

BUSINESS PROCESS FOR RECORDING THE APPROVED WRITE OFF OF AN UNCOLLECTIBLE EDISON ACCOUNTS RECEIVABLE ITEM

If an Edison accounts receivable item proves to be uncollectible based on collection efforts described in [Department of Finance and Administration - Policy 23](#) (Accounts Receivable – Recording, Collection, and Write-Offs) department heads are responsible for ensuring that these accounts are written off.

The policy and procedures governing the write-off of accounts receivable are formalized in the [Rules of the Department of Finance and Administration, Chapter 0620-1-9](#).

Requests 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 that require the written approval of the Commissioner of Finance and Administration and the Comptroller of the Treasury, should be submitted with supporting material to the Department of Finance and Administration, Division of Accounts, Office of Policy Development.

After all required approvals have been obtained, the department should:

- 1) Create a maintenance worksheet to close the item(s) being written off and transfer its (their) balance(s) to a clearing account (GL 19999600 AR Debit write-offs clearing). The instructions for creating this type worksheet are attached.
- 2) Enter a general ledger source JV journal to complete the write-off. This journal should be entered to record a credit to GL 19999600 (and thereby “clear” the amount charged to this account through the maintenance worksheet to zero) and to record a debit to the account(s) that should be charged with the write-off.

Generally, uncollectible amounts should be recorded as a contra-revenue, or a debit to the revenue account credited when the item was created. Exceptions to this general rule should be discussed with, and as directed by, the Division of Accounts.

The following should be attached to the journal through filenet as supporting documentation:

- a) A copy of the letter requesting approval for the write-off, authorized by the appropriate official(s) based on Chapter 0620-1-9.
- b) A detailed listing of the involved Edison Item IDs including customer number, original balance, item balance and original accounting date.
- c) The Worksheet ID assigned to the 1) above discussed maintenance worksheet.
- d) An Edison screen shot showing the original revenue accounting line distribution for each Item ID included in the write-off.