Write Off, Bad Debt, and Bankruptcy
Agenda

Write Off
  Configuration
  Process
Bad Debt
  Configuration
  Process
Bankruptcy
  Process
Questions
Write Off Process

Configuration

• Necessary
  • Account age
  • Minimum balance

• Other - common
  • Account credit event
  • Charge guarantor
  • Credit Union guarantor amount
  • Transfer option
Write Off Process

Basics

- Transfers inactive account A/R balance to Allowance for Bad Debt account (only inactive accounts are eligible)

- Transfers balance to eligible active primary account (does not transfer to SO Pending)

- No limits on write off process occurrence
Write Off Process

Basics

• Removes arrangements from Inactive account automatically
  • Unless Chapter 13 Bankruptcy involved
    • Remove arrangement manually first

• Ineligible Write Off Attributes
  • Account level – only specific account
  • Member – ALL accounts for the member
Write Off Process

Eligible account includes

- Inactive status
- Absence of write off exempt attribute
  - Account level
  - Member level
- Balance due date prior to selected write off date (account age)
- A/R balance due > minimum balance write off amount
Write Off Process

Searches for all accounts with due dates prior to this date. This date is provided based upon the Number of Days after disconnect set up in configuration table. Enter Date and click Search.

All accounts that are checked will be on this report. Then hit EXPORT to generate the report.

Process starts the Transfer and Write off to Bad Debt.

CLEAR allows you to start over without exiting and re-entering.

Write Off File Destination is the text file generated when Process is clicked.

If your system is configured to use Guarantors, and there are any balances to be transferred to a Guarantor’s account, they will show up in this file. There the contents of this file can be used to generate mail merge documents.

Key that refers to certain attributes of accounts eligible for write off.

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Write Off Process

- **Member Number**: CIN - A single member number can have multiple account numbers associated with it.
- **Account Number**: The account number for the account that is Inactive with a balance.
- **Name**: The Name on the account that is Inactive and has a balance.
- **Balance**: Balance on the account that is eligible to be transferred or written off to Bad Debt
- **Disconnect Date**: The date the account was disconnected
- **Final Due Date**: The due date for the final bill rendered for the account.
- **Guarantor Name**: Name on the account that is guaranteeing the acct eligible for write-off/transfer.
- **Guaranteed Amt**: Amount guaranteed. It will display either a $amt or FULL for full acct balance.
- **A/W/J/B/E**: Key that refers to certain attributes of accounts eligible for write off.
Write Off Process

Performed

• Once a month - last working day of the month
• By Collection department
• Sort columns by keys
Write Off Process

- Choose Bad Debt…. Write-offs from the menu at the top of the screen
- Enter the Write-off Date on the form (date displayed is x days prior to today, based upon the co-op’s configuration)
- Click on the Search button to Search for all eligible write offs
Write Off Process

- Review and uncheck any accounts you do not wish to write-off
- To review accounts prior to writing off click Export. The Export File Name/Destination is located to the left of the Export button.
Write Off Process

To process Write Offs, click the **Process** button. The process creates a file that will export to the **Write Off File Destination**. The file has information for accounts processed that were written-off, transferred to other accounts, etc.

- If enabled, the Write Off process will also create a **Guarantor File Destination** text file of accounts processed that have guarantors.
- Balances will move from AR to Bad Debt
Write Off Process

• If an eligible account is unchecked before the process button is pressed, the account will not transfer or write-off.

• Same account will continue to appear unless it’s
  • Written off
  • Made exempt (attribute)

• After processing, the accounts must be assigned to an agency.
Bad Debt

Configuration

- **Necessary**
  - CIS → Allow_CrossCompany_Transactions
  - \( Y \) = transfers can be made to accounts of differing company ids
  - \( N \) = transfers will not be made to accounts of differing company ids

- **Other – Bad debt**
  - Collect interest
  - Default Collection Agency
  - Interest rate
  - Use Branch Cash GL
Bad Debt tab – Member Browser

Provides

- Balance
- Assigned collection agency
- Notes

- Receive bad debt payments, transfer or adjust bad debt.
- Add bad debt notes.
- Bad debt balance, including any transactions after write off.
- Accrued interest and then total balance due from member.
- Identify the Credit Bureau debt is assigned to.
Bad Debt Assignment

- CIS > Bad Debts > Assign Bad Debts. The Credit Bureau displayed is the Default Credit Bureau. If you wish to assign a member’s debt to a different agency, use the drop down box to select that agency.

- Click OK.
Bad Debt Adjustments

Changes Member’s bad debt balance

- **Debit** - increases
  - Balance
  - Associated bad debt GL account
- **Credit** - decreases
  - Balance
  - Associated bad debt GL account

Cross Company

- Debit (+) / Credit (-)
- No change to associated GL account
Bad Debt Adjustments - Details

The Bad Debt Adjustments form>Details tab shows the Details of the Bad Debt including Principle, Accrued Interest, Credit Agency and the Company Name.
Bad Debt Transfer

Moves debt from member
- To an active account
- Can be partial or full transfer

Cross Company transfer
- Also done to an active account
- Configuration must be in place
Bad Debt Summary/Change

Bad Debt Summary
- To get a listing of Balance Changes on Bad Debts
- Go to the Bad Debts Menu, Bad Debts and B/D Summary
- Enter the Beginning and Ending dates for the report
- Select the Collection Agency from the drop-down menu
- Enter the Beginning and Ending dates for the report
- Click Print

This reports any new Bad Debts generated

Bad Debt Change
- To get a listing of Balance Changes on Bad Debts
- Go to the Bad Debts Menu, Bad Debts and B/D Summary
- Select the Balance Change button
- Select the Collection Agency from the drop-down menu
- Enter the Beginning and Ending dates for the report
- Click Print

This reports any changes in bad debt balances due to payments, etc.
Bankruptcy Basics

Designates member as bankrupt
Non-collectible debt → stops collections
Collectible debt → creates an arrangement
“Bankrupt” member flag throughout the application

• Member browser
• Account browser
• Payment forms
  • Individual
  • Batch
Bankruptcy Process

- In order for a customer to become bankrupt, they must no longer have any active accounts. A disconnect service order must be created and completed for each of the customer’s active accounts.

- Please note that while working the disconnect service order, there is a box entitled “Disconnect as a result of a Bankruptcy” in the Account Detail that should be checked to signify that this disconnect order was created due to a bankruptcy.

- This flag will keep the disconnected account from generating a final bill that will be sent to the customer.
Bankruptcy Process

- Once all of the Member’s accounts are Inactive, go to the Member Browser for the Member and choose the button at the top labeled “Bankruptcy”
Bankruptcy Process

- The Bankruptcy form enables users to enter the details of the bankruptcy status, including designating which debt is collectible and which is non-collectible.
- Enter **Chapter Filed Under & Date**
- Designate if payments **Can** or **Cannot** be collected on the debt
- View **Current Bad Debt**
- View current **Account Balances**
- Once the Bankruptcy information is entered click **Process**.
Bankruptcy Process

- If the bankruptcy added is a Chapter 13 (collectable) debt, the system automatically creates an arrangement when the bankruptcy is added to the account.

- Once the Bankruptcy is processed the Bankrupt flag is added to the Account Browser and the Member Browser.
Bankruptcy Payment Warnings

- Users who attempt to take an **individual** payment on an account with a **collectible** debt will receive specific messages to alert them about the bankruptcy.

- Users who attempt to take a **batch** payment on an account with **collectible** debt will receive a warning message to alert them that a bankruptcy and subsequent arrangement exists.
Bankruptcy Process

- Users who attempt to take an *individual* payment on an account with *uncollectible* debt will receive a warning message to alert them that a bankruptcy exists and a payment cannot be taken.

- If the user attempts to take a *batch* payment on an account with an *uncollectible* debt, they receive a specific warning message to alert the user about the bankruptcy.
Bankruptcy Process

- When a debt is uncollectible, the money is moved through the bad debt form and is adjusted off to leave a $0 bad debt for the customer.
Bankruptcy Process

- When a debt is collectible, the money is moved into an arrangement on the inactive account and will be viewable during the write off process.