



Administrative Policies and Procedures

Procedure Number	Subject	Effective Date	Revised Date
BU-1.1.01	Accounts Receivable Write-off & Reserve	07/01/2007	

I. Summary

State law (Senate bill 73) allows accounts \$3,000 or less to be written off if due diligence collection efforts are documented.

Business Office staff will evaluate all receivables including but not limited to the following: Returned Checks, Student Account Balances (Banner), Student Emergency Loans, Accounts Payable Checks. Returned checks and other receivables over one year old as of June 30th are eligible to be written off.

The Board of Regents has mandated that Banner Accounts Receivable less than or equal to \$3,000 be written off through Banner and those accounts over \$3,000 be reserved as a contra asset. For analyzing these receivables, Bainbridge College will use standard Banner TGRAGES report and data for all transactions that are 0-180, 181-359, 360+. Only those transactions 360+ days will be considered in this analysis. The selected transactions may be sorted and summed differently to produce the following reports:

- 1) Students with a sum total transactions less than or equal to \$3,000
- 2) Summary by account of Students with a sum total transactions less than or equal to \$3,000
- 3) Students with a sum total transactions greater than \$3,000
- 4) Summary by account of Students with a sum total transactions greater than \$3,000

II. Writing Off Banner Accounts Less Than \$3,000

Generally, the necessary journal entries for accounts that have previously been reserved follow:

- a) Uncollectible Accounts previously reserved and less than or equal to \$3,000:

DR Allowance for Doubtful Accounts
 CR Accounts Receivable



Generally, the necessary journal entries for accounts that have NOT previously been reserved follow:

- a) Uncollectible Accounts not previously reserved and less than or equal to \$3,000:

DR Bad Debt Expense
CR Accounts Receivable

The Accounts Receivable staff will run TGRAGES as early as possible on June 30th and forward to the appropriate Business Office staff for review and reconciliation. The Business Office staff will forward the final reconciliation to Accounts Receivable who will “pay” each transactions (using the Tpay feature).

These write-offs should be done on a separate session or several separate sessions. Before the Banner session(s) are closed, the Accounts Receivable staff should make sure that the total for the above detail codes in all sessions equal the balance on report #2 above. These actions must be completed by the close of business on June 30th.

III. Writing Off Non-Banner Accounts Receivable Less Than \$3,000

The Business Office will prepare journal entries to write off other Accounts Receivable over two years old as follows:

DR Allowance for Doubtful Account or Bad Debt Expense by
 fund
CR Receivable Account by fund

IV. Establishing Contra Asset For Accounts Receivable Greater Than \$3,000

- a) Uncollectible Accounts not previously reserved and greater than \$3,000:

DR Bad Debt Expense
CR Allowance for Doubtful Accounts (contra asset)

The Business Office will use reports 3 and 4 above, combined with any other receivables determined to be over two years old (i.e.: returned



checks in collections) to create the following journal entry to increase the Allowance for Doubtful Accounts:

DR Bad Debt Expense by fund
CR Allowance for Doubtful Accounts by fund