	10
Onsight Collection Efforts.....	10
Billing.....	10
Payment Plans.....	11
Receiving.....	11
EXHIBIT B – Business and Finance Forms.....	12
Parent/Student Delinquent Accounts.....	13
Employee Delinquent Accounts.....	14

# INTRODUCTION

This handbook applies to the collection of all accounts receivable by Fort Bend ISD. All Fort Bend ISD campuses, programs and departments, to the extent practicable, will require payment in advance for all services and goods to avoid the creation of receivables. Balances owed to the District can be submitted to a collection agency at the discretion of administration. Collection efforts should begin no later than thirty days after the obligation has been incurred or other fixed due date. A collection agency could be used for all aged outstanding balances including, but not limited to, the following:

- Unpaid facility rental fees
- Overpayments to former employees
- Unpaid child nutrition balances
- Unpaid advertising fees
- Unpaid tuition for Extended Day/Learning programs
- Unpaid extracurricular dues/fees

# PURPOSE

## Collection of Accounts Receivable Procedure

### Billing and Receiving

All campuses, programs and departments are responsible for their billing and receiving transactions. Billable items include, but are not limited to, facility rentals, advertising, extended learning before and after school care, breakfast, lunch, transcript copies, physical education uniforms, library fines, dual-credit tuition, summer school tuition, and credit recovery tuition.

Each campus or department may modify procedures for collecting receivables as long as the modifications are approved by the Business and Finance Department using the appropriate form. Modifications should result in more cost-effective procedures or provide better or more convenient services to debtors of Fort Bend ISD without compromise to collection. If debtors request an installment plan in order to repay an outstanding debt, payments shall be made at least monthly with a cashier's check and be no less than 20% of the original total amount due. The final payment on such installments will be due by June 30th of the fiscal year in which the debt was incurred. All transactions must comply with Fort Bend ISD cash management policies and procedures.

\*See Exhibit A – Guidelines for Campus and Department Staff.

To the extent allowable by law, patrons that owe the District money will be precluded from receiving District goods or services. This includes all current or future contracts for services or goods.

All receivables should be aged at least annually.

# RECEIVABLES

## Delinquent Accounts

Accounts are determined *delinquent* once they have aged thirty days past the date the obligation was incurred or other fixed due date.

Prior to an account being sent to collections, a minimum of three billing statements or letters of contact will be sent by Fort Bend ISD campuses or departments, with thirty days in between each notification. The third notification (60-day mark) should indicate the account will be referred to a collection agency if payment is not made by a specified date. Sending notifications by certified mail is optional.

The accounts will be submitted to the collection agency by the Business and Finance Department if the debtor has not responded within thirty days after the final notification is sent by Fort Bend ISD (the 90-day mark). Discretion rests with Business and Finance as to the minimum dollar threshold criteria used when submitting accounts for collection agency assistance. The threshold will apply to all account types.

## Parent/Guardian Receivables

A parent or guardian must pay any past due debts and obligations incurred in prior academic terms before registering their child for any future academic terms. This applies to dual-credit tuition, summer school tuition, extended learning/day tuition, etc.

If the District does not receive payment of fees in a timely manner, it could affect the student's participation in corresponding activities, a student's test exemption status, and/or result in the parent or guardian's account being turned over to a debt collection service. A list of fees can be found in the District's Student Handbook.

## Employee Receivables

The District will attempt to recover overpayments made to employees. The District should advise the employee in writing of the overpayment and the District's proposed actions to correct the overpayment.

The method of repayment will depend upon:

- the amount of the overpayment;
- the time which has elapsed between the overpayment and its discovery;
- the hardship which immediate repayment might cause the employee based on the employee's current salary and personal expenses;
- the culpability of the employees in not reporting the overpayment; and
- the longevity, as well as, the expectation that the employee will remain in the FBISD system until the repayment is completed.

If a current employee receives overpayment, the repayment may be made in one of the following ways:

- Repayment by the employee by certified check; or,
- Make adjustment of earnings automatically from the employee's paycheck, with the employee's written consent, either with a single adjustment or a series of adjustments made from each paycheck until the full amount is recovered. The amount of the adjustment/payment installment will be made monthly at a rate of at least 20% of the original total amount due.

- The final payment on such installments will be due by June 30th of the fiscal year in which the debt was incurred.
- The amount of partial payments recovered by the latter method should be reasonable and systematic so full recovery will be completed within the shortest period possible.

If overpayment is discovered after the employee terminates employment with the District, an account receivable should be established. Furthermore, the overpayment will be noted by the Human Resource Department in the applicant tracking system and the Human Capital Management system to identify that collections procedures may be in place for the individual.

- The former employee will be notified of the overpayment, the circumstances of the overpayment and a request that the employee contact the appropriate campus or department official.
- If the employee has not received his final paycheck, the appropriate deduction from that check will be made with the written consent of the employee.
- If the final paycheck has been received, negotiations for reimbursement will be initiated.
- If repayment cannot be negotiated or collected, the account will be turned over to the collection agency.
- In the event collection is not possible, proper write-off procedures will be followed.

In instances when the employee has agreed to systematic deduction(s) from his/her paycheck(s), written authorization from the employee is required.

Business and Finance forms (Exhibit B) should be used to document overpayments, the steps taken to recuperate same, any negotiated repayment plan, the amounts received, and any write-off of the overpayment.

## **Returned Checks**

Any check written to any Fort Bend ISD campus, club, organization, department or program returned unpaid by a bank will be redeposited electronically by Fort Bend ISD or its agent. Additionally, Fort Bend ISD or its agent may electronically collect a returned check fee plus applicable sales tax. This is in addition to any fees the check writer's bank may charge.

Fort Bend ISD contracted with PayTek Solutions to collect any insufficient funds checks made out to the District. PayTek Solutions can be contacted at 1-800-641-9998.

A check presented for payment of any goods or services, which is subsequently dishonored, will be treated as an account receivable. Any transactions that have been processed would be reversed when possible and appropriate.

Receipt of one or more bad checks from any person may result in that person becoming ineligible to make payments by check thereafter. A record of individuals who have written bad checks will be maintained by the District Business and Finance Department.

# COLLECTION ADMINISTRATION

## Service

The District Business and Finance Department will provide, on a system-wide basis, collection services through one or more companies.

The service will provide for the referral of all types of delinquent accounts from the campuses, departments or programs to the designated company only after initial onsite collection efforts have been exhausted.

District procedures along with the terms of the vendor/District contract and request for proposal (RFP) will govern all collection actions.

Unless otherwise prohibited by law or procedure, any contract or lease, which may result in accounts receivable to the District, will contain a provision pursuant to which the person will be responsible for the costs of collection and reasonable attorneys' fees, in the event of default, and further provide for the assignment of the account or note to the proper agency.

## Account Recall

No account will be recalled from a collection agency other than debts eligible for deferment, postponement, cancellation, bankruptcy, death, disability or some other mitigating circumstance (i.e. District error, etc.). No account will be recalled in order for an indebted person or group to obtain a good or service from Fort Bend ISD. The indebted person or group will pay the accelerated balance due plus collection costs to the collection agency as applicable.

All requests to recall an account from a collection agency must be submitted in writing to the Chief Financial Officer or designee for consideration and approval. The request must include a summary of collection efforts, certification/signature of responsible staff requesting the recall and a detailed list of the delinquent invoices related to the account that depict date service or good was obtained, type of service or good obtained and amount due for each.

## Reports

The collection agency will be required to report the status of delinquent accounts quarterly to the District's Business and Finance Department.

## Litigation

After all other attempts at collection have failed, the District will authorize litigation of accounts, providing litigation costs do not exceed the amount which can be recovered. Generally, the collection services contract will provide for litigation when appropriate.



## **Write-Offs**

The Chief Financial Officer is authorized to write-off debts relating to student meals and/or student activities pursuant to the policies of Fort Bend ISD. Any other write-off request shall be approved by the Superintendent, including accounts considered delinquent for more than one year.

Receivables submitted for write-off must have been subjected to appropriate collection efforts in accordance with this guideline and District procedures.

A reserve for doubtful accounts should be established for activities for which accounts receivable represent a material amount to the activity income. The reserve should be reported in the financial records of the District.

Receivables which prove to be uncollectible after prescribed collection efforts have been exhausted should be written off by a charge to the reserve for doubtful accounts after appropriate approvals are obtained.

The Chief Financial Officer should certify compliance with applicable statute and collection guidelines. On an annual basis, write-off requests will be considered and approved by the Superintendent. The request must include a summary of collection efforts, certification/signature of responsible staff and a detailed list of the accounts. The request will be submitted to the Superintendent prior to the posting of accounting entries.

The collection agency will be required to report the status of delinquent accounts quarterly to the District's Business and Finance Department.

# EXHIBIT A – Campus/Department Guidelines

## Onsite collection efforts

All campuses and departments are responsible for their billing and receiving transactions. Billable items include, but are not limited to, items/fees listed in the Student/Parent Handbook, facility rentals, advertising, extended learning before and after school care, breakfast, lunch, extracurricular activities, risk management expenses, dual credit tuition, summer school tuition and credit recovery tuition.

Accounts are determined delinquent once they have aged thirty days past the date the obligation was incurred or other fixed due date. Accounts are not referred to the collection agency; however, until the debtor shows no response within thirty days of the final notification and all onsite collection efforts have been exhausted. Normally, this would occur once the account has been past due for ninety (90) days.

For the purposes of billing and receiving, thirty-day intervals are based on *calendar* days and not business days.

## Billing

Prior to an account being sent to collections, a minimum of three billing statements or letters of contact will be sent by Fort Bend ISD campuses or departments, with thirty days in between each notification. The third notification (60-day mark) should indicate that the account will be referred to a collection agency if payment is not received by a specified date. Sending notifications by certified mail is *optional* and done so at the cost of the campus or department.

Sample notice for each thirty-day interval is included as Exhibit B (Parent/Student Accounts). We encourage you to use these templates for notification. They can be accessed on Sharepoint.

If a campus or department has not received payment within thirty days after the final notification is sent, then the account may be submitted to the collection agency by the Business and Finance Department.

In addition, the campus or department shall consider whether to allow continuation of the student's corresponding activity. The District procedures allow discretion to discontinue the student's participation in activities, change the student's test exemption status or preclude further registration in activities such as extended learning, dual credit and summer school.

Below you will see a summary/check list that should be referenced for the billing process:

- 1) First billing sent to the parent/guardian stating good/service, quantity, price, total amount due and payment due date.
- 2) Second billing sent to the parent/guardian stating good/service, quantity, price, total amount due, payment due date and notice that the account is 30 days past due.
- 3) Third billing sent to the parent/guardian stating good/service, quantity, price, total amount due, payment due date and notice that the account is 60 days past due; and the account could possibly be referred to a collection agency if payment is not received by the payment due date.
- 4) If no response is received within thirty (30) days of the final notice, the Business and Finance form (Exhibit B) should be submitted to the Director of Enterprise Funds with the onsite collection effort log (Exhibit B) attached. This action begins the process to refer the account to the collection agency.

- 5) The campus/department administrator should consider and implement any discontinuation of corresponding student's participation in activities, student's test exemption status or future registration for activities. All current regulations for this administrative action should be considered and followed in order to implement.
- 6) Each campus or department may modify procedures for collecting receivables as long as the modifications are approved by the Business and Finance Department. Modifications should result in more cost-effective procedures or provide better or more convenient services to debtors of Fort Bend ISD without compromise to collection.

## Payment Plans

If debtors request a payment installment plan in order to repay an outstanding debt, payments will be made at least monthly (30 calendar days) with a cashier's check or money order and be no less than 20% of the original total amount due. The final payment on such installments will be due by June 30<sup>th</sup> of the fiscal year in which the debt was incurred. If payments are not received on the due date that was established in the payment plan, then the onsite collections effort process should be followed.

Example payment plan option:

Varsity Cheerleader dues in the amount of \$400 for school year 2016-17 should have been paid in full by August 22, 2016.

- Billing one was provided to the parent/guardian on July 11, 2016.
- Billing two was provided to the parent/guardian on August 22, 2016 that included the statement that the account is thirty (30) days past due.
- The parent/guardian contacted the campus on August 26, 2016 to request a payment plan.
- The campus established a written payment plan for the parent/guardian that required at least 20% payment increments as follows:

Payment 1	\$80.00	Due: September 21, 2016
Payment 2	\$80.00	Due: October 21, 2016
Payment 3	\$80.00	Due: November 21, 2016
Payment 4	\$80.00	Due: December 21, 2016
Payment 5	\$80.00	Due: January 21, 2017

## Receiving

Campuses and departments should receive payment for goods/services in accordance with the Business and Finance cash management policies and procedures. These can be found on Sharepoint for reference.

For the purposes of receiving payments for past due accounts, the following should take place in addition to any guidance provided in the cash management policies and procedures:

- Provide the customer (parent/guardian) with a receipt;
- The deposit should reflect the account that the payment belongs; and
- The onsite collection effort log should be updated to reflect the payment received.

This information has only been provided to you in this document as reference.

# EXHIBIT B – Business and Finance Forms

## TEMPLATE



Campus/Dept

Date

Parent/Guardian Name

Street Address / PO Box

City, State Zip

Dear Parent/Guardian Name,

This is just a reminder that your account with us appears to be past due. Our records indicate that you have a total outstanding balance in the amount of \$XX, which represents the following fees/dues:

(Student Name) Cheerleader Camp Fues - June 2018 \$200.00

Invoice #	Invoice Date	Due Date	Amount	Description
0001234	4/19/2018	5/19/2018	\$200.00	Cheer Camp

Please contact us as soon as possible on the status of your payment. Non-payment can affect continued eligibility of the student's participation in the activity. If you have any questions about the balance due on your account, please do not hesitate to call my office. If you have already sent us your payment recently, please disregard this reminder.

Thank you very much for your attention to this matter.

Sincerely,

Principal/Director Name

Title

## PARENT/STUDENT DELIQUENT ACCOUNTS

### DEBTOR INFORMATION

<b>Student:</b>	Click or tap here to enter text. Last Name	Click or tap here to enter text. First Name
<b>Campus:</b>	Click or tap here to enter text.	
<b>Parent Guardian:</b>	Click or tap here to enter text. Last Name	Click or tap here to enter text. First Name
<b>Mailing Address</b>	Click or tap here to enter text. Address	Click or tap here to enter text. City, ST, Zip
<b>Phone:</b>	Click or tap here to enter text.	<b>E-mail:</b> Click or tap here to enter text. <b>Other:</b>
<b>Goods/Services:</b>		<b>Quantity</b> Click or tap here to enter text.
<b>Total Amount Due:</b>	Click or tap here to enter text.	<b>Payment Due Date:</b> Click or tap here to enter text.

### NOTICES/ BILLING SENT

<input type="checkbox"/> First billing on: Click or tap to enter a date.	<input type="checkbox"/> Second billing on: Click or tap to enter a date.	<input type="checkbox"/> Third billing on: Click or tap to enter a date.	<input type="checkbox"/> Final on: Click or tap to enter a date.
--	---	--	--

<input type="checkbox"/> Discontinuance of activities on: Click or tap to enter a date.	<input type="checkbox"/> Collection on: Click or tap to enter a date.
---	---

### PAYMENT PLAN

Offer Extended: \$Click or tap here to enter text.	<input type="checkbox"/> Weekly	<input type="checkbox"/> Bi-weekly	<input type="checkbox"/> Monthly
--	---------------------------------	------------------------------------	----------------------------------

<b>Final Payment Due By:</b> Click or tap to enter a date.
--

Status of Offer:	<input type="checkbox"/> ACCEPTED	<input type="checkbox"/> DECLINED
------------------	-----------------------------------	-----------------------------------

Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Campus  
Administrator: \_\_\_\_\_

Date: \_\_\_\_\_

### RECEIVED PAYMENT(S)

Date: Click or tap to enter a date.	Amount: Click or tap here to enter text.	Received By: Click or tap here to enter text.
-------------------------------------	--	---

### PERMISSION TO RECALL

Reason:

☐ Payment Received at FBISD

☐ Other:

Submitted By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

CFO Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### WRITE-OFF REQUEST

Reason: \_\_\_\_\_

Write-off Request Amount: Click or tap here to enter text.	Reason: Click or tap here to enter text.
--	--

Submitted By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_

CFO Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## EMPLOYEE DELINQUENT ACCOUNTS

### DEBTOR INFORMATION

<b>Employee:</b>	Click or tap here to enter text. Last Name	Click or tap here to enter text. First Name
<b>Campus/Dept:</b>	Click or tap here to enter text.	
<b>Supervisor:</b>	Click or tap here to enter text. Last Name	Click or tap here to enter text. First Name
<b>Employee Mailing Address</b>	Click or tap here to enter text. Address	Click or tap here to enter text. City, ST, Zip
<b>Phone:</b>	Click or tap here to enter text.	<b>E-mail:</b> Click or tap here to enter text. Other:
<b>Debt Description:</b>		<b>Quantity</b> Click or tap here to enter text.
<b>Total Amount Due:</b>	Click or tap here to enter text.	<b>Payment Due Date:</b> Click or tap here to enter text.

### NOTICES/ BILLING SENT

<input type="checkbox"/> First billing on: Click or tap to enter a date.	<input type="checkbox"/> Second billing on: Click or tap to enter a date.	<input type="checkbox"/> Third billing on: Click or tap to enter a date.	<input type="checkbox"/> Final on Click or tap to enter a date.
<input type="checkbox"/> Discontinuance of activities on: Click or tap to enter a date.		<input type="checkbox"/> Collection on: Click or tap to enter a date.	

### PAYMENT PLAN

Offer Extended: \$Click or tap here to enter text.	<input type="checkbox"/> Weekly	<input type="checkbox"/> Bi-weekly	<input type="checkbox"/> Monthly
<b>Final Payment Due By:</b>	Click or tap to enter a date.		
Status of Offer:	<input type="checkbox"/> ACCEPTED	<input type="checkbox"/> DECLINED	
Signature of Applicant:			Date: _____
Signature of Campus Administrator:			Date: _____

### RECEIVED PAYMENT(S)

Date: Click or tap to enter a date.	Amount: Click or tap here to enter text.	Received By: Click or tap here to enter text.
-------------------------------------	--	---

### PERMISSION TO RECALL

Reason:

<input type="checkbox"/> Payment Received at FBISD	<input type="checkbox"/> Other:
Submitted By: _____	Date: _____
Approved By: _____	Date: _____
CFO Signature: _____	Date: _____

### WRITE-OFF REQUEST

Reason: \_\_\_\_\_

Write-off Request Amount: Click or tap here to enter text.	Reason: Click or tap here to enter text.
Submitted By: _____	Date: _____
Approved By: _____	Date: _____