

Comptroller General’s Office - Tips for State Agencies: Managing Uncollectible Accounts Receivable

As part of our commitment to fiscal stewardship, the Comptroller General's (CG) Office offers these practical insights and resources to help agencies navigate the management of uncollectible accounts receivable.

South Carolina state agencies are responsible for developing their own internal policies for identifying and writing off uncollectible accounts receivable (A/R). The CG’s Office does not currently publish specific statewide procedures or legislation on operational thresholds or timelines for write-offs, allowing flexibility to tailor approaches to agency needs and program requirements.

Write-offs are accounting adjustments that remove amounts from agency books but **do not** cancel the debt's legal validity or end ongoing collection efforts.

Agency accounts receivable balances are included in the State's Annual Comprehensive Financial Report (ACFR).

Helpful Considerations

- **Developing Policies** — Agencies with internal audit functions may find it useful to involve their auditors in reviewing or establishing write-off criteria and processes for consistency and compliance.
- **Assessing Uncollectibility** — Common factors include debt age, debtor status (e.g., bankruptcy), exhausted reasonable collection efforts, and cost versus potential recovery.
- **Collection Options** — Many agencies benefit from referring eligible debts to the South Carolina Department of Revenue (SCDOR) programs before considering write-offs. Agencies are encouraged to refer eligible debts to SCDOR programs early, as they often recover funds efficiently.

SCDOR Debt Collection Programs Overview

Feature	Setoff Debt	GEAR
Methods	Offset of SC Individual Income Tax refunds	Tax refund offsets + wage garnishments, liens, bank levies, license revocations, payment plans
Minimum Debt	Typically \$25+	Typically \$50+
Agency Cost	None	Administrative fee based on collections
Debtor Admin Fee	\$25	\$25

Payment Plans	No	Yes
Ongoing Collection	Annual resubmission required	Ongoing until paid or removed

Certain debts may also qualify for federal payment offsets through the Treasury Offset Program (TOP).

Write-Off Basics

Agencies typically document collection efforts, obtain appropriate approval, record the accounting entry, and retain records for audit. If a written-off debt is later collected, the write-off can be reversed.

To ensure accurate reporting in the State's Annual Comprehensive Financial Report (ACFR), agencies must submit details of any write-offs for uncollectible amounts that were not recorded in SCEIS by fiscal year-end to the CG's Office through the ACFR year-end reporting package for A/R. Agencies are only required to report the amounts written off and any adjustments to the allowance for uncollectible accounts - supporting documentation is not submitted unless specifically requested by the ACFR team or auditors. Agencies should therefore retain sufficient documentation in case it is needed.

GL Account Name	(1) Existing/Current Balance	(2) Reclass Non- Current	(3) Adjustment to Current Balance	(4) Gross Current	(5) Allowance for Uncollectable	(6) Net Current	GL Account Name	Adjusting Entry	(12) Current Ending Balance
Current Receivables	-			-		-	Current Receivables	-	-
							Allowance for Uncollectib	-	-
							Non- Current Receivable	-	-
							Non- Current Allowances	-	-
		(7) Non-Current Reclass	(8) Additional Non-Current	(9) Gross Non- Current	(10) Allowance for Uncollectable	(11) Net Non-Current	Fund Receivable Net Balance		-
		-		-		-	Type of Receivable	PLEASE SELECT...	
Brief Description of Receivable									

Resources

- [CG guidance and forms](#)
- [SC DOR Setoff Debt & GEAR information](#)
- [S.C. Code Title 12, Chapter 56 \(Setoff Debt Collection Act\)](#)
- [Federal Treasury Offset Program](#)

Agencies are encouraged to consult the CG, SCDOR, legal counsel, or internal experts for program-specific questions.