

# **STANDARD OPERATING PROCEDURES**

## **Collection Services Contract for Overdue Municipal Court Judgments of the City of Milwaukee 2002**

### **I. REFERRALS TO THE CONTRACTOR**

- A. The Court shall transmit to the Contractor on a daily basis cases with judgments that are 20 to 27 days past the due date.
- B. The Contractor shall organize and report cases assigned by the Court as follows:
  - 1. Multiple cases for a defendant will be listed under one account.
  - 2. New cases will be added to an account that is currently active.
  - 3. New accounts will be established for defendants that have never had a collection account or currently have an inactive account.
  - 4. There can only be one active account for a defendant.
  - 5. A verification report verifying the receipt of new assignments from the Court shall be produced by the Contractor, and shall contain:
    - a. Account number and case number
    - b. Defendant name
    - c. Amount due per case
    - d. Total amount due per account
    - e. Total number of accounts/defendants
    - f. Total number of cases
    - g. Total amount of assignments
  - 6. The verification report must be submitted to the Court the following workday of the computer run generating the report.

### **II. CLOSE-OUTS OF ACCOUNTS BY THE CONTRACTOR**

- A. The Contractor shall:
  - 1. Close accounts one year from the original date of assignment for which it has not received full payment; except for accounts with active installment

arrangement payment activity, or for which legal action has been commenced.

2. Close accounts for which there has been no collection activity 180 days from the date of assignment, except accounts for which legal action has been commenced.
3. Close accounts that are paid-in-full.
4. Report closed accounts to the Court on a monthly basis in electronic and paper format.

- B. The Court reserves the right to order the release of an individual case within an account or release an entire account from collections. Releases may be the result of commitments served on a defendant or credit given by the judge to the defendant for time served and may comprise 20% to 30% of assignments.

### **III. CHANGES IN CASE STATUS**

A. Payment Due Date Changes:

1. The Court shall notify the Contractor of changes in the status of cases whenever the judge grants the defendant a new fine payment due date, commonly referred to as a "hold." Notification of a change in due dates shall consist of an electronic file that will be transmitted daily to the Contractor. The report shall list the account number; case number; defendant name; new due-date.
2. When a new due date has been granted by the Court, the Contractor can pursue collection activity after the new due date expires and the judgment has not been paid. There shall be no collection activity on a case that is on "hold." The Contractor shall continue to receive credit for payments received on cases that have been placed in "hold" status. Due date changes represent approximately 20% of assigned cases.

B. Balance Changes:

The Court shall notify the Contractor of any changes ordered by the Court that will affect the original assignment amount of an account. Notification of balance changes shall consist of a report that shall be electronically transmitted daily to the Contractor. The report shall list the account number; case number; defendant name; the increase or decrease to the amount due on an individual case.

#### **IV. CIVIL PROCEEDINGS**

##### **A. Contractor Responsibilities:**

1. The Contractor shall initially attempt collection through its administrative procedures on all accounts.
2. If all administrative efforts have failed but the Contractor has reason to believe that the defendant has funds or assets that may be seized to pay Municipal Court forfeitures through civil action, the Contractor shall be responsible for recording judgments in Circuit Court and shall provide the Court with the Circuit Court docket number on all cases docketed.
3. The Contractor shall be responsible for instituting and completing legal proceedings for the collection of Circuit Court judgments that are docketed.
4. The minimum amount on an account consisting of one or more cases for the same defendant that may be pursued by civil action is \$500.
5. The Contractor shall be responsible for calculating the requisite interest on the docketed cases.
6. The Contractor shall provide the Court with a weekly report of all satisfactions filed on behalf of the City, showing both the title of the case and the Circuit Court number.
7. The Contractor shall provide the Court with a weekly report which specifies the following for each judgment: the amount of the original assignment, the amount of calculated interest, the legal costs associated with the judgment.
8. The Contractor shall provide a status report on each account under civil proceedings at least once every six months.

##### **B. Contractors' Responsibility for Legal Services:**

1. The Contractor shall be responsible for providing the legal services for the collection of the court judgments that are docketed in the Circuit Court.
2. The Contractor shall be responsible for sub-contracting for the legal services under the same terms and conditions of the contract between the Contractor and the City of Milwaukee and the standard operating procedures in the event the Contractor cannot provide the legal services.

3. The Contractor shall provide separate fees for the collection of cases without judgments docketed in Circuit Court and those judgments docketed in Circuit Court.

C. Court Responsibilities:

1. The Municipal Court shall order a stay of all alternative sentences other than suspension of driver licenses upon receipt of the Circuit Court docket number and the Circuit Court case number from the Contractor.
2. The Court shall vacate all alternative sentences for satisfactions that are reported weekly to the Court by the Contractor.

D. Building Code Cases:

1. The Court shall provide the Office of the City Attorney with a weekly report identifying the cases sent to the Contractor that involve building code violations.
2. The Office of the City Attorney shall have 10 days from the date of notice to notify the Contractor and the Court identifying those cases that shall be released from collection assignment. Upon receipt of the City Attorney's notification, the Contractor shall cease all collection effort and close the related cases such that they will be reported in the next close-out report to the Court. When released, cases cannot be reassigned for collection service.
3. The Court shall release the cases identified by the City Attorney from its collection file and notify the Contractor of the change in status.
4. The Contractor shall receive no fee for any monies collected by the Office of the City Attorney or the Court on said cases while the suspension of collection is in effect.
5. The Office of the City Attorney shall notify the Contractor and the Court identifying those cases in which collection shall be released from collection assignment and in which collection activity shall be terminated by the Contractor at any time after assignment and the Contractor shall receive no fee for any monies collected by the Office of the City Attorney or the Court after said release.
6. Cases in which the offense is not a building code violation are not covered by the provisions of this section, regardless of whether the

defendant for the case has building and zoning violation cases that have been released by the Office of the City Attorney.

**E. Bankruptcies:**

1. When a bankruptcy has been filed by a debtor after a case has been referred to the Contractor, the Court shall electronically transmit a hold request to the Contractor with a new date.

**F. Costs:**

1. Costs of attorney fees, docketing fees, and related legal costs shall be billed to the Court on a weekly report.
2. All fees shall be exclusive of costs.

**V. INSTALLMENT ARRANGEMENTS**

- A. The Contractor may make installment arrangements with defendants to clear the debt in the most efficient manner possible.
- B. The Contractor shall inform the defendant that the alternative sentence of driver's license suspension will remain in effect until the judgment is completely paid or a payment agreement is executed.
- C. Installment arrangements shall not extend beyond 360 days unless prior approval is received from the Court.
- D. Installment arrangements that have no payment activity for 60 days shall be reviewed by the Contractor. If there is no payment activity or no new assignments within one year after the original assignment date, the account shall be closed.

**VI. PAYMENTS**

- A. Payments received by the Contractor on behalf of the Court shall be applied to the oldest judgments first.
- B. Payments received by the Contractor shall be listed on a transaction activity report and transferred to the Court on a weekly basis, and this report may be transferred to the Court electronically.
- C. Payments received at the Court shall be listed on a transaction activity report and electronically forwarded to the Contractor on a daily basis.

- D. All funds received by the Contractor shall be transferred on a weekly basis to the Court through either one of the following as agreed upon between the Court and the Court:

1. Check payment: A check shall accompany the transaction activity report; the total amount of the check shall equal the total transaction amount on the activity report.

A check shall be forwarded to the Court on the same date an electronic report is transmitted to the Court.

3. Clearing account deposit:

A deposit shall be made to the Court's clearing account; the amount of the deposit shall equal the total transaction amount on the activity report.

## VII. EXCLUDED PAYMENTS

- A. The Contractor shall be compensated for all collections that are the direct result of the collection activities of the Contractor. However, in certain cases the Contractor shall not be compensated for collections after collection is suspended upon written notice from the City Attorney.
- B. The Contractor shall not be compensated for judgments which were assigned to the Contractor under the following circumstances:
  1. Payments made by check for which there were insufficient funds.
  2. Payments received prior to the assignment period.
  3. Payments received on accounts that have been reported as uncollectible and closed by the Contractor.
  4. Payments made on cases that have been released per judge's order prior to collection by the Contractor.
  5. Payments made by defendants due to arrest on a warrant or commitment.
  6. Payments made to the Court as a result of other enforcement actions by parties other than the Contractor, such as the Circuit Court or Federal Bankruptcy Court.

## **VIII. ACCOUNT INFORMATION**

The Contractor shall maintain at least the following for each account:

- A. Account identification number
- B. Case number
- C. Citation number (where applicable)
- D. Defendant last name, first name, middle initial (if available)
- E. Sex
- F. Race
- G. Date of birth
- H. Defendant address(es)
- I. Offense
- J. Offense date
- K. Judgment amount
- L. Judgment date
- M. Alternative sentence(s)
- N. Amount due
- O. Due date
- P. Total account amount.

## **IX. ACCOUNTING SYSTEM**

The Contractor shall have in place, an accounting system that provides adequate internal controls to promote accurate and complete accounting records, as well as minimize the risk of misapplication of receipts and financial transactions in a manner consistent with the requirements established by the Court.

- A. The Contractor's established functions shall provide:
  - 1. A clear distinction between authorization of transactions, accounting for transactions and receiving custody of any assets (e.g. receipts) relating to these transactions, including the restrictive endorsement of checks.
  - 2. Balancing and reconciliation procedures.
  - 3. An internal audit system.
  - 4. Total account data in terms of the number of accounts, related cases and the associated dollar value of the individual cases(s) and account.
- B. The Contractor shall accommodate the receipt of payments at a minimum at the Court and the Contractor site.

- C. The Contractor shall be able to produce transaction activity reports, with the specific time period (i.e. weekly, monthly, quarterly) to be determined by the Court for the following:
1. Payments received at the Contractor site(s)
  2. Payments received at the Court site
  3. All payments received
  4. Invoice statement for fee remittance.
- D. The transaction activity reports shall incorporate the following details:
1. Account and individual case information
  2. Amount received on original assignment
  3. Amount received on calculated interest
  4. Fee amount
  5. Legal costs
  6. Amount refunded
  7. Fee amount refunded
  8. Legal costs refunded
  9. Transaction date
  10. Method of payment (i.e. cash, check, fax)
  11. Total of all amounts received
  12. Total fee amount
  13. Total legal costs.
- E. The invoice statement report shall incorporate the following details:
1. The summary totals of the amount paid at the Contractor and Court sites
  2. All adjustments (i.e. insufficient funds checks)
  3. Total fees to be remitted by the Court.
- F. Minimum Collection Rate:
1. The Court requires a minimum collection rate of 12% for all collections less judgments released by the Court. Ten months after being awarded the contract, if the collection rate falls below the minimum requirement rate, the Court reserves the right to terminate the contract at the end of the year.
  2. In the event that the contract is terminated at the end of the year, all active accounts must be closed-out and returned to the Court.

**G. Management Reports:**

The Contractor shall provide financial, operational, historical and other reports that are required by the Court for executing its responsibilities and monitoring the performance of the Contractor. The data and information needs of the Court require accurate, timely, detailed and functionally integrated reports. The Court retains the right at all times to require the modification or enhancement of its reporting requirements.

**H. The following are examples of the types of reports required by the Municipal Court. These examples are not intended to represent the total managerial reporting needs of the Court.**

**1. Verification of Assignments:**

- a. Report(s) that list new assignments and related data verifying the receipt of electronically transmitted data from the Court to the Contractor.
- b. Report(s) that list closed accounts and related data verifying the transmittal of data from the Contractor to the Court.

**2. Age of Accounts:**

- a. Report(s) that list and/or analyze active accounts according to the date of assignment and/or offense type.
- b. Report(s) that analyze collection activity according to the date of assignment.

**3. Type of Account:**

- a. Report(s) that analyze collection activity according to offense type and/or account balance.
- b. Report(s) that analyze collection activity according to close out reason.

**X. COMPUTER SYSTEM CAPABILITIES**

The Contractor shall maintain a comprehensive and integrated computer system that provides data accuracy, integrity, and have some degree of flexibility.

A. This system shall be able to:

1. Accommodate the electronic transfer and receipt of data using Court defined ASCII files daily; data transfers are always initiated by the Court.
2. Transmit account status information and close-outs to the Court.
3. Access the Court's production or internet based query system for making on-line inquiries regarding case status information.
4. Consolidate multiple cases for a defendant into one account for proper account control and status reports.
5. Close out individual case(s) within an account; and add new cases to an existing account.
6. Accept multiple addresses for a defendant for notice or follow-up.
7. Process files for Court retrieval through a Proposer supplied anti-virus program prior to retrieval of by the Court.
8. Remove and re-assign cases based upon Court requirements. Example: If a case is given to the Contractor for action and subsequently the defendant comes to court asking for additional time to pay, the Court may remove the case from the collections status. If subsequently, the defendant does not pay the imposed fine, the Court reserves the right to re-assign the same case to the Contractor for action.

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