



Agency Policies and Procedures

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Collections

Policy Objectives:

Agency policies and procedures for collections are designed to:

- Assure that agencies react appropriately when their receivables become past due, and
- Maximize collection of state revenues through sound management of receivables.

Background Information:

Collection's policies and procedures relate to the process of collecting receivables.

These agency policies and procedures supplement the MAPS Operations Manual Policy and Procedures 0501-01 *Early Collection Actions* and 0506-01 *Receivable Collection Process and Actions* and 0506-05 *Using Revenue Recapture*.

Authority:

- **Minnesota Statute**
M.S. § 16D Debt Collection – This statute provides guidelines for the collection of debt.
- **MAPS Operations Manual**
Policy and Procedure 0505-01 specifies the state's policies and procedures for early collection actions.
Policy and Procedure 0506-01 specifies the state's policies and procedures for a receivable collection process.
Policy and Procedure 0506-05 specifies the state's policies and procedures for using revenue recapture.

Business Risks:

- Failure of collection efforts in a timely manner will affect cash flow and may result in an increase of write-offs.

Policies and Procedures:

1. Collection Process – Divisions will take appropriate and cost-effective actions to:
 - A. Collect their accounts receivable debts,
 - B. Ensure firm, fair and consistent collection steps throughout their division, and
 - C. Verify federal and state laws take precedence over this policy where conflict exists.

2. Internal Collection Steps

- A. A *Receivable Management Plan* will be established and maintained. The plan should be considered a management tool that will assist in the effective, efficient and aggressive collection and management of accounts receivable. The plan should reflect how to best utilize resources to effectively collect each type of open receivable.
 - B. Notification to past due customers will be given shortly after the account is late, notices should be sent on a regular basis (30, 60, 90 days late), according to the *Receivable Management Plan*.
 - C. Notices will indicate the consequences of nonpayment, according to the *Receivable Management Plan*.
 - D. If appropriate, contact past due customers by telephone.
3. Divisions will contact the financial management director for state agencies with debts 120 days or older.
 4. Divisions must work with Minnesota Collection Enterprise (MCE) on any non-state agency debts 120 days or older that total \$100.00 or more.
 5. For debts over \$25.00 each division will participate in the *Revenue Recapture Program* as a means to collect past due accounts due from individuals.
 6. For the MAPS advanced receivable module, any non-government accounts will be automatically referred to MCE when the debt reaches 120 days past due.

Forms:

MMB Form:

FI-00546, *State of Minnesota Quarterly Receivable Report*

See Also:

[MAPS Operations Manual Policy and Procedures 0505-01, *Early Collection Actions*](#)

[MAPS Operations Manual Policy and Procedures 0505-02, *Using MAPS to Send Follow-up Invoices on Past Due Accounts*](#)

[MAPS Operations Manual Policy and Procedures 0506-01, *Receivable Collection Process and Actions*](#)

[MAPS Operations Manual Policy and Procedures 0506-05, *Using Revenue Recapture*](#)

[FMR-3E-01, *Writing Off Uncollectible Accounts*](#)