

STATEWIDE ACCOUNTS RECEIVABLE MANAGEMENT

The Buzz



ARPM Collection Targets

As this newsletter is going to press in November, agencies have recently completed their Q1 FY2020 quarterly ARPM reporting. In addition, agencies completed their FY2019 reporting in early October, which included quarterly and annual ARPM reporting. Because some agencies continue to struggle with ARPM Collection Targets, we thought it would be helpful to devote the current newsletter to this topic.

Targets may be calculated a few different ways. For agencies whose collections tend to be cyclical (i.e. collections for quarter 1 of the current year are similar to quarter 1 of the prior year) the *look-back* method is described below. Please contact Gerold to learn about other methodologies.

The *look-back* method requires that you calculate your "Total Available A/R", which is the *beginning balance total A/R outstanding* plus all new A/R.

- *Helpful hint: the beginning balance of total A/R outstanding for Q3 will be the same as the ending balance of total A/R outstanding for Q2.* You'll find the ending balance for Q2 on your prior year's ARPM, on the "90 days past due" TAB, row 22.

Qtr (Req.) - 90 days past due

Cont. on page 2

Buzzworthy Articles

ARPM Collection Targets:

- Next quarter – total A/R collections.....2
- Next quarter – total L&D collections.....3
- Current quarter – total A/R collections.....4
- Current quarter – total L&D collections.....4

Accounts Relivable Honor Roll.....5



The accounts receivable performance measure (ARPM) report for the quarter ending December 31 (Q2) is due to SWARM by **January 31**.

All Executive Branch agencies as well as agencies subject to the OAM are required to submit quarterly ARPM reports.

The ARPM [reporting template](#) should be submitted via email to: SWARM@oregon.gov.

Note: cell and tab references are for the ARPM template located at [OAM 75.35.12.fo](https://oam.oregon.gov/75.35.12.fo). In addition, agencies may wish to download and populate the [AR + L&D Collections Target Template](#) (See Accounts Receivable (A/R) Toolkit) to facilitate current and future target calculations.

Agency target for next quarter – total A/R collections

Note: if your next quarter is Q3, you'll need to calculate your Total Available A/R for Q3 of the prior year.

1. Obtain your agency's beginning balance of **Total \$ value of A/R outstanding** for the same quarter, in the prior year.
2. Obtain your agency's new A/R established during the same quarter in the prior year.
 - a) Note: if your agency's A/R results from billings, obtain all new billings generated for the prior year same quarter. If your agency's A/R result from final orders or settlement agreements, obtain the final orders or settlement agreements for the prior year same quarter.
 - b) *Helpful hint: You may want to gather all four quarters of new A/R established from the prior year at this time and save it to the [AR + L&D Collections Target Template](#).*
3. Obtain your agency's **Total agency accounts receivable (A/R) collections** for the same quarter, in the prior year.
 - a) Note: this information is available on your prior year's same quarter ARPM, on the "Collections" TAB, row 10.

Qtr (Req.) - Collections
4. Add items 1 & 2, above, and the sum is Total Available A/R for prior year same quarter.
5. Divide item 3 by item 4 (Total Available A/R for prior year same quarter) and convert to a percentage.
 - a) Note: You may want to consider whether the percentage calculated in this step should be increased or decreased based on any of the following:
 - Agency's historical seasonal fluctuations; Factors (such as a new payment option); or New policies or legislative changes on agency operations that impact accounts receivables or collections;
 - b) Your agency may also want to consider whether this target represents meaningful progress in improving A/R processes or creating efficiencies.

Cont. on page 3

Agency target for next quarter – total A/R collections (continued from page 2)

The resulting percentage calculated in item 5 (or adjusted by 5a or 5b) is your **Agency target for next quarter – total A/R collections**. Enter the target percentage, into your ARPM “Collections” TAB, cell B20.

Agency target for next quarter – total L&D collections

6. Obtain your agency’s **Total liquidated and delinquent (L&D) collections** for the same quarter, in the prior year. (For example, if you are preparing your Q2 ARPM, you’ll be forecasting Q3 and will want your Q3 collections from the prior year ARPM.)
 - a) Note: **Total liquidated and delinquent (L&D) collections** is available on your prior year’s ARPM, on the “Collections” TAB, row 11.
7. Divide item 6 by item 3 and convert to a percentage.
 - a) Note: When determining your L&D Target for the next quarter, we suggest that you consider whether your prior year L&D Collections as a percentage of your prior year Total A/R Collections still applies in the current year. If not, estimate what portion of your Total A/R Collections will be L&D Collections and use this percentage instead.

The resulting percentage calculated in item 7 (or adjusted by 7a) is your **Agency target for next quarter – total L&D collections**. Enter the target percentage calculated in item 7 or 7a into your “Collections” TAB, cell B21.

Cont. on page 4





Agency target for current quarter – total A/R collections

8. Obtain your agency's beginning balance of **Total \$ value of A/R outstanding** for your current quarter.
9. Obtain your agency's new A/R established during the current quarter.
10. Add items 8 & 9, above and your result is Total Available A/R for the current quarter.
11. Obtain the **Agency target for next quarter – total A/R collections** (See your prior quarter ARPM report, cell B20 on the "Collections" TAB).
12. Multiply Item 10 by item 11 and your result is your **Agency target for current quarter – total A/R collections**.

Enter the dollar amount calculated in item 12 into your "Collections" TAB, for the appropriate quarter on row 14.

Agency target for current quarter – total L&D collections

13. Obtain your **Agency target for next quarter – total L&D collections**, (see your prior quarter ARPM report, cell B21 on the "Collections" TAB).
14. Multiply item 13 by item 12. The result is your **Agency target for current quarter - total L&D collections**.

Enter the dollar amount calculated in item 14 into your "Collections" TAB, for the appropriate quarter on row 15.

Important Note: If you need assistance, please contact your SWARM analyst.

Cont. on page 5

Accounts Receivable Honor Roll



To recognize the efforts of accounts receivable professionals statewide, and encourage prioritization of accounts receivable management activities, the DAS Chief Financial Office (DAS-CFO) created the Accounts Receivable Honor Roll.

Fiscal year 2019 will be the first year to earn this coveted designation and those agencies that met the criteria will be recognized by the DAS-CFO with a certificate accompanied by a congratulatory letter addressed to the agency director recognizing the accounts receivable professionals that completed the reports. Additionally, by January 31, the list of Accounts Receivable Honor Roll recipients for the previous fiscal year will be published on the SWARM webpage.

To be eligible for the *A/R Honor Roll Certificate* an agency must submit accurate reports by the due dates listed in the eligibility document. In October 2019, fiscal year 2020 [A/R Honor Roll Eligibility](#) criteria was published.

HAPPY THANKSGIVING!



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