

UAS GM 22: Allowance for Grant Write-Offs

Policy Statement

Generally accepted accounting principles (GAAP) require that an estimation of uncollectible accounts receivable be made and recorded as an allowance for doubtful accounts under the modified accrual and accrual bases of accounting. To remain in compliance with GAAP, it is not acceptable to wait until the uncollectible is realized to recognize the loss. Receivables are recorded at a gross amount and are offset by the amount estimated as uncollectible. The UA policy A-05: Doubtful Grant and Contract Receivables: Write-off of Unrecoverable Amounts and Collections on Previously Written-off Receivables describes in detail the guidance needed to determine the amount to be reserved for uncollectible receivables.

The complete document can be found at the following link:

<http://www.alaska.edu/controller/acct-admin-manual/acct-and-finance/A-05.pdf>

At UAS, the process is followed, and the following logic is applied to the aging report, TRR2AGE, to determine the amount to be reserved as potential debt.

The report TRR2AGE is reviewed quarterly by the Director of Grants. The report summarizes the amount due for collections by 0-30 days, 31-60 days, 61-90 days, 91-120 days, and +121 days. As grants and contracts is a centralized function at UAS, the report is at a region view, and not by campus. The calculated allowance is held centrally in fund 105010, and when an uncollectible occurs, the expense is assigned to the department, school or campus that has primary responsibility for the grant.

The calculation is determined as follows:

0-30 days	0%
31-60 days	2%
61-90 days	10%
91-120 days	20%
+121 days	20%