



Legislation Text

File #: 19-953, **Version:** 1

Approve a General Assistance Accounts Receivable Write-Off policy for the Department of Health and Social Services to refer General Assistance accounts receivables that are over ninety (90) days past due to a collection agency, cease collection efforts on accounts less than ninety (90) days past due that meet certain criteria which render them as uncollectible, and authorize the department to remove these accounts from the County's accounting records

Published Notice Required? Yes _____ No X
Public Hearing Required? Yes _____ No X

DEPARTMENTAL RECOMMENDATION:

The Department of Health and Social Services (H&SS) recommends that the Board of Supervisors approve a General Assistance Accounts Receivable Write-Off policy to refer General Assistance accounts receivables that are over ninety (90) days past due to a collection agency, cease collection efforts on accounts less than ninety (90) days past due that meet certain criteria which render them as uncollectible, and authorize the Department to remove these accounts from the County's accounting records.

SUMMARY/DISCUSSION

At the request of H&SS, the Auditor Controller's Office (ACO) conducted an internal control review of Special Investigation Bureau's (SIB) accounts receivable process. On August 27, 2019, the Board received the ACO's audit report which included a recommendation for H&SS to establish a write-off policy and consider using a collection agency. H&SS agreed to the ACO's recommendation and is now asking the Board to approve a write-off policy for accounts receivables under the General Assistance (GA) program (Attachment A).

The GA program is a cash assistance, safety net program of last resort for adults with little or no income and with no children. The cash assistance benefit, which is currently \$355 per month, is considered a loan. Each recipient is entitled to receive three (3) months of assistance every 12 months. If a recipient is deemed unemployable by a physician, the recipient may stay on the program longer than 3 months at a time and is encouraged to apply for Social Security Income (SSI) benefit. There are 420 active clients as of October 2019. Fifty one percent (51%) are unemployable and approximately 40% are homeless.

The GA accounts receivable balance is approximately \$13.4 million. Ninety six percent (96%) of the balance has been outstanding for more than one year. SIB sends monthly billing statements continuously and spends approximately \$23,500 annually to administer the collection of these loans. The annual collections are minimal and do not allow SIB to fully recover its cost. Referring accounts that are over ninety days past due to a collection agency and removing them from the County's accounting records will increase efficiencies within SIB in terms of staff utilization and reduce administrative and accounting costs while continuing to actively pursue collections.

The policy also includes authorization for H&SS to write off accounts that are less than 90 days if they meet any of the following criteria:

- The debt is disputed and the County has insufficient documentation to pursue collection efforts.

- Upon receipt of the Final Discharge of Debtor in a bankruptcy proceeding.
- The debtor is deceased and there are no assets in the debtor's estate from which the County could collect the debt.
- The debt is ordered to be closed by a State or County Hearing decision or is closed by the SIB Appeals Unit as part of a conditional withdrawal.

The policy requires H&SS to provide monthly and annual reports to the ACO on delinquent accounts and write-offs.

FINANCIAL IMPACT:

The staff time preparing this Board item is included in the FY2019/20 Adopted Budget. There is no additional financial impact to the County General Fund.

ALTERNATIVES:

The Board could choose not to approve the proposed write-off policy. This action is not recommended because the policy will allow H&SS to reduce costs associated with managing these accounts and continue to pursue a more effective means of collection.

OTHER AGENCY INVOLVEMENT:

The Auditor-Controller's Office was involved in the review of the write-off policy. There are no other agencies involved at this time.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION