

Office of Superintendent of Schools
Board Meeting of March 15, 2006

March 1, 2006

Business Operations
Ofelia San Pedro, Deputy Superintendent

**SUBJECT: PROPOSED AMENDMENT OF SCHOOL BOARD RULE: INITIAL
READING 6Gx13- 3E-1.26, ACCOUNTS RECEIVABLE WRITE-OFFS**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

This item is submitted for consideration by the Board for the purpose of promoting efficient financial administration by amending the time period for write-offs of uncollectible accounts receivable from one year to four months of non-collection activity. It is also proposed that the current authority to write-off uncollectible accounts receivable without Board approval be raised from \$500.00 to \$1,000.00 for amounts owed by agencies/associations, and from \$200.00 to \$500.00 for amounts owed by individuals. Both of these changes will improve the ability of the collection agency to recover these funds.

Generally accepted accounting principles require that when the value of an asset is impaired, it should be removed from the accounting system utilized in the preparation of financial statements.

In the instance of accounts receivable deemed fully uncollectible for financial reporting purposes, the act of writing-off the account in no way prejudices the Board's legal rights in pursuing and securing delinquent account balances. Efforts to collect the amounts due, including legal action where practicable, will continue until an equitable restitution is made or agreed to.

Attached are the Notice of Intended Action and the rule proposed for amendment. Changes from the current rule are indicated by underscoring words to be added and ~~striking through~~ words to be deleted.

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act for the amendment of Board Rule 6Gx13- 3E-1.26, Accounts Receivable Write-offs.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to amend School Board Rule 6Gx13- 3E-1.26, Accounts Receivable Write-offs.

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on March 15, 2006, its intention to amend Board Rule 6Gx13- 3E-1.26, Accounts Receivable Write-offs, at its meeting of April 18, 2006.

PURPOSE AND EFFECT: To amend the time period for write-offs of uncollectible accounts receivable from one year to four months of non-collection activity, and to amend the current authority to write-off uncollectible accounts receivable without Board approval from \$500.00 to \$1,000.00 for amounts owed by agencies/associations and from \$200.00 to \$500.00 for amounts owed by individuals. These changes will improve the ability of the collection agency to recover these amounts.

SUMMARY: Generally accepted accounting principles require that when the value of an asset is impaired, it should be removed from the accounting system utilized in the preparation of financial statements. In addition, Florida Statutes recommend measures to the School Board to assure adequate accounting and financial records.

SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED: 1001.41(1)(2); 1001.42(22); 1001.43(10) F.S.

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 1001.51(11) F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF April 18, 2006, which begins at 1:00 p.m., in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing by April 10, 2006, to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WHO DECIDES TO APPEAL THE DECISION made by The School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based. (Section 286.0105, Florida Statutes)

A COPY OF THE PROPOSED AMENDED RULE is available at cost for inspection and copying by the public in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: Ms. Connie Pou
Supervisor: Ms. Ofelia San Pedro
Date: March 1, 2006

Non-Instructional Operations**ACCOUNTS RECEIVABLE WRITE-OFFS**

The General Accounting Department has the authority to write-off accounts receivable deemed uncollectible for amounts not to exceed ~~five hundred dollars (\$500.00)~~ one thousand dollars (\$1,000.00) owed by agencies/associations and ~~two hundred (\$200.00)~~ five hundred dollars (\$500.00) owed by individuals after ~~one year~~ four months of non-collection activity.

- I. Procedures for an uncollectible receivable write-off:
 - A. Before an agency/association or an individual account is to be considered for write-off due to uncollectibility, exhaustive collection efforts must be documented.
 - B. Efforts shall also be made, in coordination with the Accounts Payable Department and/or the Payroll Department to ascertain that the School Board does not currently have any amounts due to the vendor or individual, whether arising from a vendor/supplier relationship, former employee relationship, or otherwise.
 - C. A detailed listing of customer accounts to be written-off shall be maintained, along with appropriate supporting documentation and approval of the Controller.
 - D. The actual write-off procedure may be a part of the year-end audit adjustment process, or may be performed throughout the year, at management's discretion.
- II. The elimination of an uncollectible account receivable from the accounting records does not preclude continuing collection efforts, to the extent deemed practicable under the circumstances.
- III. The write-off of an uncollectible account receivable is not considered a total forgiveness of debt. Vendors and individual for whom accounts have been declared uncollectible shall not be considered for future business relationships or employment with the School Board until restitution has been made or agreed to. Actions to the contrary shall be fully documented and submitted to the Superintendent of Schools for review and concurrence.

Specific Authority: ~~230.22(2); 230.23(22)~~ 1001.41(1)(2); 1001.42(22); 1001.43(10) F.S.
 Law Implemented, Interpreted, or Made Specific: ~~230.33(12)~~ 1001.51(11) F.S.

History: THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
 New: 9-6-95
 Amended: 8-21-02