



Debt Collection Process and Actions Procedure

Issue Date: February 1, 2013

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**Objective**

Admin adopts MN Management & Budget (MMB) Statewide Operating Policy Number 0504-01, [Debt Collection Process and Action](#). MMB's policy requires Admin to develop internal procedures. This procedure explains the steps Admin must take to implement the policy.

**General Procedures**

Step	Action	Responsible Party	Timeline
1.	<p>Each state agency with accounts receivable and/or loans receivable activity must establish internal policies and procedures in accordance with the Internal Control Policies and Procedures section of policy 0501-01, <a href="#">Managing &amp; Reporting Accounts Receivable Policy</a>.</p> <p>The internal policies and procedures must include a formal process for a fair and consistent collection process, and must include escalating actions in an effort to collect a past due debt before it becomes seriously past due. All actions taken by the agency to attempt to collect a past due debt must be clearly documented in writing. The internal policies and procedures must ensure compliance with <a href="#">M.S. 16D</a> and any agency specific federal or other state laws.</p> <p>Each division/business unit completes and maintains Admin's Accounts Receivable Internal Procedures form to identify the collection process.</p>	State Agency	As needed
2.	Review internal policies and procedure every two years and update as needed.	State Agency	Bi-annually

Step	Action	Responsible Party	Timeline
3.	Establish and maintain a working relationship with the Minnesota Department of Revenue, Collection Enterprise Division (Enterprise). Establish and maintain a formal service agreement with Enterprise in accordance with guidelines and rules set by Enterprise. This excludes debt between state agencies.	State Agency	As required by enterprise
4.	Establish guidelines and rules, in accordance with <a href="#">M.S. 16D</a> , defining the responsibilities of state agencies to enter into and maintain a formal service agreement with Enterprise.	Enterprise	As needed
5.	<p>Notify debtor of intent to refer the past due debt for collection.</p> <p>All notifications must be documented in writing.</p> <p>Notification must be sent by U.S. mail or personal delivery at least 20 days prior to referral.</p>	State Agency	At least 20 days prior to referring debt
6.	Refer delinquent debt 121 day past due to the Enterprise unless there is an unresolved dispute over the validity of the debt; if the debt is the subject of legal action or administrative proceedings; or if the debtor is making satisfactory progress on a payment agreement.	State Agency	In a timely manner, as required
7.	Enterprise returns debt to the state agency when the debt has been determined to be uncollectible.	Enterprise	As needed
8.	<p>State agency writes-off the debt in accordance with policy 0505-01-<a href="#">Writing Off Uncollectable Accounts</a>.</p> <p>Each debt write-off must be approved in writing by agency management prior to processing the write off in accounts receivable system (either Statewide Integrated Financial Tools (SWIFT) or the agency's accounts receivable sub-system).</p>	State Agency	In a timely manner, as required

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**See Also**

MMB Operating Policy 0501-01, [\*Managing and Reporting Accounts Receivable\*](#)

MMB Operating Policy 0505-01, [\*Writing-off Uncollectible Accounts\*](#)