

**RULES
OF
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**CHAPTER 0620-1-9
POLICY AND PROCEDURES GOVERNING WRITE-OFF
OF ACCOUNTS RECEIVABLE**

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0620-1-9-.01 POLICY STATEMENT.

The General Assembly, in Tennessee Code Annotated Section 4-4-120, authorized the Commissioner of Finance and Administration and the Comptroller of the Treasury to establish procedures for the write-off of uncollectible accounts receivable by all state agencies, departments, and institutions which charge the public, create a debt to the state, and maintain accounts receivable. These rules, which have been promulgated by the Department of Finance and Administration and concurred in by the Comptroller, set forth the write-off procedures. These rules recognize that certain amounts of bad debt will occur when accounts receivable are established. Furthermore, in the case of certain accounts receivable it is in the best interests of the State to write off such accounts receivable rather than pursue collection efforts.

Authority: T.C.A. §§4-5-202 and 4-4-120. **Administrative History:** Original rule filed June 6, 1979; notice of disapproval hearing filed September 11, 1979; continued November 13, 1979; approved by GOC December 11, 1979. Repeal filed August 24, 2000; effective December 29, 2000. New rule filed February 1, 2002; effective June 28, 2002.

0620-1-9-.02 APPROVALS FOR WRITE-OFFS.

- (1) For write-offs of accounts of five thousand dollars (\$5,000) or greater, or accounts aggregating to twenty-five thousand dollars (\$25,000) or greater, the agency, department or institution shall obtain written approval of the Commissioner of Finance and Administration and the Comptroller of the Treasury.
 - (a) The approval request must describe the efforts used to collect the debt and must demonstrate that established collection policies were utilized.
 - (b) Approval requests shall be submitted by the agency, department or institution to the Division of Accounts, Department of Finance and Administration.
- (2) Write-offs of accounts less than five thousand dollars (\$5,000) or accounts aggregating less than twenty five thousand dollars (\$25,000) may be authorized by the head of the agency, department or institution. Such accounts may only be written off if the accounts have proven to be uncollectible based on established collection policies.
- (3) In some exceptional cases it may be in the best interest of the state and/or more cost effective to write-off a receivable without pursuing collection efforts. The write-off of an account without collection efforts of up to five hundred dollars (\$500) or accounts aggregating up to two thousand dollars (\$2,000) may be authorized by the head of the agency, department or institution. Documentation should be prepared of the circumstances warranting the write-off. The write-off of accounts without collection efforts in greater amounts shall be through written approval of the Commissioner of Finance and Administration and the Comptroller of the Treasury.
- (4) The Director of Payroll, Division of Accounts, Department of Finance and Administration may write off payroll overpayments to employees of twenty-five dollars (\$25.00) or less.

(Rule 0620-1-9-.02, continued)

- (5) The Division of Accounts of the Department of Finance and Administration may develop procedures, consistent with these rules, for the submission and processing of write-off requests.

Authority: *T.C.A. §§4-5-202 and 4-4-120. Administrative History: Original rule filed February 1, 2002; effective June 28, 2002.*