

 CITY of DETROIT	OFFICE OF THE CHIEF FINANCIAL OFFICER OFFICE OF THE TREASURY	Guiding Policy	CFO Directive 2018-101-021
		Category	Revenue Management
		SOP #	SOP-2024-07-01
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Division	Office of the Treasury	Reviewed By	Nikhil Patel - Deputy CFO/ Treasurer Nur Barre - Deputy Treasurer
SOP Owner	Revenue Collections Brach	Last Reviewed/Update Date	7-2-2024
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SOP: Write-off and removal of uncollectable Accounts Receivables

1. OVERVIEW

In accordance with the Detroit Code of Ordinances Section 17-6-3, Code 1964, § 21-4-1; Code 1984, § 18-6-2), receivables that are not collected within 30 days are referred to the City Treasurer for collection.

The billing and collection of City-wide delinquent receivables is, in general, the responsibility of the Office of the Treasury's Revenue Collections Branch. Development and maintenance of procedures and calendar to guide the regular billing of the various receivable types is the responsibility of the Office of the Treasury.

Upon multiple different attempts to collect on a debt and research by RCU, a debt may be deemed uncollectable.

Uncollectable debt can also contain error correction, i.e. debt that should not have been billed but remains on the General Ledger.

These debts can be Accounts Receivables in Oracle ERP, certain fees and parcels in DPP.net that are not Personal Property, and other balance not being billed in either system but entered on the GL.

2. PURPOSE

- 2.1. The purpose of this Standard Operating Procedure (SOP) is to set forth a procedure for moving forward with the write-off process for these types of accounts that require City Council approval.
- 2.2. This procedure does not apply to accounts receivables corrections that need to be made because of incorrect data entry or invoice errors.

3. OBJECTIVES

- 3.1. To address the reasons an account is uncollectable.
- 3.2. To define, specifically, what these accounts include.
- 3.3. To document the write-off process to ensure timely collection activity of new debts and clean uncollectable amounts from the General Ledger.

4. ACCOUNTS THAT CAN BE DEEMED UNCOLLECTABLE

- 4.1. General Accounts Receivables that are past the Statute of Limitations and deemed uncollectable by Revenue Collections. These include Fire Occupancy Permits, expired PILOTs, and various billings from DPW, GSD, PLD, Airport, etc.
- 4.2. Fire-EMS collections that have aged past the collections timeframe of 3rd party collectors Digitech and H&H.
- 4.3. Parking fines collections that have aged past the collections timeframe of the Municipal Parking Department's 3rd party collectors.
- 4.4. Solid Waste fees, billed by DPW on the Property Tax bill, that should not have been assessed.
- 4.5. Real Property Tax parcels that are owned by the Land Bank, are a Special Act not collected by Wayne County (OPRA, NEZ, CRA, etc.) and other miscellaneous parcels.
- 4.6. Any other balance that are subject to write off that go before the Detroit City Council.

5. PROCEDURES

- 5.1. Starting the first week of October of each fiscal year, RCU in collaboration with the Deputy Treasurer of Cash Flow Management will obtain the underlining reporting with new totals for the above accounts.
- 5.2. The Deputy Treasurer will provide the Treasurer with a new memo stating exactly what accounts have been deemed uncollectible by the corresponding departments/agencies with a recommendation to write off the accounts. Agency CFOs need to clearly identify and approve the account amounts to be deemed uncollectible.
 - 5.2.1. For Fire-EMS collections, Treasury will assume – as a starting point – that this collections timeframe is 3 years from the original invoice date unless otherwise directed by the Fire department's agency CFO.
 - 5.2.2. For Municipal parking fines, Treasury will assume – as a starting point – that this collections timeframe is 3 years from the original invoice date unless otherwise directed by the Municipal Parking department's agency CFO.

5.3. Once the Treasurer has sent the signed memo to Corporation Council for authorization, the Treasurer will work with OCFO administration to schedule a date to go before City Council with the information to obtain approval for the write off.

5.4. Once approval from City Council is obtained, all accounts will be written off, and originating departments/agencies will be notified.

5.5. This process should be fully completed by June 1st of each fiscal year.

6. SYSTEMS

6.1. BS&A DPP Module, Oracle ERP Accounts Receivable Module and General Ledger.