



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT

SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7897
FAX (615) 532-2765

April 21, 2010

MEMORANDUM

TO: The Honorable Justin P. Wilson
Comptroller of the Treasury

FROM: Arthur A. Hayes, Jr., CPA
Director

SUBJECT: Accounts Receivable Write-Off

We have reviewed the attached request for write-off of accounts receivable at the University of Tennessee. We concur with the request and recommend that you approve the write-off. A signature approval is required at the bottom of each attached certification form. Please return the forms to the Division of State Audit after your approval. If you have any questions, please do not hesitate to contact me.

AAH/GEB/dlj

Attachment



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
312 EIGHTH AVENUE NORTH
21st FLOOR WILLIAM R. SNODGRASS TENNESSEE TOWER
NASHVILLE, TENNESSEE 37243

DAVE GOETZ
COMMISSIONER

Memorandum

DATE: April 2, 2008

TO: M.D. Goetz, Jr., Commissioner

FROM: Jan Sylvis, CPA, CGFM *Jan Sylvis*
Chief of Accounts

RE: Accounts Receivable Write-off
University of Tennessee- Health Science Center

RECEIVED
APR - 8 2008
STATE AUDIT

We have received an accounts receivable write-off request from the University of Tennessee's Health Science Center (UTHSC) for \$7,509,338.00. For eight consecutive years, the University of Tennessee Medical Group (UTMG) has not paid the UTHSC the full amount of the university's College of Medicine overhead as agreed to in the Affiliation Agreement, which specifies a payment of 2.5 percent of patient care collections.

For fiscal years 2000 through 2005, university officials were aware that the overhead was not paid, and it was determined that waiving the overhead was necessary to preserve the patient care component of the university's teaching program. It is noted in the attached Internal Audit report from the University of Tennessee that the waiver was not documented by appropriate university officials before the amounts became due; therefore a receivable exists for the unpaid overhead amount. The amount that is requested to be written off is the \$7,509,338.00 which is the overhead amount related to fiscal year 2000-2005. (see attached report).

Based on the information stated above, I am recommending approval of the write-off request in the amount of \$7,509,338.00. If you have any questions, please contact me at (615) 741-2382.

JS:trw



Controller's Office

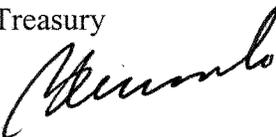
201 Andy Holt Tower
Knoxville, TN 37996-0100
Phone: 865-974-2493
Fax: 865-974-8646

E-mail: <http://controller.tennessee.edu>

MEMORANDUM

TO: Mr. Dave Goetz, Commissioner
Department of Finance and Administration

Mr. John G. Morgan
Comptroller of the Treasury

FROM: Charles M. Peccolo 

DATE: March 7, 2008

SUBJECT: Accounts Receivable Write-Off Request

In accordance with the State of Tennessee's policy and procedures governing the write-off of accounts receivable, we request your approval to write-off a total of \$7,509,338.00 in uncollectible accounts receivable at the University of Tennessee.

These lists do not contain students or staff and thus, we have not sent diskettes.

This request complies with the University's institutional policy and the State's policy and procedure relative to this matter. The University's policy and procedures, FPS No. 5, Section 35 have been previously submitted.

The appropriate entries for recording the proposed write-off will be reflected in the June 30, 2008 financial statements. If you have any questions relative to this matter, please contact me.

CMP:dt

Attachment

Cc: Ron Maples

**THE UNIVERSITY OF TENNESSEE
ACCOUNTS RECEIVABLE WRITE-OFF REQUEST
FY 2007 - 2008**

<u>ATTACHMENT NUMBER</u>	<u>DEPARTMENT</u>	<u>AMOUNT</u>
1	Memphis – College of Medicine - UTMG College of Medicine overhead for Years FY 2000-2005	7,509,338.00
	TOTAL WRITE-OFF REQUEST	<u>\$7,509,338.00</u>

Approved:

on. D. Deety, Jr. 4-7-08
Commissioner, Finance
& Administration Date

[Signature] 4-30-10
Comptroller of the Treasury Date

MEMORANDUM

DATE: March 6, 2008

TO: Charles M. Peccolo
 Vice President and Treasurer

FROM: Anthony A. Ferrara, CPA, MAS
 Vice Chancellor – Finance & Operations

SUBJECT: Accounts Receivable with UT Medical Group

Following the Internal Audit of the affiliation agreement with the UT Medical Group, we request the credit / write down of receivable balances for the College of Medicine Overhead for the period of FY 2000 through FY 2005 as described below. As stated in the audit, receivable balances for this period as shown in the following table:

Fiscal Year	Calculated Overhead	Payments Made by UTMG	Annual Receivable	Cumulative Receivable from 07.01.1999
FY 2000	\$1,454,559	\$831,228	\$623,331	\$623,331
FY2001	1,472,198	721,251	750,947	1,374,278
FY 2002	1,710,377	848,143	862,234	2,236,512
FY 2003	1,707,541		1,707,541	3,944,053
FY 2004	1,743,198		1,743,198	5,687,251
FY 2005	1,822,087		1,822,087	7,509,338

As concluded in the audit, we believe waivers were authorized by appropriate individuals in previous administrations of the Health Science Center, but these waivers were never properly recorded in the University's financial records. Therefore, we request that a credit / write down of the UTMG receivable in the amount of \$7,509,338 be recorded.

Thank you in advance for your help and guidance in this matter. If you have any questions or would like additional information, please let me know.

AAF/

C:\GENERAL\LETTERS\DOCUMENTS\FY 2005\MP UTMG AR WRITE DOWN REVISED.DOC

cc: Herschel P. Wall, MD
 Kennard D. Brown, MPA, JD, PhD
 Steven H. Burkett, PhD
 Brenda H. Jeter, CPA
 Mark A. Paganelli, PhD
 Gary W. Rogers, PhD
 Steve J. Schwab, MD
 Pamala A. Vaughn, CPA