ADMINISTRATIVE DIVISION	FINA Finance
POLICY NUMBER	FINA 8.13
POLICY TITLE	Allowance for Doubtful Accounts
SCOPE OF POLICY	USC System
DATE OF REVISION	April 14, 2025
RESPONSIBLE OFFICER	Executive Vice President of Administration and Chief Financial Officer
ADMINISTRATIVE OFFICE	University Bursar

PURPOSE

This policy establishes procedures for an allowance to handle removing uncollectable debts from university accounts. This policy also formalizes the calendar for writing off this bad debt during the fiscal year.

DEFINITIONS & ACRONYMS

Allowance: a budgeted operating expense created by a campus/department with the expectation that some doubtful accounts exist in that department's ledger. The required threshold for establishing an allowance is documented below.

Doubtful Accounts: defined as monies owed to the university with low probability of repayment. This category may include, but is not limited to tuition, fees, other charges, advances, etc.

Responsible Party: the University department/campus responsible for the billing and administration of the accounts is the for the allowance for known or potentially uncollectible accounts.

Write Offs: are an elimination particular accounts receivable balances once determined the amount will not be collected by the University.

POLICY STATEMENT

To accurately recognize revenues on the University Financial Statements, the University must recognize the possibility a portion of present and future revenues may not be collectible. This policy facilitates an accurate forecast of this allowance based on actual experience and relevant data.

PROCEDURES

A. The university shall calculate an allowance of non-collectability for any revenues for which uncertainty exists about future collections. All institutions or University departments are required to allow for the non-collectability of revenues when the receivables exceed $20,000. This is accomplished by submitting to the Associate Vice President and University Bursar an Allowance for Doubtful Accounts (contra account to Accounts Receivable) and expensing the allowance (contra account to Revenue).

Examples of these include but are not limited to:

- Student Accounts Receivable
- Student Loans Receivable
- Housing Receivable
- Parking Receivable
- Health Services Receivable

B. The Allowance amount will be 100% of the 180-day balance on June 30 of the previous fiscal year. The Allowance will be submitted via Post Close Journal Entry in July by the Bursar's Office on behalf of each billing campus and department.

C. A mid-year review of the Allowance will occur each year by December 15 to determine the accuracy of the estimate by the billing campus or department. Adjustments to the allowance should be made if material differences are noted.

D. Account write-offs and increases to the allowance are recorded in the department or campus recording the revenue. All recommendations for adjustments must be submitted to the University Bursar by December 15 after a mid-year review. A review of uncollectible accounts must be considered during the annual budget process, and all budgetary adjustments should be completed prior to the submission of all write-offs.

E. All uncollectible accounts will be written off once they exceed a minimum of six (6) months with no productive activity on the account.. The calendar for write offs, as well as any other instructions, will be communicated by the Bursar's Office to all University departments and campuses.

F. Sponsored receivables will be transferred to the student account if the sponsor fails to pay any invoiced charges.

G. The annual deadline for posting all write-offs is June 30. Write-offs will not be processed for the current fiscal year after the June 30 deadline.

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES

FINA 8.01 Student Statement of Financial Responsibility
FINA 8.10 Receipt and Handling of University Payments

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
May 11, 2015	New policy approval.
April 14, 2025	Policy updated to standard template. Title changes.