

THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

Department of Parks, Montgomery County, Maryland
9500 Brunett Avenue Silver Spring, Maryland 20901



AGENDA DATE: May 29, 2008
Karen Warnick – 301-650-2873

#14

May 22, 2008

TO: Montgomery County Planning Board

VIA: Gene Giddens, Deputy Director *GG*
Christine Brett, Chief, Enterprise Division *CB*

FROM: Karen Warnick, Acting Regional Operations Manager, Enterprise Division *KW*
Al Warfield, Accounting Manager, Department of Finance

SUBJECT: Procedures for ParkPASS – Error Corrections and Write-Offs of Uncollectible Revenue

STAFF RECOMMENDATION: Approval of procedures.

Background

The Department of Parks' ParkPASS system uses software that allows for centralized registration for classes, facility booking/rentals, and point of sale transactions. Using ParkPASS, patrons can still register for classes or rent a tennis court by going to the facility in person, however, they also have the option to do this on-line or using a touch-tone phone. This system that handles important customer data that provides valuable information for marketing and resource allocation. The ParkPASS system offers many advantages to M-NCPPC customers and M-NCPPC staff.

ParkPASS is used in all the Enterprise Fund facilities including the ice rinks, indoor tennis facilities, conference centers, and the Regional Park facilities – boats, trains, carousel, camp grounds, splash playground, miniature golf, the class portion of Brookside Gardens, and the specialized Enterprise camps and programs. ParkPASS is also used in the Park Fund nature centers and archaeology program, as well as in the Administrative Fund Development Review counter.

Occasionally, for a variety of reasons, patrons have balances due on their ParkPASS account. At the request of the Finance Department, the Department of Parks/Enterprise Division has been working on a procedure to handle uncollectible account receivable balances and corrections of errors to the ParkPASS system.

This memorandum summarizes, subject to your approval, a process to handle ParkPASS corrections and the write-off of revenue deemed to be uncollectible. The Secretary-Treasurer and the Director of Parks recommend that the Planning Board approve these procedures.

Correction of Errors:

The Department of Parks/Enterprise Division is responsible for the correction of Accounts Receivable (A/R) errors related to the programs in ParkPASS which includes all Enterprise facilities and programs as well as some Park Fund and Administrative Fund facilities and programs. Many corrections are made on an ongoing basis as detected at the facility and program level. Some are not identified until some time has passed.

A semi-annual report of A/R error corrections made for accounts pending more than 60 days will be prepared by ParkPASS staff for the approval of the Deputy Director. The report will summarize the accounts corrected, the nature of the error, the amount involved and the facility or program involved. After approval by the Deputy Director, the report will be forwarded summarizing the corrections to the Finance Department for final review. Upon review by the Accounting Manager, notification will be sent to the ParkPASS Manager indicating approval or disapproval of the changes made. Other error corrections (pending less than 60 days) can be made directly by the ParkPASS Manager. Appropriate documentation must be maintained to support all corrections.

Revenue Write Offs:

The Director of Parks and the Secretary-Treasurer would approve the write-off of non-material accounts receivable deemed to be uncollectible. The total written off would be summarized in a semi-annual information report to the Montgomery County Planning Board. Upon approval of the Deputy Director, Director and Secretary-Treasurer, the Department would seek approval from the Montgomery County Planning Board to write-off material accounts receivable deemed to be collectible. A material write-off is being defined as an individual account receivable of more than \$500. Department staff would prepare semi-annual reports via the Deputy Director and the Director of Parks to the Secretary-Treasurer setting forth the material accounts receivable recommended to be written off. Reports would be done more often if dollar volume is very high, thus bringing significant issues forward promptly.

The criteria for write-offs of accounts receivable deemed to be uncollectible are:

- The account is over six months old
- Collection efforts have been made and are well documented (See Attachment #1)
- Based on efforts, staff determine that the account is uncollectible
- Agreement and approval of the appropriate Deputy Director and Director of Parks
- Agreement and approval of the Secretary-Treasurer
- Approval of Montgomery County Planning Board for material write-offs

Uncollectible accounts will be analyzed and procedures will be put in place to attempt to minimize the write-offs.

The reports must include the name of the patron, the ParkPASS account number, the Performance Series OCA and revenue account code to be adjusted, and brief description of the justification for the write-off, i.e. uncollectible Not Sufficient Funds check, etc.

A procedure has been put in place to assure that individuals whose accounts have been written off cannot register for a Commission program until payment has been made on the outstanding account balance. (See Attachment #1)

Collection Procedures for ParkPASS Accounts Receivable

1. Failure to make good on not sufficient funds (NSF) checks returned by the bank – our procedure in these cases is to contact the client by phone or e-mail to let them know that the check has been returned, and that they have 7 days to make it good. The facility or program manager where the check was taken, and where the service is to be rendered, or has been delivered, is also notified. If payment is not received within the 7 days, the client's account is frozen, preventing them from doing further business with Montgomery County Department of Parks ParkPASS activities. This includes any usage remaining for any courses, passes, or rentals existing on the clients account. An Alert Text is also posted on the clients account, providing details as to why the account has been frozen. The facility or program manager will follow the procedures outlined by the State's Attorney's Office in Montgomery County to collect the NSF funds.
2. Failure to make good on a credit card payment that was included in a batch for authorization and subsequently declined by the financial institution. All on-line registrations require payment before the registration is processed – a credit card payment, which goes into the batch, is counted as payment. Following the decline by the bank, the client is notified by phone or e-mail, and payment in another form is requested within 7 days. If payment is not received within the 7 days, the client is withdrawn from the course or the rental is cancelled which serves to clear the Accounts Receivable (A/R).

If the registrant attends a course, even partially, an A/R balance is created for the portion of the service used. If there is a remaining balance on the client's account, then the client's account is frozen, preventing them from doing further business with the Montgomery County Department of Parks ParkPASS activities. An Alert Text is also posted on the client's account, providing details as to why the account has been frozen. Improvements in the ParkPASS system software have greatly reduced both in-person and on-line transactions being sent to batch authorization except during periods of communications issues. This has lessened the impact on the A/R process from these types of transactions.

3. A/R reports are produced, and sent out by the ParkPASS Help Desk to the appropriate facility or program manager every 30 days. Once a case is posted on an A/R, the Help Desk, working with the facility or program managers, makes every attempt to resolve most cases within 2 weeks of the A/R report being sent. Every effort is made to determine whether the client actually participated in the activity, and for how long and to which point, before adjusting the account to correct the revenue. The client is then contacted, and notified of the outstanding balance, and is given 7 days to make it good. If the client does not make good the entire unpaid balance within the 7 day period, the unpaid balance remains on the account, and the account is "frozen", preventing them from doing further business with the Montgomery County Department of Parks ParkPASS activities until paid. An Alert Text is also posted on the client's account, providing details as to why the account has been frozen.

If the A/R remains uncollected past 6 months, the remaining balance is considered a write-off. The account remains frozen, and a procedure is in place to reestablish the receivable should the client later wish to resume doing business with us. The client must pay off the written off balance before new transactions are accepted.