

## October 2019 – Topic of the Month - Delinquent Debt Processing

### INTRODUCTION

Topic of the Month is being provided as a resource to agencies and employees in better understanding the requirements, responsibilities and expectations that come with certain processes, positions, and functions. Each month, GAO will address a new topic that includes specific information such as applicable policies, procedures, forms, best practices, and where this information can be located.

The goal is to ensure that agencies have the knowledge to consistently comply with State and Federal law, regulations and guidelines, while reducing the risk of fraud, waste and abuse. This month's topic is *Delinquent Debt Processing*. If there are any topics that your agency is struggling with and/or would like additional information on, please contact your GAO Liaison. GAO is here to help!

### DELINQUENT DEBT PROCESSING

It can be readily demonstrated that the longer a delinquent account goes without having been collected, the less likely it will ever be collected. Therefore, it is necessary that agencies make reasonable efforts to collect all amounts due to the State of Arizona on a timely basis.

#### What collection efforts is my agency required to take?

SAAM 2022 (Current Assets - Delinquent Debt Processing) identifies specific actions that agencies must take based upon the amount owed and related circumstances. Policy requires agencies to follow up on delinquent debt accounts at 30, 60, 90 and 120 days.

#### What happens with accounts that remain delinquent after 120 days?

SAAM 2022 requires that agencies forward these delinquent accounts to the Office of the Attorney General (OAG).

#### What is the process for forwarding delinquent debt/accounts?

The following link describes the process for forwarding delinquent accounts.

<https://www.azag.gov/bce/client-agency>

This includes instructions over the following:

- 1) *Collection Referral Process* – The process for referring the collection of debt to the OAG
- 2) *Uncollectible Debt Referral Process* – The process for cases not referred to the OAG that need to be placed on the JLBC report for write-off.
- 3) *Bankruptcy Referral Process* – The process for forwarding bankruptcy notices to the OAG
- 4) *Quarterly Debt Notification Process* – The process for submitting delinquent debt reports to both the OAG and the General Accounting Office (GAO)
- 5) *Case Status Update Requests* – The process for requesting status updates on accounts forwarded to the OAG for collection

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### How can my agency identify delinquent debt?

InfoAdvantage allows agencies to run reports that identify aged receivables by fund, department and customer. These reports are titled:

- 1) FIN-AR-0001 *Invoice Aging by Department and Customer*
- 2) FIN-AZ-AR-N337 *Invoice Aging by Department and Fund*

### Where can I find additional information on delinquent debt processing?

*Policy:* SAAM 2022 and 2030 identify requirements for delinquent debt processing and quarterly debt reporting: <https://gao.az.gov/publications/saam>

*Quick Reference Guides:* The following QRG (Collection Referral & Write-Off Process) provides detailed instructions on how to process a collection referral (CL) and collection referral adjustment (CLADJ) document <https://gao.az.gov/sites/default/files/Collection%20Referral.pdf>

If the write-off involves a non-sufficient funds (NSF) receivable, the following QRG should be followed: <https://gao.az.gov/sites/default/files/Handling%20an%20NSF.pdf>

*Agency Liaison:* Your agency liaison can be found at the following link: <https://gao.az.gov/afis/afis-information>