

OREGON ACCOUNTING MANUAL		Number 35.50.10.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date October 12, 2006
Chapter	Accounts Receivable Management	.1 OF .4
Part	Uncollectible Accounts	
Section	Write-Off Guidelines	Approval Signature on file at SCD

Authority [ORS 291.015](#)
 [ORS 293.231](#)
 [ORS 293.240](#)

Purpose

This policy incorporates into the Oregon Accounting Manual (OAM) guidelines that have been jointly established by the Secretary of State and the Department of Justice for the write-off of uncollectible accounts. These guidelines are being provided as a matter of convenience for users of the OAM. Included in these guidelines is a form to be used by agencies to request approval for write-off of uncollectible accounts.

GUIDELINES FOR WRITING OFF
UNCOLLECTIBLE DEBT
UNDER ORS 293.240

A. Introduction

ORS 293.240 provides a procedure by which a state agency may obtain approval from the Secretary of State to write off, from the agency's accounts, uncollectible debts that are due the agency. Under ORS 293.240, an agency may obtain approval to write off debt only after the agency has determined that the debt is uncollectible, in accordance with criteria for uncollectibility formulated by the agency and approved by the Secretary of State and the Attorney General. These guidelines explain the procedure to obtain approval to write off a debt and provide criteria for determining when a debt is uncollectible. For purposes of these guidelines, "debt" means a fixed and certain obligation to pay money, either now or in the future.

ORS 293.240 does not apply to debts owed to a state agency for which a procedure for compromise, release, discharge, waiver, cancellation or other form of settlement *for reasons other than collectibility* is by law made specifically applicable to such agency. In such instances, the state agency may not request approval to write off the debt, but must follow the procedure for settlement that is specifically applicable to the agency.

ORS 293.240 also does not apply to debts that legally have been finally canceled or discharged, as for example, by an order of a bankruptcy court. Such debts are not "uncollectible;" rather, such debts are nonexistent.

The procedure for writing off uncollectible debts should not be confused with that provided by ORS 293.250, which authorizes the Department of Revenue to render assistance to state agencies in the collection of delinquent accounts. The Department of Revenue renders such assistance pursuant to the statute and subject to rules promulgated by the Department of Administrative Services (ORS 293.250 (3)). Under ORS 293.250, the referral to Department of Revenue is for collection only, and approval of the Secretary of State is not required. *Making such a referral does not authorize a state agency to write off the debt from the agency's accounts.*

Similarly, ORS 293.231, which requires state agencies to “offer for assignment” most liquidated and delinquent accounts to private collection firms does not authorize state agencies to write off those debts. Furthermore, a state agency may not write off an account that is subject to assignment under ORS 293.231. The Department of Administrative Services has promulgated rules governing the procedures and grounds for exempting certain liquidated and delinquent accounts from assignment ([OAM 35.40.10.PO](#)). If the private collection firm subsequently returns the account to the state agency because it has been unable to collect the account, then ORS 293.240 applies, and the state agency may evaluate the account to determine if it is collectible. The fact that a private collection firm has relinquished an account back to the state agency does not, standing alone, establish that the debt is “uncollectible” within the meaning of ORS 293.240. The state agency must evaluate collectibility under the criteria set out in Section D or other criteria that has been previously submitted to and approved by the Secretary of State and the Attorney General.

B. State Agency Direct Write Off Authority

The Secretary of State hereby delegates to each state agency the authority to write off debts less than \$5,000, if the agency has written evidence in its files to show that all reasonable efforts to collect the debt have been made, and that the debt is uncollectible in accordance with criteria for uncollectibility formulated by the agency and approved by the Secretary of State and the Attorney General.

C. Procedures for Obtaining Approval for Write Off

1. Making All Reasonable Efforts to Collect a Debt

Each state agency has a statutory duty to make all reasonable efforts to collect the full amount of moneys owing to it or otherwise charged to it for collection. Whether a state agency’s collection efforts are considered reasonable is determined by the circumstances. “All reasonable efforts to collect” means the employment of all available, legal and cost-effective means that are appropriate to the circumstances of the collection effort. A means of collection may be considered cost-effective when it is reasonable to expect the costs of collection to be less than the debt. If the anticipated recovery would be only marginally in excess of the cost of collection, it may be reasonable to exert little or no effort to collect the debt.

2. Requesting Approval to Write Off Uncollectible Debt (see sample format of request on Page 4)

For the purpose of seeking approval from the Secretary of State to write off a debt on its accounts, a state agency may certify to the Secretary of State the amount of money owed, including interest and/or penalties (if any) if:

- a. The state agency has made all reasonable efforts to collect the debt; and
- b. The money owed, including any interest and/or penalties, is uncollectible in terms of the criteria for uncollectibility formulated by the agency and approved by the Secretary of State and the Attorney General.

D. Criteria for Uncollectibility

Except where the Secretary of State or the Attorney General has advised a particular agency otherwise, the following criteria for uncollectibility are approved for adoption and use by all state agencies.

Any debt, including interest and/or penalties, or any portion of the debt, may be considered uncollectible when the debtor has no money or other thing of value owing or held by any other state agency that has not been credited to the debt, and it is reasonable to conclude, after all reasonable efforts to collect the debt have been made, that one or more of the following is true:

1. The debtor does not and will not for the foreseeable future own or have the right to own assets from which the state agency could collect the debt;
2. It is reasonably estimated that the cost of collecting the debt would equal or exceed the amount of the debt;

3. The debtor is deceased, and there are no assets in the debtor's estate from which the state agency could collect the debt;
4. The debtor is a corporation that is not and for the foreseeable future will not be engaged in any income-producing activity, and there are no assets from which the agency could collect the debt;
5. The debtor's estate is subject to a pending bankruptcy proceeding in which it is reasonable to conclude that the debt will be discharged and that the state agency will receive none or an insubstantial share of the assets of the bankruptcy estate;
6. The agency is and will be for the foreseeable future unable to collect the debt from the debtor or from anyone owing the debtor money or holding assets of or from the debtor.

Approved:

Approved:

/s/

BILL BRADBURY
Secretary of State

/s/

HARDY MYERS
Attorney General

Date: _____

Date: _____

Sample Format for Request to Write Off Uncollectible Debt Under ORS 293.240

TO: Secretary of State

FROM: (agency)

DATE:

I, _____, hereby certify that:

- This agency has made all reasonable efforts to collect the debts listed herewith;*
- This agency has determined that such debts are uncollectible in accordance with criteria previously submitted to the Secretary of State and the Attorney General or as defined in the "Guidelines for Writing Off Uncollectible Debt Under ORS 293.240;"
- There is no procedure provided by law specifically applicable to this agency for compromise, release, discharge, waiver, cancellation, or other form of settlement;
- The agency has complied with ORS 293.231; and
- The agency has made all appropriate inquiry, to the best of its ability, to ascertain that the debtor has no money or other thing of value owing or held by any other state agency which has not been credited to the debtor's obligation to the State of Oregon.

BY: _____
(signature & title)

DATE: _____

TO: _____
(Agency)

The Secretary of State finds that the debts on the referenced listing, in the total amount of \$_____, are uncollectible in accordance with the specified criteria. I, hereby, direct that the agency write off the listed debts.

SECRETARY OF STATE
State of Oregon

BY: _____
(signature & title)

DATE: _____

*At a minimum, the list must include the debtor's name, amount of the uncollectible debt, and the reason it was deemed uncollectible.