


ACCT-0005 Bad Debt Write Off

	<p>Policy identification number: ACCT-0005</p> <p>File: Business & Finance Policies > Accounting Service Policies</p> <p>Bad Debt Write Off</p> <p>Policy Summary</p> <p>This policy outlines steps that must be taken to designate an account a to ensure that the accounts receivable ledger only reflects accounts wi</p>
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Policy Owner	Approval Date	Effective Date
Vice President for Finance and Administration	October 7, 2015	October 7, 2015

Search Terms	Scheduled for Review
vpfa, b, d, bad, debt, write, off	Fall 2020

Policy Statement

1. Applicability

This policy applies to all accounts receivable at Fort Lewis College except Perkins Loans, which are governed by Federal regulations.

2. Write Off Action

Accounts will be reviewed for write off at least annually and may be reviewed on a semi-annual or quarterly basis. The effect of a write off is the elimination of an individual, uncollectible account receivable from the Fort Lewis College accounts receivable ledger; the debt remains owed to the institution and collection efforts may continue.

A write off determination will be made under the following circumstances:

- A debtor owes less than \$25 to the institution and the balance has been outstanding through census date of the next major term; or

- The College has completed its internal collection efforts, account has been referred to two collection agencies for a period of one year each and there are no voluntary payments on the account for the previous 12 months; or
 - The College has determined the debt is uncollectible because of insufficient documentation or in other mitigating circumstances such as death.
3. **Write Off Approvals**
- The Student Accounts Receivable Office will provide information on each write off including the debt, the collection procedures followed and the action taken to support the write off.
- The Controller will approve write off of amounts up to \$5,000 per account. Any amount over \$5,000 per account will be forwarded to the Vice President for Finance and Administration for approval.
4. **Accounts that are Written Off**
- Written off accounts are not forgiven. The debt remains owed to the College. The following actions will be taken against the debtor:
- Any future transactions for accounts holders that have had a write off, such as admissions for a new term, registration or transcripts, will be denied until the uncollectible balance is paid in full.
 - All accounts over \$25 will be placed with the State of Colorado Tax Offset Program, which withholds state tax refunds and remits them to the College to offset amounts owed.
 - Accounts may be placed into a collection agency delinquent account warehousing program for monitoring for future possible collectability.
5. **Employee Account Write Off**
- Employee accounts over \$25 will be referred to collection agencies. If the debtor has made no voluntary payments after placement with the two collection agencies, the account should be pulled from the collection agency. If deemed to be financially prudent given the amount owed and the employment status of the debtor, a suit should be filed in Small Claims Court for wage garnishment. An employee who has left the College with any debt owed shall be tagged with non-rehire status.

Reason for Policy

To establish a policy that guides the College in writing off bad debt.

Procedures

1. For accounting and financial reporting purposes, write offs of uncollectible receivables are to be made against the appropriate allowance or revenue accounts.
2. The Controller's Office annually makes adjustments to the allowance accounts on an appropriate basis.
3. Transactions to write off charges on a student account are handled through the student's account.

4. Supporting documentation for a write off will at a minimum include a listing of each ID, name, charge detail code, description of charge, original charge amount and the balance being written off. This listing will be approved and signed by the Controller prior to entry.
5. The Student Accounts Receivable Office will flag accounts that have had a write off as having had an uncollectible balance in the past.

Responsibilities

For following policy: The Student Accounts Receivable Office is responsible for maintaining all of the College's accounts receivable subsidiary ledgers and managing the collection process for overdue accounts. The Office will review and reconcile outstanding receivables monthly.

For enforcement of policy: The Controller's Office has primary responsibility for ensuring compliance with this policy by tracking accounts receivable and determining when an account is determined to be uncollectible.

For oversight of policy: Vice President for Finance and Administration

For notification of policy: Policy Librarian

For procedures implementing the policy: The Controller's Office