

Department of Administrative Services
Statewide Accounts Receivable Management
Accounts Receivable Lifecycle

The following step-by-step process represents an overview of the general accounts receivable lifecycle. The steps identified reflect actions required to be performed by state agencies subject to ORS 293.231. State agencies may have different internal processes based on the type of the debt (i.e. civil penalties) or management policy (i.e. interest and collection fees passed on to the debtor). The steps below are also illustrated in flowchart format.

Internal Process

1. Account established. Action which results in an amount due to the state agency. Examples of actions include: goods or services provided; fine or penalty assessed; judgement ordered; or license application received. At the time the account is established, gather pertinent debtor information for use in possible future collection actions. Examples of pertinent information include, but are not limited to: driver's license number; business owners or officers; phone numbers; addresses; social security number (disclosure required, refer to [OAR 122-085-0200](#)); and date of birth. [[OAM 35.20.20](#)]
 - a. Ability to pay. When applicable, the state agency may assess a customer's ability to pay prior to billing the customer for goods or services provided. State agency representatives may refer to credit reports, financial statements or require a co-signer prior to offering "billing" as a payment option. [[OAM 35.20.30](#)]
 - b. Create an invoice. When applicable, create a billing invoice which includes, at a minimum, the following components: agency name and address; debtor name and address; invoice number; invoice date; due date; total amount due; and a description of goods or services provided. [[OAM 35.30.20](#)]
2. Decision point: Did the state agency receive full payment by the due date of the account?
 - a. Yes. Proceed to step 3.
 - b. No. Proceed to step 6.
3. Decision point: Did the payment bounce?
 - a. No. Proceed to step 4.
 - b. Yes. Proceed to step 5.
4. Paid in full. Account is paid in full and no further action is required.
5. Account liquidated. When a debtor makes payment via personal check and the payment bounces, the account is considered liquidated since the debtor acknowledged the debt in writing. [[OAM 35.30.30](#)]
6. Account delinquent. When full payment is not received by the original due date, the account becomes delinquent. [[OAM 35.30.30](#)]
7. Call the debtor. State agencies are encouraged to make telephone contact a part of internal collection activities. Collection staff must document, in the account record, any contact or attempt to make contact with a debtor. [[OAM 35.30.40](#)]
 - a. Verify debtor information on file, obtain additional information and update debtor information in account file. Ideal debtor information includes, but is not limited to: phone number; mailing, physical or email address; date of birth; social security number (disclosure required, refer to [OAR 122-085-0200](#)); and employer name, address and phone number.

Department of Administrative Services
Statewide Accounts Receivable Management
Accounts Receivable Lifecycle

- b. Obtain a verbal acknowledgement of the debt from the debtor and a commitment to pay the debt.
8. Decision point: Does the debtor acknowledge the debt during the phone call? [For example, if the debtor says “I know I owe the debt, I just can’t pay it now” the debtor acknowledged the debt.]
 - a. Yes. Proceed to step 9.
 - b. No. Proceed to step 11.
9. Negotiate a payment plan with the debtor. Send written confirmation of payment agreement and terms to the debtor. Request the debtor sign and return the written agreement. In the agreement, outline the terms of the agreement including payment amount, due dates, payment instructions and consequences if the agreement is not followed (e.g. interest penalty, assignment to Department of Revenue Other Agency Account Unit (DOR-OAA), assignment by DOR-OAA to a private collection firm (PCF), collection fees, dispute process). [[OAM 35.30.60](#)]
10. Decision point: Does the debtor make payments per the plan?
 - a. Yes. Proceed to step 16.
 - b. No. Proceed to step 11.
11. Send collection letter. The collection letter, or series of escalating letters, should include: demand for payment; notification of interest penalty (if applicable), interest rate and formula for calculating interest; notification of potential assignment to collection agency (DOR-OAA and subsequent assignment to a PCF); notification that collection fees may be passed on to the debtor (if applicable), collection rate and formula for calculating collection fees; dispute process; and a deadline to respond. [[OAM 35.30.50](#)]
12. Decision point: Does the debtor dispute the debt?
 - a. Yes. Proceed to step 13.
 - b. No. Proceed to step 16.
13. Agency appeal process. Review and respond to the debtor’s dispute as per the state agency’s documented appeal process.
14. Decision point: Is the debt still owed per the appeal process outcome?
 - a. Yes. Proceed to step 16.
 - b. No. Proceed to step 15.
15. Enter an accounting adjustment to remove the debt from the state agency’s accounting system.
 - a. Debtor is no longer liable for debt.
 - b. End off process.
16. Account liquidated. Generally, an account becomes liquidated once a debtor has been notified of the debt, given an opportunity to dispute the debt, and does not dispute the debt. The complete definition of liquidated is provided in [OAM 35.30.30](#).
17. Decision point: Did the state agency receive payment in full?
 - a. Yes. Return to step 4.
 - b. No. Proceed to step 18.
18. Decision point: Did the state agency receive payment within 90 days from the date the account became liquidated and delinquent or within 90 days of the last payment on the account?
 - a. Yes. Return to step 17.
 - b. No. Proceed to step 19.

**Department of Administrative Services
Statewide Accounts Receivable Management
Accounts Receivable Lifecycle**

19. Decision point: Does the state agency exempt the account from assignment? [[OAM 35.40.10](#)]
 - a. Yes. Proceed to step 20.
 - b. No. Proceed to step 24.
20. Dual process:
 - a. Continue internal collection activities. Internal collection activities include, but are not limited to, phone calls and letters. Proceed to step 21.
 - b. Assign account to DOR Offset only. Accounts exempt from assignment may be assigned to the DOR refund offset program for tax refund offset; social security numbers (disclosure required, refer to [OAR 122-085-0200](#)) must be included. Proceed to step 33.
21. Write-off account. Accounts that meet the criteria for uncollectibility may be written off. A write-off removes the amount from the state agency's accounting records; the debtor is still responsible for the debt. Accounts assigned to DOR Offset may remain assigned after write-off. [[OAM 35.50.10](#)]
22. Decision point: Does the account subsequently become collectible?
 - a. Yes. Return to step 19.
 - b. No. Proceed to step 23.
23. End of process. No further action required.
24. Assign account to DOR-OAA unrestricted program. Assign the account to an unrestricted program code. The program code identifies the collection tools DOR-OAA is authorized to use to collect the respective type of debt (e.g. letters, phone calls, garnishment, real property lien). The program code also identifies whether the account is subject to interest penalty and the applicable interest rate; and whether the collection fees will be passed to the debtor or paid by the originating agency. [[OAM 35.40.30](#)]
 - a. Proceed to step 25.

External Process

25. DOR-OAA: Evaluate account collectibility. DOR-OAA uses a triage process to determine which collection process the account will most effectively be collected.
26. DOR-OAA: Decision point: Assign account to PCF initially?
 - a. No. Proceed to step 27.
 - b. Yes. Proceed to step 35.
27. DOR-OAA: Perform unrestricted collection services. As directed by the client agency, services identified in the unrestricted collection services program code will be performed (e.g. phone calls, letters, garnishment, liens). [[OAM 35.40.30](#)]
28. DOR-OAA: Decision point: Payment received within ORS timeline?
 - a. Yes. Proceed to step 29.
 - b. No. Proceed to step 35.
29. DOR-OAA: Remit funds to agency. Proceeds remitted to originating agency.
30. DOR-OAA: Decision point: Is the account paid in full?
 - a. No. Proceed to step 32.
 - b. Yes. Proceed to step 31.
31. Paid in full. Account is paid in full and no further action is required.
32. DOR-OAA: Return account to collection service.

Department of Administrative Services
Statewide Accounts Receivable Management
Accounts Receivable Lifecycle

- a. DOR-OAA unrestricted account, return to step 27.
 - b. DOR-OAA restricted account, proceed to 33.
 - c. PCF unrestricted account, proceed to 36.
33. DOR-OAA: Perform restricted collection services. Accounts assigned to a restricted program code are available for refund offset only.
34. DOR-OAA: Decision point: offset processed?
 - a. Yes. Return to step 29.
 - b. No. Return to step 33.
35. DOR-OAA: Assign account to private collection firm (PCF). DOR-OAA has six months from the date of assignment to collect a payment. If the department does not collect a payment within that six-month period or if six months have elapsed since the date of receipt of the most recent payment on the account, the department shall immediately offer for assignment the debt to a PCF. [[ORS 293.231](#)]
36. PCF: Perform unrestricted collection services. These services include, but are not limited to: issuing demand notices, phone calls, and skip-tracing.
37. PCF: Decision point: Does the PCF receive payment on the account within the PO timeline?
 - a. Yes. Proceed to step 38.
 - b. No. Proceed to step 39.
38. PCF: Remit funds to DOR-OAA. Proceeds remitted to DOR-OAA per contract terms or PO.
 - a. Return to step 29.
39. PCF: Return account to DOR-OAA. If the PCF does not receive a payment from the debtor within the timelines referenced in the PO, the account must be returned to DOR-OAA.
40. DOR-OAA: Receive returned account from PCF.
41. DOR-OAA: Notify agency of recommendation to write-off account; retain account for monitoring. Accounts that have gone through the complete collection cycle may be evaluated by the originating agency for write-off.
42. Dual process:
 - a. DOR-OAA: Monitor account for subsequent collectability. Though the debt may not be collectible today, DOR-OAA will monitor the account to determine if the debtor's circumstances change in the future (e.g. apply for a loan, new employment).
 - i. Proceed to step 44.
 - b. State agency: decision point: Does the account meet the criteria for write-off?
 - i. Yes. Proceed to step 43.
 - ii. No. Return to step 42a.
No action is required by the agency. The account will remain at DOR-OAA for monitoring.
43. State agency: Write-off account. Accounts that meet the criteria for uncollectibility may be written off. A write-off removes the amount from the agency accounting records; the debtor is still responsible for the debt. Accounts remain assigned to DOR-OAA for offset and monitoring for subsequent collectability. [[OAM 35.50.10](#)]
44. DOR-OAA: Decision point: Does the account become collectible?
 - a. No. Return to step 42a.
 - b. Yes. Proceed to step 45.

Department of Administrative Services
Statewide Accounts Receivable Management
Accounts Receivable Lifecycle

45. DOR-OAA: Notify agency that account is collectible. Once DOR-OAA determines the account is “subsequently collectible”, notify the originating agency so that the proper accounting entries may be processed.
 - a. Return to step 25.
46. State agency: reverse write-off. Once DOR-OAA determines the account is “subsequently collectible”, the agency should reverse the write-off which, in turn, re-establishes the account.

SAMPLE