

STATEWIDE ACCOUNTS RECEIVABLE MANAGEMENT

The Buzz



Important dates to Remember:

January 31, 2020

Agencies to submit accurate ARPM reports for the quarter ending December 31.

April 30, 2020

Agencies to submit accurate ARPM reports for the quarter ending March 31.

The most up-to-date ARPM is available in the Oregon Accounting Manual, 75.35.12.fo

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Volume 4, Issue 1

January 2020

SWARM Team News

When winter draws nigh, it is time for Gerold and Theresa to draft the *Statewide Accounts Receivable Management Report* under Oregon Revised Statute (ORS) 293.252.

The management report, due the Legislative Assembly by December 31, is the Executive Branch's report card on liquidated and delinquent account activity and includes the following elements:

- Important issues and significant trends in Executive Branch agency debt collection practices.
- Efforts made by Executive Branch agencies to improve the collection of delinquent debt.

The management report will be posted on the Statewide Accounting and Reporting Services (SARS) publications webpage along with the reports from fiscal years 2016 - 2018. In addition, The Statewide Accounts Receivable Management (SWARM) team will distribute the management report via email to members of the accounts receivable news list with a link to the publications webpage.

All state agency accounts receivable professional are encouraged to review the management report to learn more about statewide efforts to improve the collection of Executive Branch liquidated and delinquent debts.

Recording Administrative Orders and Distraint Warrants

by Michael Grant, Department of Justice

The following article provides general information about recording administrative orders and distraint warrants. It is not intended to provide legal advice to any specific agency, or about a particular statute or case. A state agency's ability to issue and record orders and warrants, and to subsequently enforce them, depends on its statutes, rules and the facts of each particular case. Agencies are encouraged to consult with the Oregon Department of Justice (DOJ) if they have questions about their ability to issue, record and enforce administrative orders and distraint warrants.

Many Oregon state agencies have the statutory authority to issue final orders or distraint warrants for debts owed to the state, and to record them in the county clerk lien record. Each Oregon county maintains a

county clerk lien record, in which the county clerk records warrants, orders and other instruments that affect title to real property.

The process of recording is relatively straight forward. To record an order or warrant in the county clerk lien record, the agency must mail or deliver it to the county clerk and ask that it be recorded. The county clerk charges a fee for this recording. Agencies may obtain more information about the recording process from the county clerk or DOJ.

Recording an order or warrant in the county clerk lien record gives it the effect of a court judgment, and makes it more likely that the debt will be paid. Recording creates a judgment lien on all real property in that county which the debtor

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Recording Administrative Orders and Distraint Warrants (continued)

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currently owns, or subsequently acquires. This lien must be satisfied or released before the property is sold or transferred. In addition, a bank would typically require the lien to be satisfied or released before it allows the debtor to use the property as collateral for a new loan (e.g., a new mortgage). Often, the creditor agency will receive a call from a title company asking for a payoff, because the debtor is trying to sell the property. When responding to this inquiry, the lienholder is usually entitled to include the accrued interest on the debt that is secured by the lien.

If the debtor does not attempt to sell the property, and ignores the creditor's demands to make payments, the lienholder may be able to force the property to be sold to satisfy the debt. In some cases, even if a debtor receives a bankruptcy discharge (so the debtor's personal liability for the debt is extinguished), the judgment lien may also survive—thus allowing the debt to be collected against the real property. In addition, recording an order or warrant may allow DOJ to assist the agency by obtaining a writ of execution to sell the debtor's real or personal property, issuing a writ of garnishment, taking a judgment debtor examination or registering the order or warrant in another state as a foreign judgment.

There are some limitations on the judgment lien created by recording an order or warrant. First, the lien only attaches to the debtor's real property in the county where the lien is recorded. The order or warrant must be recorded in another county if the creditor wishes to create a lien against the debtor's real property located there. Second, the judgment lien expires after 10 years. The agency may extend the lien for another 10 years by recording a Notice of Renewal in the county clerk lien record before the first lien expires. The agency may only extend its lien one time. Third,

the agency should consult with DOJ if it wishes to create a lien on the debtor's real property in another state. This will typically require DOJ to register the order or warrant as a foreign judgment in that state.

Finally, the agency must have specific statutory authority to record its order or warrant in the county clerk lien record. Agencies that have the ability to issue civil penalty orders may face an additional restriction: these orders often cannot be recorded until 10 days after the order becomes final by operation of law or on appeal.

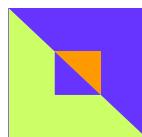


Editor's Note: At this time, Department of Revenue (DOR) records real property liens (through its authority to issue warrants) only for tax debt administered by DOR. In the future, this service may also be offered for Other Agency Account (OAA) client agency debts in extremely limited situations. However, even when this service becomes available, OAA will only issue warrants for agencies who do not have their own statutory authority to issue warrants.

Agencies who have this authority (including but not limited to Department of Human Services (DHS), Department of Transportation (ODOT), Employment Department (OED)) will want to continue using their existing authorities to secure their interests when they determine the need and may do so even after they have assigned accounts to OAA for collection.

When (if) this service is offered on OAA debt and when an agency's debt meets OAA criteria, OAA will contact the agency to confirm whether the agency recorded a real property lien for their debt.

It may also be worth noting that if the agency receives a title company check as a result of the lien placed by the agency, this collection will not be subject to OAA's collection fee if the agency sends OAA a "change balance" rather than reporting the title company payment to OAA.



Remember the Kicker!

Tax season is coming! This statement can send some people into a panic and scramble to gather their W-2s, charitable contribution receipts and other related documents. For state agencies, however, this is the time of year to double check your accounts receivable. Just like Santa checking his list of who has been naughty and nice, agencies should be making sure their accounts are assigned to the Department of Revenue-Other Agency Accounts (DOR-OAA). Tax season is the time when refund offsets are most effective and delaying the assignment of an account could mean a

missed opportunity to collect. This year that is especially true since there will be a record \$1.6 billion “kicker” refund for personal income taxpayers when they file their 2019 taxes. This provides a unique opportunity for DOR-OAA to collect on liquidated and delinquent accounts because the “kicker” can either increase the amount of a refund, or create a refund that otherwise wouldn’t have happened. So don’t delay, get your accounts assigned today and let DOR-OAA help your agency achieve their new year’s resolutions to increase the collection of delinquent accounts receivable.

Agencies with questions about assigning accounts or reassigning accounts that have previously been assigned or written-off are encouraged to contact Todd Evans (503-945-8101) or Nikki Bennett (503-945-8771).



Vendor Coordination - Important Elements in Garnishment Payments

As directed by Governor Brown through Executive Order 17-09, vendor coordination was established to intercept payments to vendors, who owe debt to the state, using an administrative hold and garnishment process.

Vendor coordination includes a daily electronic file exchange and automated data match process to identify pending payments due to vendors that owe the state debt. Upon identification, the paying state agency (1) determines if the payment is eligible to be garnished, and if so, (2) notifies the Department of Revenue (DOR) of the match. Once notified, DOR determines whether a garnishment should be issued to intercept the pending payment.

When state agencies receive a garnishment order from DOR, to avoid delays in payment posting and to ensure payments are applied to the correct debtor account, it is important that the state agency’s check (issued to DOR) include all the required information, especially the Garn ID, on the face of the check.

DOR has noted that a few agencies are not following the instructions for garnishing payments

and this, in turn has delayed DOR’s receipt of garnished payments. For example: DOR has reported receiving multiple payments with the same Garn ID listed.

It is important that state agencies send a Revenue OnLine web request for each payment owed to an inactive vendor. Agencies should not submit multiple payments to DOR in response to a single garnishment letter. The relationship between garnishment letter (and Garn ID) to agency payment is 1 to 1.

DOR has also noted that agencies are not accurately or completely entering requested information on the Revenue OnLine web request, including the correct ID
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Vendor Coordination (continued)

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type (SSN vs FEIN) or the agency name.

DOF recently updated the Revenue OnLine site to assist users in entering the correct Vendor ID information. (See Figure 1)

Finally, for those agencies that share centralized services, it is important that the Revenue OnLine web request come from the correct agency. DOF

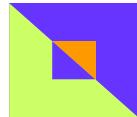
has reported receiving web requests submitted by one agency for a vendor associated with another agency.

Let's all work together to provide DOF with the information they need so that we can increase collections from vendors who are in arrears with the state.

Accounts Payable Staff may want to review the iLearn training for Vendor Coordination, *DAS - Executive Order 17-09 Coordination of Vendor Payments*.

Figure 1

Previous ID field for Revenue Online web request	
Vendor Information	
Vendor Name	Required
Id Type	Required
Vendor ID Required	
Amount Payable to Vendor Required	
New ID field for Revenue Online web request	
Vendor Information	
Vendor Name	Required
Id Type	Required
FEIN or SSN Required	
Amount Payable to Vendor Required	



ARCC Meeting Schedule

Beginning in February 2020, Accounts Receivable Core Committee (ARCC) meetings will be held every other month on the 3rd Wednesday of the month, 2:00 PM to 3:30 PM. Meetings will be held in

Conference Room B of the Executive Building.

Note: There will be no ARCC meeting in January 2020.

SWARM's purpose is to assist state agencies, through training and technical assistance, in their efforts to improve the collection of delinquent debts owed to the state. In addition, SWARM is tasked with working with state agencies to improve the quality and value of data that each state agency submits to the Legislature Fiscal Office.

