

# City of Richmond

## Administrative Manual

**SUBJECT:** Write Off Delinquent Accounts

**SECTION:** Legal/City Attorney

**POLICY NUMBER:** AP 251

**INITIAL DATE PREPARED:** August 25, 1999

**LAST DATE REVISED:** August 25, 1999

### **I. Purpose**

The purpose of this policy is to provide guidance for assuring that accounts receivable are not misstated, that delinquent accounts receivable in the Finance Department are regularly and systematically identified, reviewed by the City Attorney's Office and the appropriate operating department director to assess their collectability, and that the delinquent accounts are removed from (written off) the books of the City of Richmond as appropriate.

### **II. Policy**

The City of Richmond has established these procedures for systematically reviewing accounts receivable, assessing their collectability and writing off accounts for which collection is remote. To accomplish this objective the City has established the following procedures.

### **III. Procedures**

- A. Each quarter the Finance Department, the appropriate operating department director and the City Attorney shall review delinquent accounts receivable as shown on the Accounts Receivable Aging Report form (Exhibit 503-6) to assess their collectivity. All Requests for Write Off or Adjustments of Accounts Receivable or Returned Check (Exhibit 503-10) shall be reviewed for consideration based upon cost effectiveness and may include the following factors:
1. That collection is considered remote because the account holder has filed bankruptcy, has gone out of business and/or has no assets or source of income upon which a judgement may be levied or is otherwise known to be judgement proof.
  2. That to attempt collection would be deemed unwarranted or not cost beneficial because the account holder cannot be located or the cost to pursue collection would exceed the revenue produced by the effort.

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3. That collection is regarded as remote due to the age of the account, due to previous unsuccessful collection efforts or due to other factors including but not limited to those indicated above.
- B. The City Attorney shall recommend to the City Council for write off in November and May of each year, accounts receivable over 90 days delinquent that are in excess of \$100 and are considered to be uncollectible by the City Attorney, the appropriate operating department director and the Finance Department Director.
  - C. Accounts receivable over 90 days delinquent that are less than or equal to \$100 and are considered to be uncollectible by the Finance Department Director, the appropriate operating department director and the City Attorney shall be written off by the Finance Department Director on a quarterly basis with notice of the total sum so written off by this procedure provided to the City Council in November and May of each year, together with the City Attorney's recommendation to the City Council of accounts to be written off as set forth in subparagraph B above.