

2021 Debt Collection Workshop

Presented by:

Department of Financial Services
Division of Accounting and Auditing
Bureau of Financial Reporting

Introductions

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Agenda

- Accounts Receivable & Debt Collection
- Write Off
- F.S. 17.20 Annual Claims for Collection Report

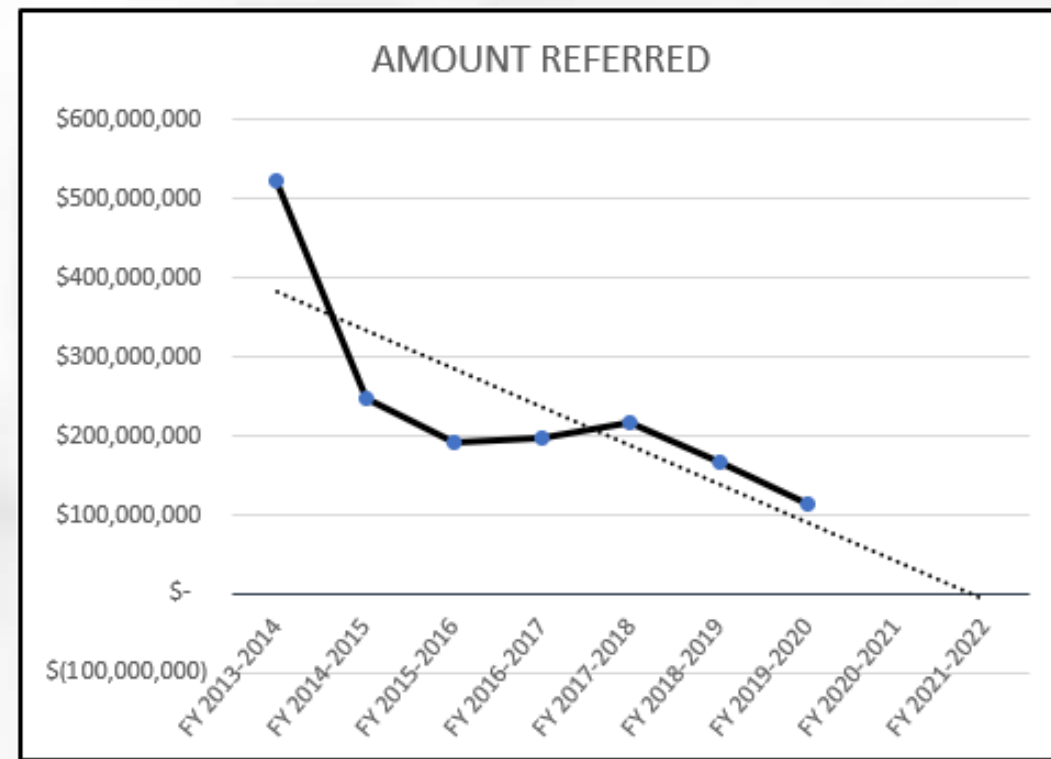
To ask a question: type the question in the Question Box to the right.

Account Receivable & Debt Collection

AR Referrals

- AR - Amounts Referred by fiscal year to Collection

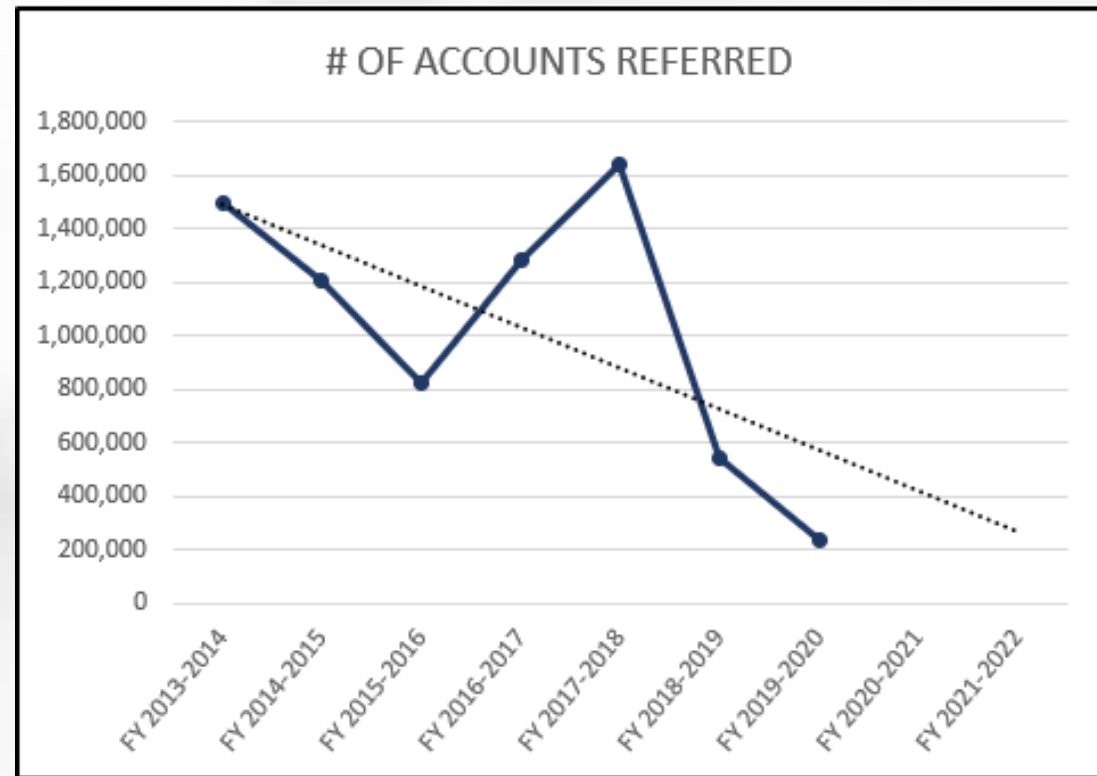
FISCAL YEAR	AMOUNT REFERRED
FY 2013-2014	\$ 523,711,632
FY 2014-2015	\$ 246,259,376
FY 2015-2016	\$ 191,579,845
FY 2016-2017	\$ 196,404,477
FY 2017-2018	\$ 217,971,065
FY 2018-2019	\$ 165,755,554
FY 2019-2020	\$ 114,134,641
FY 2020-2021	
FY 2021-2022	
TOTAL	\$ 1,655,816,590



AR Referrals

- AR - Number of Accounts referred by fiscal year

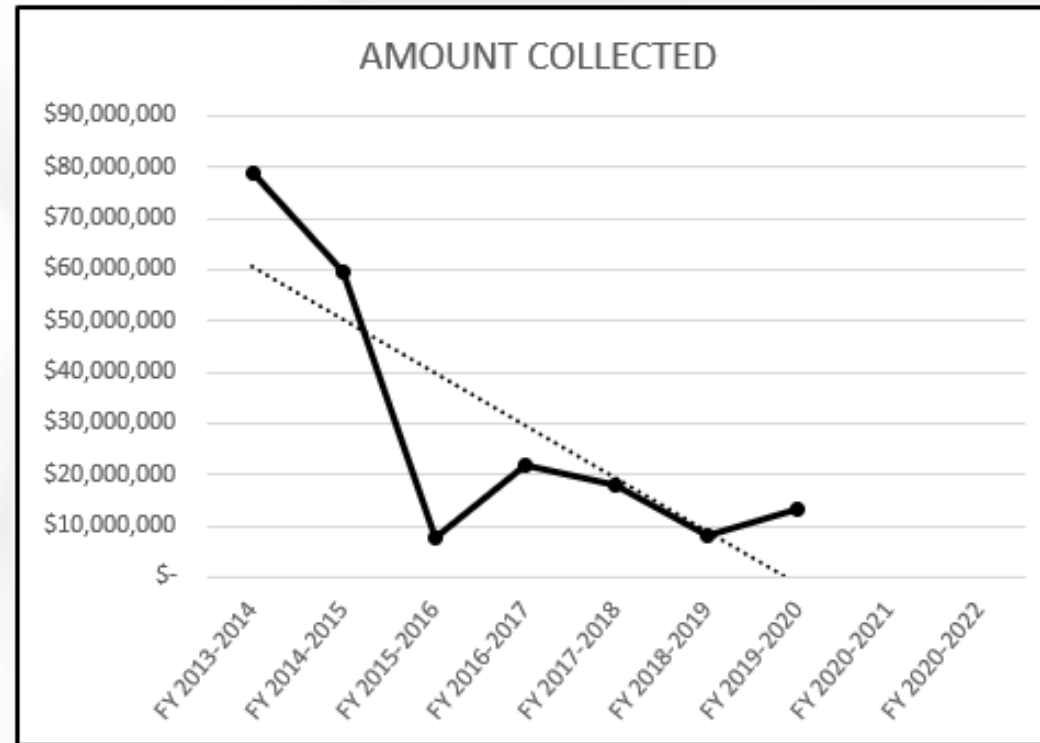
FISCAL YEAR	# OF ACCOUNTS REFERRED
FY 2013-2014	1,497,039
FY 2014-2015	1,212,054
FY 2015-2016	826,300
FY 2016-2017	1,285,930
FY 2017-2018	1,642,486
FY 2018-2019	540,061
FY 2019-2020	240,964
FY 2020-2021	
FY 2021-2022	
TOTAL	7,244,834



AR Recovery

- Amount Collection by fiscal year

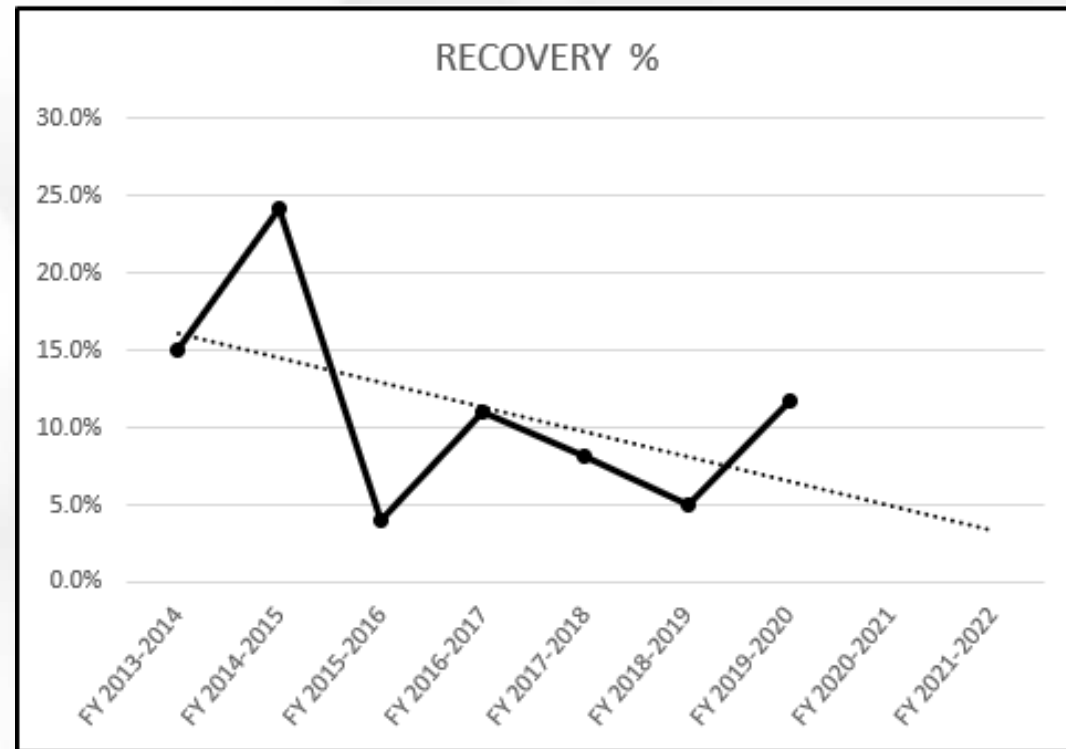
FISCAL YEAR	AMOUNT COLLECTED
FY 2013-2014	\$ 78,976,791
FY 2014-2015	\$ 59,685,755
FY 2015-2016	\$ 7,584,333
FY 2016-2017	\$ 21,691,658
FY 2017-2018	\$ 17,887,657
FY 2018-2019	\$ 8,224,130
FY 2019-2020	\$ 13,332,968
FY 2020-2021	
FY 2020-2022	
TOTAL	\$ 207,383,292



AR Recovery

- AR Statewide recovery percentages

FISCAL YEAR	RECOVERY %
FY 2013-2014	15.1%
FY 2014-2015	24.2%
FY 2015-2016	4.0%
FY 2016-2017	11.0%
FY 2017-2018	8.2%
FY 2018-2019	5.0%
FY 2019-2020	11.7%
FY 2020-2021	
FY 2021-2022	
AVERAGE	11.3%



Guidance and References

- Knowledge
- Experience
- Working Relationships with DCA's

Guidance and References

- Statutes, Rules, United States Code, Memorandums & Guides
 - [Florida Statute 17.04](#) – To audit and adjust accounts of officers and those indebted to the state.
 - Primary Authority for all DC accounts. “Authority to audit, settle, examine, and adjust accts”
 - [Florida Statute 17.20](#) – Assignment of claims for collection.
 - States that a State Agency (SA) must exercise due diligence in securing full payment of all accounts receivables
 - Stipulates that the debt be placed, no later than day 120 days after the date on which the account receivable became delinquent, with a Debt Collection Agent (DCA)
 - Excludes any SA that has their own independent statutory authority to collect delinquent accounts
 - Allows the CFO to review a request from a SA for exemption from parts of this
 - The SA places the delinquent debt with a DCA
 - At or before day 120 of delinquency
 - After day 120 the SA is out of compliance with F.S. 17.20

Guidance and References

- [Florida Statute 95.011](#) – Applicability
 - Referring to a civil action or proceeding called an “action” in F.S. Chapter 95.
- [Florida Statute 95.11](#) – Limitations other than for the recover of real property
 - Limitations on “actions” other than for the recovery of real property.
- [Florida Administrative Code 69I-21](#) – Audit and Adjustment of Accounts and Recovery of Accounts Receivables
 - .001 – Applicability and Definitions
 - .002 – Procedure for Adjustment of State-Owned Property Records
 - .003 – Procedure for Collection of Delinquent Accounts
 - .004 – Recovery of Non-salary Sums Due the State from State Officers and Employees
 - .005 – Procedure for Processing and Approving Settlement of Claims in Favor of the State
- [15 U.S.C. CHAPTER 41 SECTION 1692](#) – Fair Debt Collection Practices Act
 - Big change in the FDCPA this year.
 - [Florida Statute 222.11](#)

Guidance and References

- [Forms](#)
 - Financial Reporting
 - DFS-A1-1829 DFS Debt Collection Referral Form
 - DFS-A1-1950 Accounts Receivables Write-Off Form
 - DFS-A1-1951 Property Write-Off Form
 - DFS-A6-2095 Annual Report of Claims for Collections Form
- [Chief Financial Officer Memorandum No. 14, 2020-21](#) – Claims for Collections
 - More later about this
- [Agency Addressed Memorandum No. 05, 2018-19](#) – Reporting Delinquent Accounts – Section 17.20, Florida Statutes
 - More later about this

Guidance and References

- [Reference Guide for State Expenditures](#)
 - Pages 79 – 80
 - Settlement Claims Against the State
- [Payroll Preparation Manual](#)
 - Section II
 - Pages 1-14
 - Payroll Processing Back Pay / Settlement / Retroactive Pay / Manual Payroll

Exemptions & Extensions

“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.”

Exemptions & Extensions

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

1. Debtor has filed for bankruptcy. (1)
2. Debtor is deceased. (1)
3. The account has reached its respective statute of limitations. (1)
4. Debtor is actively making payments according to a payment plan agreed upon and acceptable to the agency. (2)
5. Debtor is a department, division, agency, office, commission, board, or entity within the legislative, executive, or judicial branch of the State of Florida. (3)
6. Debtor is a local government entity as defined in Section 218.31(1), F.S. (3)

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

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

Note (3) – 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.

Exemption & Extension Requests

Please email the letter to:

Tammy Eastman, Chief
Bureau of Financial Reporting
Division of Accounting and Auditing
Department of Financial Services
FinancialReporting@myfloridacfo.com.

Account Placement

- Complete and submit a Debt Collection Referral Form to selected vendor no later than 120 days after the original due date.

[69I-21.003: Procedure for Collection of Delinquent Accounts](#)

- Submit accounts to collections using the Agency Approved Debt Collection Referral Form [DFS-A1-1829](#)

Client ID	Responsible Party First Name	Responsible Party Last Name / Business Name	Co-Debtor	FEIN/SSN

- Accounts can be withdrawn and placed at agency discretion.
- Complete the Vendor Selection Agreement Form to use a new collection vendor. Contact FinancialReporting@myfloridacfo.com for a copy of the form.

- **Vendor Selection Agreement Form**
- The Submitting State Entity (SSE) and the Contractor both agree to meet the responsibilities in the Contract # _____ resulting from Request for Proposal (RFP) DFS AC RFP 15/16-09.
- Any contract concerns or issues will be brought to the attention of the Contract Manager for resolution.
- IN WITNESS WHEREOF, the parties by their duly authorized representatives have signed this Agreement.
- _____
- Contractor Name
- _____
- Contractor Representative Name:
- _____
- Contractor Representative Signature:
- Title: _____
- Date: _____
- _____
- State Agency Name
- _____
- State Agency Representative Name:
- _____
- State Agency Representative Signature:
- Title: _____
- Date: _____

Attachment N

Vendor

Selection

Agreement

Form

Meet Your Vendors

Municipal Services Bureau (MSB)

FACTS AC086

Collection Fee = 22%

Valrie Humphrey

Juanita.Valdez@gilacorp.com

(512) 323-4341

United Collections Bureau (UCB)

FACTS AC088

Collection Fee = 17.50%

Scott Post

sbpost@ucbinc.com

(419) 559-8047

National Enterprise Solutions (NES)

FACTS AC085

Collection Fee = 14%

Jim Valhalik

jvalhalik@net1.com

(614) 361-7363

Transworld Systems (TSI)

FACTS AC087

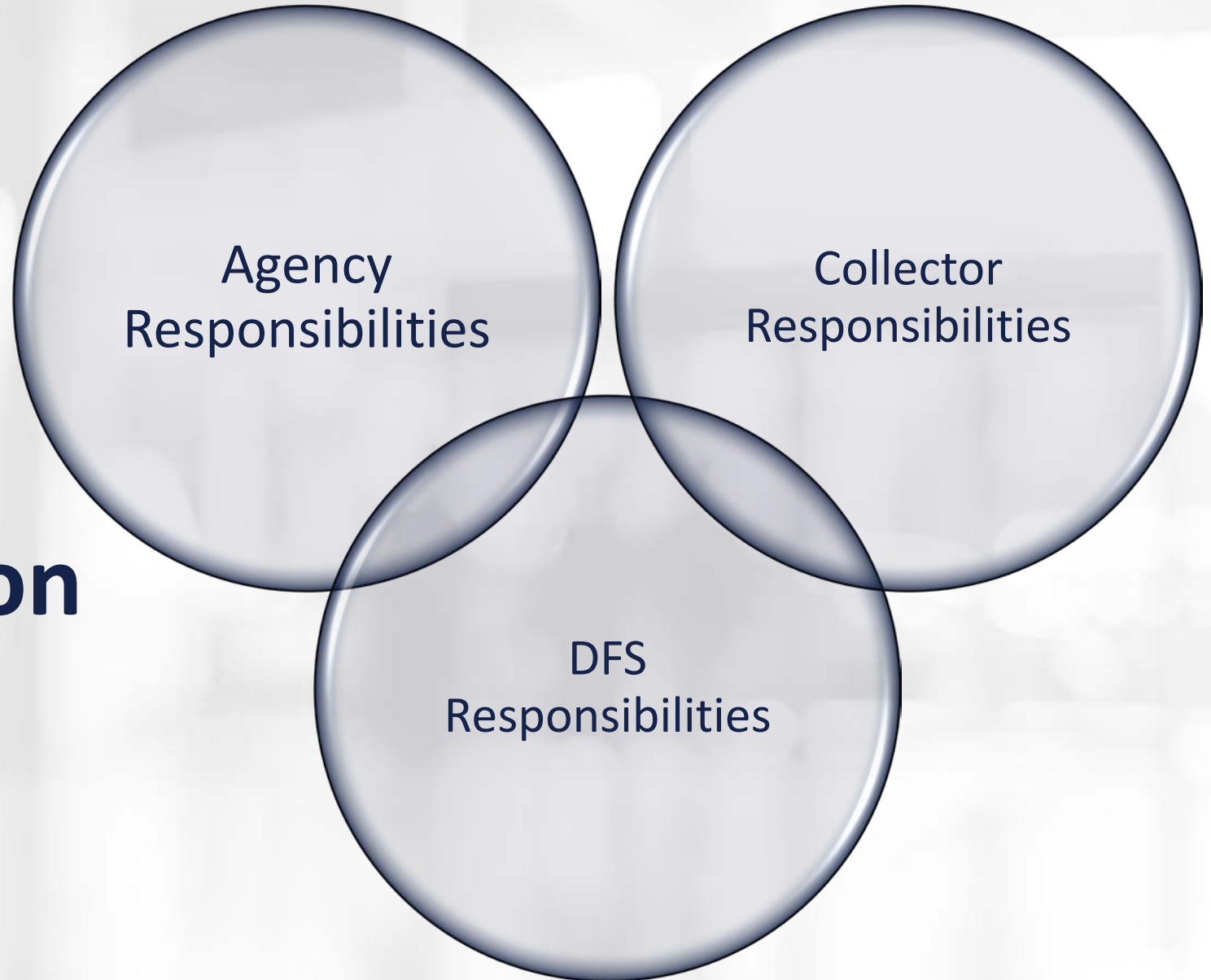
Collection Fee = 13%

Cathy Rogers

Cathy.Rogers@tsico.com

(813) 546-2243

Debt Collection Contract



State Agency Responsibilities

- **COMMUNICATION** – Keep DFS informed about decisions
 - Selecting or change a DCA
 - Alert DFS of any DCA performance issues
 - References
- **PLACEMENT** – Make sure delinquent accounts are assigned to a DCA before day 120 of delinquency
- **INFORMATION** – Provide the DCA all available information in reference to the Consumer / Debtor
 - The more you can provide the easier it is to collect
- **CONTINUE LEARNING** – Participate in the DCA annual trainings
 - Keep in mind that anytime a new person on-boards at your Agency the DCA will provide training
 - Ask questions
 - Research
 - Share

DFS Responsibilities

- **LIAISON and CONTRACT MANAGER**
 - **COMMUNICATION** – Keep SA / DCA informed about decisions
 - **PLACEMENT** – Make sure SA are assigning their delinquent accounts to a DCA before day 120 of delinquency
 - **INFORMATION** – Ensure that the SA / DCA is getting all available information in reference to changes in guidance
 - **CONTINUE LEARNING** – Participate in the DCA annual trainings with the SA
 - Ask questions
 - Research
 - Share

Debt Collection Agent Responsibilities

- **CUSTOMER SERVICE**
 - Communication
 - Provide our State good Customer Service
 - Required to respond to written inquiries within two (2) business days
- **QUICK SERVICE**
 - Provide prompt service to the State
 - When the DCA receives placements how quickly do they:
 - Validate the data
 - Start mailing
 - Start calling
 - Start skip tracing actives on unknown addresses or telephone numbers
 - Provide prompt service to your Consumers
 - Debt challenges
 - Proof of debt requests
- **RESULTS**
 - What are you collection percentages
 - Collecting debt in full
 - Setting up payment plans

Accounts Receivable Write- Off & Property Adjustment Process

AR Write-off

Process for Requesting AR Write-off

- Submit a letter signed by the Finance and Accounting Chief or Equivalent stating the total amount and number of accounts and an explanation as to why the accounts need to be written-off
- Submit completed Form DFS-A1-1950
- Email to FinancialReporting@myfloridaCFO.com

Consideration

- Due Diligence
- Generally Accepted Accounting Principles (GAAP)

Criteria

- Deceased debtor
- Bankruptcy
- Statute of Limitations
- *Other

AR Write-Off

examine, audit, adjust, and settle any accounts of the state

**Statute of
Limitations**

[Section 95.11 Florida Statutes](#)

Agencies are responsible for submitting their respective Statute of Limitations to the selected collection vendor

Agencies need to monitor monthly account inventory reports and ensure that accounts that have met their statute of limitations are recalled and closed

Property Adjustments

- A write-off is an accounting function and not debt forgiveness
- Missing & Stolen Property ONLY
 - Reference Section 273, F.S. State-owned Tangible Property
 - 69I-21.002- Property adjustment requirements
 - DFS-A1-1951
 - Request Letter
- Consideration
 - Missing Property
 - Internal Control documentation
 - FLAIR printouts
 - Stolen Property
 - Police Reports



17.20 Annual Claims for Collection

Memorandums

- [Chief Financial Officer Memorandum](#) No. 14, 2020-21 – Claims for Collections
- [Agency Addressed Memorandum](#) No. 05, 2018-19 – Reporting Delinquent Accounts – Section 17.20, Florida Statutes
 - Cover later in presentation

17.20 F.S. Claims for Collection

- 17.20(2)- CFO responsibilities regarding the collection of state-owned debt
- 17.20(3)- Agency responsibilities regarding the collection of state-owned debt
- 17.20(4)- Agency Annual Claims for Collection Annual Report
- 17.20(5)- CFO Annual Claims for Collection Annual Report

17.20 Florida Statutes

Agency Responsibilities

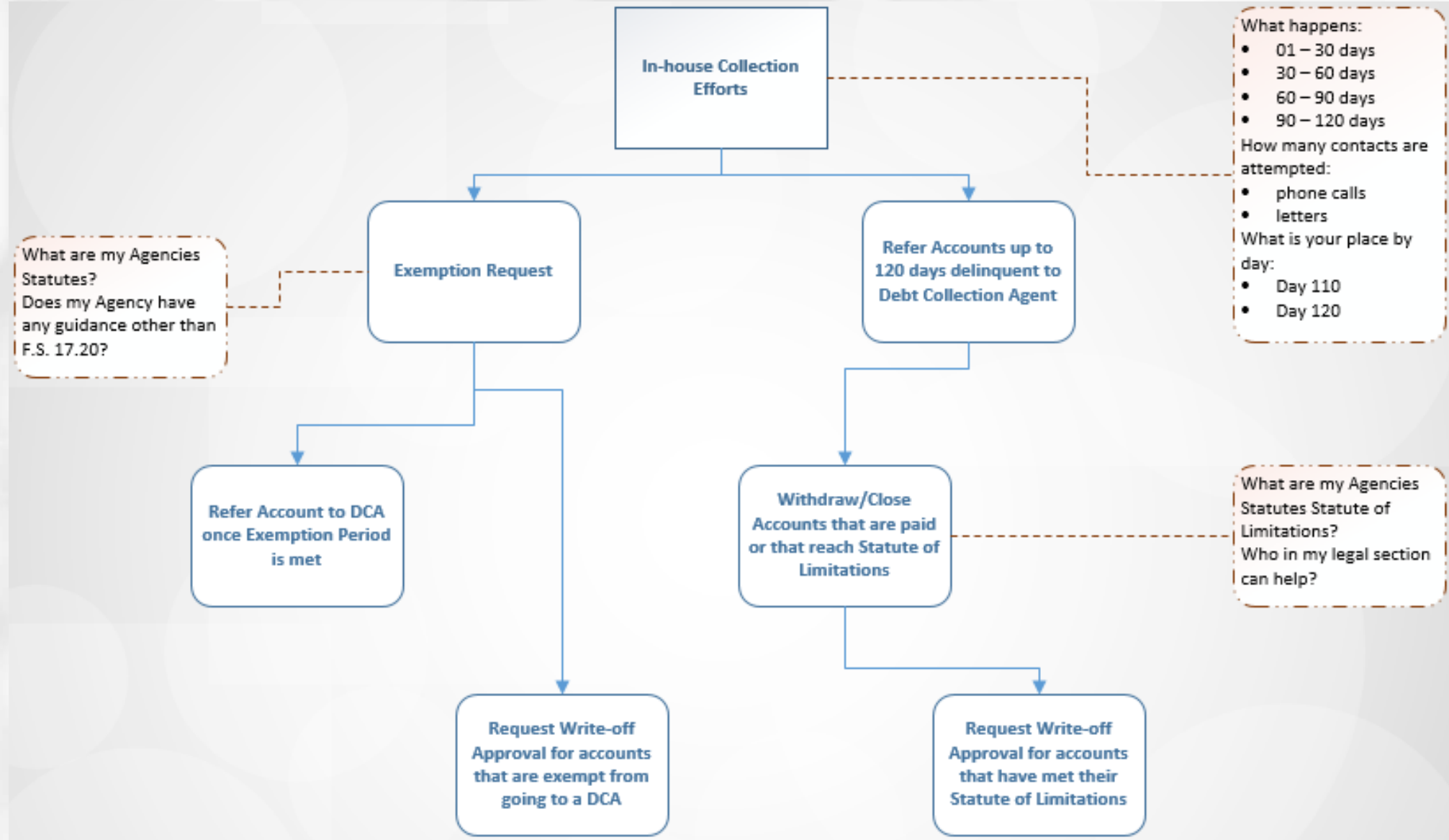
Exercise Due Diligence

Refer accounts to collections-120 days

Submit Annual Report - Due October 1st

Due Diligence

- Means - Measure of prudence, responsibility, and diligence that is expected from, and ordinarily exercised by, a reasonable and prudent person/organization under the circumstances.
 - **17.20-** “Each agency shall be responsible for exercising **due diligence** in securing full payment of all accounts receivable and other claims due the state.”
 - **Rule 69I-** “When determining the level of **due diligence** to exercise, consideration shall be given to the agency’s **independent statutory authority** to collect delinquent accounts; the type, age and amount of delinquent accounts; and whether or not the actions taken by the agency are **reasonable and cost effective**. Agencies shall establish, document and maintain policies and procedures which fully explain the process of exercising **due diligence**.”
 - “...agencies must regularly monitor collection activities on accounts assigned to a debt collection agent and verify the accuracy of amounts collected and the related collection fees.”



Due Diligence

- In House Collections
 - Policy & Procedures
 - Phone Calls / Correspondence / [Emails](#) / etc.
 - Account Referrals to DCA
 - Referred within 120 days
 - Monitor, verify for accuracy
 - Exemptions
 - Accounts Paid-In-Full or Written Off
 - Recall accounts from collections

Due Diligence

- Consistent
- Effective
 - Market Practices
 - Collection Rates
 - Industry Statistics
 - Aging
 - Monitoring
- Comparison
- Up-to-date

Due Diligence

Checkpoints:

✓ Annual Claims for Collection Report

Original Due Date	Date Referred	Explanation if account was older than 120 days at time of referral

✓ Write-Off Requests

Reason for Write-Off	Other Reason for Write-Off	Due Diligence
Use drop down box to indicate reason for writing accounts off	If other was selected, please indicate reason for write-off	Indicate how the Agency has satisfied the Due Diligence Requirement (e.g., number of letters sent, etc.)

F.S. 17.20 Claims for Collection Annual Report



- Report Template DFS-A6-2095
- Tab A - Accounts Referred for Collections
- Tab B - Accounts Not Referred for Collections
- Tab C - All Accounts Written-Off

**Due by
October 1**

<u>Accounts Referred for Collection in Fiscal Year</u>													
<i>Section 17.20 (4)(a), Florida Statutes</i>													
Agency:													
Agency Contact:													
Email:													
Phone Number:													
										<i>Totals</i>	\$0.00	\$0.00	\$0.00
Agency OLO (6 digits)	Debtor First Name (Optional)	Debtor Last Name/Company Name	Debt Type	Description of debt if "other" is selected as debt type	Account Status	Original Due Date	Date Referred	Explanation if account was older than 120 days at time of referral	Original Amount Referred	Amounts Collected	Uncollected Balance		

Section 17.20 Florida Statutes

- CFO
 - May assign claims to a DCA
 - May authorize the DCA to add a collection fee
 - Finalize the Annual Report
 - Compilation of ALL SA's 17.20 Report

17.20 Claims for Collection Annual Report

Report Tabs 5a, 5b, 5c, 5d

- Tab 1 – Claims Referred for Collection
- Tab 2 – Outstanding Accounts by Agency & Amount
- Tab 3 – Timeliness of Claims Referral
- Tab 4 – Amount of Claims Collected

**Due by
December 1**

Report- Best Practices

1

Do Not Alter
the Template

2

Check Imported
Data Formats

3

Complete All
Required Fields

4

Use Explanation
Field if > 120
Days

Executive Summary – What is your story?

- Narrative
- Trends
- Statistics
- Compliance
- Successes
- Challenges

17.20 Recipients

President of the Senate

- Current Officer: Wilton Simpson – Wilton.Simpson@flsenate.gov or officeofthesenatepresident@flsenate.gov

Speaker of the House of Representatives

- Current Officer: Chris Sprowls - Chris.Sprows@myfloridahouse.gov

Chief Financial Officer

- Current Officer: Jimmy Patronis- FinancialReporting@myfloridacfo.com



Annual Check List

- Review each Statute, Law, U.S.C. & Memo
 - Includes each State Agencies own Statutes & Laws
- Update all Exemptions with the CFO
- Review State Agencies Policy, Procedures and Business Rules
- How are our relationships with the Debt Collection Agents?
 - Good?
 - Not so good? (You have other options.)
- Prepare for and complete annual write off submittals
- Prepare for and complete F.S. 17.20 annual report
 - While preparing the report
 - How did your State Agency do with internal collections?
 - What where your annual placements -v- collections?
 - Are their any placements made over 120 days? If so, why?
 - Can it be fixed?
 - Should an Exemption be considered?

Contact Information

- **Tammy Eastman**
850-413-XXXX
Tammy.Eastman@myfloridacfo.com
- **Susan Sloan**
850-413-5746
Susan.Sloan@myfloridacfo.com
- **Vacant**
850-413-XXXX
- **Claims for Collections**
FinancialReporting@myfloridacfo.com
- **Accounting & Auditing Website**
<http://www.myfloridacfo.com/Division/AA/StateAgencies/DebtCollectionProgram.htm>

DEPARTMENT OF FINANCIAL SERVICES



CFO JIMMY PATRONIS