

CITY OF SAN DIEGO  
ADMINISTRATIVE REGULATION

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| BILLING, INVOICE PROCESSING AND COLLECTION OF RECEIVABLES | Effective Date<br>October 20, 2017 |       |        |

1. PURPOSE

- 1.1. To ensure the City Treasurer is fulfilling the duties authorized under City Charter Section 45 to demand and receive monies from any person indebted to the City and to maintain a continuous inspection to collect unpaid amounts.
- 1.2. To ensure *Receivables* are recorded in the general ledger timely.
- 1.3. To ensure the timely referral of all *Delinquent Receivables*, including returned checks, to the Office of the City Treasurer for collection.
- 1.4. To ensure maximum collections of all monies due to the City.
- 1.5. To delineate the responsibilities of all applicable City Departments, including specific responsibilities for the Office of the City Treasurer, Office of the City Attorney and Office of the City Comptroller.

2. SCOPE

- 2.1. This Administrative Regulation applies to all City Departments administering programs involving the billing, invoice processing and collection of monies.

3. DEFINITIONS

- 3.1. Receivable – an amount owed to the City
- 3.2. Delinquent Receivable – a *Receivable* not paid in full by the due date
- 3.3. Write Off of a Receivable – reducing a *Receivable* in the City’s general ledger by the City Comptroller
- 3.4. Cancel a Receivable – reducing a *Delinquent Receivable* from the Collection system only by the City Treasurer

(Supersedes Administrative Regulation 63.30, Issue 5, effective March 1, 2001)

Authorized

*(Signature on File)*

CHIEF OPERATING OFFICER

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4. POLICY

- 4.1. All City *Receivables* shall be invoiced in a timely manner using SAP FI-CA or an alternate billing system.
- 4.2. All *Delinquent Receivables* shall be referred to the City Treasurer Delinquent Accounts Collections Program within thirty (30) days of the due date, unless otherwise approved by the City Treasurer.

5. RESPONSIBILITY

5.1. All Departments

- 5.1.1. Ensure customer information maintained in SAP FI-CA or the alternate billing system is current.
- 5.1.2. Issue an invoice to the customer in a timely manner using the correct accounting. The invoice shall be generated in SAP FI-CA in accordance with Process Narrative (PN) PN-0358, unless an alternate billing system is used.
- 5.1.3. Obtain City Treasurer process approval on any alternate billing system referral of *Delinquent Receivables*.
- 5.1.4. Maintain appropriate records to support the validity of all charges.
- 5.1.5. Collect outstanding invoices or *Receivables* by the due date and prior to referral to the Office of the City Treasurer Delinquent Accounts Collections Program.
- 5.1.6. Ensure Department invoices, statements, or other billings include notification to the responsible party of the following:
  - a. That the amount may be referred to the Office of the City Treasurer for collection if not paid by the date due.
  - b. That upon referral to the Office of the City Treasurer for collection additional fees and interest may be charged.
  - c. “As required by law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if the amount is not paid by the date due.” (Required by California Civil Code section 1785.26)
- 5.1.7. Refer all *Delinquent Receivables*, regardless of amount, to the Office of the City Treasurer Delinquent Accounts Collections Program within 30 days of due date (or other time frame as approved by the City Treasurer), along with supporting documents and relevant data to initiate collection measures. A *Receivable* is

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delinquent if full payment, plus any applicable interest and penalties, has not been received by the due date. Refer to PN-0227.

- 5.1.8. Submit a “hold request” email or memo to the Office of the City Treasurer Delinquent Accounts Collections Program requesting active collection efforts be temporarily discontinued. The request must be from an Appointing Authority and must provide sufficient justification for the “hold request.”
- 5.1.9. Immediately discontinue any billing or invoicing of a customer identified in a Notice of Bankruptcy and forward the Notice of Bankruptcy to the Office of the City Treasurer Delinquent Accounts Collections Program and the Office of the City Attorney.
- 5.1.10. Reconcile alternate billing systems to the General Ledger and Collection system on a monthly basis and maintain customer accounts to ensure *Receivables* are accurate.
- 5.1.11. Invoice customers for returned checks, which shall include the original amount in addition to the returned check fee. For over-the-counter payments, create an invoice in SAP FI-CA within 2 business days of receiving notification from the Office of the City Treasurer Accounts Receivable Program of a returned check. The invoice shall include the original amount in addition to the returned check fee. The returned check process is outlined in PN-0050.
- 5.2. The Office of the City Comptroller
  - 5.2.1. *Write Off* those invoices or other *Delinquent Receivables* deemed uncollectible by the City Treasurer.
- 5.3. The Office of the City Treasurer Accounts Receivable (AR) Program
  - 5.3.1. Create and maintain AR Master (Customer) Data within SAP FI-CA (PN-0287).
  - 5.3.2. Post AR payments (PN-0019), process AR reversal requests (PN-0354) and manage exception items and overpayments on account.
  - 5.3.3. Process returned checks Citywide (PN-0050), notify Departments of the returned check and post the returned check in SAP FI-CA when applicable.
- 5.4. The Office of the City Treasurer Delinquent Accounts Collections Program
  - 5.4.1. Maintain a master file of all *Delinquent Receivables* referred to the Office of the City Treasurer Delinquent Accounts Collections Program.
  - 5.4.2. Collect all *Delinquent Receivables* owed to the City, with the exception of those

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referred from the Office of the City Treasurer Delinquent Accounts Collections Program to the City Attorney’s Office.

- 5.4.3. File Small Claims court actions and Bankruptcy Proof of Claims; referring *Delinquent Receivables* to the City Attorney’s Office (City Charter section 45); and preparing routine Court documents in collection cases under the direction and supervision of the City Attorney.
- 5.4.4. Enter into payment arrangement or granting a time extension on the due date of a *Delinquent Receivable*. **Only the City Treasurer can approve a payment arrangement or grant a time extension on a *Delinquent Receivable*, unless otherwise authorized by the City Charter, Ordinance or Resolution.**
- 5.4.5. Adjust the balance of a *Delinquent Receivable*. **Only the City Treasurer is authorized to adjust the amount due including Principal, Interest and Penalties.**
- 5.4.6. Represent the City as plaintiff in Small Claims Court.
- 5.4.7. Exercise the City’s rights under the Returned Check-Treble Damages Law (Section 1719 of the California Civil Code) immediately upon referral or notification of a returned check.
- 5.4.8. *Cancel* a *Delinquent Receivable* deemed uncollectible per San Diego Municipal Code 22.1707(d).
- 5.4.9. Refer *Delinquent Receivables* in excess of the Small Claims Court jurisdiction to the City Attorney.
- 5.4.10. Maintain a master file of the status of all *Delinquent Receivables* referred to the City Attorney.
- 5.4.11. Discontinue active collection on a *Delinquent Receivable* upon receipt and approval of a “hold request” memo or email from an Appointing Authority. Follow-up every thirty (30) days to confirm the “hold” status until “hold” is removed.
- 5.4.12. Advise Departments of the final disposition of *Delinquent Receivables* referred to the Office of the City Treasurer Delinquent Accounts Collections Program upon request.
- 5.4.13. File a Proof of Claim with the Bankruptcy Court and review bankruptcy cases with the City Attorney’s Office. Make court appearances with the City Attorney, when appropriate, in bankruptcy cases.

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- 5.4.14. Submit a Semi Annual Report to the City Attorney listing all unresolved *Receivables* referred to the City Attorney and requesting a status update on each.
- 5.4.15. Submit to the Office of the City Comptroller by July 31 of each year a summary report of prior fiscal year collection system accounting transaction activity (beginning balance, additions, payments, cancellations, and ending balances) and a list of prior fiscal year end outstanding balances summarized by fund.
- 5.5. City Attorney
  - 5.5.1. File and prosecute civil complaints on those *Delinquent Receivables* in excess of the Small Claims Court jurisdiction which are deemed legally collectible by the City Attorney's Office and where attachable assets have been identified by the Office of the City Treasurer Delinquent Accounts Collections Program.
  - 5.5.2. Return promptly to the Office of the City Treasurer Delinquent Accounts Collections Program any *Delinquent Receivables* determined to be uncollectible so that the City Treasurer can *Cancel* the *Delinquent Receivable*.
  - 5.5.3. Provide the Office of the City Treasurer Delinquent Accounts Collections Program with the status of each referred account listed in the Semi Annual Report (see 5.4.14). The status information will be provided within 30 days of receipt of the Semi Annual Report.

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APPENDIX

Legal References

City Charter Section 45, City Treasurer  
San Diego Municipal Code section 22.1707 - Collection of Debts Owed to The City - Authority of Treasurer  
San Diego Municipal Code section 22.0704 - Deposit of Public Moneys  
California Civil Code Section 1719 - Bad Checks  
California Civil Code Section 1785.26 - Consumer Credit Reporting

Forms

N/A

Subject Index

Process Narrative 0019 (PN-0019) – FI-CA Payment Processing  
Process Narrative 0050 (PN-0050) – How to Process Returned Checks  
Process Narrative 0227 (PN-0227) – Referrals to Collections  
Process Narrative 0287 (PN-0287) – How to Maintain FI-CA Master Data  
Process Narrative 0354 (PN-0354) – FI-CA Invoice and Credit Memo Reversals  
Process Narrative 0358 (PN-0358) – How to Post a FI-CA invoice

Administering Department

Office of the City Treasurer