Memorandum

MIAMI-DADE COUNTY

Date: June 21, 2012

To: John Renfrow, Director
Water and Sewer Department

From: Carlos A. Gimenez
Mayor

Subject: Compliance with Implementing Order 3-9, Accounts Receivable Adjustments

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Implementing Order 3-9, Accounts Receivable Adjustments, became effective September 14, 2011 and applies to all County Departments. It mandates that all accounts that become "delinquent" (over 90 days past due) be transferred to the Finance Department's Credit and Collection Section (CCS) for further collection attempts.

The Finance Department has requested that each Department with accounts receivable portfolios contact the CCS to discuss the type, number and value of their delinquent debts.

There are still some departments who have not contacted CCS or who have not taken the necessary steps to electronically transfer their delinquent accounts to the Finance Department. This is a reminder that your staff must contact CCS. CCS must be updated on the type of delinquent accounts in your department, and discussions must promptly ensue on the placement with CCS of these accounts, and how this can best be promptly accomplished. A standard template was established to help CCS to capture the needed data for placement of any number of debts.

For ease of reference, attached is IO 3-9 and the Finance Department's placement request letter of December 15, 2011. If you have any questions and wish for a copy of the standard template, please contact Fernando Casamayor, Tax Collector at, 305-375-5447.

Departments are required to provide quarterly reports through the accounts receivable measure so that the Finance Department can provide status updates to the Board. Thus, your department must both update the Active Strategies measure, and place their delinquent accounts with the Finance Department. Your pending issues must be completed no later than June 29, 2012.

c: Office of the Mayor Senior Staff
Joseph A. Ruiz, Deputy Director, Water and Sewer Department

Attachments

Implementing Order

MIAMI-DADE

Implementing Order No.: IO 3-9

Title: ACCOUNTS RECEIVABLE ADJUSTMENTS

Ordered: 9/1/2011 **Effective:** 9/14/2011

AUTHORITY:

Section 1.01 of the Miami-Dade County Home Rule Charter, as amended.

SUPERSEDES:

This Implementing Order supersedes previous Administrative Order 3-9, ordered April 19, 1983, effective April 19, 1983.

POLICY:

In order to provide for efficient financial administration, this Implementing Order specifies departmental responsibilities over the administration of customer accounts receivable and the actions required to adjust uncollectible accounts receivable. Further, it provides for enhanced collection efforts to ensure uniform, consistent efforts to recover receivables.

EXISTENCE OF ADEQUATE CONTROLS:

Primary responsibility for collection of accounts receivable rests with the department or agency under which the receivable or claim originated. This responsibility includes the development and updating of departmental policies and procedures to ensure the timely collection of debt, and the ongoing analysis of the collectability of associated accounts receivable pursuant to this Implementing Order.

In general, an account receivable becomes delinquent when payment is not received in accordance with conditions giving rise to the receivable. Thus, if payment is not received in an amount at least equal to that required or within the time specified for the account, such account is delinquent. Notwithstanding this generality, a department shall declare an account "past due" if not paid within thirty (30) days of the due date. If not paid within ninety (90) days of the due date, the account shall be considered "delinquent." In all cases, the exercise of due diligence in collecting an account requires prompt notification of the account's "past due" status to the obligee and request for payment. Every effort shall be made to collect a debt prior to it falling into the "delinquent" category.

Corrections that reduce a fee by reason of error in the assessment or recording of the fee shall not be regarded as a settlement or default. However, any such adjustments to the accounts shall be supported by documentation explaining the reason for the adjustment signed by the department director.

Contract language shall be included in all County contracts providing the County with the ability to offset amounts due to a vendor/supplier/grantee if money is owed to the County.

Each department director or designee must ascertain that their respective internal accounting control system can accommodate a subsidiary accounts receivable ledger that is reconcilable to the County's General Ledger System, and which can monitor changes in customer accounts on a monthly basis, including an aging thereof.

ACTIONS TAKEN BEFORE ADJUSTMENT TO ACCOUNTS RECEIVABLE:

Before a customer account is to be considered for accounts receivable adjustment due to uncollectibility, exhaustive collection efforts, including, but not limited to, consultation with the County Attorney's Office regarding the feasibility of taking legal action, shall be taken and documented.

Department directors shall forward "delinquent" accounts receivable to the Credit and Collection Section of the Finance Department. The account referral mechanism for data and transfer shall be electronic format based on established procedure. The Credit and Collection Section of the Finance Department will continue the collection efforts as specified in Finance Department's policies and procedures.

Efforts shall be made, in coordination with the Accounts Payable Section of the Finance, Aviation, Water and Sewer Departments, and Public Housing Agency to determine whether or not the County has any amounts due to the customer, arising from a vendor/supplier relationship or otherwise, that shall be withheld. As stipulated in County contracts, Department directors shall offset amounts due to a vendor/supplier/grantee if money is owed to the County. This shall be accomplished through issuance of credit memo in accordance with County procedures.

SETTLEMENTS

Settlement of accounts receivable means the department accepts less than the full amount of a debt as recorded in an accounts receivable account. The County cannot "settle" a debt by agreeing to accept $0. However, a debt may be settled for less than the full amount under the following conditions:

Cespedes, Graciela (FIN)

From: Cespedes, Graciela (FIN)
Sent: Thursday, December 15, 2011 8:42 AM
To: Muñoz, Alex (ASD); Jackson, Cathy (AMS); Abreu, José (Aviation); Davis-Raiford, Lucia (CAHSD); Sori, Henry F. (CIAO); Ryan, Timothy (MDCR); Spring, Michael (CUA); Townsley, Penelope (Elections); Bryson, William "Shorty" (MDFR); Petisco, Angel (ITD); Sola, Lester (ISD); Copeland, Morris (JAC); Santiago, Raymond (LIB); Moon, Jennifer (OMB); Hyma, Bruce A. (ME); Kardys, Jack (MDPR); Danger, Charles (PERA); Loftus, James K. (MDPD); Fortner, Gregg (PHCD); Fortner, Gregg (PHCD); Woods-Richardson, Kathleen (PWWM); Johnson, Bill (Seaport); Osterholt, Jack (Office of the Mayor); Llort, Ysela (MDT); Renfrow, John (WASD)
Cc: Casamayor, Fernando (FIN); Marquez, Edward (Office of the Mayor); Teintze, Jurgen (FIN); Mekin, Cristina (FIN); Suarez, Dennise (FIN); Aranha, Noel (OCA); Carrazana, Luis (OCA); Padron, Blanca (FIN); Rivero, Maria (FIN); Lopez, Joe (SPEE); Service, Gary (PERA); Cuellar, Arleene (ISD); Elesppe, Vivian (MDFR); Santoyo, Guadalupe (MDFR); Garcia, Mirtha (MDFR); Mendelsberg, Scott (MDFR); Farr, Gerald (PHCD); Vanegas, John (PHCD); Alexander, Eartha (PHCD); Balbuena, Ana Maria (Aviation); Bridgeman, Sandra (Aviation); Olano, Maritza (Aviation); Gendron, Kiki (MDPR); Moore, Michael (PWWM); Vargas, Luis (PWWM); Colson, Carrie L. (WASD); Holmes, Linda (WASD); Rodriguez, Eva A. (WASD); Murad, Vladimir (WASD); Scarborough, Rosa (WASD); Diaz, Virginia C. (ASD)
Subject: Accounts Receivable 90 days past due
Attachments: IO 3-9 on past due debts.pdf

This e-mail is to advise you and your staff that the Credit and Collection Section of Finance is ready to receive your debts that are over 90 days past due.

The attached I.O. 3-9 became effective September 14, 2011. While the primary responsibility for the collection of accounts receivables rests with each Department or Agency, the IO delineates the need for adequate controls, policies and procedures to address accounts receivable, and states that all receivables not paid to us within ninety (90) days shall be considered "delinquent". It states "Department directors shall forward 'delinquent' accounts receivable to the Credit and Collection Section of the Finance Department. The account referral mechanism for data and transfer shall be electronic format based on established procedure. The Credit and Collection Section will continue collection efforts as specified in Finance Department's policies and procedures".

The Finance Department's Credit and Collection Section, is organized under the Tax Collector's Division, and has seventeen experienced collectors, five of which have paralegal capabilities. Every possible effort is made to contact debtors, and well established debt collection techniques and systems are used to maximize collections. We collect on products and services ranging from unpaid bills for services, citations, bad checks, overpayments to vendors or employees, and more. Our electronic mechanisms to receive debt placements work smoothly, and can accommodate special needs.

Three steps to be taken immediately to ensure compliance with IO 3-9, as it pertains to debt placements:

1. Various Departments' citations are placed with us by the Clerk of Courts according to departmental instructions to them. You can coordinate with them and us, for these to be placed with us at 90 days.
2. Based on the potential volume of business, we meet, discuss our capabilities and execute MOU's with your Department or Division to clearly delineate the scope of our work, fees, settlement authorities, and whether we are to pursued debts further in court or by outside agencies or attorneys. We already have MOU's with PHT, Animals Services, Housing, Public Works Solid Waste, and would like to finalize proposed MOU's for Fire Rescue and DERM products.
3. You can, and should, contact us to review the type, number and value of your Department's debts that are over 90 days past due. We can discuss where collection activity is likely to be performed most effectively for various

debts and explore the feasibility of further placements with the Finance Department and establish a pilot program and implementation schedule.

We look forward to hearing from you. You may contact Ms. Cristina Mekin, Manager of the section at 786-469-2807 directly, or Jurgen Teintze at 305-375-5564 should you have any questions.

Regards,

Graciela Céspedes, C.P.A., Deputy Finance Director
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