

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Office of Finance and Treasury

February 27, 2013

The Honorable Vincent C. Gray
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Re: Annual Report on the Delinquent Debt Fund and the Central Collection Unit

Dear Mayor Gray and Chairman Mendelson:

The Central Collection Unit (CCU) was established pursuant to the District of Columbia Delinquent Debt Recovery Act of 2012, effective September 20, 2012, (D.C. Law 19-168; D.C. Official Code § 1-350.01 *et seq.*) The CCU began operations with approved budget authority on October 1, 2012. The Delinquent Debt Recovery Act requires that annually on or before March 1st, the CCU issue a report to the Mayor and the Council that includes responses to the following questions:

- (1) The amount of delinquent debt collected in the preceding fiscal year:

This report marks five months of CCU operations. Gross debt collections year-to-date through January 2013 total \$9.6 million with \$1.5 million in related expenses paid, as detailed in the chart, below. The CCU is on target to meet the \$15 million projected debt collections revenue for FY2013.

- (2) The amount of uncollected delinquent debt owed to the District:

District agencies are working with the CCU and the Office of Finance and Operational Support (OFOS) to define the universe of uncollected delinquent debt. The agencies have been instructed to document their current processes for defining delinquent debt for all revenue types. Additionally, the agencies have been instructed to quantify, age, and prepare electronic data files with specific fields of information on the debts upon transfer

to the CCU. Together, this level of information will assist the CCU in collecting the universe of debts.

At of September 30, 2012, the CCU and OFOS have identified \$978 million in gross general receivables as the amount of uncollected debt owed to the District. It is important to note that these amounts do not represent all of the District's uncollectible debt and not all will be collectible. The collectability will be determined by the following: the collection contractor's assessment of the debts, the age of the debts, and the quality of the data the agencies can provide. However, with the centralization of all District delinquent debt, along with the collection authority afforded the CCU, the CCU expects cost effective, consistent and deliberate collection results.

- (3) A summary of the efforts made to collect delinquent debt owed to the District and the challenges that remain:

The CCU began operations five months ago. The CCU's collections efforts to date have been accomplished by assuming existing agency collection contracts and gradually transitioning agency debts. The CCU will incorporate the existing contracts into a District-wide collections contract to capture additional efficiencies and lessen overall costs. To date, the CCU has assumed collections contracts for the Department of Motor Vehicles (DMV) and United Medical Center (UMC); the University of the District of Columbia (UDC) is still in contract transition. The number of DMV payment and insurance plans assumed by the CCU are indicated in the chart below. The challenges that remain for collections lies with the availability and quality of collections data in acceptable electronic format. Today, it varies greatly by agency.

Completed Activities by the CCU:

- The proposed rules to implement the provisions of the law governing the CCU were published on January 11, 2013. The final rules were submitted to the Office of Documents and Administrative Issuances on February 21, 2013 to be published on March 1, 2013 in the DC Register.
- Completed and delivered initial agency procedures for preparing and submitting debts to the CCU.
- CCU assumed collections of checks for employee overpayments from the Office of Pay and Retirement Services.
- CCU assumed the collections contracts of Department of Motor Vehicles (DMV) and United Medical Center (UMC).
- CCU assumed DMV ticket and insurance payment plans.
- Unit organizational structure and position descriptions defined. Positions are posted on the District's Department of Human Resources website and candidates are being actively sought.
- Statement of Work under review with the OCFO procurement division for the required database software system and collections contract(s).

- Joint decision (CCU/OFOS) made for mid-year (March 2013) financial close procedures to include transition of debts > 1 year to the CCU from the agencies.

Planned Activities (next 3 months) for the CCU:

- Complete meetings with all agencies regarding current treatment of delinquent debt and condition of data files.
- OFOS issuance of accounting procedures to agencies concerning the transfer of delinquent debt to the CCU, the required meetings, processes and data.
- Issue both collections and database software system contracts.
- Develop and post informational intranet webpage of CCU mission and contacts.
- Work with UDC and OMA to finalize contract transition to CCU.


Collections to Date

Fiscal Year 2013 to Date through January 2013 (4 months)		
Agency	Revenue	Expenses
DMV	\$5,314,280.81	\$813,908.51
MPD	\$4,321,255.30	\$678,843.87
UMC	\$11,574.86	\$4,383.29
Office of Pay & Retirement Services	\$4,012	\$0
TOTAL	\$9,651,122.97	\$1,497,135.67

DMV Payment Plans Fiscal Year 2013 to Date through January 2013 (4 months)	
Insurance Payment Plans	82
Ticket Payment Plans	1698

If you have any questions regarding this report, please contact me on 727-0760.

Sincerely,


Clarice Wood
Associate Treasurer