

## 60.3 – Perform Collections and Aging

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## Table of Contents

General Information .....	3
Dependencies and Constraints .....	3
Business Process Overview .....	3
Business Process Flow Details .....	5
Ledger Impacts .....	8
Reports .....	8
Terminology .....	10

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## General Information

This document describes and depicts the process steps and supporting information for the identified State of Florida financial management business process. This information should be read in conjunction with the Business Process Flow Diagrams.

The Dependencies and Constraints section describes any conditions or criteria that impact how or when the business process should be executed. These could be set within Florida PALM or from external sources (i.e., Law or Rule).

The Business Process Overview section summarizes the business process and provides context for understanding the objectives and desired outcomes of the described business process.

Within the Business Process Flow Details section, included for each process step are:

- **Process Step ID** – A unique number assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Process Step Title** – A short description assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Description of Process** – A detailed narrative description of the process step, which provides additional information and context for understanding the process step

Also described below are the Ledger Impacts and *Reports*, which are displayed as icons on the Business Process Flow Diagrams. Ledger impacts describe where there is an update to one of the ledgers used to track activity for accounting, budget management, or financial reporting purposes. Reports describe where a report is identified to be produced at a particular process step or is used to support the completion of a process step.

Finally, included in the Terminology section are definitions of terms which will help the reader to better understand the document. These are terms that are used within this document that may be new or that require a description for common understanding.

## Dependencies and Constraints

- The collection process is dependent on agency business systems providing accurate and timely customer and accounts receivable information through an interface to Florida PALM
- Agencies typically use agency business systems to track and monitor accounts receivable details at the customer level
- External collection agency ability to provide collection data to interface with Florida PALM
- Agency write-off requests are dependent on the review and approval process by the DFS Write-Off Approver

## Business Process Overview

The Perform Collections and Aging business process is within the Accounts Receivable (AR) business process grouping. AR includes a collection of business processes that:

- manage accounting, reporting, and collection of outstanding State revenues;

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- support the intake and accounting for cash receipts; and
- ensures that the write-off of outstanding debt is appropriately approved.

This business process addresses how the State monitors outstanding AR, performs collection activities, and write-off uncollectible accounts.

The business subprocesses included are:

- 60.3.1 – Collections
- 60.3.2 – Write-Off

Section 17.20, Florida Statutes (F.S.), requires each agency to use due diligence in securing full payment of all accounts and claims due to the State. If an agency has exhausted all lawful measures available to collect an AR, section 17.20(3)(a), F.S., provides that agencies report delinquent AR to a collection agency no later than 120 days after the date on which the account is due. The Department of Financial Services (DFS), Division of Accounting and Auditing (A&A) may approve an exception, including approving a different period for assigning the past due amount to a collection agency. Section 17.04, F.S., provides for DFS is to examine, audit, adjust, and settle the accounts of the State.

The Florida PALM Collections Business Process provides AR aging analysis, sending statements and notices to customers, and referring customers to external collection agencies. This process includes a Collection Workbench that allows agencies a central work space that presents a complete view of each customer. The Agency Collection Processor can perform day-to-day collection activities including accessing and completing action items and following up with customers. The Collections Workbench provides the agency with information and metrics needed to diligently track and manage customer data from the day the customer receives a statement until it is paid or referred to a collection agency. If unable to collect, the Agency Collection Processor can request write-off approval from A&A through workflow.

## Business Process Flow Details

The tables below describe steps in each business subprocess as reflected on the Business Process Flow Diagrams. The tables also reflect information associated with each step describing the intent of the specific process.

The Business Process Flow Diagrams use horizontal swim lanes to depict where activities are performed by different parties or systems. Each swim lane is titled with a role, either agency-based or within Department of Financial Services (DFS), and in some cases, are representative of an external entity or system. The swim lanes may change from page to page within a single business subprocess as more or fewer roles are required to execute sections of the business subprocess. Optionally, the process flow diagram may reflect vertical swim lanes to further designate information such as systems or time intervals.

Table 1: Collections

60.3.1 – Collections		
Swim Lanes – Definition	<b>Agency Collection Approver:</b> agency role responsible for reviewing and approving delinquent accounts <b>Agency Collection Processor:</b> agency role responsible for processing delinquent accounts <b>External Collection Agency:</b> (Non-Florida PALM role) external role responsible for processing delinquent accounts after the State has performed its collections process	
Process Step ID	Process Step Title	Description of Process
1	Need to Collect AR	The Agency Collection Processor needs to collect a receivable in Florida PALM.
2	Run Aging Process	Florida PALM automatically processes aging for all customers in all business units. This process runs at predefined intervals (e.g., daily).
3	Monitor AR Aging Analysis	The Agency Collection Processor monitors the age of open receivables to determine whether it is paid timely. If the customer does not pay within the required timeframe, the account is considered delinquent and late fees may be added to the customer account. The agency has the capability to set different aging timeframes for various debt types. If an open receivable is eligible for offset, it may be collected in the Offset subprocess.
4	Run Condition Monitor	Florida PALM calculates late fees (e.g., flat fee, number of days, and percentage) automatically at predefined intervals. Any late fees added to the agency’s AR are booked and the customer balance is updated.
5	Manually Add/Correct Late Fees	If a correction is needed to the late fee calculation or an atypical scenario arises, the Agency Collection Processor can manually add/adjust the late fee.
6	Run ARUPDATE	This process generates the accounting for late fees associated with the open AR and updates the status.

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Process Step ID	Process Step Title	Description of Process
7	Process/Print Customer Statements	The Process Statements program gathers customer and AR data to produce customer statements; either an open AR or balance forward statement can be prepared and sent through email and/or regular mail. The process automatically runs in predefined intervals.
8	Process/Print Delinquent Notices 30/60/90	Florida PALM generates notices to customers with past due balances based on aging timeframes (e.g., 30, 60, or 90 days).
9	Send Delinquent Notifications	If delinquent notices are not being sent, the accounts remain in the Monitor AR Aging Analysis process and continue to be worked by the agency. Prior to delinquent notices being sent, the Agency Collection Approver must review and approve the delinquent notice through workflow. Approved delinquent notices can be emailed and/or printed and mailed to customers as defined in the customer contact set up for the "Bill to Customer".
10	Compile Collection Data	If the open receivable is not collectible, it must be closed as described in the Write-off subprocess. If the open receivable is eligible for external collections, the Agency Collection Processor aggregates the collection data that has been identified to be sent to the collection agency. In some cases, agencies are exempt from sending items to the collection agencies and continue to monitor AR aging.
11	Export Collection Data	The Agency Collection Approver reviews the accounts to be sent to the collection agency. If the account is not approved, The Agency Collection Processor continues with the Monitor AR Aging process step. If approved for sending to a collection agency, an automated process generates a collection data file.
12	Collection Data	An interface provides a collection data file for collection agencies.
13	Perform Collection Activities	The collection agency contacts customers (e.g., letters and phone calls) to collect amounts owed.
14	Collection Activities	State contracted collection agencies are contractually required to provide the State detailed collection activity monthly. Agency contracted collection agencies may be required to report detailed collection activity.
15	Import Collection Activities	An automated process loads collection activity into Florida PALM.
16	Customer Payment Data	If the accounts are partially or fully collected, the collection agency generates the inbound customer payment information file, which is imported through the Deposit and Apply Receipts Business Process flow to record the customer payments.
17	Close and Return	If the collection agency is not able to collect and the AR is no longer legally collectible (e.g., bankruptcy, death, or statute of limitations), the collection agency closes and returns the account

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Process Step ID	Process Step Title	Description of Process
	Collection Data	to begin the write-off process. This data may contain accounts recalled by the agency for any reason (e.g., placed in error). An agency contracted collection agency is not required to provide a close and return file. In this example, the Agency Collection Processor manually updates the customer account activity.
18	Import Close and Return Collection Data	An automated process loads close and return data into Florida PALM.
19	Update Customer Record	Throughout the lifecycle of an account at collections, pertinent collection activities are reflected/updated on the customer account (e.g., number of calls placed on account, address changes, status of payment, and collection agent fees). After the collection agency closes and returns customer outstanding receivables, the open AR status is updated. The agency determines if the open AR is maintained or identified for closeout.
20	Process Annual Debt Collection Reporting	The Annual Report of Claims for Collections, Section 17.20(4), F.S., and the Annual Chief Financial Officer (CFO) Collection Report, Section 17.20(5), F.S., are submitted each year.

Table 2: Write-Off

60.3.2 - Write-Off		
<b>Swim Lanes – Definition</b>	<b>Agency Collection Processor:</b> agency role responsible for processing write-offs <b>Agency Write-Off Approver:</b> agency role responsible for reviewing and approving write-offs <b>DFS Write-Off Approver:</b> DFS role responsible for reviewing and approving write-offs	
Process Step ID	Process Step Title	Description of Process
1	Analyze Customer Accounts	The Agency Collection Processor analyzes and reconciles customer accounts to determine if an outstanding balance needs to be written off (e.g., statute of limitations, bankruptcy, or deceased).
2	Create Maintenance Worksheet	If the analysis requires a write-off action, the Agency Collection Processor creates and submits a Maintenance Worksheet with the receivable selected to write-off. The worksheet is routed through the approval workflow to the Agency Write-Off Approver.
3	Set Worksheet to Post	If approved by the Agency Write-Off Approver and the write-off does not need DFS approval, Florida PALM automatically posts the worksheet. If approved by the Agency Write-Off Approver and the write-off requires DFS approval, the Maintenance Worksheet is forwarded to the DFS Write-Off Approver. If not

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Process Step ID	Process Step Title	Description of Process
		approved, the worksheet routes back to the Agency Collection Processor to update and correct. If approved by the DFS Write-Off Approver, Florida PALM automatically posts the worksheet. This allows the Receivable Update process to post the write-off. If additional information is requested by the DFS Write-Off Approver, the worksheet routes back to the Agency Collection Processor to update and correct. If declined by the DFS Write-Off Approver, the agency continues to analyze the customer accounts.
4	Run ARUPDATE	This process generates the accounting for write-offs. The Agency Collection Processor then updates the status to write-off.

## Ledger Impacts

Table 3: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Late Fees	Increases AR Increases Revenue
LI2	Actuals Ledger – Write-Off	Decreases AR Decreases Allowance for Bad Debt

## Reports

Table 4: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	AR Aging Report – provides aging of open balances for every customer	On Demand, Periodic	Agencies
R2	Customer Statement – provides account balance to customer	On Demand, Periodic	Agencies, Customers
R3	Delinquent Notices – provides delinquent notices to customers with past due balances based on aging timeframes	On Demand, Periodic	Agencies, Customers
R4	Collection Data Report – provides customer collection data to the Agency Collection Approver and the External Collection Agency	On Demand, Periodic	Agencies, External Collection Agency
R5	Annual Debt Collection Report – provides the number of claims referred for collection, accounts	On Demand, Periodic	DFS A&A, Governor, President of the Senate, Speaker of

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Report Number	Report Description	Report Frequency	Audience
	by age and amount, and amount collected. This is known as the Annual CFO Collection Report, Section 17.20(5) F.S.		the House of Representatives
R6	Accounts Referred for Collection in Fiscal Year – provides a list of all AR referred to the external collection agency during the fiscal year. This is known as the Annual Report of Claims for Collections, Section 17.20(4)(a) F.S.	On Demand, Periodic	Agencies, DFS A&A, President of the Senate, Speaker of the House of Representatives
R7	Accounts Not Referred for Collection – provides a list of delinquent AR over 120 days old, not referred for collection during the fiscal year. This is known as the Annual Report of Claims for Collections, Section 17.20(4)(b) F.S.	On Demand, Periodic	Agencies, DFS A&A, President of the Senate, Speaker of the House of Representatives
R8	Accounts Written-Off – provides a list of accounts approved to be written off by the DFS Write-Off Approver. This is known as the Annual Report of Claims for Collections, Section 17.20(4)(c) F.S.	On Demand, Periodic	Agencies, DFS A&A, President of the Senate, Speaker of the House of Representatives
R9	Collection Activities Report – provides due diligence performed by the external collection agency	On Demand, Periodic	Agencies, DFS A&A
R10	Collection Payment Report – provides payments collected by the external collection agency	On Demand, Periodic	Agencies, DFS A&A
R11	Close and Return Report – provides a list of accounts being closed and returned to the State	On Demand, Periodic	Agencies, DFS A&A

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## Terminology

**Accounts Receivable** – money a customer legally owes the State with a reasonable expectation of collection.

**Aging** – technique for evaluating the composition of accounts receivable by grouping according to length of time the accounts have been outstanding.

**Collection Agency** – agency contracted by the State to pursue recovery of moneys due to the State accounts which have been deemed delinquent.

**Condition Monitor** – a process that analyzes the schedules, customers, AR, and rules to determine what to monitor. This process selects customers that meet the criteria specified on the Condition Monitor page.

**Customer** – individual or entity that conducts business and/or financial transactions with the State of Florida or otherwise is obligated to pay funds or incurs debt to the State.

**Delinquent Accounts Receivable/Debt** – account or claim due an agency which remains unpaid on the day after the date upon which the account or claim was due and payable.

**Legally Collectible** – obligation where there is no lawful restriction on pursuing collection.

**Maintenance Worksheet** – a workspace for adjusting and writing off posted receivables.

**Payment** – exchange of funds to compensate or discharge an obligation.

**Write-Off** – procedure for accounting for receivables deemed uncollectible.