

Talk Story Updates
November 7, 2011

Kuali Implementation Project News

- PO/Contract Conversion at Go Live
 - The KFS Project Team has recommended that contracts and PO's with remaining encumbrances as of 6/30/12 will not be converted into KFS. Other options considered were:
 - manual conversion by OPRPM staff (option rejected due to workload considerations, 6,700+ documents projected);
 - system conversion (option rejected due to differences in accounting methods which could not be addressed in a template);
 - final encumbrance balances loaded without PO/contract details (option rejected because order details would not be captured in KFS, users would need to view/verify details in ePurchasing before paying/changing in KFS).
 - Contracts/PO's with remaining encumbrances will be manually entered into KFS as new requisitions. FO's will enter information for contracts/PO's within their signing authority; OPRPM will enter information for contracts/PO's over \$25,000.
 - FO's are encouraged to close out as many PO's as possible by 6/30/12, and to consider waiting to encumber new contracts/PO's until the Go Live date if possible.
- Kuali Preview Session
 - Tuesday, November 22, 2011, 8:30 – 11:30 am in Kuykendall Auditorium
 - Primary FO and one alternate are invited to attend
 - Session will present an overview of the main KFS modules, including scope of each module and a discussion of planned enhancements
- Reporting: The eThorty consultant team is meeting with various groups this week to gather information about reporting requirements.

Mass Payroll Transfer Options (GF ↔ S397) – Current Status

- OHR working on automation of mass payroll transfers between GF and S397 accounts within PeopleSoft (no manual PNF's required – but PNF's can be overridden)
- College/School/Research Unit will have choice of opting in or out of mass payroll auto-transfer
- If opting in, the unit can auto-transfer payroll from GF to S397 on a date they select (for the full unit)
- GF to S397 transfer would be triggered by an e-mail from the unit to OHR with effective date and department EAC to be transferred
- GF and S397 accounts must be mirrored (one GF to one S397 account)
- Payroll will auto-transfer back to GF on 7/1
- Proposed effective date 7/1/12

Talk Story Updates
November 7, 2011

Guidelines for Uncollectible Accounts

- Current guidelines are attached
- FO's are encouraged to work with the Legal Affairs and University General Counsel Office to request write-off for any delinquent accounts that could be considered to be uncollectible
- Clean up of delinquent accounts will ease transition to KFS

November 10, 2011 Talk Story Meeting CANCELLED

Next Meeting: Thursday, December 8, 2011

UNIVERSITY OF HAWAII

OFFICE OF THE VICE PRESIDENT FOR LEGAL AFFAIRS
AND UNIVERSITY GENERAL COUNSEL

GUIDELINES FOR UNCOLLECTIBLE CCOUNTS
(REVISED JULY 2006)

Purpose: The purpose of these guidelines is to provide guidance on the information that should be included when submitting a request that accounts receivables of the university be written off as uncollectible accounts.

Applicable Statute and Related Procedures: Hawai'i Revised Statute 40-82(d)
University Administrative Procedure A8.651 (Accounts Receivable)
University Administrative Procedure A8.878 (Payroll Overpayment)
University Administrative Procedure A8.731 (Delinquent Financial Obligations)
University Administrative Procedure A8.621 (Delinquent Financial Obligation Hearings)
Hawai'i Administrative Rules Title 20, Chapter 10, Delinquent Financial Obligations

Process: Pursuant to AP A8.651, the General Accounting and Loan Collection (GALC) Office is responsible for submitting write-off requests received from the departments to the University General Counsel (UGC).

Prior to submitting requests for write-off to the UGC, the GALC should review the requests from the originating departments to determine whether the originating department has complied with applicable procedures (e.g., AP A8.651.f. relating to procedures for following-up on delinquent accounts) and these guidelines.

Requests to write-off uncollectible accounts should be submitted with supporting documentation of (1) the outstanding debt, (2) collection efforts, and (3) the reason for uncollectibility (see AP A8.651.g.2).

Request for Write-Off: A receivable is considered for write-off when (1) an account is deemed uncollectible AND (2) the account has been outstanding for at least two consecutive (2) years.

Legal Authority: Section 40-82(d), Hawai'i Revised Statutes (HRS), authorizes the University General Counsel to review uncollectible accounts, and if the UGC finds the account to be uncollectible, such accounts may be entered into a special record and may be deleted from the accounts receivable records of the university,

whereupon, the university is relieved from any further accountability for its collection.

Uncollectible Account: Section 40-82(a), HRS, defines uncollectible account as an account which has been delinquent for at least two consecutive years **and**:

- (1) the debtor or party causing damages to property belonging to the State is no longer within the jurisdiction of the State;
- (2) the debtor or party causing damage to property belonging to the State cannot be located;
- (3) the party causing damage to property belonging to the State is unknown or cannot be identified;
- (4) the debtor has filed bankruptcy and has listed the State as a creditor; or
- (5) any other account as may be deemed by the general counsel to be uneconomical or impractical to collect.

Moreover, any account entered in the special records shall be transferred back to the current accounts receivable if the UGC finds that the facts as alleged and presented were not true, or that the account has become collectible.

Guidelines: When making a request to the UGC to review accounts receivable records of the university for the purpose of writing off such accounts as uncollectible, please comply with the following guidelines and provide the following information:

1. Has the account been delinquent for at least two consecutive years?

The account must be delinquent for at least two consecutive years, i.e., two consecutive years from the date that the payment was rejected, i.e., the check was returned or the first letter indicating an unpaid indebtedness.

2. Is the delinquent account uncollectible?

The delinquent account must be an “uncollectible account,” which means that one of the following has occurred:

a. The debtor cannot be located.

The requesting party must demonstrate to the UGC that all reasonable efforts to locate the debtor have been exhausted as follows: (1) At least three attempts have been made to locate the debtor by telephone at his/her last known telephone number; and (2) At least three letters have been mailed (at least one by certified mail) to the debtor at his/her last known address; however, in the event that the first or second letter indicates that the debtor no longer resides at the address, the requesting party may forego

mailing the subsequent letter(s) and proceed with the next step in attempting to locate the debtor; and (3) an internet search (like Google or Westlaw) has been made to try to locate the debtor's current address.

b. The debtor is no longer within the jurisdiction of the State.

The requesting party must demonstrate to the UGC that the debtor has been located, but no longer resides within the State of Hawai'i. This may be shown by: (1) a returned receipt from a certified letter executed by the debtor indicating that the debtor no longer resides within the State of Hawai'i, or (2) a letter from the Post Master General indicating that the debtor no longer resides within the State of Hawai'i, or (3) a letter from the Department of Accounting and General Services' tax set off program indicating that the debtor is no longer within the jurisdiction of the State..

After the requesting party determines that the debtor no longer resides in the State of Hawai'i, and before a request is made to the UGC to write off the delinquent account, the requesting party must demonstrate to the UGC that at least three letters have been mailed (at least one by certified mail) to the debtor at his/her last known out of state address.

Once the requesting party demonstrates to the UGC that the debtor no longer resides within the State of Hawai'i and at least three letters were mailed (at least one by certified mail) to the debtor's out of state address, the UGC will determine whether to pursue a court action against debtor in the State of Hawai'i.

c. The debtor is unknown or cannot be identified.

Generally, this category should not be applicable as a ground to seek to write off an uncollectible account because the debtor should always be known and identified. The debtor is either going to be an employee or a student whose identity should be known. If for some reason the debtor is unknown, the requesting party must provide the UGC with a detailed explanation as to why the debtor is unknown. Furthermore, the requesting party should evaluate and change its procedures to determine ways to eliminate the future recurrence of the need to use this category.

d. The debtor has filed bankruptcy and has listed the University of Hawai'i ("University") as a creditor.

The requesting party must demonstrate to the UGC that the debtor has filed bankruptcy and the University has been listed as a creditor in the bankruptcy matter. This may be demonstrated by providing the UGC with a copy of the bankruptcy petition together with a list of creditors identifying the University as a creditor, or other pleading filed in the bankruptcy court that identifies the debtor and the University as a creditor.

e. The delinquent account is deemed to be uneconomical or impractical to collect by the UGC.

The UGC reserves the right by statute to determine whether the account is uneconomical or impractical to collect. Before submitting a request for write off under this category, the requesting party should comply with applicable university procedures and guidelines relating to collection of delinquent accounts. The delinquent account must be sent to a collection agency for collection (see AP A8.651.f.).

The UGC requires that the requesting party provide it with copies of documentation demonstrating all efforts that have been made to collect the delinquent amount (e.g., logs of telephone conversations, correspondence, and the collection agency's records demonstrating its efforts to collect the debt). In the event that the collection agency deems the account "uncollectible," the UGC will then determine whether the account is uneconomical or impractical to collect.

The UGC will determine whether the account is uneconomical or impractical to collect on a case-by-case basis. In making this determination, the UGC will consider, among any other relevant factors, the following factors: (1) The likelihood of collecting the debt by court action; (2) The cost to pursue collection of the debt by court action; (3) The amount of the debt; and (4) The past and future resources expended by the University to try to collect the debt. None of the foregoing factors are dispositive in the UGC's determination.