

MENTAL HEALTH & RECOVERY SERVICES BOARD OF LUCAS COUNTY

Uncollectible Accounts Receivable

**Effective: 9/1/15
Supersedes: 1/1/14**

POLICY

The balance sheet of the Mental Health and Recovery Services Board (MHRSB) of Lucas County shall fairly present Accounts Receivable as those items, which have a reasonable probability of being collected. When an item is determined to be doubtful or uncollectible, staff will seek documented approval from the MHRSB to make entries to the books to either establish reserves against the Accounts Receivable balance or write off receivables in excess of \$5,000 as bad debts.

ACCOUNTABILITY

Finance Manager

PROCEDURE

1. The Finance Manager shall perform a documented review of the accounts receivable balance at least quarterly. For any items, which are overdue by more than 90 days, a written request for payment shall be issued.
2. When it is determined that there is doubt that an account balance will be collectable, the Finance Manager may approve an entry to create an "allowance for doubtful accounts" with a corresponding offset to the fund balance. This will appear as a reduction to the unreserved fund balance on the balance sheet. Continued efforts shall be made to collect this amount due to the MHRSB.
3. After an account has been open for more than one year, the Finance Manager shall make a written recommendation as to whether the account should be kept open or written off as a bad debt. Recommendation to write off must be approved by the Executive Director. The Executive Director has the discretion to write off an account up to \$5,000.
4. For all proposed writes-offs in excess of \$5,000, the proposal shall first be presented to the Planning & Finance Committee for consideration. Write-offs approved by the Planning & Finance Committee will then be added to the agenda for the next regularly scheduled meeting of the MHRSB. MHRSB approved write-offs will be recorded in the financial statements as Bad Debt Expense.

**MENTAL HEALTH & RECOVERY
SERVICES BOARD OF LUCAS COUNTY**

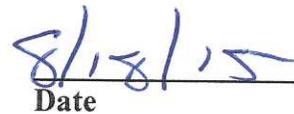
Uncollectible Accounts Receivable

**Effective: 9/1/15
Supersedes: 1/1/14**

5. Detail regarding the description of the account balance, vendor, purpose for expenditure, correspondence relating to attempts to collect the debt, as well as a copy of authorization to dispose of the account off shall be maintained as part of the support for any journal entry required to write off bad debts.

Approved:


Scott A. Sylak, Executive Director


Date