

UNIVERSITY OF CENTRAL ARKANSAS
CASH HANDLING PROCEDURES
Effective December 4, 2014

Introduction

Departmental personnel often have questions regarding University of Central Arkansas (the University, or UCA) expectations regarding processing of funds (cash, checks, credit cards, wires, etc.). The University's fundamental procedures, outlined below, provide a quick reference for personnel training and periodic review to be in compliance with State accounting and University procedures.

Authorization of Fees

The UCA Board of Trustees (the Board) is established by act of the Arkansas General Assembly under Arkansas Code Annotated Section 6-67-101, and is charged with the management and control of the University, including authorization of all University fees. Therefore, any initial charges and any increases or decreases to existing charges levied to students, employees or other customers must be Board-approved.

University Funds

Funds received by the University, other than certain Agency funds, are considered by State statute to be funds of the State. These funds include but are not limited to: (1) Board-approved fees and rates for sales and services rendered; (2) funds derived from the production of works for instructional, public service, or administrative use which was produced using University resources, personnel and/or students; and (3) exceptional circumstances where funds are received as reimbursement for departmental expenses. **All funds are the earnings of the University and must be deposited at the Student Accounts / Cashiering Office.**

All funds received must be **deposited intact**. This means that funds collected cannot be used for direct purchases of goods, services or refunds. Written requests for refunds will be directed to the Controller or Associate Controller in the Financial Accounting Office, and will be approved on a case-by-case basis. Direct purchases of supplies should be facilitated through the reimbursement method via departmental Purchase Order.

The University's funds must not be transferred to the UCA Foundation, Inc. (the Foundation). The Foundation is a private corporation whose sole mission is to lend support to the University. The Foundation's revenue-producing activities are sanctioned by its Board and clearly set forth in its solicitation literature.

If any person exercises control over funds generated for any University-related purpose which are not included in the University's financial reporting system (Banner), and for which the University could be held liable and responsible, that person must contact the Vice President for Finance and Administration or Controller for assistance.

If any person or department has collected funds or may potentially collect funds, the person or department must inform the Controller, Associate Controller, and/or Director of Student Accounts / Cashiering so that proper cash handling training can be provided to the department.

Timely Processing and Depositing of University Funds

All funds received must be processed immediately. Funds must be deposited with the Student Accounts / Cashiering Office within 24 business hours (one business day) of receiving the funds in the department. For example, funds received on a Thursday at noon must be deposited by noon the following day, Friday, or if applicable, the next business day on which the Student Accounts/Cashiering Office is open. If funds are received on a Friday or weekend day, they must be deposited by that time on the next day the University is open for business (usually Monday.)

Internal Control

All departments are responsible for maintaining internal control through segregation of duties. This means the functions of: (1) record keeping, (2) authorizing, (3) asset custody, and (4) reconciling should not be performed by the same individual. Some departments will not be able to fully adopt the above recommended system of internal control due to staffing limitations; however, each department should strive to maintain proper segregation of duties. If limitations do exist, the department should consult with the Controller for assistance in establishing compensating controls.

Fund Log

A log of funds received is required when funds are received through the mail or from another department. The log should include, at a minimum: the date received, the name, initials, and UCA ID number of the person filling out the log, the type of funds (cash, check, credit cards, wires, etc.), the name of the payee, the document number, and the amount of funds. It should also include a place for the employee who processes the log to record the receipt number(s) and their initials. The two sets of initials allow a manager to trace the responsibility of the funds from the person who logged the funds to the person who receipted the funds.

Processing Cash

Utmost care needs to be taken when processing cash. **NEVER** leave cash unattended. If it must be stored, make sure it has already been counted and is locked in an extremely secure location (such as a safe or locking file cabinet. The location should be “double-locked”, i.e. a locked bank bag inside a locked cabinet or safe. Before counting cash, organize it in similar denominations, face up and facing the same direction. Count the cash by denomination category (i.e. Hundreds, Fifties, Twenties, Tens, Fives, Ones - \$300.00; \$50.00; \$260.00; \$40.00; \$5.00; \$3.00).

Always run an adding machine tape on cash received regardless of cash amount. It is the department's responsibility to provide an adding machine tape or equivalent on all cash. Adding machines can be purchased thru Goddess (or the current holder of the State contract) following UCA purchasing processes. If it is efficient to do so, totals may also be calculated in Excel, with a printout of the spreadsheet included with the deposit in place of the adding machine tape.

Cashing Checks

Employees' and students' personal checks must be cashed through the Student Accounts/Cashiering Office. Employees may cash personal checks for up to \$100 per day. Students may cash personal checks for up to \$50 per day. Third party checks will not be accepted. The Student Accounts / Cashiering Office reserves the option of declining checks based upon experience with overdrawn accounts and/or other factors.

Processing Checks

All checks must be properly completed. Improperly completed checks are returned by the bank and result in more work for the Student Accounts / Cashiering Office and the depositing department. The Student Accounts / Cashiering Office reserves the option of declining checks that are incomplete.

The following fields must be completed:

- Name, address and phone number on the upper left corner of the check (this information must be written in on temporary checks)
- Driver's license number (when accepting payment thru the mail, please request the driver's license number on any departmental websites, forms and information sheets)
- Date—the University does not accept postdated checks.
- "Pay to the order of" line completed
- Numeric amount (this is not the legal amount but should match the alpha amount)
- Alpha amount (written amount—this is the legal amount and should match the numeric amount. If there is a variance between the Alpha amount and Numeric amount, Student Accounts / Cashiering will process the Alpha amount.)
- Signature
- UCA ID Number (if applicable)
- Check endorsement (see next section)

Always run an adding machine tape on cash and checks received regardless of cash amount. It is the department's responsibility to provide an adding machine tape or equivalent on all cash and checks. Adding machines can be purchased thru Goddess (or the current holder of the State contract) following UCA purchasing processes. If it is efficient to do so, totals may also be calculated in Excel, with a printout of the spreadsheet included with the deposit in place of the adding machine tape.

Check Endorsement

All checks must be endorsed immediately upon receipt. The endorsement provides a safeguard against unauthorized cashing of the check should it become lost or stolen. The stamped endorsement should read as follows:

University of Central Arkansas
(*department or organization name*)
For Deposit Only

Endorsement stamps can be purchased thru Goddess (or the current holder of the State contract) following UCA purchasing processes. If your department does not have an endorsement stamp, it is the department's responsibility to ensure a written endorsement is completed (providing the same information as above written on the back of each check).

Processing Credit Cards

Currently, the University only accepts Visa, MasterCard and Discover with the exception of certain departments which may be allowed to accept American Express. It is the department's responsibility to ensure the method of payment is acceptable if not outlined in this policy.

The University of Central Arkansas has a *Credit Card Processing and Security Policy*. It can be found at <http://uca.edu/financeadministration/files/2014/02/pci-policy.pdf> . Please refer to this policy when processing all credit card payments.

Credit card settlement reports are to be provided in duplicate (one copy for the Student Accounts/Cashiering Office and one for the Financial Accounting Office) at the time of making a departmental deposit. It is the responsibility of each department to provide a grand total by credit card type (Visa, Master Card, Discover, American Express when applicable) on the top copy of the settlement report.

Processing Wires

Wire reports and account distribution of the received funds are to be provided to the Student Accounts / Cashiering Office at the time of making a departmental deposit.

Business Office Deposit Slip

The UCA Student Accounts Banner Departmental Deposit Slip has been designed to allow the departmental employees making the deposit and the University's cashiers to document their agreement of the amount of funds deposited and the posting of these funds to the correct account. It is extremely important that the deposit slip be completed accurately before the deposit is presented to Student Accounts / Cashiering. Forms may be obtained from the Student Accounts / Cashiering Office.

The department must provide Student Accounts / Cashiering with two copies of the Banner Departmental Deposit Slip (one copy for Student Accounts/Cashiering and one copy for the department making the deposit). Student Accounts will not accept a Banner Departmental Deposit Slip completed in pencil or an altered deposit slip. Therefore, all revisions require a new deposit slip.

The UCA Banner Departmental Deposit Slip must be completed as follows:

- **DEPARTMENTAL NAME**
- **DEPARTMENTAL ID NUMBER**
- **DATE** of the deposit
- **ADDITIONAL COMMENTS:** provide name and phone number of employee responsible for making deposit
- **FUND/INDEX – ACCOUNT** or **FOAP** (fund/organization/account/program) code combination. This determines the department's revenue line item where the funds are being applied (the FOAP can be found in the department's budget). Student Accounts / Cashiering does not have the ability to look up or verify any FOAP.
- **DETAIL CODE:** can replace FOAP when applicable
- **EXPLANATION:** source the funds, reason received (samples: registration, testing, daily receipts student/health, police report, reimbursement, etc)
- **AMOUNT:** for each line item being deposited, similar descriptors need to be lump-summed. Example: three individuals listed under explanation are reimbursing for cell phone, only one lump sum AMOUNT should be used.
- **CASH, CHEK:** list the total amount of cash, checks, Visa, Masc, Disc, Amex, and/or wire being deposited
- **CAOS:** cash short or overage. This is used when a balancing issue has occurred. An overage is to be added to the amount of revenues and a shortage is to be subtracted from funds deposited
- **RECEIPT #:** this is a tool for the departments to use if applicable
- **TOTAL:** Total amount of the deposit (should automatically populate; both total amounts have to agree)
- **CASH INITIALS:** departmental preparer and depositor to Student Accounts / Cashiering must both initial. This provides a clear transfer of responsibility to the department. The preparer is verifying funds and the depositor is verifying that the funds are leaving the department. The Student Accounts / Cashiering employee will initial that all the funds listed have arrived and the runner will once again initial that the funds in question have arrived at Student Accounts / Cashiering. (1- preparer's initials 2- depositor's initial before leaving department 3- Student Accounts / Cashiering employee processing deposit initials 4- depositor's initial that all funds were received by Student Accounts / Cashiering employee)

All funds received must be **deposited intact**. This means that funds collected cannot be used for direct purchases of goods, services or refunds. Written requests for refunds will be directed to the Controller or Associate Controller in the Financial Accounting Office, and will be approved on a case-by-case basis. Direct purchase of supplies should be facilitated through the reimbursement method via departmental Purchase Order.

There should be no personal use of State/University equipment by students, faculty or staff. Reimbursement is required if personal usage cannot be avoided. Reimbursements received for the use of the fax machine, non-coin operated copy machines and long distance phone charges will be deposited against the department's index/fund.

For internal control purposes, the University's cashiers must verify each department's deposit in the presence of a department representative. Therefore, the department employee must not leave the deposit with the cashiers in order to complete other business. The cashiers have been instructed to not process a deposit without someone from the department present.

The Student Accounts / Cashiering Office requests that all departments make their deposits from 8:00 to 11:00 a.m. and 1:00 to 3:00 p.m.

Once the deposit's count has been verified to be the same amount as stated on the Banner Departmental Deposit Slip, the cashier will initial the deposit slip and the department's representative will sign the Banner Departmental Deposit Slip in agreement. The cashier will then print two Banner receipts. One receipt will be given to the depositor, and the second copy will be retained by the Student Accounts / Cashiering Office.

Issuing Receipts

All transactions must be receipted. Receipts must be issued regardless of the dollar amount received. Further, the receipts must be completed within 24 hours of funds being received. If a department is not equipped with a computerized receipting system, a manual, pre-numbered receipt book should be purchased thru Goddess (or the current holder of State contract) following the UCA purchasing process. The receipt book should also be stored in a secure location.

Transactions processed in Banner will generate two receipts once the transaction is saved. One receipt will be for the depositor/department and one the second copy will be retained by the Student Accounts / Cashiering Office.

A complete manual receipt contains the following information:

- Current date
- Amount to be receipted
- Type of funds
- Name & ID # (when applicable) of person from whom money was received
- Purpose of payment
- Department to which receipt is to be credited
- Signature of the person writing the receipt

The original manual receipt (white copy) or computerized receipt should be given to the party making the payment. A duplicate manual receipt should be maintained in numerical order in the receipt book. If the manual receipt is to be entered into Banner, make reference to the manual rcpt# (example: CASH – Cash pymt – manual rcpt#1234) when receipting the transaction.

Voiding Receipts

Voiding Banner receipts:

- 1) Once an issue has been discovered that requires voiding a transaction, collect the two original receipts. Write VOID on both receipts, a brief description of issue (Example: wrong ID#, wrong amount, wrong term, wrong fund type, etc.) and initial.
- 2) Reverse the original transaction completely.
- 3) Input the transaction correctly
- 4) Voided receipts have to be reviewed by a supervisor who will also initial them.
- 5) File all voided receipts in numeric order with all the other receipts for that date.

Voiding Manual receipts:

- 1) Once an issue has been discovered that requires voiding a transaction, collect all three copies of the manual receipt in question and staple them to the manual receipt book. Write VOID on all copies and write a brief description of issue (Example: wrong ID#, wrong amount, wrong term, wrong fund type, etc.) and initial.
- 2) Write a new manual receipt.
- 3) Supervisor must initial the old AND new receipts.

Voids with a Cash Component:

- 1) Voiding a cash component requires dual custody for protection of all parties.
- 2) Collect both Banner receipts or staple all copies of the manual receipt in the manual receipt book.
- 3) Have the payer/depositor sign the voided receipt(s) showing that they agree with the void.
- 4) If the issue has been discovered after the fact: contact the payer/depositor to inform them of the issue found. Inform the supervisor of the issue.
- 5) Provide reason why the transaction was voided.
- 6) With the supervisor's approval, void the transaction.
- 7) File all voided receipts as directed above (Banner receipt or manual receipt).

Cash Balancing Form

Departments that make either regular or seasonal deposits should maintain cash balancing forms to assist them in balancing and documenting the receipted cash funds.

Prepare deposit by completing a cash balancing form. This includes:

- Preparing two calculator tapes on the checks received. These tapes should be attached to the stack of checks via a rubber band or paper clip.
- Posting the amount of funds collected to the proper categories on the cash balancing form.
- Calculating total funds collected and posting on the form.
- Comparing actual funds collected to source documents and/or computerized receipting summary. These are the total funds that should have been collected as per departments' services (Example: application fee, contract, tickets, daily receipts, etc.).
- Any difference that is found between the total funds that should have been collected and the actual amount on-hand creates an "out of balance" situation. This difference has to be researched to determine the error and a supervisor has to be informed immediately. The supervisor will determine when a Cash Over/Short will be processed. This difference is to be posted on the Banner Departmental Deposit Slip under CAOS—cash short or overage.
- If an "out of balance" situation is encountered and there is not enough time to complete the department's deposit prior to close of business, etc., then the funds should be placed in a security bank bag, locked and stored in the Student Accounts / Cashiering vault before 4:30 p.m. The department's bag will be available for pickup the next business day.

Temporary Cashiering Change Funds

Temporary cashiering change funds are provided to departments for campus events, etc. where currency is needed to make change for sales transactions. The Temporary Change Fund Request Forms are available from the Controller in the Financial Accounting Office, or can also be found at <http://uca.edu/financialaccounting/files/2013/01/Temp-Change-Fund2.pdf>. All initial requests for temporary change funds (or increases in limits) must be approved by the Arkansas Department of Finance & Administration; this request will be processed by the Financial Accounting Office. After the form is completed and the request approved, a check will be issued to the requesting department.

Accounts Payable processes checks for issuance on Tuesdays and Fridays only. Therefore, the form must be in the Financial Accounting Office no later than the close of business on Monday or Thursday.

To cash the check, the Student Accounts / Cashiering Office requires a signed letter on UCA letterhead from the head of the department that has requested the check. The letter needs to state the full name of the staff member authorized to cash the check, the UCA check

number/amount/date that is being cashed and the purpose of funds. The Head Cashier in Student Accounts / Cashiering needs to be notified of denominations being requested at least one business day prior to cashing the check.

The temporary change fund is deposited back with the Student Accounts / Cashiering Office once the event is complete. Fill out a Banner Departmental Deposit Slip when re-depositing the funds. **DO NOT INCLUDE OTHER DEPARTMENTAL TRANSACTIONS WITH THE REDEPOSITING TRANSACTION.** The cashiers will issue two (2) receipts to the department returning the funds. The department is responsible for taking one (1) of the receipts to the Controller or Associate Controller in the Financial Accounting Office. The receipt will inform the Financial Accounting Office that the temporary change fund has been returned.

Permanent Cashiering Change Funds

Some University departments require a permanent cashiering change fund to help transact services on an ongoing basis. These change funds are to be requested through the Controller in the Financial Accounting Office, who will forward the request to the Arkansas Department of Finance and Administration in Little Rock, Arkansas. A permanent fund request requires approximately two weeks to process. Therefore, a temporary change fund, if previously approved, may be used until the approval is granted.

Cash/Coin Operated Machines

Several University departments receive revenues from cash/coin-operated machines. The cash/coins from these machines must be collected periodically and counted **on the day they are collected** under dual control and deposited with the Student Accounts / Cashiering Office. A record or log should be kept to record the machine's beginning and ending count. This count is then multiplied by the price per item. The resulting dollar figure is the department's revenues, which is then written on the correct account line of the department's Banner Departmental Deposit Slip. The difference between the actual money counted and the machine's revenues belong on the CAOS Over/Short line of the deposit slip.

Each department is required to count all coins before depositing the coins with the Student Accounts / Cashiering Office.

The coins are not counted at Student Accounts / Cashiering Office but are only receipted. The next working day the coins are taken to the bank for an accurate count. Any differences in the coin count are then adjusted by the Student Accounts / Cashiering Office after returning from the bank. A CAOS is processed if necessary for that department.

Securing Funds on Campus

Lockable security bank bags are required for storing funds received during the day and for transporting the daily deposit to the Student Accounts / Cashiering Office. All funds should be kept in a safe, secured, and locked file cabinet or an equivalent location until deposited. These security bank bags are available from the Student Accounts / Cashiering Office. Please give the

Head Cashier in Student Accounts / Cashiering a week to order the bags from the bank. Any charge by the bank for the security bags will be charged to the department requesting the bags.

The UCA Police Department (UCAPD) is available for escorting employees to the Student Accounts / Cashiering Office from a special event or to make the department's normal deposit. Therefore, if the responsible employee feels uncomfortable with the amount of funds to be transported or if they feel at risk because of their surroundings, the University encourages the employee to call UCAPD at 450-3111 to request an escort.

The UCA Police Department is available for storage of security bank bags after working hours. They request that the responsible party bring the **locked** bag to the UCA Police Department. The Officer in charge will issue a receipt for the bank bag that is identified by its number and name on the bag. The person bringing the bag will keep both of the bag's keys. The bag may be signed for and picked up the next working day.

Theft or Shortage

Suspected theft of funds or cash items (checks, tickets, gift certificates etc.) must be reported immediately to UCAPD, the Financial Accounting Office, and the Internal Audit Office after the discovery of missing funds or items. UCAPD should be notified immediately, even after normal business hours. Financial Accounting and Internal Audit should be notified immediately or at the beginning of the next business day if the event occurs after normal business hours. The sooner a suspected theft is reported to the proper authorities, the better the chance for a successful outcome to the investigation.

Accounts Receivable

An accounts receivable (A/R) is an account used to record the amount of money that a person or entity owes the University. The basic premise supporting an accounts receivable is that its use allows a department's corresponding revenue account to be correctly stated when not all funds owed the department have been received. Each department needing an A/R set up should request it from the Associate Controller or Controller in the Financial Accounting Office. An accounts receivable report listing all person's/entity's balance owed the University as of the last working day of the month is required to be sent to the Financial Accounting Office by the third working day following the last day of the relevant month. The report's balance should agree with the general ledger accounts receivable total kept by the Associate Controller.

An A/R balance increases with a debit and decreases with a credit. In contrast, each department's revenue account increases with a credit and decreases with a debit. For example, a single account's transactions are as follows:

- OCE operates a camp for students. Each participant is charged \$100.00. Students are allowed to pay in installments prior to the camp's first day with any outstanding balance being due the first day of camp. OCE collects the partial payments and records each camp participant's balance in an accounts receivable set up for this purpose.

- Sallie is a camp participant. On May 1 she pays OCE \$25.00 which leaves an outstanding balance of \$75.00. OCE's accountant records the transaction in the department's subsidiary ledger by writing the participant's name, the cost of the camp, the amount paid, and the amount due.
- To complete the Banner Departmental Deposit Slip, the accountant writes the department's revenue account number (FOAP) on the form. He/she posts \$100.00 to the revenue account. Next, the accountant writes the accounts receivable account number on the form and posts the \$75.00 due. The \$75.00 accounts receivable is subtracted from the \$100.00 revenue. The resulting \$25.00 is written on the "Total Deposit" line.
- On May 5, Sallie pays \$50.00. The accountant records the \$50.00 payment in the department's subsidiary ledger and calculates Sallie's balance due to be \$25.00. Second, she deposits the \$50.00 using the Banner Departmental Deposit Slip. The accountant writes the accounts receivable account number on the form and the accounts receivable name in the spaces provided on the deposit slip. Next, he/she writes \$50.00 on the amount line. This is a credit to the accounts receivable and has the effect of reducing the account's balance.

At the end of the month, the department will give a copy of its accounts receivable subsidiary ledger to the Associate Controller in the Financial Accounting Office. The total amount due as of the last working day of the month should match the general ledger amount kept by the Associate Controller.

University departments who utilize an accounts receivable must adhere to the *Accounting State Procedures Manual, Chapter Twenty-One, Uncollectible Monies Charge-Off Procedures*. Under the sub-title *Determination of Uncollectibility*, [see Attachment A] the State outlines four (4) steps in the collection process. Each of the four (4) steps are outlined below and are followed by the University's interpretation.

1. "Contacting the debtor by phone or letter within a reasonable time after an account is deemed delinquent; or"

University Standard: The department shall contact the debtor immediately after the account becomes "delinquent," which is defined as an account past due more than 30 days.

2. "Referring an account to a licensed collection agency or an attorney for collection.....; or"

University Standard: Once the department has exhausted its own collection efforts, delinquent accounts are referred to the University Legal Counsel for further collection efforts.

3. *“Pursuing setoff of debt against income tax refunds...; or”*

University Standard: The Director of Student Accounts in the Student Accounts/Cashiering Office is responsible for processing debt setoff against State tax refunds. After items 1 and 2 above have been exhausted by the department, then all debt accounts shall be reported to the Director of Student Accounts by September 15 of each year. This report should include the basis of the claim, date of debt, debtor’s name, address and Social Security/federal identification number.

4. *“Pursuing all other available means of collection if deemed feasible and economically justifiable by the State agency.”*

University Standard: All other available means of collection should be approved through the Vice President for Finance and Administration.

University of Central Arkansas
Attachment A
Uncollectible Monies Charge-Off Procedures

Abatement Procedures

The Accounts and Notes Receivable Abatement Act for the State of Arkansas (Act 497 of 1983, as amended by Act 908 of 1985, (Arkansas Code 19-2-301—307)) establishes procedures for the various state agencies, authorities, boards, commissions, departments and institutions of higher education to “charge-off” or cancel uncollectible monies owed to the same.

Definitions

As used in this Act. The term:

1. “Abatement” means a complete or partial cancellation of a tax levied, special assessment, service charge, student loan, note receivable or other amount for which asset recognition criteria have been met;
2. “Accounts Receivable” means as asset account upon the books of record reflecting amounts owing an open account from persons or organizations for taxes levied, special assessments, service charges, goods and services furnished by a state agency, or other amounts for which asset recognition criteria have been met but does not include amounts due from other state agencies;
3. “State Agency” means a state agency, board, authority. Commission, department or institution of high education created by or receiving an appropriation by the General Assembly of the State of Arkansas
4. “Notes Receivable” means an unconditional written promise, signed by the maker, to pay a certain sum in money on demand or at a fixed or determinable future time either to the bearer or to the order of a person designated therein;
5. “Tax” means a compulsory charge levied by the State of Arkansas for the purpose of financing services performed for the common benefit of its citizens;
6. “Special Assessment” means a compulsory levy made against certain properties or business entities to defray part or all of the cost of a specific improvement or service deemed to primarily benefit or regulate those to whom the assessment is levied.

Recording Of Amounts Owing To A State Agency

Each state agency shall record upon their books of record the amounts due it for delivery of goods and services, licenses, unpaid taxes, student loans, special assessments, accounts receivable and notes receivable that are recognized by the state agency as due and payable upon a date ascertained. Form A/FGM 024 is the form through which these amounts are recorded in the general ledger.

Determination of Uncollectibility

A state agency shall diligently and actively pursue the collection of their accounts and notes receivable. Diligently and actively pursuing the collection of these accounts may include, but is not limited to:

1. Contacting debtor by phone or letter within a reasonable time after an account is delinquent; or
2. Referring an account to a licensed collection agency or an attorney for collection with a remuneration not exceeding fifty percent (50%) for accounts \$500.00 or less and not exceeding thirty-three and one-third percent (33 1/3%) for amounts in excess of \$500.00, except that if an agency is unable to procure the services of a collection agency or attorney for the collection of any account in excess of five hundred dollars (\$500.00) for a fee of one-third the amount recovered as authorized herein, the agency may report such fact to the Legislative Joint Auditing Committee, and the Committee may authorize the agency to pay a higher fee for collecting the account but not to exceed fifty percent (50%); or
3. Pursuing setoff of debt against State Income tax refunds for eligible agencies as allowed by ACA 26-36-301 – 26-36-320; or
4. Pursuing all other available means of collection if deemed feasible and economically justifiable by the state agency (ACA 19-2-305).

Abatement of Debt:

If, after the state agency has pursued collection of the debt owed it as set out in the “Determination of Uncollectibility” above, and such debt or partial debt is decreed to be uncollectible, then such debt shall be referred to the Chief Fiscal Officer of the State for abatement. Before any debt will be considered for abatement, the state agency shall certify in writing that the above procedures have been complied with including a detailed explanation of the steps taken to collect such debts. A statement must be included justifying why any of the above methods was not used and the agency shall provide a copy of the letter from the attorney or collection agency stating they were unable to collect the bad debt, if applicable.

The Chief Fiscal Officer of the State shall satisfy himself that all efforts to collect the indebtedness have been fulfilled. He may then, by written approval, declare the debt or remaining debt uncollectible and notify the state agency and the Legislative Joint Auditing Committee of abatement of the debt.