

OREGON ACCOUNTING MANUAL	
SUBJECT: Accounting and Financial Reporting	Number: 35.40.30
DIVISION: Chief Financial Office	Effective date: July 1, 2013
Chapter: Accounts Receivable Management	
Part: Account Assignments	
Section: Assignments-Department of Revenue	
APPROVED: George Naughton, Chief Financial Officer	Signature on file

PURPOSE: This policy provides state agencies with guidelines for using the Department of Revenue (DOR) Other Agency Accounts (OAA) Unit for the collection of liquidated and delinquent debt.

AUTHORITY:

ORS 1.197	ORS 1.204
ORS 18.385	ORS 183.413
ORS 183.470	ORS 183.502
ORS 183.635	ORS 291.015
ORS 293.231	ORS 293.233
ORS 293.250	ORS 293.590
ORS 314.415	

APPLICABILITY: This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by [OAM 01.05.00](#).

DEFINITIONS:

Apportionment: When a couple files a joint tax return and either partner has an outstanding debt with OAA, any refund will apply to the debt. The partner without the debt is the “injured spouse”. Either partner can file a request to receive their portion of a tax refund. OAA will apportion the refund based on the adjusted gross income of each person.

Automated Clearing House (ACH) Transfer: Electronic funds transfer through the Federal Reserve Fedline system.

Collection Unit: As used in **ORS 293.250**, the OAA Unit in the DOR.

Full Collection Services Program: Liquidated and delinquent debts that agencies assign to the OAA Unit for collections using a full range of collection services, including offset.

Refund Offset Only Program: Liquidated and delinquent debts that agencies assign to the OAA Unit for collections through application of any refunds or amounts due the debtor from the DOR or any other state agency.

Restricted: See Refund Offset Only Program for definition.

Setoff: As used in **ORS 293.250**, more commonly referred to as offset; see Refund Offset Only Program for definition.

SOIL: Acronym for Set-Off Individual Liability Program; see Refund Offset Only Program for definition.

Unrestricted: See Full Collection Services Program for definition.

POLICY:

101. Agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivable.

Use of DOR/ OAA Unit

102. The State's policy is to collect all receivables due to state agencies and to establish procedures to effect the timely collection of all amounts owed. Where a state agency has exhausted their own collection activity, or the statutory time permitted for an agency's self-collection on a debt has expired (see **ORS 293.231** and/or [OAM 35.40.10](#)), the agency must assign the account to a PCF or the Department of Revenue Other Agency Accounts (OAA) Unit. If the OAA Unit does not collect a payment and returns the account to the agency, the agency must immediately assign the account to a PCF.
103. The OAA Unit can only collect liquidated and delinquent debt per ORS 293.250; (see the definition of liquidated and delinquent debt in [OAM 35.30.30](#)).
104. The agency assigning a debt to the OAA Unit and the debtors shall abide by the laws, rules, and procedures adopted by and governing the OAA Unit for the Refund Offset Only or Full Collection Services Programs.
105. The debtor must receive proper notice as referenced in [OAM 35.30.50](#), **ORS 183.413**, or in **ORS 183.502**. In order to meet due process requirements, the OAA Unit will send a notice of demand for payment prior to proceeding to garnishment on debts assigned by other state agencies.
106. If required under ORS 183.635, the agency must utilize the Office of Administrative Hearings, or pursue alternative means of dispute resolution as authorized in ORS 183.675 and as described in ORS 183.502.
107. DOR will collect debt that agencies assign to the Refund Offset Only Program through refund offsets only.
108. Agencies may not assign a debt to both the OAA Unit's Full Collection Services Program and the Refund Offset Only Program at the same time.
109. Agencies may assign a debt to the OAA Unit's Refund Offset Only Program for offset and a private collection firm at the same time.
110. Agencies may not assign a debt to both the OAA Unit's Full Collection Services Program and a private collection firm at the same time.

PROCEDURES:

Assignment of Liquidated and Delinquent Debt

111. Each agency that OAA performs collections services for must enter into a Service Agreement. Before OAA will conduct business with an agency, the agency must complete and return the agreement to OAA. The agreement outlines the type of debt that the agency is assigning, the collection services that OAA will provide, and the collection fee. Debt assigned to OAA for collection services must meet certain criteria. For example, the debt must be liquidated and delinquent, and the debt must be defined as to whether OAA may issue warrants and garnishments as determined by the client agency (see paragraph 129.c).
112. Since agencies may assign only liquidated and delinquent debt to the OAA Unit for collection, the assigning agency must determine whether their debt is liquidated and delinquent according to the definitions in [OAM 35.30.30](#). In addition, for debt that qualifies as liquidated per subsections 5-9 of the definition, if the debtor disputes whether the debt is owed or liquidated, the debt will no longer be considered liquidated.
113. An agency will notify OAA of any disputes on an assigned debt and OAA will notify the agency of any disputes. OAA will place disputed debt in a non-collection status until the agency satisfies the dispute. The agency must review the dispute and provide determination to OAA within 30 days of notification. If the agency does not notify OAA, OAA may return the debt to the agency.
114. For debt that an agency submits with a social security number, the agency must have received informed consent from the individual when they obtained the social security number. As per 5 U.S.C. § 552a Sec. 7(b): "Any Federal, State or local government agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by what statutory or other authority such number is solicited, and what uses will be made of it."
115. Agencies may assign debt of juvenile debtors of working age to the OAA Unit.
116. Agencies may assign debt of incarcerated debtors to the OAA Unit. The agency needs to indicate the anticipated release date when assigning the debt.
117. Agencies may not assign debt of bankrupt debtors to the OAA Unit. If a debtor files bankruptcy after the agency assigns the debt to the OAA Unit, upon discovery OAA will return the debt to the assigning agency. The agency may reassign the debt to the OAA Unit after the agency determines that the debt survived bankruptcy.
118. OAA charges assigning agencies a fee for collection based on services designated in the service agreement. OAA does not add any fees to the assigned debt, nor does OAA charge a fee to the debtor. OAA retains a collection fee from the gross amount collected, and remits the net amount to the agency. Agencies must always credit the gross amount collected to the debtor's liability. If an assigning agency does not credit the gross amount collected to the debtor, the liabilities assigned to OAA will be out of balance. OAA's legislative authority for charging a collection fee is ORS 293.250. If the assigning agency has legislative authority to pass OAA's collection fee on to the debtor, the assigning agency needs to notify the debtor of this fee, then add that additional amount to the debt and send the total balance to OAA for collection.

Refund Offset Only Program

119. Agencies submit debt for possible offsets against any refund the DOR may issue or other refunds owed the debtor from a state agency. The DOR deducts the amount owing to an agency from the refund, and the individual receives a check for the difference.
120. Debt that agencies assign to the Refund Offset Only Program must include a social security number.
121. Agencies may submit Refund Offset Only Program debt via data transfer only. Contact the DOR, OAA Unit for further information on submission requirements <https://www.oregon.gov/DOR/programs/gov-research/Pages/aaa.aspx>.
122. Agencies must maintain debt balances. Agencies make adjustments via the account maintenance tools for balance changes.
123. The OAA Unit will inform a debtor of any offset either through a letter that OAA sends with the refund check or with a letter sent independently where OAA offsets the entire refund.
124. The OAA Unit will review any apportionment (division of a tax refund on a joint return) request and make a determination as to whether an apportionment is appropriate. Where appropriate, they will calculate the amount and send a refund. OAA will charge any resultant change in the refund amount back to the assigning agency's account. OAA will send notification of the apportionment request to the assigning agency.
125. The agency submitting debt that is subject to offset will hold any hearings as required by [OAM 35.30.30](#) and will inform the OAA Unit of its findings. Any claims that the agency finds to be not due, or not liquidated and delinquent, must be withdrawn from the Refund Offset Only Program by the assigning agency.
126. OAA refers debtors to the agency for questions regarding debt balances.

Full Collection Services Program

127. Agencies may submit debts to the Full Collection Services Program via paper or electronically.
128. The OAA Unit may set up debts assigned for the Full Collection Services Program without a social security number.
129. The OAA Unit has no restrictions as to the collection methods they may use for debt assigned to the Full Collection Services Program.
 - a. In order to be successful in collecting from debtors, the OAA Unit shall have full authority over the assigned debt. If the assigning agency intervenes without consent, the OAA Unit may discontinue its efforts, assess the collection fee, and return the assigned debt.
 - b. Assigning agencies must not continue to pursue collection from a debtor after assigning the debt to the OAA Unit's Full Collection Services Program.
 - c. Each agency must determine whether they can request OAA to issue warrants and garnishments as part of the Full Collection Services Program. The definition of liquidated debt in [OAM 35.30.30](#) includes nine conditions under which a debt qualifies as liquidated. For those debts that meet conditions 1-4, the OAA Unit has the authority to

utilize all potential collection tools, including warrants. For those debts that meet conditions 5-9, the OAA Unit does not have authority to issue warrants. If warrant authority is necessary for effective collection, the agency must take appropriate action to qualify the debt under conditions 1-4.

130. The following are guidelines for agencies in submitting liquidated and delinquent debt for collection under the Full Collection Services Program:
- a. Agencies must submit the entire balance of a liquidated and delinquent debt, not just a portion.
 - b. Comments identifying the nature of the liability will assist the OAA Unit in answering debtors' questions and reduce the number of calls to the assigning agency.
 - c. Agencies may receive a request to provide necessary and appropriate supporting documents including, but not limited to:
 - Credit/loan application
 - Copy of promissory note
 - Credit information statement
 - Invoices or billings
 - Negotiable instruments, including NSF checks
 - Narrative statements of prior collection activity
 - Copies of key collection letters
 - Detailed statement of the debt showing beginning balance, payments made, ending balance, dates, interest, charges, etc.
 - Substantiation of collection charges or fees made against the debt prior to assignment
 - Details of any other debt with debtor
 - Proof of informed consent
 - Information obtained with regard to bankruptcy filings
 - Estate/asset information for deceased debtors
 - Estimated date of release for incarcerated debtors
131. Agencies must maintain debt balances. Agencies make adjustments via the account maintenance tools for balance changes.
132. Agencies may withdraw an assigned debt by submitting notice to the OAA Unit. The OAA Unit reserves the right to request additional information from the agency requesting the return to determine if they will charge the agency a collection fee. Refer to the service agreement for situations in which a collection fee may still apply.
133. OAA will return to the submitting agency, with no collection fees charged, debts that the OAA Unit determines are uncollectible. The OAA unit will also return debts where the statutory time permitted for the OAA Unit's collection activity has expired (see **ORS 293.231(4)** and **ORS 1.197**).
134. The assigning agency's name will appear in the offset notification letters to the debtors, and the DOR is the agency listed to receive the dispute request (see **ORS 293.250 (d)**).

Reporting

135. The OAA Unit will provide monthly reports to each agency regarding the agency's debts. The assigning agency must update their records monthly based on the status reports that the OAA Unit sends.
136. An assigning agency must notify the OAA Unit of all payments received from the debtor or any other adjustment to a debt balance. For the OAA Unit's records, agencies should include the reason for changes to the balance in the notification.

Remittances and Refunds

137. The OAA Unit accumulates any moneys collected and remits them, minus a collection fee, to the respective agencies monthly.
138. The OAA Unit makes all payments to an agency by ACH transfer. The OAA Unit will not issue checks.
139. Agencies should refer to [OAM 15.35.00](#) for information on recording payments collected and remitted to them by the OAA Unit.
140. If a debtor is due a refund for overpayment of the debtor's liability, OAA or the agency will issue the refund according to the terms of the service agreement. An exception to this is if a garnishment overpays a debt or a garnishment payment or other payment is misapplied. According to DOR policy, OAA must refund any overpayment received for an OAA issued garnishment.