



ANTONIO R. VILLARAIGOSA
MAYOR

EXECUTIVE DIRECTIVE NO. 5

Issue date: October 20, 2005

To: Heads of all Departments of City Government
(Except Airports, Harbor, Water and Power, City Employees'
Retirement System and Fire and Police Pensions)

Subject: Revenue Billing and Collection

The City of Los Angeles has the fiscal responsibility of collecting taxes and fees to carry out its responsibilities and provide services to its residents and visitors. City departments play the primary role in this revenue billing and collection effort.

Under the City Charter, the Office of Finance has the responsibility and duty to develop guidelines for the collection of outstanding receivables and to make recommendations to the Mayor and Council concerning the efficient organization of the revenue collection functions performed by City offices and departments. In May 2002, the Office of Finance released the Citywide Billing and Collection Guidelines based on best practices in both the public and private sector.

The Office of Finance's Citywide Billing and Collection Guidelines are attached and incorporated in this Executive Directive. All General Managers, Heads of Departments/Offices and Commissions of City Government (except Airports, Harbor, Water and Power, City Employees' Retirement System and Fire and Police Pensions) are directed to comply with the Citywide Billing and Collection Guidelines whose main criteria are listed, and ensure that their department immediately:

1. Submit to the Office of Finance for approval the template employed by the department for delinquency notices that use City Attorney letterhead, with language advising the debtor that their account may be subject to remedies including referral to a collection agency or legal action if payment is not received. Once approved, incorporate this into your billing cycles and use as a final notice on all delinquent accounts;
2. Refer delinquent accounts to outside collection agencies or the City's Collection Unit located in the Office of Finance, generally following 45

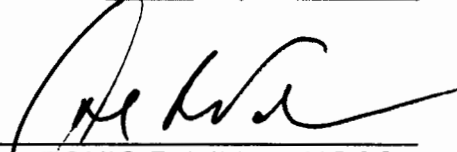
days of delinquency, as directed by Section 5.181 of the Los Angeles Administrative Code;

3. Review and implement measures to apply penalties and interest to all delinquent accounts at a level that effectively deters delinquency and encourages voluntary compliance in making timely payments;
4. Submit quarterly reports on accounts receivable, including aging accounts, to the Office of Finance;
5. Formulate and incorporate written policies and procedures for each process that involves billing and/or collection and submit to the Office of Finance;
6. Submit department reports of uncollectible accounts for write-off to the Board of Review annually as directed by Section 5.182 of the Los Angeles Administrative Code and the Board of Review Protocols and Procedures, and
7. Ensure that a designated Department Executive Liaison regularly attends Revenue Management Committee meetings, chaired by the Office of Finance, and shares meeting information with all relevant department staff.

The Office of Finance shall continue to monitor referrals and compliance with the Citywide Billing and Collection Guidelines and advise my Office of the progress of departments. The Mayor's Office and the Office of Finance are also working together to create additional incentives that will encourage timely payment to the City and reduce future need for referrals to the City's Collection Unit or an outside collection agency. Please also confer as necessary with the Office of Finance regarding implementation of new billing processes or collection issues.

Your prompt cooperation will help increase the efficiency of Citywide billing and collection functions, maximize the recovery of revenue owed to the City and ultimately help improve services to our communities and neighborhoods.

Executed this 20th day of October, 2005



ANTONIO R. VILLARAIGOSA
Mayor

Attachment

CITYWIDE GUIDELINES TO MAXIMIZE REVENUE COLLECTION **(As developed by the Office of Finance, May 2002)**

BACKGROUND

The major goal of any local government's revenue collection operation is to collect what it is owed. The benefits of an efficiently run revenue program are significant, including improved revenue flow, more accurate cash forecasting and improved cash management, greater interest earnings on investments, consistent and equal treatment of taxpayers and greater budgetary control.

As far back as 1991, studies have been conducted to help improve the City's accounts receivable and collection process. Consulting firms and organizations such as Ernst & Young (1991 & 1994), Altmayer (1996), and City of Los Angeles Controller's Office (1998) have reviewed and evaluated the City's collection process. The L.A. County Citizen's Economy and Efficiency Commission completed a comprehensive analysis of County of Los Angeles operations in 1998.

Many of the same recommendations were made by each reviewing entity. Those recommendations included:

1. Developing standardized policies and procedures;
2. Contracting with outside collection agencies to help collect on delinquent accounts;
3. Enhancing departmental accounts receivable systems to provide adequate aging and tracking information;
4. Implementing a single citywide Accounts Receivable System, and
5. Establishing a citywide Revenue Collection Unit.

A national taskforce, established by the Government Finance Officers' Association (GFOA), compiled and analyzed more than 200 state and local government responses regarding their internal collection efforts. The study results clearly indicated the need for a practical, hands-on guide that addressed the entire revenue collection effort – from the pre-collection stage to the collection of court judgments. These guidelines begin the process of standardizing the City's approach to its billing and collection functions.

OVERVIEW OF THE REVENUE MANAGEMENT PROCESS

The assessment and billing of taxes and other revenue are two of the most important tasks faced by local governments in their daily operations. The inability of a local government to successfully accomplish these tasks can reduce the amount of revenue available to provide services to residents.

Administration of the revenue collection process begins even before the decision to render service. The Mayor and Council pass ordinances governing the framework, parameters and processes involved with each City service. Many of the formative decisions made during the adoption of a fee or tax are intricately linked to how a department administers the billing and collection for that function. Often, additional legal requirements may be imposed by federal or state agencies. For some City departments, operating policies and procedures require Commission action before implementation. The complexity of the process illustrates the need for standardization.

Opportunities for efficiencies, the streamlining of current processes and inter-departmental partnerships must be fully explored to realize the City's true revenue capacity. The guidelines have a predominately " front-end emphasis"—allowing the City "customers" every opportunity to make payment in a timely fashion. Departmental efforts must be focused on preventing accounts from falling into delinquency by clearly delineating in the initial invoice the services billed, due dates, and the consequences of non-payment. Penalties and interest should generally be added to all delinquent invoices. Timeliness in notifying customers of delinquency and subsequent referral to an outside collection agencies and/or the City Attorney increase the likely success rate.

These guidelines are derived from public and private agency best practices that have been successful in developing efficient revenue management programs. They will act as a constructive blueprint for the reconfiguration of our billing and collection functions. The guidelines are broad and general to allow flexibility as departments develop specific policies and procedures that meet the guidelines and their unique operational requirements. In those rare instances where there is a conflict, departments should include the following information in their written response: 1) the issue, 2) recommendations on changes in operating procedures to meet the guidelines, and 3) alternative approaches. The Office of Finance will work with departments in resolving these matters while still maintaining uniformity. It is also anticipated that policies and procedures may vary by revenue collection activity within departments. The goal is to prioritize debt collections, establish efficient polices and implement successful collections procedures. Regardless of the method of collection, there is an undisputed need for standard collection practices.

GUIDELINES

Written collection policies and procedures must be accessible to all involved in the collections process, including employees and taxpayers. Processes must be documented from the pre-collection phase through collection, including the process by which referred delinquent accounts are monitored. Departments will submit their written policies and procedures to the Office of Finance, Attention Revenue Management, on or before July 5, 2002. Subsequent revisions to a department's procedures should be forwarded to the Office of Finance for review and comment. The departmental procedures will be reviewed to ensure uniformity and adherence to the general policy guidelines. As necessary, the

Office of Finance will work with departments and the City Attorney's office to recommend revisions to the Administrative and Municipal Code sections to reflect the overall policy. The Revenue Management Committee, a working group of the primary revenue producing departments along with the City Attorney, City Controller, the Chief Legislative Analyst (CLA) and the City Administrative Office (CAO), will meet regularly to further define the implementation issues.

Exhibit 1 (attached) illustrates the Revenue Process and provides the framework for the standardized guidelines. Generally, the process can be divided into six distinct phases:

- Pre-Service
- Billing/Invoice
- Cash Receipt and Proper Accounting
- Accounts Receivable Management
- Collection of Delinquent Accounts
- Tracking and Reporting Results

The following guidelines are provided for the billing and collection of City taxes, statutory fees, and permit revenues. A significant portion of the City's revenue comes from other governmental agencies, grants, pass-through revenues collected by the State and County on the City's behalf (property taxes, sales taxes, vehicle license fees) and, inter-fund transfers from the special funds to the General Fund. Due to the specialized nature of these transactions, separate guidelines will be issued regarding the timely collection of these items.

Pre-Service

1. Departments should require advance payments or substantial deposits as a condition of providing service, where appropriate.

While the City often does not have the option of withholding service, credit policies are one of the most effective tools to control the quality of receivables. Credit decisions are made during the pre-service period. The Institute of Management and Administration surveyed private companies in 1998 to see how they improved their operations. The results found that companies of all sizes in all industries were very successful at lowering the percentage of their customers who pay late by concentrating efforts early in the billing cycle.

Pre-payments and deposits are a way to minimize the number of transactions that require follow-up after the service is provided. Wherever possible, departments should institute advance deposits or pre-payments. For example, in the Public Works department, developers draw against initial deposits for services and replenish the depository account to continue work. This alleviates the necessity of invoicing entirely and requires only monitoring by the department. Not all activities lend themselves to this type of payment

arrangement, but departments must look for similar opportunities within their own operations.

Departments may want to consider running credit checks before providing service as another way to minimize delinquent transactions. A credit report lists current employers and can help determine if debtors would be proper candidates for a payment plan. It also forewarns creditors of bankruptcy filings, pending judgments and past write-offs. The Harbor Department successfully uses this method prior to executing some of its lease agreements. Another prepayment option for consideration is the use of irrevocable Letters of Credit.

2. As many payment options should be offered as can reasonably be administered.

Department should review the payment alternatives available to their customers. In addition to accepting cash and checks as payment, many departments have successfully implemented the use of credit/debit cards, automated clearing house (ACH) wire transfers, and bank by phone payments, all of which accelerate the timing of when cash is received by the City. Other departments are exploring payment options via the Internet. Through the use of credit cards, a taxpayer is able to pay off their liability over time. Finally, payment plans also should be included as an option available to the debtor.

Use of a check verification system will be mandatory to minimize the number of returned checks in departments where the preferred payment method is a personal check. In 1997, there were approximately 15,400 returned checks from 14 different City departments. Through the use of a check verification system and an outside vendor for returned check collection in several departments, the volume of returned checks has decreased. Departments may contact the Treasurer's office for additional information regarding the established check verification procedures.

In addition, Exhibit 2 suggests check acceptance guidelines for immediate use and implementation. Public Counter personnel should be familiar with these guidelines and in cases where checks do not meet check acceptance criteria, they should ask for another form of payment.

3. Cross-referencing of persons/organizations with outstanding debts in other City departments will reduce the extension of credit to the same entity and engage all departments as partners in the collection effort.

Another critical factor found to improve collections is the ability to consolidate accounts of one debtor from several departments. Departments should identify safeguards in their operating policies that mitigate the extension of credit within the same department to persons/organizations with outstanding debts in another section of the same department. Cross-referencing between departments will require a greater effort between departments and will be addressed as part of the long-term City system solution. In order to do this, the City must compile an

initial listing of outstanding accounts citywide, share the information with all stakeholders, and then maintain an accurate reference listing. This project will fall under the auspices of the Office of Finance working with the Revenue Management Committee.

4. The payment standard for City services will be uniform and the definition of a delinquent account, universal.

The definition of accounts receivable varies among departments primarily due to the City's fragmented approach to revenue management. This creates reporting difficulties and system barriers when trying to evaluate efforts citywide. To correct this deficiency, all initial invoices for service will be considered current if paid within 30 days. If payment is not received within the 30-day timeframe, the account becomes delinquent and penalties and interest should be applied, where appropriate.

Billing/Invoice

5. Invoices should be uniform with clearly written instructions and include the service billed, due date and a contact phone number that is readily identifiable.

The timing of a bill directly affects whether revenue is received. Initial invoices must be sent within five (5) business days of service. Failure to bill in a timely manner creates a two-fold negative impact. First, the longer an account goes without contact, the likelihood of recovery diminishes. Secondly, failure to attempt to collect creates a perception among future customers that accounts do not have to be paid. The collection process begins with the mailing of the invoice.

A cohesive process created by a common look and feel for invoices and advice letters has been found to increase results. All invoices should include the following standard information in an easily readable format:

- ✓ Name of person or company billed
- ✓ Correct address
- ✓ Account number of the person or company billed
- ✓ Type and amount of service provided
- ✓ Cost of service and amount due
- ✓ Contact name and phone number for assistance
- ✓ Whom to make the check or payment to
- ✓ Due dates clearly indicated
- ✓ Description of penalties and interest that will be applied if payment is delinquent
- ✓ Clear, concise instructions for forms that need to be completed. It is not necessary to include instructions regarding every possible contingency or exemption. Too much text is confusing. Instructions should reflect the majority of transactions.
- ✓ A contact name and phone number to provide information regarding special circumstances.

Departments should include samples of the invoice and demand letters in their response to the Office of Finance.

6. A pre-printed return envelope that includes the "Address Correction Requested" notation and the lockbox address should be included with the invoice.

The use of a pre-printed return envelope with the "Address Correction Requested" feature instructs the post office to return the envelope with the forwarding address of a customer who has moved or the reason why the mail cannot be delivered to the addressee. This is an essential part of the process known as "skip tracing", which is an integral part of the collection effort.

Cash Receipt and Proper Accounting

7. Lockboxes should be used for all payments by check sent through the mail.

The City adopted a cash management policy, C.F.00-0249, on July 28, 2000 that directs departments to utilize lockbox services for immediate deposit of fees to City accounts. It further instructed that the Treasurer would provide the assistance necessary to achieve these goals.

Lock box systems are designed to improve the processing of revenues and accelerate the availability of funds by reducing the internal processing time delays before checks are converted into usable funds. They generally work as follows:

- a) a local post office box is rented by a financial institution in the City's name;
- b) remittances are mailed to this specific post office box rather than to the department;
- c) the financial institution agrees to collect the remittances periodically throughout the day;
- d) a bank staff person opens the remittances and sorts the payments;
- e) checks are processed for deposit that same day and,
- f) copies of all normal or accepted remittances are forwarded daily to the department for its internal processing.

Departments must work with the Treasurer to institute the automated lockbox processing described above. A process is in place to evaluate requests for services to assure that the need for a lockbox is justified and to allow the City to negotiate the best fee for service.

The collection of cash receipts should be recorded on a daily basis in the City's Financial Management Information System (FMIS) or other departmental accounting system. Cash receipts information must be reconciled with the information in the department's internal records to ensure that the amounts have been properly recorded in the appropriate fund and account.

8. The Automated Clearing House Systems (ACH) should be used for recurring payments in excess of \$50,000.

The Automated Clearing House (ACH) is operated by the Federal Reserve System to transfer funds electronically between parties. The process allows the taxpayer to electronically transmit the payment (data file) directly to the City's bank account. These payments are often less labor intensive and therefore, less expensive than the processing of paper checks. It eliminates the internal processing delays and the check-clearing float, which usually amounts to several days. Departments should work with the Treasurer to offer this payment alternative for large, recurring transactions over \$50,000.

Accounts Receivable Management

9. Penalties and interest should be applied to all delinquent accounts and be set at a level that effectively deters taxpayers from becoming delinquent.

The L.A. County Citizens' Economy and Efficiency Commission surveyed state and local governments in 1998 regarding their debt collection practices. Eighty four percent (84%) of the public agencies imposed late fees or interest penalties on past due balances.

Interest charges should be uniformly applied within the City on all delinquent accounts. The purpose of interest is to reflect the cost of borrowing money. It is not intended as a punitive measure. The Office of Finance will annually calculate the appropriate interest rate. Beginning January 1, 2002, the interest rate to be added to delinquent bills is 0.6 percent monthly or 7.2 percent annualized. Punitive penalties should be set at a level that provides sufficient incentive for customers to pay on time. Notices regarding the penalty fees and interest charges should be clearly outlined on original bills and invoices to reduce challenges from the debtor if the bill does become delinquent. In situations where changes in the Administrative or Municipal Code are required, departments shall evaluate their existing policies on penalties and interest and include their recommendations in their response to the Office of Finance.

Checks that are returned due to insufficient funds in a bank account should also be subject to penalties. It is imperative that the penalty fees are uniformly and consistently enforced each time a delinquency occurs. Returned check notices should clearly detail the consequences of non-payment and include the penalties and interest incurred.

10. Payment plans should be available as an option.

Payment plans are often offered to delinquent debtors as a remedy to further collection activities. Although interest continues to accrue, no further action is necessary by the department as long as the payments are made on schedule. Strict adherence to the payment timeframe and consequences of non-payment should be detailed in advance. If a scheduled payment is missed, a final notice

asking for payment should be sent within 3 days of the due date. If payment is not received within 5 days, the account should be referred with the penalties and interest to the appropriate agency.

Departments should include in their response to the Office of Finance specific information on whether or not payment plans are offered, the current terms offered and the maximum repayment period. Based on an overall evaluation, further direction will be provided regarding a consistent payment plan approach.

11. Departments will provide timely notice of delinquency.

If payment is not received within 30 days, the account is delinquent. Notices of delinquency should be sent within three days of delinquency with a 10-day period afforded for payment. Most public and private agencies generally send second letters that remind debtors that their accounts have become delinquent. Although follow-up letters should be firm in tone, the initial letter and the second letter will often give the debtor the benefit of the doubt. Given the compressed timetable for the delinquency notices, a sentence should be included in the notice stating, "If payment has already been made, please disregard this notice." However, the demand requests should use strong language to encourage payment and clearly identify the penalties and interest that have accrued. Language regarding the consequences of non-payment should also be included in the delinquent notices.

In some cases, it may be appropriate to combine the follow-up letter with telephone calls. Personal contact can often achieve what the written notice cannot. Departments should evaluate their individual operations and existing staffing to determine whether this will be beneficial to improving their collection rate.

12. Departments will send the final delinquency notice on City Attorney letterhead demanding payment within ten days, and if not received in twenty days, promptly refer the outstanding account to the proper collection authority.

If the debtor fails to comply with the notice of delinquency, stronger measures are generally necessary to collect the debt. Once an invoice and a delinquency notice has been sent, a final notice should be drafted on City Attorney letterhead that clearly states the account will be forwarded for criminal or civil prosecution if payment is not received within ten days. To ensure that all payments are processed, departments should wait 20 days before issuing the final notice.

The City Attorney has provided standard language to be used in the final notice. A sample letter was provided at the February Revenue Management Committee meeting for departments to use in crafting their final delinquency notice. The final notice must be submitted to the Office of Finance, Revenue Management for approval before it is used. No modifications or deviations from the language provided by the City Attorney's Office is allowed. Departments are also to provide written notice to the City Attorney's Office of a designated departmental

contact, name and telephone number, to which telephone calls may be referred. The use of the City Attorney's letterhead has been found to greatly enhance collections in the City and is recognized as a best practice. However, the utmost caution regarding its use must be demonstrated to assure its validity. Instances where misuse is alleged will result in immediate suspension of the practice. Random sampling will be conducted to verify that departments are using the notice as intended. Departments are also responsible for providing the City Attorney's office with a listing of targeted debtors in the format to be defined by the City Attorney's office.

Collection of delinquent accounts

13. After the initial invoice and the two delinquent notices have been sent, which should be within 45 days, unpaid accounts should be promptly referred to either an outside collection agency or to the City Attorney to provide adequate time to pursue the collection effort.

The use of private collection agencies earlier in the process is a best practice within private industry and all levels of government. Timeliness in the referral to another agency after the department has completed its collection efforts is critical. According to the Commercial Law League of America, 84.6% of delinquent commercial debt can be collected within two months of delinquency. The percentage drops to 41.9% nine months after the due date. Government agencies routinely use outside collection agencies to assist in the collection of debt, taxes, loans and other obligations. Throughout the City, several departments have contracts with outside collection agencies and are encouraged to continue to utilize them. The City Attorney recently released a Request for Qualifications for outside collection agencies. The Office of Finance is working with the City Attorney's office and the Collections Taskforce to expand access to the collection agencies on a citywide basis. We recommend that the selection include one or more approved collection agencies to maximize the return to the City.

In 1997, the Government Finance Officers Association (GFOA) partnered with a municipal bond insurer and administrator, MBIA, to survey 3,500 member governments in the U.S. and Canada on the use of outside collection agencies. The survey results found that 39 out of 50 states use outside collection agencies for the collection of delinquent accounts and that generally, the use of outside collectors has been viewed as successful by the agencies and non-objectionable by the public.

Outside collectors do not have unlimited authority. Important operational details regarding the setting of limits and tolerance preferences, including the calling hours, tone of messages and training oversight are just some of the details that must be written into the contract with the outside agency. The Office of Finance will conduct a cost benefit analysis of a citywide master contract with several collection agencies that could be accessed by departments.

Collection agencies generally are paid from the proceeds of the delinquent account. In many cases, the standard collection agency practices of dedicated phone calls, letters regarding possible referral to credit bureaus and the professional expertise offered by the collection industry, have been found to greatly enhance the efforts of other governmental entities.

The development of criteria for whether a delinquent account is best referred to a collection agency or to the City Attorney's office for collection is challenging. Most cities surveyed found the legal approach time consuming, costly, and generally used as a last resort. The Office of Finance and the City Attorney are working to revise the Administrative Code Section that requires referral of all delinquent accounts over \$100 to the City Attorney, raising the threshold from \$100 to \$1,000. This is a starting point that will be re-visited in the Office of Finance's annual report. While accounts under \$1,000 are generally recommended for referral to an outside collection agency, departments should evaluate their accounts receivable on a case by case basis and include their recommendations on the appropriate referral in their written response.

Department heads must re-evaluate their operations to leverage all available means to collect their accounts receivables. A third option that may work for some departments is to partner with other governmental agencies to collect City debts. For example, the Fire Department places the cost of contracted brush clearance for properties that fail to comply with notices of deficiency on the County property tax rolls for collection. The Office of Finance and the City Attorney's Office will assist departments in the decision making process.

Tracking and Reporting Results

14. Departments must submit data on their accounts receivable to the Office of Finance quarterly for monitoring and evaluative purposes.

In order to properly monitor citywide collections, departments must provide accurate information on the aging of accounts as well as information regarding the referral of accounts for collection to the City Attorney or outside collection agencies. Automation of the entire process presents challenges for most departments due to the system hardware/software and training costs.

The City Controller implemented the Accounts Receivable System (ARS) in 1995 for use by departments. Mixed use of the system has hampered efforts to quantify the scope of the City's accounts receivable. Several departments are migrating to ARS and it may accommodate the City's long-term needs. Recommendations regarding the technology challenges faced by the use of several different billing and collection systems will be addressed through the Revenue Management Committee.

Standard reporting information, however, is essential to management of the receivables. Both the research and practical evidence has shown that increased attention to the collection process and implementation of a cohesive strategy can

dramatically increase the collection of receivables. At a minimum, the City must be able to answer critical questions about its accounts receivable such as, "What is the total outstanding balance?" or "How many accounts are over 60 days?"

Until a long-term technology solution can be recommended, the following data should be electronically forwarded to the Office of Finance quarterly beginning in June 2002:

- a) **Summary of billing activity by type**—departments should evaluate their operations as to the level of detail that is representative, informative and suitable to be presented for management analysis. Groupings of similar revenue source categories are preferable: i.e. electrical permits, mechanical permits, etc.
- b) **Aging of accounts by type**—within the same categorical divisions as presented above, an aging report should be presented that correlates with Exhibit 1. Specifically, the timeframes are Current (0-30), 1ST delinquent notice, Final Notice, Referred to Collection Agency (60-90,90-120, 120+), Referred to City Attorney (60-90,90-120, 120+) and Total.
- c) **Number and value of accounts referred and collections** for accounts forwarded to the City Attorney—Summary by type.
- d) **Number and value of accounts referred and collections** for accounts forwarded to an outside collection agent—Summary by type.
- e) **Revenue collection for the quarter by account.**

Departments must be able to explain and defend the data submitted so that the citywide statistical consolidation is meaningful. The Office of Finance is available to help departments develop their measurement statistics. Reports must be submitted to the Office of Finance 10 working days after the end of each quarter, beginning in June 2002. Further, the Office of Finance will publish an annual report card that details the City's progress towards its revenue enhancement goals and the specific collection efforts of the City's revenue producing departments.

15. The City Attorney is requested to develop a list of debts that are not collectible and forward this information to the Board of Review or Council for write-off annually.

Currently, the City Administrative Code stipulates procedures for write-offs of uncollectible accounts and it includes an examination of accounts recommended for write-off by a Board of Review consisting of the City Treasurer, City Controller and City Attorney for accounts under \$1,000. Accounts over \$1,000 require Council Approval. Firm direction to departments regarding debt write-off should be developed by the Board of Review for accounts over and under \$1,000. It is also recommended that the Board of Review meet at least quarterly to review the departmental and City Attorney's recommendations for debt write-off.

Departments must be diligent in their efforts to write off debts for which the statute of limitations has expired and or all reasonable methods of collection have been exhausted. In certain situations, it may be prudent to write off accounts before referral to the City Attorney or outside collection agency for obviously uncollectible accounts. Ambulance billings to the indigent would be an example of where this may be an appropriate step. The internal review of operations should include evaluating the appropriate timeframe for write-off for each different type of delinquent account.