

Minutes

Accounts Receivable Core Committee (ARCC)



Meeting Date: December 19, 2018 2:00pm-3:00pm

Location: Executive Building, Conference Room A

Attendees: Andria Abrahamson (Aviation), Heidi Baker (DHS/OHA), Sheila Banke (DOJ), Stacey Chase (DAS-SWARM), Travis Clark (DHS/OHA), Sharrie Cripe (OPRD), Todd Evans (DOR-OAA), Svetlana Fadden (DHS-OPAR), Gerold Floyd (DAS-SWARM), Lane Foulger (DCBS), Kimberly Hall (WRD), Sharon Hood (DAS), Craig Kiernan (OHCS), Doug Kleebe (ODOT), Mona McMullen (CJC), Katya Medvedeva (DAS), Cindy Mora (CCB), Jesse Moore (HECC), Sue Nunley (DOJ), Dora Olivan (DCBS), Matt Powell (DPSST), Cindy Stockstill (OPRD), Karla Willmschen (SOS)

Attendees by phone: Mark Brown (DEQ), Susan Cha (OCB), Dean Criscola (OED), Connie Dominguez (ODF), Anita Hilpiper (OLCC), Jennifer Hodgdon (OSL), Aaron Hunter (ODVA), Steven Ito (DOR), Darcy McCulloch (OSP), Juan Serratos (DOJ-DCS)

ITEM	ACTION, DISCUSSION
Welcome and introductions	
L&D report tracking FY 2019	<p>State agencies are required to report private collection firm (PCF) activity processed through DOR-OAA beginning with FY 2019.</p> <p>When reconciling DOR-OAA reports on a monthly basis, be sure to track the following components separately:</p> <ul style="list-style-type: none"> • DOR-OAA collections • DOR-OAA collection fees (paid by agency and debtor) • PCF collections • PCF collection fees (paid by agency and debtor) • DOR-OAA returns to originating agency • DOR-OAA assignments to PCF • PCF returns to DOR-OAA <p>State agencies with accounts assigned to PCFs prior to July 1, 2018 will need to reconcile PCF reports separately and aggregate the PCF data reported by DOR-OAA for annual reporting of all PCF activity to the Legislative Fiscal Office (LFO).</p> <p>Additional information will be provided at the annual liquidated and delinquent account report training in August 2019.</p>
Highlights from FY 2018 LFO data analysis	Gerold presented highlights from the FY 2018 LFO data analysis. (Slide deck enclosed).

<p>Interagency billings</p> <ul style="list-style-type: none"> OAM 35.70.10 & 35.70.20 	<p>Oregon Accounting Manual (OAM) policies 35.70.10 and 35.70.20 were consolidated into one policy (35.70.10) associated with interagency billing, payments, and progressive actions. The consolidated policy was approved and incorporated into the OAM on 12/12/18.</p> <p>One of the changes to the interagency billing and payments portion of the policy requires agencies to pay the invoice 30 days from the invoice date. The billing agency will need to ensure an invoice date and due date are referenced on each invoice. This information is essential to accurately track the delinquency of the invoice. The billing agency should also establish procedures to ensure that invoices are mailed the same day as the invoice date (or close to) so that the paying agency has ample time to pay the invoice within the 30 day timeframe.</p> <p>Please refer to OAM 35.70.10 for information associated with disputed interagency invoice amounts.</p>
<p>Legislative Session preview</p> <ul style="list-style-type: none"> LC 544 ORS 293 definition of state agency LC 547 Contracting consideration of other debts 	<p>SWARM proposed two legislative concepts: 1) to clarify the definition of state agency for purposes of ORS 293.226-293.245 and 2) to incorporate language into statute that allows state agencies to consider debts owed to the state when evaluating contract awards.</p> <p>Please let SWARM know if your agency proposed any legislative concepts related to accounts receivable management.</p>
<p>Account assignments for tax return season</p>	<p>Please be sure to assign eligible liquidated and delinquent accounts to DOR in time for tax season.</p>
<p>Roundtable</p>	

Next meeting:

January 16, 2019

2:00pm-3:00pm

Executive Building, Room A

Upcoming events are listed on the SWARM website:

<http://www.oregon.gov/das/Financial/Acctng/Pages/AR.aspx>



FY 2018 LFO HIGHLIGHTS



Section II

	Judicial	Executive	All Others	Total
Beginning Balance	\$ 1,662,809,765	\$1,612,923,642	\$140,699,582	\$3,416,432,989
Additions	805,834,488	853,468,464	66,810,373	1,726,113,325
Collections	(55,412,941)	(515,929,670)	(29,084,012)	(600,426,623)
Write-Offs	(4,684,311)	(34,142,909)	(8,270,690)	(47,097,910)
Adjustments	(63,956,053)	(19,220,539)	(19,103,804)	(102,280,396)
Reversals	(591,970,449)	(231,296,313)	(4,302,954)	(827,568,716)
Ending Balance	\$ 1,752,620,499	\$1,665,802,675	\$146,748,495	\$ 3,565,171,669
Doubtful Accounts	(1,481,665,370)	(479,602,782)	(38,991,861)	(2,000,260,013)
Adj. Ending Bal.	\$ 270,955,129	\$1,186,199,893	\$107,756,634	\$ 1,564,911,656

- Additions increased \$500 million, however includes a \$570 million reclass by OJD to GF.
- Collections increased \$32.9 million overall. \$34.6 million for Executive Branch
- Reversals increased \$429.6 million, however includes \$570 million reclass by OJD from OF and \$130 million decrease for OHSU
- Ending balance increased \$148.7 million (4.3%).

Section IIIa

Assigned to the Department of Revenue - Other Agency Accounts

	Judicial	Executive	All Others	Total
Beginning Balance	\$ 224,133,445	\$ 64,993,024	\$ 51,630,706	\$ 340,757,175
Additions	242,431,961	47,757,442	25,475,443	315,664,846
Collections	(26,938,291)	(2,825,286)	(7,605,625)	(37,369,202)
Returns	(186,490,859)	(42,249,539)	(22,568,264)	(251,308,662)
Ending Balance	\$ 253,136,256	\$ 67,675,641	\$ 46,932,260	\$ 367,744,157

- Additions increased \$112.4 million, OJD change=\$123.2 million and includes reclass to GF.
- Collections increased \$9 million overall (31.6%).
- Returns increased \$83.5 million, OJD change=\$62 million and includes reclass from OF.
- Ending balance increased \$27 million (7.9%).
- DOR collection fees paid by debtor=\$5.1 million, paid by agency=\$1.3 million.

Section IIIb

Assigned to Private Collection Firms

	Judicial	Executive	All Others	Total
Beginning Balance	\$ 796,925,715	\$ 271,241,035	\$ 58,135,931	\$ 1,126,302,681
Additions	620,031,959	149,826,577	36,231,997	806,090,533
Collections	(9,773,183)	(16,045,147)	(4,112,866)	(29,931,196)
Returns	(431,051,865)	(61,932,397)	(26,190,984)	(519,175,246)
Ending Balance	\$ 976,132,626	\$ 343,090,068	\$ 64,064,078	\$ 1,383,286,772

- Additions increased \$375.1 million, OJD change=\$370.1 million and includes reclass to GF.
- Collections increased \$8.4 million overall (38.9%).
- Returns increased \$83.5 million, OJD change=\$204.7 million and includes reclass from OF.
- Ending balance increased \$257 million (22.8%).
- Collection fees paid by debtor=\$6.7 million, paid by agency=\$466 thousand.

Section V

Accounts Exempt from Assignment

	Judicial	Executive	All Others	Total
Administrative	\$ 64,577,260	\$ 447,356,322	\$ -	\$ 511,933,582
Statutory	349,227,123	291,652,477	1,734,700	642,614,300
Total Exemptions	\$ 413,804,383	\$ 739,008,799	\$ 1,734,700	\$ 1,154,547,882

- OJD did not previously report exempt accounts.
- Executive Administrative exemptions increased \$128.5 million, DOJ child support=\$153.1 million.
- Executive Statutory exemptions increase \$38.6 million, \$28.6 of that for federal/local govt receivables and \$14.2 million for court ordered judgments.

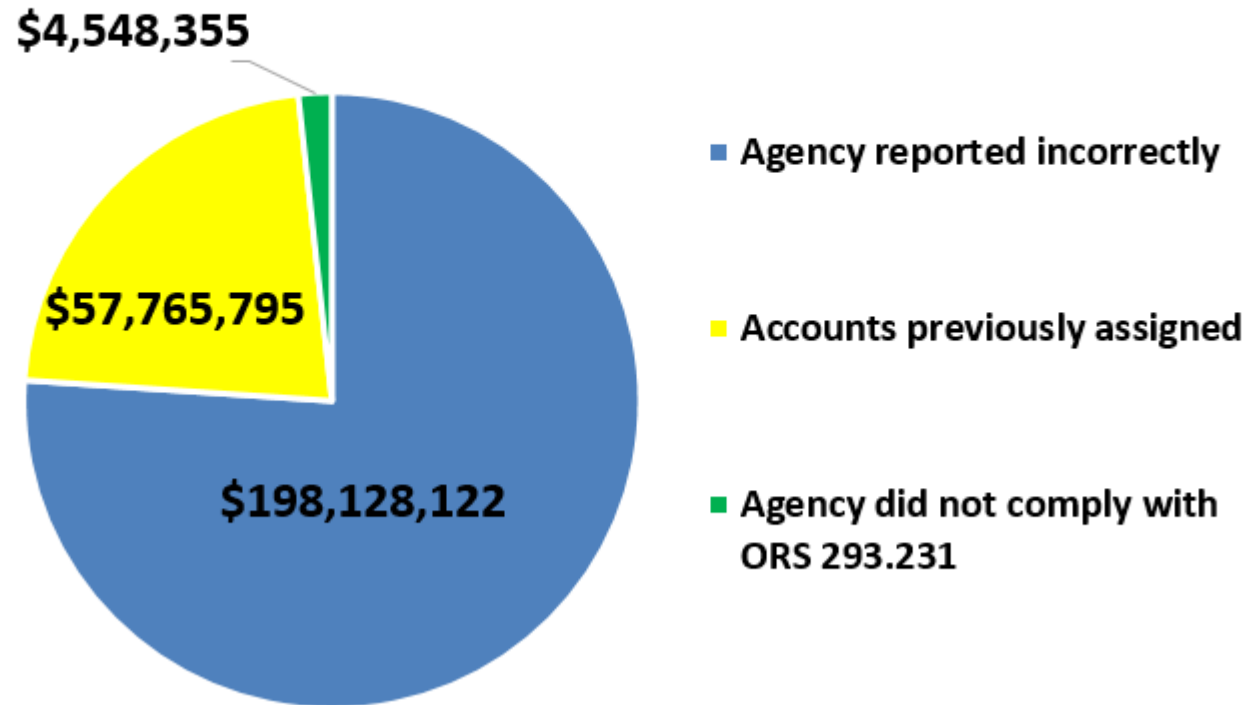
Unassigned, Non-exempt accounts

Judicial Branch	Executive Branch	All Others	Total
\$41,472,005	\$260,490,495	\$18,242,910	\$320,205,410

- 22 agencies reported an increased balance of unassigned/non-exempt accounts.
- Executive branch agencies were asked to provide an explanation of why accounts were not assigned.

Executive Branch Summary

**Fiscal Year 2018 Unassigned, Non-exempt Account Balance
Summarized by Agency Explanation**



- 2017 non-complying agencies reported \$77.8 million in unassigned/non-exempt accounts.
- 20 agencies reported having accounts that were not in compliance with ORS 293.231.

Key Takeaways

- Improvements are being made!
 - *Collections increased roughly \$33 million, \$9 million by DOR-OAA and \$8.4 million by PCFs.*
 - *Some agencies have improved the tracking and reporting of their L&D accounts.*
 - *Implementation of vendor coordination to garnishment payments made to vendors that owe a debt to the state.*
- 2019 will bring continued opportunities to improve statewide collections
 - *Centralization under SB1067 streamlines the collection process and improves efficiency.*
 - *Financial Institution Data Match- DOR ability to send data files to electronically identify sources of garnishment.*
 - *DOR access to the DOJ new hire report for child support administration will identify sources of garnishment.*
 - *DOC implementation of SB844 (2017) to collect certain court ordered financial obligations from inmate trust accounts.*

Key Takeaways

- Opportunities still exist to improve
 - *Agency compliance with assignment requirements. \$4.5 million still not in compliance in FY 2018.*
 - *Improve tracking and reporting of accounts (LFO, ARPM, DAS Certification)*
 - *Evaluate SFMA system capabilities to establish workflow improvements and system enhancements to reduce manual tracking.*
 - *DOR-OAA operational improvements to streamline account management and leverage resources to maximize collections.*