



## Administrative Policy

<b>Title: Accounts Receivable Collections and Write-Offs</b>				
Administered By: Administrative Services (Finance)				
New Policy No.	Issue Date (Last Revised)	Renumber Date	Department Head Approved	City Manager Approved
01200.405	04-13-11 (09-24-13)	01-03-17	<i>Kenny [Signature]</i>	<i>[Signature]</i>

This Policy had been numbered Policy 300.21. Effective on the Renumber Date noted above, this Policy is hereby renumbered as the Policy Number noted above.

The latest version of the Policy is attached hereto and incorporated herein by reference.

Attachment: Policy 300.21  
 Issued: 04-13-11  
 Revised: 09-24-13



## ADMINISTRATIVE POLICY

Policy: Accounts Receivable Collections and Write-Offs					
Responsible Department: Finance					
Section No.	Policy No.	Issue Date	Revision Date	Dept. Head Approved	City Manager Approved
300	.21	04/13/2011	09/24/2013	<i>[Signature]</i>	<i>[Signature]</i>

### **POLICY**

The intent of this policy is to diligently pursue collection of all legally authorized accounts receivable revenue in a manner that is respectful to the debtor. Collection will include any outstanding amounts owed to the City for such items as, but not limited to, reimbursements, taxes, fees and promissory notes recorded in the accounts receivable system. Damage recovery items have a separate administrative policy – reference 300.02.

### **PROCEDURES**

The procedure for accounts receivable collections and write-offs is as follows:

#### **Billing:**

- A *Billing Request Form* is submitted to Finance for processing. Finance generates an invoice to be provided to the debtor. (Reference the *Billing Request Policy*).
- There are several important factors involved in collecting payment. Accurate information such as correct legal name, mailing address, phone number and specific information regarding what is owed is required.
- Depending on the type of account receivable, Finance will work with the issuing department to determine whether to send a delinquency invoice and/or reminder letter at 30, 60, and 90 day intervals, prepare an invoice to send to an outside agency for collection, or send to small claims court.

- Accounts Receivable activity is monitored from the monthly accounts receivable aging report and in conjunction with the requesting department.
- Accounts Receivable staff can make payment arrangements with the debtor for payment of the invoice by executing a promissory note which includes the debtor's social security number and driver's license number.

**Collection:**

- For general account receivable items the Finance Department will send an invoice with a due date of 30 days from the date of billing.
- Once the invoice is more than 30 days past due, a *First Letter* is sent out as a reminder that the invoice is past due and payment has not been received.
- After the invoice is more than 60 days past due, a *Second Letter* is sent out which explains to the debtor that if the invoice is not paid within 30 days, the invoice will be referred to a collection agency or small claims court.

**Write-off and forward to collection agency:**

After the invoice is more than 90 days past due and Finance has not received a response and all reasonable attempts of collection have failed, the Accounts Receivable staff will recommend that an account be "written-off".

- The Accounts Receivable staff will prepare a quarterly report which list the accounts to be "written-off" and comment as to the disposition of the debt. Factors to be considered:
  1. Whether the costs of further recovery actions will exceed the recovery amount;
  2. Inability to locate the debtor because of wrong address, lack of social security number and/or driver license number;
  3. Code of Civil Procedure, Section 335-349.4, statute of limitations laws regarding collection of debts.
- The report is reviewed and approved by the following staff, write-off amounts listed are consider a per item (or case) amount: Principal Accountant authorized to \$5,000, Finance Manager authorized \$5,001 to \$10,000, Finance Director authorized \$10,001 to \$20,000, City Manager authorized \$20,001 to \$25,000.

- Any one item greater than \$25,000 would require City Council approval, before the City debt can be "written-off".
- Once approved, items are deleted from the accounts receivable system.
- Depending on the nature of the debt, some items may be sent to a collection agency or small claims court.
- Collection of any revenue is submitted back to the City, per the contract agreement with the collection agency or the judgement of the court.

Questions regarding this policy should be directed to the Accounts Receivable section at ext. 2317.

**This accounts receivable policy and procedure in no way supersedes or overrides the authority of any other policy or procedure, but works in conjunction. Likewise, no other policy or procedure supersedes or overrides the authority of this accounts receivable policy.**