

## OREGON ACCOUNTING MANUAL

<b>SUBJECT:</b> Accounting and Financial Reporting	<b>Number:</b> 35.30.30
<b>DIVISION:</b> Chief Financial Office	<b>Effective date:</b> July 1, 2013
<b>Chapter:</b> Accounts Receivable Management	
<b>Part:</b> Account Activity	
<b>Section:</b> Definitions – Liquidated and Delinquent	
<b>APPROVED:</b> George Naughton, Chief Financial Officer	Signature on file

**PURPOSE:** This policy provides a description of a liquidated debt and the definition of a delinquent account.

**AUTHORITY:** [ORS 291.015](#)  
[ORS 293.233](#)  
[ORS 293.250](#)  
[ORS 293.590](#)

**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:** **Administrative proceedings**, as used below, refers to proceedings that: (a) afforded the debtor a hearing or an opportunity to request a hearing, whether denominated as a hearing, appeal, petition for review, or otherwise; and (b) are final, because the debtor either failed to timely request a hearing or exhausted or failed to exercise any applicable rights of appeal. This definition covers final orders in contested cases and final orders in other than contested cases.

A **delinquent account** is a receivable for which payment has not been received by the due date (refer to [OAM 35.30.20](#) for information regarding invoicing).

**Judgments and judicial proceedings**, as used below, refer to judgments and proceedings that are final (because the debtor has exhausted or failed to exercise any applicable rights of appeal) or that the Department of Justice has approved for referral to the Department of Revenue Other Agency Accounts Unit.

**Liquidated debt:** For purposes of [ORS 293.229 - 293.233](#) and ORS 293.250, a liquidated debt is one for which:

- a. An agency has determined an exact past due amount owing; and
- b. An agency has made a reasonable attempt to notify the debtor in writing of the amount owing and nature of the debt, and has requested payment; and
- c. The debt meets one of the following conditions:

- 1) Judgment has been entered on the debt.
- 2) The debt is a tax debt for which a distraint warrant has been issued or the prerequisites of issuance have been met.
- 3) Liability for, and the amount of, the debt have been established through an administrative proceeding.
- 4) The debt is a non-complying employer's debt for claim and administrative costs eligible for referral under criteria identified by the Department of Justice.
- 5) The debt arises from a promissory note.
- 6) The debt is an account stated under a preexisting written agreement between the agency and the debtor. A statement of account has been mailed or delivered to the debtor, and the debtor has not objected within a reasonable time, which should be specified by the agency. Example: A student signs a revolving account agreement with a university, an invoice for a laboratory fee is mailed to the student, and the student does not object. (See note below.)
- 7) The debtor has, in writing, unconditionally acknowledged the debt, both as to liability and amount, or an agreement has been reached in writing between the agency and the debtor regarding the debt, both as to liability and amount. Once acknowledged, a debtor's claim of inability to pay does not, by itself, affect whether the debt is liquidated.
- 8) The amount due is derived by an arithmetical calculation of fees (including renewal fees), collection costs, charges, penalties, or the like, from a report or an application for a permit or license submitted by the debtor in accordance with a regulatory system administered by the agency, and the debtor has not disputed liability or the amount.
- 9) Liability for a debt, but not its amount, has been established by an administrative or judicial proceeding, or by written acknowledgement of the debtor. The amount of the debt is determined by arithmetical calculation. The calculation has been mailed or delivered to the debtor in the manner of an account stated and the debtor has not objected within a reasonable time, which should be specified by the agency. Example: Balances due the Department of Consumer and Business Services for a non-complying employer as a result of an injury to a subject worker. (See note below.)

Note: Expiration of the time specified by an agency for objection to a billing, such as a debt that meets the criteria in c.6 or c.9 above, does not necessarily extinguish the debtor's right to object. It means that the agency can act on the assumption the debtor does not dispute the debt. If the debtor thereafter disputes the debt, the debt will no longer be considered liquidated.

**POLICY:**

101. Agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivable.
102. [ORS 293.231](#) requires state agencies to offer liquidated and delinquent accounts to a private collection firm or to the Department of Revenue Other Agency Accounts Unit. Refer to [OAM 35.40.30](#) for information regarding the assignment of liquidated accounts to the Department of Revenue Other Agency Accounts Unit. Refer to [OAM 35.40.40](#) for information regarding the assignment of liquidated accounts to a Private Collection Firm.