

SETOFF DEBT COLLECTION PROGRAM STEP BY STEP

1. The governing body of your county, hospital, special purpose district, or other political subdivision must **pass a resolution** authorizing the Association of Counties to act as your claimant agent in the collection of delinquent debts. Please fax or mail a copy of this resolution to SCAC. Also, you must send a letter from your attorney addressing the claimant agency's eligibility to participate in these debt collection programs.
2. Sign a **Memorandum of Understanding and Agreement** between your county, hospital, special purpose district, or other political subdivision and the S.C. Association of Counties.
3. Complete the **Participation Form** for your county, hospital, special purpose district, or other political subdivision. Complete the **Appointment of Hearing Officer form**, which identifies the Hearing Officer who will fulfill the duties outlined in §12-56-65. All entities must submit these forms in order to participate in the coming year.
4. Begin gathering your list of delinquent debts. **All debts submitted for setoff debt must include social security numbers.** The minimum debt submitted should be at least \$50. The Association will provide each participant with a computer software program for preparing the debt file for the Association. Or, the entity may submit the data in an ASCII file or an Excel file in the field layout as specified by SCAC.
5. **Debtors must be notified by letter of outstanding debts, substantially following the language set forth in the Setoff Debt Collection Act in §12-56-62.** The letter includes the appeals process a debtor should follow to dispute a debt. SCAC also recommends adding a sentence to the letter relating to administrative fees as authorized by §12-56-60 and §12-56-63 of the Setoff Debt Collection Act.

These notices should be mailed no later than October 5 (earlier, if possible, to allow the debtors the 30 days required by the statute to satisfy their debts, and to allow entities time for administrative processing of any payments or protests.) Entities are no longer required to renotify debtors who have already been notified if there are no changes to the account information.

6. If a written protest is received from a Debtor, **the entity must complete and send the Notice of Protest form to SCAC.** Also, please notify the debtor of the date, time, and location of the informal hearing using the address provided by the debtor in his notice of protest. **After hearing the protest, the Hearing Officer should notify SCAC of the decision by sending the Certification of Hearing form.** If the decision is appealed by the debtor, the Hearing Officer should notify SCAC of any contest before the Administrative Law Judge (ALJ) and the ALJ ruling.
7. The **debt file must be submitted to the Association of Counties NO LATER THAN NOVEMBER 21.** If pulling data from more than one system, entities may submit multiple files with different formats (SCAC Software, ASCII, Excel). SCAC will compile all the files to prepare software for the entity, as requested. A copy of the **completed certification form must be faxed or mailed to SCAC before we can process the initial load.** Files should be submitted using electronic transfers through SCAC's secure SSL software.
8. SCAC will send a **Confirmation Report** to each entity showing the total number and dollar amount of records in the initial load file, as well as a listing of records with errors. Entities may review this listing and provide SCAC a new data file with corrections to any accounts. All corrections are due by November 30. **SCAC will not load your initial load until we have received verification of the totals in the**

confirmation report.

9. After the initial load is loaded by SCAC, accounts can be reduced or deleted (actually reduced to \$0.00) at any time due to payments or protests; however, accounts cannot be added or increased. Any adjustment file, containing account reductions, deletions and protests, sent to SCAC after the initial load data file has been submitted to SCAC and before SCAC sends the data to the S.C. Department of Revenue will be applied to both the current year data file for 2007 and the new year data file for 2008.

Adjustments received before December 10 are guaranteed to be included in the initial load sent to DOR. After December 10th, please continue to send all adjustments to SCAC, daily if necessary, and we will attempt to include them in the final load sent to DOR. If we cannot process these adjustments before we prepare the final file for DOR, we will send the adjustments to DOR as soon as we receive confirmation that DOR has loaded our data file into their system.

10. SCAC will continue to process match data for the current year. This **match data should be loaded into your active data file for the current year.** If you are managing two separate data files for the current year and the new year, the match data will need to be entered into both files.
11. SCAC's technical staff will assist you with **downloading the new year's version of the software** beginning January 1, if you are using our software. To use the upgraded software, you must have Internet access and have a currently supported Microsoft Operating System (2000, XP, etc.)
12. Please continue sending adjustment files. **TO MINIMIZE REFUNDS, PLEASE SEND ADJUSTMENT FILES PROMPTLY AS YOU RECEIVE PAYMENTS THROUGHOUT THE YEAR.** Entities should immediately notify SCAC of any bankruptcies. SCAC will send a confirmation report to you for all adjustment files showing the total number and dollar amount of adjustments received. If the amount differs from your records, please contact SCAC immediately.
13. Upon receipt of a setoff from SCDOR, SCAC will process the data and **send to each entity a letter, check or electronic deposit notification, detailed report of transactions, and file email notification.** The email notifications alert entities of an available file to download. With SCAC's Debt Collection Software, you will be able to download the data file and detailed report to your computer through the Debt Software Transfer (SSL) Module. If you are using Electronic Funds Transfer, you will receive an automatic deposit to your bank account and an email notifying you of the deposit.
14. After receiving a setoff report from SCAC, the entity must **promptly notify the debtor in writing of the setoff and the status of the debt** as required by the statute.
15. SCAC will provide entities **Address updates** from the DOR tax return system in June and December. We will send you data files and reports showing differences between the DOR system and the SCAC system. Please update your data as necessary.

Please send all notices and forms mentioned above to: Melinda Suddes, South Carolina Association of Counties, P.O. Box 8207, Columbia, SC 29202-8207. If you have questions, please contact Melinda at 1-800-922-6081 or email her at melinda@scac.state.sc.us.