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	Chapter No./Name	DSS Policy Manual
	Part No./Name	1/Administrative/Fiscal
	Section No./Name	1-20/Collection of Accounts Receivable
	Document No./Name	1-20/Collection of Accounts Receivable
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I. STATEMENT OF POLICY

Act 904 of the 2001 Regular Session, enacted into [R.S. 39:88.1](#), [39:88.2](#), [39:88.3](#), and [39:88.4](#) and cited as the "Louisiana Collection and Procedure Act", mandates that all state agencies establish comprehensive collection policy and procedures to assist in the identification and collection of obligations due to the state. The Cash Management Review Board, under the supervision of the Commissioner of Administration, is responsible for overseeing the development and implementation of collection policy and procedures for each state agency.

II. PURPOSE AND SCOPE

A. Purpose

The purpose of this policy is to establish Departmental guidelines for accounts that are considered to be uncollectible, as well as an approval process for uncollectible accounts that are to be written off for financial reporting purposes only. This Departmental policy is to be used by applicable offices to develop and implement their own specific written procedures that meet these guidelines.


B. Scope

Policy in this section applies to all Department offices statewide whose function and duties include the Enforcement Services, Office of Community Services, OMF Division of Fiscal Services, and Louisiana Rehabilitation Services.

III. ACCOUNTS RECEIVABLE PROCESS

A. Guidelines For Billing

1. Recording of the billing activity is to be performed by the responsible office, which initiates the data entry, obtains required approvals, and processes the billing.
2. After determining that an obligation is due to the Department, the affected office is responsible for preparing and sending written notification to the debtor on a timely basis.
3. Each office is responsible for tracking its receivables, and maintaining records and correspondence pertaining to the account.
4. Complete and accurate information shall be obtained on each debtor, in the event of default.

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5. Each office is responsible for developing a report that is to be prepared each month to review all accounts that are past due over 30 days, 60 days, 90 days, and older, for determination of further action required.
6. The debtor shall receive written notification of any additional fees, charges, or costs that may be incurred for failure to pay a debt.

B. Guidelines For Billing Receipts

1. Upon receipt of a payment, the office shall credit the appropriate customer's account.
2. All monies received shall be deposited in the State Treasury immediately, this defined in [R.S. 39:372](#) as **within 24 hours of receipt**, with certain specified exceptions. State Treasury cash management practices require that receipts be deposited in the State's central depository account, or designated regional depository accounts. The depositing agency is responsible for revenue classification in the accounting system.

C. Guidelines For Accounting

1. Each office receiving payments shall maintain a proper segregation of duties, such as opening the mail, recording the receipt, and maintaining the accounts receivable records. If this is not feasible because of insufficient staff in the office, supervisory review and controls are to be implemented to insure the integrity of the accounting process.
2. All necessary information on the debtor is to be obtained, in the event of default, such as:
 - a. current home and work address and phone number;
 - b. social security and/or federal employer identification number;
 - c. name and address of nearest relative or guardian;
 - d. date of birth;
 - e. credit references;
 - f. driver's license number; and
 - g. any other relevant information.

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IV. COLLECTION PROCESS

A. Guidelines For Collections


1. Collection activity begins when the debt is recognized or the service is completed. Written notification of the obligation that is due shall be provided to the debtor in a timely manner.
2. Appropriate messages should be printed on the statements, according to the status of the account, to remind the customer of the amount owed to the state, and any payments and/or adjustments made since the last printed statement.
3. Any interest, penalties, and/or late charges, as statutorily prescribed, are applied to the amount owed.
4. With the proper documentation and approval and after following the procedures outlined in Section V. below, the office is to write off from the financial statements any account that is deemed uncollectible. However, the debt is still owed to the state.

B. Guidelines For Collection Follow-Up

1. A minimum of one follow-up billing statement is to be sent to the debtor. Each office is responsible for designating the scheduled billing cycle.
2. A second billing statement is sent to the debtor with a warning message explaining the action that will be taken within a scheduled billing cycle from the first statement if payment has not been received.
3. The following action is taken if payment is not received after the second billing statement:
 - a. If applicable, discontinue service and notify the debtor by letter that service has been discontinued.
 - b. Continue to collect amounts by all available means, i.e., debt interception, debt offset (recoupment), etc.

C. Allowance For Doubtful Accounts

1. Each office shall establish an allowance for doubtful accounts to ensure that receivables are not overstated for financial reporting purposes.

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2. The allowance amount is to be based upon historical data or other pertinent information relative to the receivable. Sound accounting theory must be used at all times.

V. WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS


A. Guidelines For Account Write-Offs

1. Accounts may be written-off on a quarterly basis, in conjunction with completion of the quarterly reporting forms (see Section VII. below).
2. Agencies must request an account to be written-off through the respective agency's Finance Director.
3. Amounts over \$10,000 require additional approval from the DSS Secretary, Undersecretary or Assistant Secretary, as delegated.
4. The request to write off a receivable must include the following information:
 - a. name and address of the debtor;
 - b. age of the account;
 - c. nature of the amounts owed;
 - d. collection efforts that have been made; and
any other pertinent information to provide a full understanding of the request, such as debtor's employment status, debtor's financial status, debtor's accessibility, etc.
5. Approved write-offs must be reported on the Quarterly Accounts Receivable Report. They must be removed from current records and retained in a dormant file. Amounts written off should not be included as accounts receivable as of June 30th in the annual financial report.
6. If payment is received on an account written-off, the amount received is to be recorded as revenue; the receivable is not re-established.

B. Write-Off Criteria

An account may be written off if any of the following conditions are met:

1. The amount is deemed uncollectible due to age of the account.
2. The write-off will not prejudice the position of the state.

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3. All reasonable collection efforts have been exhausted, i.e., referral to DSS Bureau of General Counsel, debt offset process, etc.
4. The debtor cannot be located, or a discharge of bankruptcy has occurred.
5. The applicable statute of limitations for collection of the debt has expired.
6. The debtor is deceased and there is no estate.

VI. DEBT INTERCEPT OR OFFSET PROCESS

A. Warrant Intercept (Requires State Legislation)

If the vendor/debtor is receiving a payment from the Department, a request is made to intercept the payment for a past due amount. The system automatically applies the payment to the past due amount, and the difference is sent to the vendor.

B. Revenue Recapture


The Office of Family Support Fraud and Recovery Section and Support Enforcement Services utilize revenue recapture programs, including tax refunds and lottery or gaming winnings, for ineligible benefits received and delinquent child support amounts. These recapture programs are administered through the Louisiana Department of Revenue.

C. Offsets

Support Enforcement Services and the OFS Fraud and Recovery Section also use an offset against income tax refunds, as allowed by [R.S. 47:299.2](#).

D. Garnishments, Liens, And Judgments

The OFS Fraud and Recovery Section obtains judgments through referrals to the DSS Bureau of General Counsel. Support Enforcement Services utilizes garnishments, liens, or judgments when they are deemed to be cost effective.

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VII. QUARTERLY REPORTING OF ACCOUNTS RECEIVABLE

The quarterly reporting forms that are identified below are submitted each quarter to the Division of Fiscal Services in the Office of Management and Finance. The Division of Fiscal Services forwards them to the Office of Statewide Reporting and Accounting Policy (OSRAP) and the Office of the Legislative Auditor, reporting data listed below.

A. Quarterly Activity (Form AR-1)


1. Gross Receivables and Debt at End of Quarter
2. Estimated Uncollectible for the Quarter
3. Net Receivable for the Quarter
4. Write-Offs for the Quarter

B. Aging of Receivables (Form AR-2)

1. Current Receivables (do not include those past due)
2. Past Due Receivables: 1-30 days
3. Past Due Receivables: 31-90 days
4. Past Due Receivables: 91-180 days
5. Past Due Receivables: 181 days-1 year
6. Past Due Receivables: over one year
7. Total Receivables Past Due
8. Total Gross Receivables - must equal amount reported on Form AR-1 for "Gross Receivables and Debt at End of Quarter"

C. Collections Activity for Receivables over 180 days (Form AR-3)

1. Amount over 180 Days Past Due - must equal amounts reported on Form AR-2 for "Past Due Receivables: 181 days-1 year" and "Past Due Receivables: over one year"
2. Collections within the Agency
3. Collections with Attorney General's Office
4. Collections with Private Collection Firm
5. Collections—Other (specify type)
6. Collections—Under Protest

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D. Write-Off Disclosure (Form AR-4)

1. Number of Accounts (if applicable)
2. Amount of Write-Offs
3. Reason for the Write-Off
4. Total of write-offs must equal amount reported on Form AR-1 for "Write-Offs for the Quarter"

E. Annual Comparison of Receivables (Form AR-5)

1. Major Revenue Source
2. Amount Past Due—Prior Year Ending Balance
3. Amount Past Due—Current Year Ending Balance
4. Increase/Decrease
5. Percentage of Change
6. Explanation given for each comparison variance on the bottom of the page designated as "Explanation" for each category.