OREGON ACCOUNTING MANUAL

STATEWIDE POLICY

NUMBER 35.40.20
SUPERSEDES 35.40.20 dated 02/09/2018
EFFECTIVE DATE 07/01/2018
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Division Chief Financial Office

Policy Owner Statewide Accounting and Reporting Services

SUBJECT Accounts Receivable Management-
Account Assignment: Collection Fees

REFERENCE/AUTHORITY
ORS 291.015
ORS 293.231
ORS 293.250
ORS 293.252
ORS 646.639

APPROVED SIGNATURE
George Naughton, Chief Financial Officer
Signature on file

PURPOSE
This policy provides information and guidelines for adding the cost of collection when assigning liquidated and delinquent accounts to the Department of Revenue Other Agency Accounts (DOR-OAA) unit for collection in accordance with ORS 293.231.

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
Account: As used in this policy, refers to a debt owed to a state agency.

EXCLUSIONS AND SPECIAL SITUATIONS
None.

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

102. Agencies, unless prohibited by state or federal law or regulation, may add a collection fee to a liquidated and delinquent account when it is assigned to DOR-OAA. Agencies are encouraged to charge the fee as a means of reducing agency costs and encouraging debtors to make payment to avoid the additional fee.

103. ORS 293.231 authorizes state agencies that assign liquidated and delinquent accounts to DOR-OAA to add a fee to be paid by the debtor to the amount of the debt; the fee may include amounts attributable to collections conducted by a private collection firm (PCF).
A fee may not be added unless the state agency provided notice to the debtor:
   a. Of the existence of the debt;
   b. That the debt may be assigned to DOR-OAA for collection;
   c. That DOR-OAA may subsequently assign the account to a PCF; and
   d. Of the amount of the fee that may be added to the debt.

104. DOR-OAA will remit collected funds, net of applicable collection fees, to the state agency as described in OAM 35.40.30.

PROCEDURES

105. Refer to OAM 35.30.50 for guidance on providing notification to the debtor using a collection letter.

106. Refer to OAM 15.35.00 for guidance on accounting entries for the collection fees.