

**TO:** ALL COUNTY PERSONNEL

**FROM:** VERDENIA C. BAKER  
COUNTY ADMINISTRATOR

**PREPARED BY:** OFFICE OF FINANCIAL MANAGEMENT AND BUDGET (OFMB)

**SUBJECT:** RECEIVABLES COLLECTIONS AND WRITE-OFFS

**PPM #:** CW-F-048

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**ISSUE DATE**  
April 26, 2021

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**EFFECTIVE DATE**  
April 26, 2021

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**PURPOSE:**

To establish a Countywide policy with respect to collection of receivables and write off of accounts deemed uncollectible.

**UPDATES:**

Future updates to this PPM are the responsibility of the Director of OFMB.

**AUTHORITY:**

1. Florida Statutes, Sections 17.041, 68.065, 162.09 and 559.72, as may be amended.
2. Attorney General's Opinions: AGO 98-40; 062-143; AGO 060-90; AGO 042-98; and AGO November 18, 1933.
3. Florida Administrative Code (F.A.C.), Chapter 3A-71, as may be amended.
4. Palm Beach County Administrative Code, Section 306.07, as may be amended.
5. Generally Accepted Accounting Principles (GAAP).

**DEFINITIONS:**

1. **Accounts Receivable** - Any claim for funds, moneys or other property, including notes receivable, which would normally be required by generally accepted accounting principles to be recorded as a receivable in the official records of a governmental unit. For purposes of this PPM, the term "accounts receivable" will include both "General Ledger" accounts receivable (i.e., those that are formally recorded in the County's General Ledger) and "Agency" accounts receivable (i.e., those that are not recorded in the General Ledger).

2. **"Active" Accounts Receivable** - "Active" accounts receivable include both "collectible" and "doubtful" accounts receivable, but do not include "uncollectible" accounts receivable. Those accounts receivable which have not been "written off", "settled", "forgiven" or "dismissed".
3. **Allowance for Doubtful Accounts** - An amount, based on a review of individual accounts or a percentage of all outstanding accounts, which is determined as unlikely to be collected ("doubtful"), but which is not yet determined to be worthless ("uncollectible").
4. **"Collectible" Accounts Receivable** - Those accounts receivable for which payment is expected to be received.
5. **"Dismissal" of Accounts Receivable** - To remove, through action by the Judiciary or the State, the requirement for payment of a debt.
6. **"Doubtful" Accounts Receivable** - Those accounts receivable for which payment is unlikely.
7. **"Forgiveness" of Accounts Receivable** - To grant relief from payment of (i.e., extinguish) a debt.
8. **"Full Amount" of a Debt** - The "full amount" of a debt includes the original amount of the debt as well as any applicable interest and penalty charges. For worthless checks, the full amount will include the face value of the check and applicable worthless check charges as specified in Section 68.065, Florida Statutes.
9. **Judgment** - An amount due to be paid or collected as the result of a court order.
10. **Lien** - A charge upon real or personal property for the satisfaction of some debt or duty ordinarily arising by operation of law.
11. **Payment Plan** - A mechanism for the discharge of the full amount of a debt, prior to commencement of formal legal proceedings or as outlined in the Collections Court Program procedures, by a disbursement of money according to an agreed upon schedule.
12. **"Settlement" of Accounts Receivable** - To accept less than the full amount of a debt as recorded in an accounts receivable account. Also referred to as an "adjustment" or "compromise" of an accounts receivable.
13. **"Uncollectible" Accounts Receivable** - Those accounts receivable for which payment is never expected to be received, either because the debtor cannot pay or because the creditor finds it impracticable to enforce payment.

14. **"Uncollectible Debts" Data Base** - An automated data base containing all pertinent information relative to each accounts receivable which has been "written off" but **not** "settled", "forgiven" or "dismissed". As used in this PPM, an "automated" data base is one which is capable of storing, retrieving and printing in a usable format all pertinent information for each "written off" account. Examples would include spreadsheet or database applications.
15. **Worthless Checks** - Used to describe any situation where the County is not paid by the bank after a check has been presented for payment. This would include NSF ("Not Sufficient Funds") checks (i.e., where insufficient funds are available to cover the amount of a check), cases when a check is written on a closed account, or situations where there has been a fraudulent stop-payment.
16. **"Write-off" of Accounts Receivable** – An accounting entry made to remove an account from the "active" accounts receivable records, reclassify it as "uncollectible", and transfer it to an "uncollectible debts" data base maintained by the originating department. The appropriate accounting entries should be in accordance with GAAP and may include a provision for bad debt expense and an allowance for doubtful accounts.

**As used throughout this PPM, the term "write-off" does not include any activity which results in the "forgiveness" of a debt.**

#### **SCOPE:**

This PPM covers all categories of accounts receivable except those specifically exempted.  
This PPM does not apply in the following situations:

1. Accounts receivable that are subject to direct action by the State, Judiciary or "Quasi-judicial" bodies (e.g., the Code Enforcement Special Magistrate).
2. Receivables that are subject to other County Ordinances such as special assessments.
3. Accounts that are handled by a third party billing company under contracts, which provide for specific billing and collections procedures that differ from those required under this PPM (e.g., Emergency Transport Billings, including ALS by Fire Rescue).

#### **POLICY:**

##### **I. COLLECTION PROCESS**

###### **A. Responsibilities**

1. **County Departments and Agencies**

Primary responsibility for collection of receivables vests 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 and review of the collectability of all accounts receivable including long term notes.

**2. County Collections Coordinator**

The County Collections Coordinator will, upon request from a County Department, assist in the review of their policies and procedures to ensure that minimal debt falls into a "past due" category. When debt does become past due, the Collections Coordinator will expeditiously determine the best method of collection (i.e., in-house versus external collection).

**B. Extent of Collection Efforts**

Reasonably diligent efforts, including all reasonable legal means, will be made by County staff and/or collection agencies under contract with the County to collect amounts owed to the County by outside parties.

As defined by the Attorney General, "reasonably diligent" collection efforts would be those comparable to steps which a successful business person would use in the conduct of his/her affairs. This would include an investigation of the financial affairs of the delinquent debtor to reveal whether judgment should be sought. [AGO 062-143]

**Prohibited collection practices, including, but not limited to, those outlined in Section 559.72, Florida Statutes ("Consumer Collection Practices -- Prohibited Practices Generally") shall not be utilized by County staff and/or outside collection agencies.**

**C. Timeliness**

Receivables will be reviewed at least **quarterly** by the responsible Department to determine if further collection action is necessary. Departments will work with the County Collections Coordinator to take appropriate action regarding these receivables in accordance with the procedures outlined in this PPM.

**D. Interest and Penalty Charges**

All interest and penalty charges allowed by law shall be applied to all overdue debts owed to the County. For worthless checks, this will include all applicable charges as specified in Section 68.065, Florida Statutes.

**E. Accounting**

Appropriate accounting entries, prepared in accordance with GAAP, must be made to record an allowance for doubtful accounts associated with accounts receivable which are determined as unlikely to be collected. These entries should be coordinated with the Revenue Department of Finance in the Clerk & Comptroller's Office.

**F. Records Retention**

Existing records retention laws notwithstanding, all pertinent documentation related to an accounts receivable must be maintained by the responsible Department until such time as the County Collections Coordinator determines that all collection activities have been completed.

**G. Establishment or Revision of Payment Plans**

**1. County Departments and Agencies**

With the approval of the Director of OFMB or designee, individual Department Directors may be authorized to establish payment plans for receivables which originated in their Departments.

**Once an account has been turned over to the County Collections Coordinator or an outside collections agency, the Department Director is no longer authorized to establish payment plans without the concurrence of the Collections Coordinator.**

**2. County Collections Coordinator**

Absent the existence of a Departmental payment plan procedure which has been approved by OFMB, the Collections Coordinator is authorized to work with debtors to establish or revise payment plans for payment of amounts due the County.

The following rules shall govern the establishment or revision of payment plans by the Collections Coordinator:

- a. The Collections Coordinator shall be authorized to establish or revise payment plans where the "full amount" (i.e., the amount of the debt including any additional charges for interest and penalties) of the debt or unpaid balance is **\$25,000 or less**.

- b. Prior approval by the Board of County Commissioners (Board) will be required for the establishment or revision of payment plans where the full amount of the debt or unpaid balance is **over \$25,000**.

**This authority may only be exercised prior to commencement of formal legal proceedings.**

## **II. SETTLEMENT PROCESS**

### **A. Scope of Authority**

The Board of County Commissioners may "compromise and settle" a claim both **prior to** obtaining a judgment thereon as well as **after** a judgment is obtained [AGO 042-98 and AGO November 18, 1933], as further defined below.

### **B. Settlement Criteria**

The County cannot "settle" a debt by agreeing to accept **\$0**. However, as specified by the Attorney General, a debt can be settled for "less than the full amount" under the following conditions:

1. A "disputed debt" (i.e., one over which there is a genuine question as to the validity of the debt or as to the amount) may be compromised if that compromise is "beneficial to the County's interest."
2. An "undisputed debt" may be compromised only if "some benefit to the county is obtained." [AGO 060-90]

Using these criteria, consideration for settlement of a debt for less than the full amount may be appropriate under one or more of the following conditions:

1. When a relatively small dollar amount (i.e., \$25 or less) is involved;
2. When the debt is very old (i.e., three years or more);
3. When the County will incur additional costs associated with the debt which will exceed any potential recovery (e.g., impoundment of animals);
4. When the estimated cost of recovery exceeds the amount of the debt; or
5. When the County Attorney and the County Administrator or their designee agree that it is unlikely that the County would recover the full amount of the debt if the case went to Court.

C. **Delegation of Authority**

The Board of County Commissioners may authorize, through the County Administrator, someone other than the Board to settle a debt.

Absent a specific delegation of authority by the Board of County Commissioners or an order of the Judiciary or a "quasi-judicial" body, the following rules shall govern the settlement of debt by the County:

1. **Worthless Checks**

Prior approval by the Board of County Commissioners will be required for settlement of all worthless checks.

2. **All Other Receivables**

a. **Once an account has been turned over to the County Collections Coordinator or an outside collections agency, the Department Director is no longer authorized to accept payments without the concurrence of the Collections Coordinator.**

b. Department Directors shall be authorized to settle debts where the "full amount" (i.e., the amount of the debt including any additional charges for interest and penalties) of the debt or unpaid balance is **\$250 or less.**

c. Department Directors, with the concurrence of the Collections Coordinator, shall be authorized to settle debts where the full amount of the debt or unpaid balance is **from \$251 through \$1,000.**

d. The Collections Coordinator, with the concurrence of the County Administrator or their designee, shall be authorized to settle debts where the full amount of the debt or unpaid balance is **from \$1,001 through \$2,500.**

e. Prior approval by the Board of County Commissioners will be required for settlement of debts where the full amount of the debt or unpaid balance is **over \$2,500.**

Unless specifically prohibited by law, the Department Director or the Collections Coordinator is authorized to waive all or part of any interest and

penalty charges accruing to the debtor as part of the settlement process. Department Directors and the Collections Coordinator will be responsible for keeping appropriate records to document the rationale for all settlements in accordance with the Florida Department of State General Records Schedule GS1-SL.

**Once an account has been turned over to the Collections Coordinator or an outside collection agency, the Department Director is no longer authorized to settle the debt without the concurrence of the Collections Coordinator.**

**D. Accounting**

Appropriate accounting entries, prepared in accordance with GAAP, must be made to adjust the affected accounts receivable for the results of the settlement process. These entries should be coordinated with the Revenue Department of Finance in the Clerk & Comptroller's Office.

**E. Approval by Department of Banking and Finance**

Approval by the Department of Banking and Finance is not required for the adjustment or settlement by the County for less than the full amount due for accounts receivable unless it has been reported to the Department. If an account or claim has been reported to the Department of Banking and Finance, then the provisions of Section 17.041, Florida Statutes, are controlling, and the account or claim may only be settled for less than the amount due according to law with the written consent of the Department.

Typically, the majority of accounts or claims that are reported to the Department of Banking and Finance are those which are in dispute as to the distribution of funds or if another constitutional officer is involved, thereby possibly creating a political conflict.

**Prior approval by the County Collections Coordinator will be required for any debt recommended to be reported to the Department of Banking and Finance.**

**III. WRITE-OFF PROCESS**

**A. General**

A County debt cannot be "written off" in such a manner as to constitute an extinguishment or forgiveness of the debt. [AGO 062-143]



Receivables deemed to be "uncollectible" shall not be removed from either the County's General Ledger or Departmental "active" accounts receivable records until efforts to collect have been exhausted. After a diligent effort to collect, an uncollectible debt may be transferred to an "uncollectible debts" data base maintained by the originating department (the responsible County Department or the Clerk's Revenue Department in Finance). Records shall be maintained in accordance with the Florida Department of State General Records Schedule GS1-SL.

**B. Accounting**

Appropriate accounting entries, prepared in accordance with GAAP, must be made to record the accounting write-off of the accounts receivable which are determined to be uncollectible. These entries should be coordinated with the Revenue Department or the Financial Reporting Department of Finance in the Clerk & Comptroller's Office and depending on the dollar amount should be discussed with the external auditors.

**C. Timing**

As a general rule, if any receivables remain uncollected after eighteen (18) months from the original date of transmittal to the County Collections Coordinator, they should be "written off" the County's books.

**D. Delegation of Authority**

**1. Worthless Checks**

Prior approval by the Collections Coordinator will be required for the write-off of all worthless checks.

**2. All Other Receivables**

- a. Department Directors or their designee shall be authorized to write off debts in accordance with the policy outlined in Section III of this PPM.

Department Directors and the Collections Coordinator will be responsible for keeping appropriate records to document the rationale for all write-offs in accordance with the Florida Department of State General Records Schedule GS1-SL

**Once an account has been turned over to the Collections Coordinator or an outside collection agency, the Department Director is no longer**

authorized to write off the debt without the concurrence of the Collections Coordinator.

**E. Approval by Department of Banking and Finance**

If an account or claim has been reported to the Department of Banking and Finance, then the provisions of Section 17.041, Florida Statutes, are controlling, and the account or claim may only be written off with the written consent of the Department of Banking and Finance.

**Prior approval by the County Collections Coordinator will be required for any debt recommended to be reported to the Department of Banking and Finance.**

**PROCEDURES:**

**I. WORTHLESS CHECKS**

**A. Collection Process**

**1. Worthless Checks Not Involving Payment Plans**

- a. Original invoices for worthless checks are sent **first class mail** to the maker by the Clerk's Finance Department or the responsible County Department, as appropriate.
- b. If payment is not received after 10 days, a second notice is sent by first class mail evidenced by an affidavit of service of mail.
- c. If the dishonored check is still unpaid after 45 days, the check will be sent to the Collections Coordinator for transmittal to the collections agency.

**2. Worthless Checks Involving Payment Plans**

- a. The individual or entity requesting the payment plan will make their request **in writing** to the County Collections Coordinator.

The written request must include adequate information to justify the establishment of a payment plan.

- b. The Collections Coordinator will review the information presented.
- c. The Collections Coordinator will provide written notification of his decision to the individual or entity making the request.

The written notification must include a statement explaining the rationale for granting the request.

- d. The Collections Coordinator will coordinate with the Clerk's Revenue Department in Finance to establish a payment schedule in the County's accounting system.
- e. Items requiring prior approval by the Board of County Commissioners will be prepared and submitted by the Collections Coordinator on an as needed basis.

**B. Settlement Process**

- 1. The individual or entity proposing the settlement will make their request **in writing** to the County Collections Coordinator.

The written request must include adequate justification for the settlement proposal.

- 2. The Collections Coordinator will review the information presented and evaluate it using the criteria outlined in this PPM.
- 3. The Collections Coordinator will prepare and submit an Agenda Item for consideration by the Board of County Commissioners.
- 4. The Collections Coordinator will provide written notification of the Board's decision to the individual or entity proposing the settlement.
- 5. The Collections Coordinator will coordinate with the Revenue Department of Finance, the preparation of the appropriate adjustment to the affected accounts receivable for the results of the settlement process.

**C. Write-off Process**

- 1. After all reasonable efforts to collect by the Collections Coordinator and/or an outside collection agency have been exhausted; the Revenue Department

of Finance will prepare a list for approval by the Collections Coordinator authorizing the worthless check to be written off the County's books.

2. The Collections Coordinator will coordinate the preparation of the appropriate adjustment to the affected accounts receivable to record the accounting write-off. These accounting entries should be coordinated with the Revenue Department of Finance in the Clerk & Comptroller's Office.
3. Pertinent information relative to the "written-off" accounts receivable (i.e., name, address, check amount, check date, invoice date, second notice date, service charge amount and date transmitted to the Collection Coordinator will be added to an "uncollectible debts" data base maintained by the Clerk's Revenue Department in Finance or the responsible County Department to keep track of all "written-off" accounts receivables.

## **II. ALL OTHER RECEIVABLES**

### **A. Collection Process**

#### **1. Receivables Not Involving Payment Plans**

Absent the existence of a Departmental collection procedure which has been approved by OFMB, the following procedures shall govern the collection of receivables by the County:

- a. The original invoice is mailed by the Clerk's Revenue Department in Finance (for centrally-maintained accounts) or the responsible County Department, as appropriate.
- b. After 30 days, from the due date, a second notice is sent by the Clerk's Revenue Department in Finance or the responsible County Department reminding the customer that the receivable is past due.
- c. After 60 days from the due date, a telephone call should be made by the Clerk's Revenue Department in Finance or the responsible County Department requesting payment and explaining that if the account remains uncollected after 90 days, formal collection action will be taken by the County.
- d. If a receivable remains uncollected after 90 days from the due date, the file will be sent to the County Collection Coordinator who will

determine whether the account will be worked "in-house", turned over to an outside collection agency, or forwarded to the County Attorney's Office.

- e. For those files forwarded to the County Attorney's Office, the County Attorney will make a determination as to whether the debtor in the case warrants prosecution.
- f. Those files that the County Attorney's Office accepts for litigation will be prosecuted and the County Attorney will seek a judgment and/or lien in favor of the County on the delinquent debtor.
- g. If the County Attorney declines to litigate, the files will be returned to the Collections Coordinator.
- h. The Collections Coordinator will determine whether the returned account will be worked "in-house" or turned over to an outside collection agency.
- i. The collection agency will attempt to collect on all accounts turned over to them in accordance with the terms of their contract.

## **2. Receivables Involving Payment Plans**

- a. The individual or entity requesting the establishment of a payment plan or a revision to an existing payment plan will make their request **in writing** to the County Collections Coordinator. The written request must include adequate information to justify the request.
- b. The Collections Coordinator will review the information presented. **The Collections Coordinator may only establish or revise a payment plan prior to commencement of formal legal proceedings.**
- c. The Collections Coordinator will provide written notification of his decision to the individual or entity making the request. The written notification must include a statement explaining the rationale for granting the request.
- d. The Collections Coordinator will coordinate with the Clerk's Revenue Department in Finance or the appropriate County Department to establish or revise the payment schedule maintained in their respective accounting systems.

- e. Items requiring prior approval by the Board of County Commissioners will be prepared and submitted by the Collections Coordinator on an as needed basis.

**B. Settlement Process**

**1. Claims Not Reported to the Department of Banking and Finance**

- a. The individual or entity proposing the settlement will make their request **in writing** to the appropriate County representative (i.e., a Department Director or the County Collections Coordinator), depending on the dollar amount involved.

The written request must include adequate justification for the settlement proposal.

- b. The Department Director or the Collections Coordinator, as appropriate, will review the information presented and evaluate it using the criteria outlined in this PPM.  
In those cases where Court action may become necessary, the Department Director or the Collections Coordinator will consult with the County Attorney's Office and the County Administrator or his designee prior to making a recommendation.
- c. If required based on the dollar amounts involved, the Department Director or the Collections Coordinator will submit their recommendation in writing to the Collections Coordinator or the County Administrator or his designee, as appropriate, for review and signature.
- d. The Department Director or the Collections Coordinator will provide written notification of the County's decision to the individual or entity proposing the settlement. The written notification must include a statement explaining the rationale for the settlement.
- e. The responsible Department will prepare the appropriate adjustment to the affected accounts receivable for the results of the settlement process.
- f. On an annual basis, each Department will furnish a summary, if any of all settlements not previously approved by the Board (under \$2,501 as noted in Section II C 2) to the Collections Coordinator.

This information shall be provided not later than the end of October for the preceding fiscal year.

- g. The Collections Coordinator will prepare a "Receive and File" Agenda Item for presentation to the Board of County Commissioners at the last scheduled meeting in December.

The Agenda Item will contain a summary of the following:

- 1) All settlements made by County Departments and Agencies.
- 2) All settlements made by the Collections Coordinator.

- h. Items requiring prior approval by the Board of County Commissioners will be prepared by the responsible Department and submitted through the Collections Coordinator to the Board of County Commissioners on an as needed basis.

## **2. Claims Reported to Department of Banking and Finance**

- a. Prior to any debt being sent to the Department of Banking and Finance, it must be reviewed and approved by the Collections Coordinator.
- b. If the County desires to settle a claim that has been reported to the Department of Banking and Finance for less than the full amount due according to law, it must incorporate the proposed settlement into a Resolution, stating that the proposed settlement is contingent upon the Comptroller's approval.
- c. Two (2) copies of the Resolution must be submitted to the Department of Banking and Finance.
- d. The Department will return one copy with the Comptroller's action endorsed thereon.

## **C. Write-off Process**

### **1. Claims Not Reported to Dept. of Banking and Finance**

- a. After all reasonable efforts to collect have been exhausted, the Department Director or the County Collections Coordinator, will make a determination that the debt is "uncollectible".
- b. **No accounts currently being worked by an outside collection agency can be written off without the concurrence of the Collections Coordinator.**
- c. The responsible County Department will prepare the appropriate adjustment to the affected accounts receivable to record the accounting write-off. These entries should be coordinated with the Collections Coordinator and the Revenue Department of Finance or the Financial Reporting Department of Finance in the Clerk & Comptroller's Office as appropriate.
- d. Pertinent information relative to the "written-off" accounts receivable will be added to an "uncollectible debts" data base established by the Clerk's Revenue Department in Finance or the responsible County Department to keep track of all "written-off" accounts receivables.

2. **Claims Reported to Department of Banking and Finance**

The same procedures outlined for the "settlement" of debt that has been reported to the Department of Banking and Finance are also applicable to the "write off" of such debt.

  
**VERDENIA C. BAKER**  
**COUNTY ADMINISTRATOR**

**Supersession History:**

1. PPM# CW-F-048, effective 3/1/96
2. PPM# CW-F-048, effective 10/1/02
3. PPM# CW-F-048, effective 4/30/10
4. PPM# CW-F-048, effective 3/10/15