

ADMINISTRATIVE PROCEDURES



Procedure Number: 3-11

Effective Date: 04/01/1997

Revision Date: 06/10/2010

C. DeLuca
County Administrator

SUBJECT: **ACCOUNTS RECEIVABLE**

DEPARTMENT RESPONSIBLE: **The Office of the County Administrator
Department of Finance and Risk Management**

1. **PURPOSE**

This Administrative Procedure defines receivable accounts and delinquent accounts and it sets forth procedures for reporting requirements, the collections process, and the criteria for requesting Board of Supervisors' approval to write-off delinquent accounts.

2. **DEFINITIONS**

Accounts Receivable are amounts owed on open accounts for goods or services that the County furnishes to individuals or organizations. An accounts receivable arises if full payment has not been received within the accounting period when the transaction occurred. Accounts receivables would include, but not be limited to, the following:

- Fines
- Taxes of various kinds
- Permit and license fees
- Claims for damage to County property
- Payments due under an intergovernmental agreement
- Forfeited surety bonds
- Attorney fees
- NSF checks
- User fees
- Rent payments
- Lease payments
- Right-of-way payments
- Health fees (including animal control)

Although property taxes (real and personal) and special assessments are forms of accounts receivable, they are recorded and reported separately and are not subject to this Administrative Procedure.

Delinquent Accounts are accounts receivables for which payment for the amount billed is not made within 90 days from the original billing date.

3. **COLLECTIONS**

3.1. Departments that maintain their own accounts receivable records.

3.1.1. Department Responsibility

The department is responsible for establishing a collections process consistent with this procedure. The process shall provide for billing, maintaining and tracking accounts receivable on a computerized collections system, and collection efforts. Each department shall provide a copy of the department's procedure to Revenue Management annually or when updated.

3.1.2. Collection Effort

Each department shall pursue collection efforts on its outstanding receivable balance. The effort shall include at a minimum:

- Written notice
- A follow-up notice or phone call. If phone calls are made, the date of the call, name of the person contacted, and results of the call shall be documented.

3.1.3. After the balance has been outstanding for 90 days, these receivables will be considered delinquent and shall be forwarded to the Revenue Management for further action.

3.1.4. Interest Penalty

All delinquent accounts are subject to an interest penalty as allowed by A.R.S. §44-1201.

3.1.5. Bad Check Program

Each department that accepts checks for payment shall participate in the Pima County Attorney's Bad Check Program. Any collection effort for checks returned to the departments due to insufficient funds shall be coordinated through that Program.

3.2. Revenue Management

3.2.1. Revenue Management is responsible for establishing a collections process consistent with this procedure. The process shall provide for billing, maintaining and tracking accounts receivable on a computerized collections system, and collection efforts.

3.2.2. Delinquent accounts that have been turned over to the Revenue & Collections Section will be contacted to arrange a payment plan.

3.2.3. If a payment plan cannot be arranged, an offer of a negotiated settlement of the balance of the delinquent account will be made.

3.2.3.1. The Revenue and Collections Supervisor is authorized to negotiate a settlement for account balances of \$1,000 or less.

3.2.3.2. The Revenue Management Division Manager is authorized to negotiate a settlement for account balance greater than \$1,000 and less than \$10,000.

3.2.3.3. The Director, Department of Finance and Risk Management, is authorized to negotiate a settlement for account balances greater than \$10,000.

Note: Negotiated settlements with any insurance company require the review and approval by the Director, Department of Finance and Risk Management.

4. **WRITE-OFF PROCEDURES**

4.1. Write-Off Criteria

The Finance Department shall be responsible for making recommendations to the Board for write-off of delinquent accounts using the following criteria:

- Debt discharged in bankruptcy
- The company has gone out of business
- Wrong responsible party
- Unable to locate
- Deceased responsible party
- Account more than three years old
- Court has refused judgment against responsible party
- Remaining balance after a negotiated settlement
- Incarcerated, absconded, or failed to appear
- Deported illegal immigrant
- The party is on disability

4.2. Write-off Recommendations

4.2.1. Recommendations for write-off of delinquent accounts will be made by Revenue Management, based on the write-off criteria shown below in 6.2.

4.2.2. The recommendations will be submitted to the County Administrator.

4.2.3. The County Administrator will review the recommendations and indicate concurrence or non-concurrence.

- 4.2.4. The recommended list of write-offs of delinquent accounts will be added to the Board of Supervisors' Agenda in March, June, September, and December.
- 4.2.5. The Revenue Management Division Manager has the authority to approve write-offs of accounts with balances less than \$100 that the Revenue & Collections Section deems uncollectable.

5. REPORTING REQUIREMENTS FOR DEPARTMENTS

- 5.1. For each department that maintains its own accounts receivable records, a computerized accounts receivable tracking system shall be used. The record must include at least the following minimum information:
- Account name
 - Account balance
 - Location of activity
 - Age of account.
- 5.2. Each department shall send a quarterly Collections and Accounts Receivable report to the Revenue Management Division, Department of Finance and Risk Management within 30 days from the end of each calendar quarter. The quarterly collections report shall include:
- The number of accounts
 - Total dollar amount being worked
 - Updated balances for each account
 - Delinquent accounts transferred to the Revenue & Collections Section of Revenue Management
 - Collection costs
 - The collection rate
- 5.3. Amounts billed in the month after the quarter ends should be included in the quarterly report if the goods or services were provided during the previous quarter. For example, if March fees are billed in April, that amount should be included in the March 31st report.

6. REPORTING REQUIREMENTS BY REVENUE MANAGEMENT

- 6.1. For each department whose receivables are billed and tracked by Revenue Management, the quarterly Collections and Accounts Receivable report will be prepared by Revenue Management.
- 6.2. Revenue Management shall
- Summarize the quarterly Collections and Accounts Receivable report information for all departments.
 - The summary report shall be submitted to the County Administrator on or before March 1, June 1, September 1, and December 1, of each year.

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- The summary report shall be submitted to the County Administrator on or before March 1, June 1, September 1, and December 1, of each year.
 - The report shall include the total amount of requested write-offs.
 - The report shall include the total amount of negotiated settlements.
- 6.3. County Administration will provide a transmittal report to the Board of Supervisors that accompanies the summary report from Revenue Management.

7. **EXEMPTIONS**

This Administrative Procedure does not apply to collection of Public Fiduciary accounts, real and personal property taxes, grant receivables, Justice Court accounts, Superior Court accounts, and Regional Wastewater Reclamation Department sewer user fees.