

OFFICE OF POLICY & MANAGEMENT MEMORANDUM

TO: All Agency Heads

FROM: Robert L. Genuario, Secretary
Office of Policy and Management

DATE: May 28, 2008

RE: Policy for Uncollectible Accounts



I am pleased to announce the release of an OPM policy for Uncollectible Accounts. This policy applies standard policies and procedures regarding the write off of uncollectible receivable accounts of state agencies, and explains when and how such requests should be submitted to the Office of Policy and Management (OPM).

Pursuant to C.G.S. § 3-7(b) the Secretary of the OPM may authorize the cancellation upon the books of any state department or agency of any uncollectible claim for an amount greater than one thousand dollars due to such agency. This policy outlines the process for agencies to follow when submitting requests to write-off uncollectible accounts.

Please contact Kelly Clark at (860) 418-6258 if you have any questions. Thank you for your assistance.

OFFICE OF POLICY AND MANAGEMENT

Office of Finance

POLICY FOR UNCOLLECTIBLE ACCOUNTS

PURPOSE

The purpose of this document is to apply standard policies and procedures regarding the write off of uncollectible receivable accounts of state agencies, and to explain when and how such requests should be submitted to the Office of Policy and Management (OPM).

AUTHORITY

The policies and procedures contained herein are in accordance with the following: Connecticut General Statutes Sections 3-7(b), 3-39a, 4a-12; Comptroller's Memorandum No. 2000-15; and the State Accounting Manual. Pursuant to the authorizations set forth in the foregoing statutory sections, the Secretary of the OPM may authorize the cancellation upon the books of any state department or agency of any uncollectible claim for an amount greater than one thousand dollars due to such department or agency.

DEFINITIONS

COMPROMISE:	The statutory authority granted certain state agencies to negotiate a settlement of a debt between the debtor and the agency.
UNCOLLECTIBLE:	An account unable to be collected after multiple and documented attempts to collect have proven unsuccessful by a department or agency.
WRITE OFF:	Accounting procedures for removing uncollectible accounts receivable balances.

POLICY

This policy applies principles and standards and a uniform approach for canceling uncollectible accounts for an amount greater than one thousand dollars due to such department or agency.

AGENCY RESPONSIBILITY

It is the agency responsibility to collect outstanding accounts receivable owed to the State. It is not the responsibility of the agency to determine that paying an owed debt may be harmful to the debtor's financial position. Instead, the authority to compromise such a disputed claim by the State or any department or agency rests with the office of the Attorney General and the Governor. See C.G.S. § 3-7(c)¹.

REQUIRED ACTION FOR AGENCIES

Agencies are required to submit a request to OPM to cancel uncollectible accounts for amounts greater than \$1,000.00. Agencies must follow the Agency Procedures and the Write-Off Requests Procedures stated in the Office of the State Comptroller's Memorandum No. 2000-15 before submitting the request to OPM. In order for OPM to consider any write-offs, the agency must submit the following information in the request:

1. A statement that describes the collection process that determines that the item is uncollectible, including at a minimum, description of each of the collection requirements set forth in the State Comptroller's Memorandum No. 2000-15.
2. A statement by the responsible individual that in his or her opinion the accounts are uncollectible and that all reasonable efforts have been pursued and the request is submitted in accordance with policy and procedure.
3. A statement of whether or not the agency used the services of a collection agency. If the agency elected not to use a collection agency, then an explanation as to why it chose not to use a collection agency².
4. For each account, list the debtor's name, actual amount owed, and a brief statement of the reason or basis for determining the account uncollectible. **Do not include Social Security numbers or FEIN numbers.**
5. The signature of the agency head or designee which certifies approval of the request.
6. If the request includes federal funding, then the agency ***must*** also comply with all applicable federal procedures from the granting source.

¹ C.G.S. § 3-7 (c) Upon the recommendation of the Attorney General, the Governor may authorize the compromise of any disputed claim by or against the state or any department or agency thereof, and shall certify to the proper officer or department or agency of the state the amount to be received or paid under such compromise. Such certificate shall constitute sufficient authority to such officer or department or agency to pay or receive the amount therein specified in full settlement of such claim. The record of any compromise effected pursuant to the provisions of this section shall be open to public inspection in accordance with section 1-210.

² A variety of collection services are available on DAS contracts.

Note: Agencies should make sure that the statement clearly identifies debts that have been discharged in bankruptcy.

Agencies whose debtor received any federal funding needs to submit to OPM the written approval from the federal agency, stating that the State may consider write-off owed federal monies and that no further collection steps need be pursued against the debtor.

The agency must retain the receivables on its record pending notification of approval from OPM.

OPM RESPONSIBILITY

C.G.S. § 3-7(b) gives the Secretary of OPM the authority to cancel an uncollectible account of any state agency for an amount greater than one thousand dollars that is due to the agency. OPM is responsible to review, approve or deny an agency's request for write off of uncollectible accounts where agencies follow the collection procedures of the Office of the State Comptroller's Memorandum 2000-15 and the State Accounting Manual.

INFORMATION/CONTACT

All requests to cancel an uncollectible account for such agency are submitted to the Office of Finance, Executive Financial Officer.

For questions regarding uncollectible accounts procedures, please contact Kelly Clark, (860)-418-6258 or email Kelly.clark@ct.gov.

Requests are submitted to:

Office of Policy and Management
Office of Finance
MS# 55FIN
450 Capitol Avenue
Hartford, CT. 06106
Attn: Gale Mattison, Executive Financial Officer