



Policies and Procedures

Document Number: **PS-B08**
Title/Topic: **Allowance/Write-Off Policy**
Effective Date: **8/22/13**

Allowance / Write-Off Policy

PURPOSE:

To state the policy of River Parishes Community College (RPCCC) governing allowance and write-offs of accounts. River Parishes Community College will use the allowance method to record the College's estimated uncollectible accounts. Annually, the Director of Accounting will review the College's accounts receivable accounts to determine which accounts are uncollectible. Those accounts which are 180 days or more past due will be fully reserved at the end of the year. If the account is still outstanding after 730 days/ 2 years, the account will be written off.

General Policy:

The College has the ability to write off an account from its financial statements when it is evident that it has become uncollectible. An authorization to write off an account does not constitute a forgiveness of indebtedness. The debtor remains obligated to the College, and therefore, the state. Proper write offs are encouraged on a fiscal year end basis. Write off authorizes the College to the following:

- Transfer an account to a dormant file
- Discontinue incurring the expense involved in collecting the account
- Discontinue reporting the amount as a receivable on the General Ledger

An account may be cancelled or adjusted versus written off if one of the following occurs:

1. The College is not entitled to collect the funds and was never entitled to collect the funds
2. The debtor qualifies for a waiver or refund

An account will not be canceled to avoid the write-off procedures.

Uncollectible accounts:

An account is defined as uncollectible when one or more of the following criteria exist:

- a. The account is 730 days (2 years) or older
- b. All reasonable collection efforts have been exhausted by the College and/or an outside collection agency.
- c. The debtor cannot be located
- d. The debt was discharged through bankruptcy
- e. The debtor is deceased and there is no estate
- f. The statute of limitations for collection of the debt has expired
- g. The cost of further collection action will exceed the amount recovered.

Determining that a debt is uncollectible does not cancel the legal obligation of the debtor to pay it, except as noted in criteria d and f. The College can continue to pursue collection of the account.

The College must not conduct any further transactions with any student or public/private agency whose debt was written off by the College until such debt is paid in full, in accordance with LCTCS Policy # 5.008.

All write offs of amounts greater than \$100.00 and less than \$5000.00 are approved by the Vice Chancellor of Finance and Administration.

All write offs of amounts greater than \$5000.00 will require additional approval from the Chancellor. If the request is approved, the Vice Chancellor of Finance and Administration will report the required information to the Louisiana Community and Technical College System President in accordance with LCTCS Policy # 5.009.

General Procedures:

1. Using an aging report from Banner, accounts with past due balances are reviewed by the Director of Accounting.
2. Accounts that meet the criteria for write off are compiled into one document that
 - a. All known demographic information for the student which include:
 - i. Name
 - ii. Address
 - iii. Phone number
 - iv. E-mail address
 - v. Social Security number
 - vi. Banner ID
 - b. Total amount due and amount due by term
 - c. Notes, if required, including any special action taken to collect, notices of bankruptcy or death, or any legal action against the student
3. Proposed write off accounts are presented to the Vice Chancellor of Finance and Administration for review and approval.
4. Once approval to write off is granted, the Director of Accounting using the appropriate coding to write off the account in Banner that will zero out the account.
5. Any account written off will have a hold placed on the account in Banner. This hold will prevent any future transactions with the College or any other LCTCS college until the account balance is paid in full.
6. If a student with an account balance that was written off would like to return to the college or any LCTCS college, the balance must be re-established by the Director of Accounting.
 - a. This is accomplished by reversing the write off entry
 - b. The student account record in Banner being updated to display outstanding balance
 - c. The balance due is collected, posted in Banner; then, the hold is removed in Banner.
7. Approved write offs are reported on the Quarterly Accounts Receivable Report due to the Office of Statewide Reporting and Accounting Policy.

Policy Reference: *LCTCS Accounts Receivable Policy No. 5.008*
LCTCS Allowance/Write-off Policy No. 5.009