

System-wide Policy: FI0305 - Accounts Receivable	
Version: 12	Effective Date: 01/22/2025

SECTION 1. Policy Statement

I. General Information

- A. The University of Tennessee provides services and products to individuals and entities on a regular basis and, in return, the University will collect funds from its customers.
- B. Generally, the University is under an obligation to record amounts that customers owe the University as accounts receivable.
- C. Departments are responsible for invoicing on the next billing cycle if a standard billing cycle is used by the department after providing services or products. If a department does not use a standard billing cycle, departments will invoice 15 business days after providing services or products to a customer. Departments are responsible for monitoring revenue receipt. For purposes of this policy, a “business day” is a day that the campus or unit is open for business. Additionally, where applicable:
 - i. If the University has a contract with a customer, the University will invoice the customer based on the terms of the contract.
 - ii. A standard billing cycle is indicated by a routine process to bill a third party and typically includes a regular interval at which the billing will occur (monthly, quarterly, etc.).

II. This policy excludes: medical service receivables; student tuition and fees; sponsored programs; and UT Knoxville’s athletics department. Additionally, internal transfers are excluded from this policy. **Customer Creation in the University’s Accounting System**

- A. The University System Administration Treasurer’s Office is responsible for managing all customer records in the University’s ERP System.
- B. The Treasurer’s Office will provide support in the creation and maintenance of all of the University’s records including registrations in vendor portals, completion of ACH forms, etc.

III. Aging; Dunning Letters

- A. After sending the initial invoice, departments are responsible for ensuring that the customer pays the University all outstanding amounts that the customer owes to the University.
- B. Departments must send monthly follow-up reminders or statements to customers once the bill is over 30 days past due. The department seeking to collect the funds must send at least one dunning letter prior to the write-off of the funds.
- C. For invoices issued from the University’s ERP, the Treasurer’s Office’s template dunning letter is the only version that the department may use.

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- D. A dunning letter is a letter from the University to the customer explaining the amount that the customer owes to the University, explaining that the payment is overdue, and requesting that the customer pay the University.
- E. For AR originating in the University's ERP, if a customer is at least 120 days late paying the University the full amount that the customer owes, the Treasurer's Office will contact the applicable Chief Business Officer and inform them about the status of outstanding debts owed to the University. The applicable Chief Business Officer will advise the Treasurer's Office regarding whether the Chief Business Officer wants to write off the debt or pursue further collection efforts.

IV. Installment Payments

- A. Departments may establish installment-payment plans with customers to allow the customer to pay the University all amounts that the customer owes over a defined time.

V. Parking and Traffic Regulations

- A. The University may only impose fines/costs related to parking or traffic violations when the University has followed the Tennessee Uniform Administrative Procedures Act and issued a rule through the state of Tennessee that specifies the campus or institute's parking regulations and associated fines.
- B. For clarification, seeking to collect parking or traffic violation amounts that third parties owe the University are subject to the FCBA and the FDCPA.

VI. Customer Bankruptcy

- A. If a department receives a bankruptcy notice, the department must forward the notice to the Office of General Counsel.
- B. Once the department receives a bankruptcy notice, the department must cease debt-collection activities until further notice from the Office of General Counsel.

VII. Fair Credit Billing Act

- A. The University must comply with applicable laws, including the Fair Credit Billing Act, and the Fair Debt Collection Practices Act.
- B. Under the Fair Credit Billing Act (FCBA), customers may dispute amounts that appear on a University invoice.

VIII. Fair Debt Collection Practices Act

- A. The Fair Debt Collection Practices Act (FDCPA) establishes limits on how the University may collect debt that customers owe.
- B. Departments must not misrepresent the amount that customers owe; threaten to turn the customer over to law enforcement authorities; or threaten to take steps that the department has no intention of doing.

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- C. Departments must not attempt to contact customer representatives through social media in a public manner or contact the customer representative's social media connections.
- D. Only the Office of General Counsel may state that they are attorneys on behalf of the University.

IX. Acceptable Payment Methods for Accounts Receivable

- A. The University's preferred payment methods for customer invoices are as follows:
 - i. ACH (direct deposit)
 - ii. Check
 - iii. Cash
 - iv. Credit cards or debit cards
- B. The University does not currently accept e-payments, or virtual card payments.

X. Write-Offs of Uncollectible Amounts; Office of General Counsel Review

- A. Write-Offs
 - i. The applicable Chief Business Officer is the University official who has authority to determine whether to write off uncollectible debt up to the amount of \$49,999.99.
 - ii. Departments must not write off any outstanding debt unless the applicable Chief Business Officer has approved the write-off, or the appropriate Business Manager for adjustments in the University's ERP.
- B. Office of General Counsel Review
 - i. If a department has a delinquent account totaling \$50,000 or more, the department must send the information to the Office of General Counsel for review and advice regarding whether the University might pursue legal action to recover the debt.
 - ii. For clarity, the Office of General Counsel does not approve write-offs. Their role in this process relates to whether the University will pursue legal action.

XI. Reports to the State of Tennessee

- A. At the end of each fiscal year, the Treasurer's Office is required to report the total dollar amount of write-offs processed by the University to the State of Tennessee's Department of Finance and Administration and the Comptroller of the Treasury.
- B. For parties using the University's ERP, the Treasurer's Office will process reports from the ERP to provide to the State.
- C. For parties using a third-party billing application, the Treasurer's Office will provide instruction and forms annually to collect write-off information as required by the State.

XII. Exceptions

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- A. Any exceptions to the University's collection and write-off procedures may only be made by the University's Chief Financial Officer.
- B. The Controller may approve all other exception requests that departments seek under this policy.

SECTION 2. Reason for the Policy

This policy establishes the University's accounts receivable practices and structure. Moreover, this policy outlines compliance with applicable laws.

SECTION 3. Scope and Application

This policy applies to all University departments that collect funds for amounts that customers owe, except this policy does not apply to the excluded activities listed in Section I of the policy.

SECTION 4. Procedures

See procedures.

SECTION 5. Definitions

The University has not established definitions for this policy.

SECTION 6. Penalties/Disciplinary Action for Non-Compliance

Failure to comply with this policy might result in adverse human resources actions, up to and including progressive disciplinary actions. Violations of federal law, such as the Fair Debt Collection Practices Act, could result in fines and penalties imposed on the department or employee(s) who violate the applicable laws.

SECTION 7. Responsible Official & Additional Contacts

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Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation			
Policy Training	Jessica Caldarera	865-974-2302	AR@tennessee.edu

SECTION 8. Policy History

Version 11: 05/08/2018

SECTION 9. Related Policies/Guidance Documents

FI0310 – Receiving and Depositing Money
FI0311 – Credit Card Processing
FI0330 – Unrelated Business Taxable Income
FI0331 – State and Local Sales and Use Tax
FI0405 – Procurement
FI0420 – Contracts
