

Staff Report

TO: Board of Directors

FROM: Sandra Dunlap, Director of Finance

DATE: November 8, 2023

SUBJECT: District Policy 11140 – Accounts Receivable Write Off (Workshop)

FINANCE

RECOMMENDATION:

Discuss and provide direction to establish new District Policy 11140 – Accounts Recivable Write Off.

BACKGROUND:

It is the responsibility of the Finance Department to reflect the accurate value of its accounts receivable. Guidelines will be used to determine which delinquent account receivables should be considered uncollectible and written off. The purpose of this new policy is as follows:

1. Establish a framework for a Write-off process in which customer accounts are regularly reviewed for collectability.
2. Identify roles and responsibilities for this new process.

BUDGETARY IMPACT: N/A

Attachments: (1)

- Accounts Receivable Write Off Policy - Draft (1)

Nevada Irrigation District

POLICY MANUAL

POLICY TITLE: Write-Off Policy

POLICY NUMBER: 11140

11140.1 Purpose

The purpose of this policy is to establish a framework to determine which delinquent accounts receivable should be considered uncollectible and written-off and to ensure the District is accurately reflecting the value of accounts receivable.

11140.2 Administrator

The Finance Department is responsible for the implementation and administration of this policy.

11140.3 Definitions & Framework

Collection procedures are established jointly by the Finance & Customer Service Departments and will vary depending on the nature of the receivable.

Goals:

- To actively pursue collection of past due accounts receivable, regularly review past due accounts receivable and write-off amounts determined to be uncollectible.

Roles & Responsibilities:

- Board
 - o The Board shall approve the write-off policy prior to implementation.
- General Manager
 - o The General Manager shall approve any material changes to procedures to the write-off process.
- Finance & Customer Service Department
 - o Accounts receivable should generally be written-off during the fiscal year in which an account is determined to be uncollectible.
 - o Payments received on an account that has been written-off will be recorded as revenue in the period in which it is received.
 - o Uncollectible accounts will be identified on a periodic basis but at least once per fiscal year
 - A request for write-off of accounts receivable will be prepared by departmental staff and approved by the Director of Finance or designee.
 - The request for write-off of accounts receivable must include an itemized list of the uncollectible accounts and amounts to be written off.

- The request will provide sufficient information and details of the accounts and the efforts taken to collect the amount owed.
- o Once these accounts are determined to be delinquent or uncollectible, including the basis for collection and the actions taken, and the Finance Department staff has completed its review of a request, the qualified accounts to be written off will be presented to the appropriate authorizing official for approval.

Transaction Amount	Write-off Approved by
Less than \$100	Department Supervisor/Manager
\$100 - \$10,000	Finance Director/Designee
\$10,000-\$15,000	General Manager/Designee
Greater than \$15,000	Board

11140.4 Policy Adoption and Review

This policy will be adopted by resolution of the Board of Directors. The policy will be reviewed at least every five years with any modifications approved by the Board of Directors.

Adopted: Resolution 2023-xx