

OREGON ACCOUNTING MANUAL

DAS DEPARTMENT OF ADMINISTRATIVE SERVICES STATEWIDE POLICY	NUMBER 35.30.60	SUPERSEDES 35.30.60 dated 04/15/2013
	EFFECTIVE DATE 07/01/2018	PAGE NUMBER Pages 1 of 4
Division Chief Financial Office	REFERENCE/AUTHORITY ORS 291.015 ORS 293.252 ORS 293.590	
Policy Owner Statewide Accounting and Reporting Services		
SUBJECT Accounts Receivable Management- Account Activity: Payment Plans	APPROVED SIGNATURE <i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i>	

PURPOSE

This policy provides guidelines to assist agencies in developing payment plan agreements with debtors.

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](#).

FORMS/EXHIBITS/INSTRUCTIONS

None.

DEFINITIONS

Click here for other [definitions](#).

EXCLUSIONS AND SPECIAL SITUATIONS

None.

POLICY

101. Agency management must ensure that agency personnel employ appropriate practices in the management of accounts receivable.
102. Agencies must always request payment in full from a debtor.
103. Agencies may propose or accept a payment plan in cases where the debtor is unable to pay in full. The Department of Revenue Other Agency Account Unit may propose or accept payment plans on behalf of state agencies as outlined in [OAM 35.40.30](#).

104. Agency management must create, document, and maintain general payment plan guidelines for staff, including:
 - a. A standard length of time over which a debtor can make payments with the intent to receive full payment from the debtor as soon as possible;
 - b. Procedures for handling a debtor's request for a payment plan that exceeds the standard length of time;
 - c. Process for re-evaluating payment plan terms to determine if the payment amount can be increased; and
 - d. Documentation requirements to be provided by the debtor (e.g. financial statements, bank statements).
105. Agencies should consider obtaining a "good faith" payment prior to establishing a payment plan.
106. Agencies shall document payment plan agreements between the agency and the debtor. Payment plan agreements should be signed by the debtor and an agency representative (refer to paragraph 112 for a sample payment plan agreement).
107. The payment plan agreement provided to the debtor must include the following:
 - a. Debtor's name and account/ID number
 - b. Account balance
 - c. Payment amount and due dates
 - d. Address to remit the payment to (if applicable)
 - e. Rate of interest (if charged)
 - f. Agencies right to do an offset (if applicable)
 - g. Procedure to acquire an account balance, if the debtor wishes to pay off the balance early
 - h. Steps that will be taken by the agency if the terms of the payment plan are not strictly followed by the debtor
 - i. Agency contact name and phone number
108. Agencies should explore the use of electronic recurring payment methods to encourage compliance with the payment plan terms.
109. Agencies are required to create and document a standard mathematical formula to calculate a debtor's payments over the term of the payment plan.
110. The agency retains the right to do an offset (tax, vendor, other) even if the agency enters into a payment plan agreement with the debtor.

PROCEDURES

111. **Sample payment plan letter:** Below is a sample payment plan letter that agencies may use to communicate payment plan details to the debtor, including payment dates, interest, and account balance information (debtor signature not required):

{date}
{debtor name}
{address}
{city, state, zip}

RE: Payment Plan for {liabilities}

Dear {debtor name},

As per our telephone discussion on {date}, you agreed to make installment payments to {agency name} for the purpose of paying in full {debtor name}'s account balance of \${balance}. The following information details the payment plan terms you agreed to during our telephone conversation.

This agreement does not constitute a waiver by the state of Oregon or {agency name} to any rights and remedies under law. The terms and conditions of this agreement include interest at a rate of {interest rate} % per annum.

Monthly payments of \${payment} or more are due on the {date} of each month starting {date}. WE MUST RECEIVE YOUR PAYMENT ON OR BEFORE THE DUE DATE. THERE IS NO GRACE PERIOD. Any payment that is not received at {agency name} by the respective due date may result in the balance of your account being assigned to the Oregon Department of Revenue for collection. The Oregon Department of Revenue may subsequently assign your account to a private collection firm for collection. If {agency name} assigns the account to collection, you may also be responsible for any collection fees of up to {collection fee} % that are associated with collecting this debt.

The {agency name} retains the right to offset any refunds or sums due to the debtor from the {agency name}, the Department of Revenue, or from any other state agency as per ORS 293.254.

This agreement will be reviewed on {review date} for possible increase of payment. At that time, we may ask you to provide us with updated financial statements necessary to re-evaluate this agreement. We would appreciate your efforts in paying off the account as quickly as possible and making payments in a timely manner. It is your responsibility to contact us if you are unable to meet the terms of this agreement.

If you have any questions, please call me at {phone number}.

Sincerely,

{name}
{title}

112. **Sample payment plan agreement:** Below is a sample payment plan agreement that agencies may use to communicate payment plan details to the debtor, including payment dates, interest, and account balance information (debtor signature required).

This agreement between {debtor name} and the {agency name} is made for the purpose of paying in full {debtor name}'s account balance of \${balance}. Execution of this agreement does not constitute a waiver by the state of Oregon or {agency name} to any rights and remedies under law. The terms and conditions of this agreement include interest at a rate of {interest rate} % per annum.

Monthly payments of \${payment} or more are due on the {date} of each month starting {date}. WE MUST RECEIVE YOUR PAYMENT ON OR BEFORE THE DUE DATE. THERE IS NO GRACE PERIOD. Any payment that is not received at {agency name} by the respective due date may result in the balance of your account being assigned to the Oregon Department of Revenue or a private collection firm for collection. If {agency name} assigns the account to collection, you may also be responsible for any collection fees of up to {collection fee} % that are associated with collecting this debt.

The agency retains the right to offset any refunds or sums due to the debtor from the {agency name}, the Department of Revenue, or from any other state agency as per ORS 293.254.

This agreement will be reviewed on {review date} for possible increase of payment. At that time, we may ask you to provide us with updated financial statements necessary to re-evaluate this agreement. We would appreciate your efforts in paying off the account as quickly as possible and making payments in a timely manner. It is your responsibility to contact us if you are unable to meet the terms of this agreement.

<u>{debtor}</u>	<u>{agency}</u>
Signatures_____	_____
Printed Name_____	_____
Title_____	_____
{owner/partner/officer}	
Date_____	_____