



HSC OP: 50.28, Debt Collection

PURPOSE: The purpose of this HSC OP is to outline the procedures relating to debts owed to Texas Tech University Health Sciences Center (TTUHSC).

REVIEW: This HSC OP will be reviewed on March 1 of each even-numbered year (ENY) by the Managing Director of Accounting Services and the Managing Director of Purchasing, with recommendations for revisions forwarded to the Office of the Executive Vice President of Finance and Operations by March 31.

POLICY/PROCEDURE:

1. Definitions.

The following are definitions for this HSC OP:

Delinquent: Payment is past due by law or by customary business practice, and all conditions precedent to payment have occurred or been performed.

Debtor: Any person or entity liable, or potentially liable, for an obligation owed to TTUHSC or against whom a claim or demand for payment has been made.

Due Diligence: Diligent claim, and energetic effort.

claim, account, fee, fine, tax, penalty, interest, loan, charge, or

Attorney General (TAG) has established guidelines (1 TAC 59.2) for the agencies collect delinquent obligations. These guidelines are subject to modifications by departments may be appropriate. TTUHSC

Only those activities which have been approved, in accordance with the Credit Extension, may sell goods and services on credit. Student

loan funds, both federal and institutional, are exempt from this requirement, since collection of debt is the function of this activity.

4. Due Diligence. Due diligence must be practiced in the collection of debt. The TAG due diligence documentation regulations require the maintenance of the following:

- a. Copies of all correspondence between TTUHSC and the debtor;
- b. Documentation reflecting attempted contacts with debtor and the result of such attempts;
- c. A record of all payments made by debtor and, where practical, copies of any checks tendered as payment;
- d. Current information verifying the debtor's address and assets; and
- e. Copies of any document creating the obligation, such as a promissory note or an invoice.

5. Administrative Procedures. Each area involved in collection activities must develop and maintain procedures for collecting delinquent accounts which are consistent with the following guidelines:
 - a. Demand letters must be mailed in envelopes that contain the statement "address correction requested" and shall comply with the federal requirements for address verification.
 - b. The department must send a first demand letter not later than 30 days after the account is determined delinquent. If no satisfactory response is received within 30 days after the date of the first letter, the department must send a second demand letter not later than 60 days after the date of the first demand letter. No more than two demand letters should be transmitted to the debtor prior to referral to the TAG.
6. Use of Outside Collection Agencies. TTUHSC may not contract with an outside collection agency or renew or extend existing contracts with an outside collection agency without prior written approval of the TAG.

Requesting Departments must contact the Contracting Office prior to initiating a new contract or initiating renewal of an existing contract with an outside collection agency, in accordance with [HSC OP 54.02. Contracting Procedures](#).

Once a new contract or contract amendment has been provisionally approved by the contracting parties, the Contracting Office will engage the TAG for final approval prior to execution. Review from the Office of General Counsel and/or the Office of the VP/CFO will be obtained by the Contracting Office prior to forwarding the information to the TAG. A TAG approved contract or amendment, once fully executed by the contracting parties, will be provided to the TAG for archival by the Contracting Office.

7. Referrals to the Attorney General for Collection. Generally TTUHSC will not refer to the TAG matters in which the amount to be recovered would be less than the total sum of expense to TTUHSC and the TAG for travel, employee time, court costs, and other relevant expenses. Subject to approval of the VP/CFO, each area involved in collection activities must develop a written policy to establish a minimum dollar amount for claims to be referred to the TAG for collection, but may, for good cause, determine that a matter should be referred to the TAG even if the amount to be recovered does not exceed the minimum established. This referral must be made to the Office of the VP/CFO no later than ~~10~~ days after accounts have been returned to TTUHSC.