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Date: April 8, 2009 Code: FS 09-02
To: CABO
From: Colleen Nickles 
Assistant Vice Chancellor, Financial Services
Subject: Delegation of Authority for Accounts Receivable Write-Offs

In recent FISMA audits by the Office of the University Auditor, campuses are being cited for issues related to accounts receivable write-offs. More specifically, the auditors have found that accounts receivable write-offs were not always adequately approved per SAM guidelines, recent RMP directives, and/or local policies and procedures that were developed in response to such directives. The campuses have responded to the audit recommendations in varying ways and of concern are recent policy submissions and write-off approval limits that may not be appropriate.

Since the related ICSUAM policy is currently being vetted and has not yet been finally approved, you need to review this area and develop interim procedures for your campus. Such procedures should include the following considerations:

- A description of why the debts and accounts receivable balances are determined to be uncollectible
- The process for approving the write off of uncollectible balances, with the campus CFO approving the write off of balances of \$5,000 or more, and the CFO designating a person(s) authorized to approve the write off of balances of less than \$5,000.
- The requirement that debts and accounts receivable balances determined to be uncollectible are written off by the close of the fiscal year.

For any funds held by the State Treasurer and accounted for by the State Controller, write-off of uncollectible balances must follow the process outlined in the State Administrative Manual.

Campus policies in this area should also include a requirement for formal, documented delegations of authority from the CFO to the designated person(s) authorized to approve write off balances of less than \$5,000.

Please contact me or George Ashkar if you have any questions about this coded memo.

cc: Benjamin F. Quillian, Executive Vice Chancellor
Larry Mandel, University Auditor

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