

IOWA COUNTY COLLECTION POLICY – MARCH 2016

PURPOSE:

The purpose is to set forth guidelines for county-wide accounts receivable and collection efforts. It is the duty of public officials to collect revenue associated with the services provided by the County and maintain an accounts receivable and collections system. This policy applies to all county departments.

DEFINITIONS:

POLICY:

The Department's policy is to maximize revenue through timely and systematic collection efforts. Effective and efficient collection efforts are essential to proper accounts receivable management. Collection efforts of accounts receivable shall be billed timely and collected promptly. Generally, all accounts should be billed no less than monthly and accounts should be collected within 60 days of initial billing. Any account outstanding for more than 90 days shall be considered delinquent unless a payment agreement has been completed.

PROCEDURE:

Billing

All departments will invoice or provide a statement to customer accounts at least monthly, with exception of the Sheriff's Office who will provide monthly statements upon inmate release and the Clerk of Courts Office who will provide a Time to Pay Summary. At minimum, all invoices shall include the following information:

- an amount due
- the due date for payment
- amount past due and the number of days if applicable
- a brief description for the billing
- where to remit payment
- a contact for questions

For departments who do not have an accounts receivable system or process, a request must be submitted to the Finance Department to provide the Department with a billing template.

Timetable for Routine Collection Efforts

Each department will review on a monthly basis all accounts receivable by analysis of the aging of such receivables. For those accounts that become past due, proper delinquent notices shall be provided to the payee until such accounts are current. Continued service may be restricted unless continuation of service is required by law or policy. An accounts receivable aging report must be submitted to the Finance Department each year as of December 31, along with other times as requested.

Social Services

Send statement within 30 days of service.

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| 30 days past statement date | 1 st Late Notice |
| 60 days past statement date | 2 nd Late Notice |
| 90 days past statement date | Collection Referral |

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Sheriff

30 days past statement date 1st Late Notice
 45 days past statement date Collection Referral

Bloomfield

30 days past statement date 1st Late Notice
 60 days past statement date 2nd Late Notice with 30 day discharge notice
 90 days past statement date Collection Referral

Clerk of Courts

Default Judgment Collection Referral/TRIP

Other Departments

30 days past statement date 1st Late Notice
 60 days past statement date 2nd Late Notice
 90 days past statement date Collection Referral/TRIP

Levels of Collection Efforts

The following collection activities will be utilized in collecting delinquent accounts receivable:

Collection Activity	Description	Dollar Thresholds
State Debt Collection	Obtain payment of delinquent debt owed through WI DOR Refund Offset program by applying overpayments from various tax types	Any debt over \$100
Tax Refund Intercept Program (TRIP)/Refund Offset	Obtain payment of delinquent debt owed through WI DOR Refund Offset program by applying overpayments from various tax types	Any debt over \$20 Can't be used with State Debt Collection
Installment Agreements	Payment Plan created must be kept current	Department Head discretion
Court Judgment (Garnishment, small claims, liens, etc. – case dependent)	Seeking a money judgment where collection is resolved through garnishment, liens, etc based on the case.	Any debt over \$5,000 - Consultation with Corporation Counsel

Departments are encouraged to utilize the State Debt Collection program for eligible debt collection first. If the debt is not eligible for the State Debt Collection program then each Department will be responsible for contacting the collection agency who the County has contracted with.

All accrued accounts receivable shall use a method for recognition of an allowance for uncollectible accounts. This allowance shall be based on the aging of receivables, percentage of total accounts receivable, and recent history of collections and write-offs. This estimate shall be adjusted annually at year end by debiting the department's revenue account with a corresponding credit to the allowance for uncollectible accounts account. (Assistance is available from the Finance Department)

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After collection efforts are exhausted, the account is deemed to be uncollectible. This determination is made when:

- The collection agency and Corporation Counsel determines the debt is uncollectible, or
- The statute of limitations is exhausted, or
- The County receives an unfavorable or unenforceable judgment rendered in small claims court, or
- The County receives notification of bankruptcy, based on legal consultation with Corporation Counsel, agrees to discontinue collection efforts, or
- The amount due to the County is under \$20 and 180 days past due, or
- The Finance Department determines that the department originating the charges has documentation insufficient for pursuing legal remedies.

The uncollectible account may be submitted to the Finance Department for write-off in accordance with the following schedule based on the debt amount.

Amounts of \$500 or less	Write-off authorized by Finance Director with a report to the Executive Committee
Amounts of more than \$500	Write-off authorized by Executive Committee with the review of County Administrator and Corporation Counsel.

All write-offs will be adjusted in the accounting records as a bad debt. Any write-off must include adequate supporting documentation to justify the transaction. The department must report to its' standing committee write-off amounts at least on an annual basis.

Installment/Payment Plans

A repayment plan may be established provided it is in writing and signed by the debtor and the department director or business manager. Repayment plans should be for a reasonable amount and installment plans must be for a reasonable period of time. The customer must also remain current on any subsequent amounts due.

If payments are not received within 10 days of the payment plan due date or failure to meet the terms of the payment plan is demonstrated, the account shall be immediately referred for other collection activities by the department director.

Unknown Addresses

Each department is responsible for using reasonable available resources to trace address changes if the receivable balance is greater than \$20. If the available information does not yield a valid address, referral to the state debt collection agency or a collection agency as outlined above.

Disputed Amounts

Each department is responsible for having a documented process for disputed amounts in accordance with law and/or policy.

Interest and Late Payment Charges

Interest and late payment charges are encouraged by the Finance Department to be assessed by each county department in accordance with applicable law and/or policy. The County Board shall determine the interest or late payment charges to be assessed to all past due accounts annually, during the budgeting process. All interest and late payment charges should be clearly disclosed to the customer on all billing statements, whether due or past due.

Recordkeeping

Debt collection requires adequate recordkeeping to demonstrate that thorough and concerted collection efforts were done and to provide an audit trail. Most importantly, any legal action requires complete documentation of all facts relating to the receivable, including documentation of the invoice, any disputed amounts and their resolution, and all collection activities. The department creating the charges shall be responsible for the recordkeeping necessary for tracking down and collecting past due accounts.