

August 11, 2011

**CHIEF FINANCIAL OFFICER MEMORANDUM NO. 02 (2011-2012)**

**SUBJECT: CLAIMS FOR COLLECTIONS**

This memorandum supersedes Chief Financial Officer Memorandum No. 03 (2010-2011).

Section 17.20, Florida Statutes (F.S.), requires each agency to exercise due diligence in securing payment for all accounts receivable and other claims due to the state. When determining the level of due diligence to exercise, consideration should be given to 1) the agency's independent statutory authority to collect delinquent accounts, 2) the type, age and amount of delinquent accounts, and 3) whether or not the actions taken by the agency are reasonable and cost effective. Furthermore, agencies should document and maintain policies and procedures which fully explain the process of exercising due diligence.

Each agency is required to assign accounts to a collection agency contracted by the Department of Financial Services no later than 120 days after the date on which the accounts are due and payable to the state. This requirement does not apply to agencies that have independent statutory authority to collect delinquent accounts.

If an agency determines that accounts are inappropriate for assignment to a collection agency, or if the agency determines that a different period of time for assignment is more appropriate, the agency must request an exemption from the Chief Financial Officer (CFO) in writing, unless a qualified exception applies.

The exemption request for not assigning accounts to a collection agency must fully explain the nature of the delinquent accounts and the reasons why such accounts should be precluded from being assigned to a collection agency. The reason(s) must indicate that a demonstrative harm to the state will occur as a result of assignment to a collection agency. Any request for a different period of time for assignment must include an appropriate recommended period. The request should be addressed to:

Molly Merry, Chief  
Bureau of Accounting  
Division of Accounting and Auditing  
Department of Financial Services  
200 East Gaines Street  
Tallahassee, Florida 32399-0354

Alternatively, exemption requests may be e-mailed to [claimsforcollections@myfloridacfo.com](mailto:claimsforcollections@myfloridacfo.com).

An agency does not need to request an exemption from the CFO if any of the following applies:

1. Debtor has filed for bankruptcy. <sup>(1)</sup>
2. Debtor is deceased. <sup>(1)</sup>
3. The account has reached its respective statute of limitations. <sup>(1)</sup>
4. Debtor is actively making payments according to a payment plan agreed upon and acceptable to the agency. <sup>(2)</sup>

5. Debtor is a department, division, agency, office, commission, board, or entity within the legislative, executive, or judicial branch of the State of Florida. <sup>(3)</sup>
6. Debtor is a local government entity as defined in Section 218.31(1), F.S. <sup>(3)</sup>

**Note** <sup>(1)</sup> – State agencies should cease collection efforts and ensure that accounts are closed with the collection agency in a timely manner.

**Note** <sup>(2)</sup> – The account should be referred to a collection agency if the debtor stops making payments according to the payment plan.

**Note** <sup>(3)</sup> – Although an exemption is not required, agencies are still required to exercise due diligence in securing payments on these accounts, and any disputes between the state agency and other entity should be resolved in a timely manner.

Agencies should maintain documentation to support these qualified exemptions.

Please contact Mike Rutherford at (850) 413-5594 or [claimsforcollections@myfloridacfo.com](mailto:claimsforcollections@myfloridacfo.com) if you have any questions.