

FMEA

Energy Connections Conference

October 11, 2007

Credit & Collections Audit Evaluations

Agenda

- DebtNext Consulting Group Introduction
- Importance of Receivable Management
- Receivable Management Cycle
- “Why Audit”
- Q & A

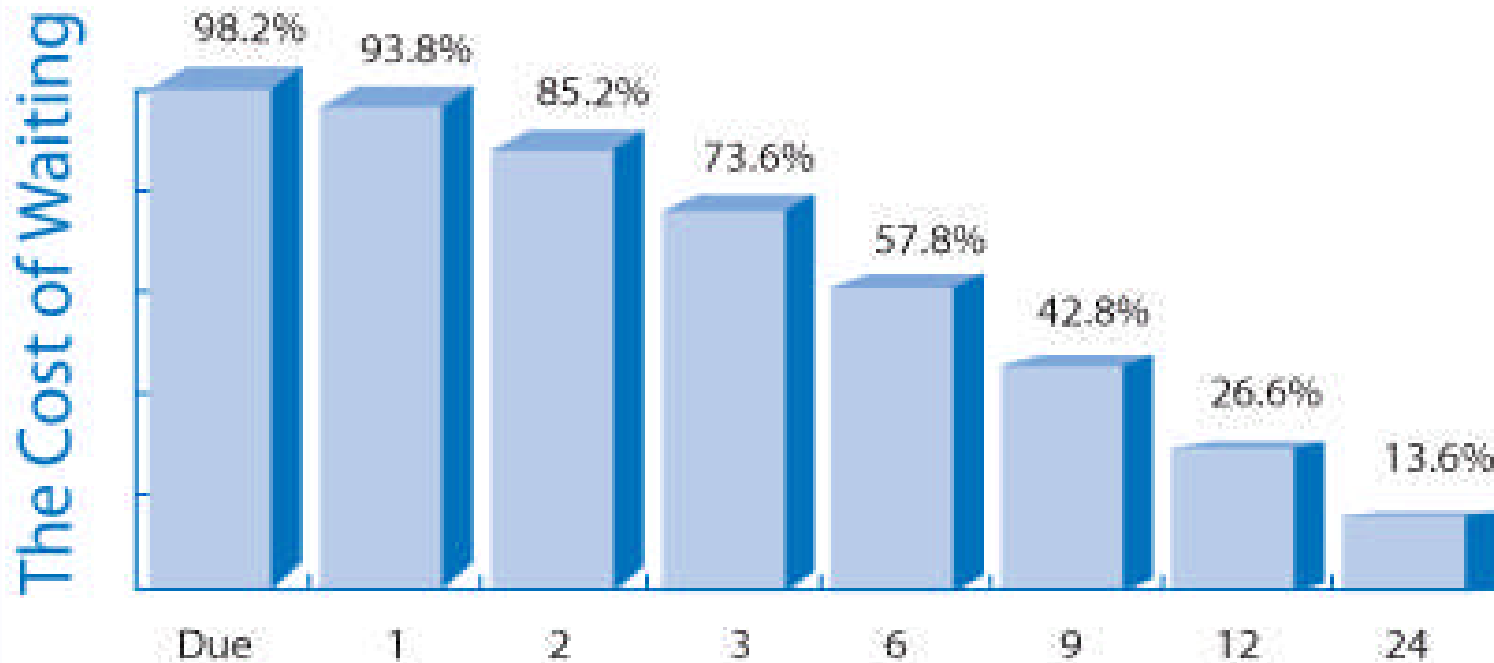
DebtNext Solutions, LLC

- Founded 2003
- Executive Management Team combined 50+ years experience providing technology solutions to Fortune 500 clients
- Extensive client list
- Consulting Group led by Collections Industry Veteran

Importance of Receivable Management

- “Collections” is one of the least customer-sensitive tasks performed within a company’s operations:
Yes or No
- People doing collections work must be careful not to let their personal styles influence the way they go about their duties. This could interfere with their success:
Yes or No
- The longer a receivable is outstanding, the easier it is to collect:
Yes or No

“The Service Is Not Complete Until The Money Is Collected”



Internal Receivable Collections

- Internal Receivable Servicing
 - Policy For Invoicing, Statements, Final Bill
 - Does Your Municipality Have a Formal Policy & Procedures Manual?
 - When Were Policy & Procedures Last Updated?
 - Who is Accountable?
- Internal Receivable Collections
 - Policy & Standard Operating Procedures
 - Does Your Municipality Have a Formal Policy & Performance Standards For Demand Letters & Phone Calls?
 - When Were Policy & Standards Last Updated?
 - Who is Accountable?

External Receivable Collections

Choosing the Right Agency

- What services do you need? Can the agency provide these services?
- Reputation and credibility
- Ease of doing business
- Resources and coverage
- Collector compensation – based on agency fees or dollars collected

Performance Measurements

Base recovery rates on the same metrics

- Don't include bankruptcies and open NSF payments as recoveries
- Compare on either open claim or closed claim basis
- Evaluate results on a ***regressive basis*** (reports should match funds collected with month placed)

Why Audit?

Sound Business Practice

- Completes The Cycle
- “Challenges” The Vendor
- Sets Standards

PSP = Performance

- **People**

Industry Specialization, Experience, Tenure, Training

- **Systems**

Dialer, Skip Tracing, Scrubbing, Scoring, CBA Reporting

- **Process**

FDCPA Compliant, Letter/Phone Consistent Treatment Matrix

“It’s not what you EXpect, It’s what you INspect”

An outside independent audit is in the best interest of the investors and ownership any business, allowing them to better understand the specifics in terms of how well their accounts are being collected and where there are potential areas of improvement in managing those entities.

Q & A

