

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT: AGENCY POLICY	COVERAGE: Agency-wide	POLICY NUMBER: A-016-AW-20-P-R4
	AUTHORIZED: Bruno L. Pigott, Commissioner	
SUBJECT: COLLECTIONS	SUPERSEDES: A-016-AW-18-P-R3	OFFICE: Agency-wide
	ORIGINALLY EFFECTIVE: April 10, 2006	RENEWED/REVISED: May 15, 2020

1.0 PURPOSE

This policy establishes guidelines and responsibilities to collect all monies, or other financial obligations due, past due, owed, and rightfully payable to the agency.

2.0 SCOPE

This policy applies to all agency staff responsible for billing, tracking, processing, and collecting monies and other financial obligations due the agency.

3.0 SUMMARY

- 3.1. This policy sets forth requirements for:
 - A. Tracking and collecting accounts receivables owed to the agency.
 - B. The development of processes that comply with applicable statutes, rules, policies, and regulations for the collection of delinquent financial obligations.

4.0 DEFINITIONS

- 4.1. "Accounts receivable" – Financial obligations processed by the agency.
- 4.2. "Agency" – The Indiana Department of Environmental Management (IDEM).
- 4.3. "Agency Collection Demand Letter" – Letter sent to customers by the Finance Division stating the agency's intent to collect outstanding financial obligations.
- 4.4. "Agency staff" – Any employee or representative of the agency including, regular employees, temporary employees, contractors, and interns.
- 4.5. "Aging report" – An Encompass report that is an analysis of accounts receivables broken down into categories by length of time outstanding.
- 4.6. "Bankruptcy hold" – Invoices included in active bankruptcies that are placed in pending status until the bankruptcy items are resolved by payment or credit.
- 4.7. "Billing specialist" – The agency's billing specialists that research, gather, and submit costs for billing located in the program offices.
- 4.8. "Collections operations manager" – Agency staff designated by the program area assistant commissioner to approve all monetary corrective transactions to financial obligations.
- 4.9. "Collections supervisor" – Agency staff member that manages staff and business operations located within the Finance Division.
- 4.10. "Corrective transactions" – A sequence of steps used in Encompass to correct invoices, accounts receivables, and customers' financial information.
- 4.11. "Credit invoice" – An invoice generated to offset the amount owed on a customer's financial obligation.
- 4.12. "Credit/rebill invoice" – A credit of the original invoice and reissue of a new invoice for a corrective transaction.

- 4.13. "Credit transaction" – An Encompass transaction processed to reduce or eliminate a customer's financial obligation.
- 4.14. "Customer" – Any business, organization, entity, or individual that has a financial obligation to the agency.
- 4.15. "Delinquent" – Obligations that have not been paid by the respective due date.
- 4.16. "Encompass" – The state's electronic data management system software for tracking financial information.
- 4.17. "Hold" – Invoices placed in pending status for reasons other than bankruptcy hold, as described in 4.6.
- 4.18. "Interest" – Additional amount invoiced for delinquent financial obligations per statute, rule, or regulations.
- 4.19. "Invoice" – A bill requesting a specific amount to be paid by agency customers for financial obligations.
- 4.20. "Late fee" – An additional amount invoiced for delinquent financial obligations per statute, rule, or regulations.
- 4.21. "Office of the Indiana Attorney General" – A state agency dedicated to meeting the state's legal needs, as well as the needs and interests of its citizens.
- 4.22. "Pending" – Invoices in determination status for various reasons after the 91-day Dunning Letter, excluding bankruptcy.
- 4.23. "Program areas" – The major offices within the agency. These include, but are not limited to the: Office of Air Quality, Office of Water Quality, Office of Land Quality, Office of Program Support, Office of Legal Counsel, and Criminal Investigations.
- 4.24. "Program Area Intent to Collect Letter (Dunning Letter)" – Letters sent to the customer by the program areas stating the agency's intent to collect outstanding financial obligations.
- 4.25. "Returned check" – Previously deposited checks that are returned to the agency from the bank as uncollectible.
- 4.26. "Settlement" – A case by case monetary resolution of outstanding monies owed to the agency.
- 4.27. "Statement" – A document issued to customers outlining their financial obligations owed to the agency.
- 4.28. "Supervisor" – An agency manager to whom the agency staff reports.
- 4.29. "Uncollectible" – A customer's financial obligation that has been deemed as an irretrievable debt.

5.0 ROLES

- 5.1 Each program area assistant commissioner shall assign a collections operations manager and notify the Finance Division of their designation.
- 5.2 The Finance Division shall:
 - A. Handle Encompass transactions including, but not limited to:
 - 1. Processing billing uploads per program area schedules.
 - 2. Generating and mailing invoices per program area schedules.
 - 3. Posting payments to financial obligations daily.
 - 4. Processing approved corrective transactions.
 - 5. Updating customer information.
 - 6. Processing and generating weekly aging reports.
 - 7. Generating and issuing statements monthly.
 - 8. Placing invoices on "bankruptcy hold", "hold", "pending", or "uncollectable" status.
 - 9. Reassigning due dates for installment or collection payments.

10. Generating, obtaining program approval, and mailing collection demand letters to customers at 31 days, 61 days, and 91 days after delinquency.
 11. Entering and maintaining customer conversations and attempted contact into PeopleSoft.
 12. Identifying problematic transactions and refer to billing specialists.
 - B. Send returned mail to the program areas.
 - C. Notify billing specialists of receipt of U.S. Postal Service customer address changes.
 - D. Identify and process returned non-negotiable (NSF) checks including:
 1. Notifying billing specialist.
 2. Notifying customer.
 3. Entering and maintaining customer conversations and attempted contact into PeopleSoft.
 - E. Maintain collection reports and provide access to the billing specialists.
 - F. Seek a determination from the program billing specialist on whether to refer the obligation to the Office of the Indiana Attorney General or to place the financial obligation in pending status.
 - G. Refer delinquent financial obligations to the Office of the Indiana Attorney General upon program area direction, while maintaining a spreadsheet of items referred.
 - H. Notify the billing specialist of:
 1. Delinquent financial obligations during the first 90 days of the collections process.
 2. Problematic transactions.
 3. Returned checks.
 4. Unresolved final financial resolutions.
 - I. Respond to Office of Legal Counsel bankruptcy notifications.
 - J. At least on an annual basis, and with the approval of the Office of Legal Counsel, make recommendation to write off accounts receivable that are deemed uncollectible, with the justification for writing off these accounts receivable as uncollectible.
- 5.3 The billing specialists shall:
- A. Verify validity and ownership of delinquent financial obligations during the first 60 days of the collection process.
 - B. Submit Encompass upload for all invoices.
 - C. Respond, by e-mail, to Office of Legal Counsel regarding bankruptcy notifications.
 - D. Recommend any unresolved financial resolutions to the appropriate supervisory staff.
 - E. Notify Finance Division of:
 1. Customer address changes.
 2. Direction of delinquent financial obligations.
 3. Agreed upon installment or collection payments.
 4. Invoice corrections or rebills.
- 5.4 The collections operations manager shall:
- A. Determine negotiated settlements based upon the cost versus benefit to the state ensuring payment from customers within their means.
 - B. Approve or deny all corrective monetary transactions to financial obligations recommended by the billing specialist, not to exceed \$25,000.
 - C. Recommend corrective monetary transactions for financial obligations exceeding \$25,000 to the appropriate supervisory staff.
- 5.5 The Office of Legal Counsel shall:
- A. Receive legal notices declaring bankruptcy for customers that owe financial obligations to the agency.
 - B. Notify the Finance Division and billing specialists of bankruptcy notices.
 - C. File bankruptcy claims to recover agency financial obligations.
 - D. Update litigation hold list with agency claims in bankruptcies.
 - E. Determine and advise on course of action on collection items that have time limits.
 - F. Maintain communications with the Office of the Indiana Attorney General regarding referred delinquent financial obligations.

6.0 POLICY

- 6.1 All fee invoices shall be issued in a timely manner in conformance with applicable statutes, rules, regulations, policies, and procedures.
- 6.2 Any decision not to bill or credit a valid existing obligation must be justified and approved by the respective program area collections operations manager.
- 6.3 The agency shall maximize collection efforts in a systematic and timely manner and apply cost versus benefit analysis principles to the collection of accounts receivables ensuring payment from the customer within their means.
- 6.4 All past due financial obligations will be collected, credited, placed on hold, placed in pending status, placed on bankruptcy hold, written off as uncollectable, or credited and rebilled.
- 6.5 Regarding the collection of delinquent obligations:
 - A. The collection of delinquent obligations shall occur on a timely schedule of 31, 61, and 91 calendar day intervals.
 - B. Financial obligations that become 31 calendar days delinquent shall be issued a Program Area Intent to Collect Letter (Dunning Letter), indicating the intent to collect within 30 days of the dated letter.
 - C. Financial obligations that become 61 calendar days delinquent shall be issued an Agency Collection Demand Letter signed by the collections supervisor, indicating the intent to collect within 30 days of the dated letter.
 - D. Financial obligations that become 91 calendar days delinquent shall be issued a letter from the Office of Legal Counsel and a statement of account, indicating the intent to collect within 30 days of the dated letter.
 - E. Collection activities shall not continue for customers who have filed a bankruptcy petition and their financial obligations will be placed on bankruptcy hold after the billing specialists receive a bankruptcy notice from the Office of Legal Counsel.
 - F. Financial obligations **greater than \$100.00** that are not satisfied within 30 days of the Office of Legal Counsel's letter may be referred to the Office of the Indiana Attorney General.
 1. If the obligation is referred, the Finance Division prepares and sends all necessary documentation to refer the obligation to the Office of the Indiana Attorney General, carbon copies the Office of Legal Counsel and the billing specialist on the transmittal and places the financial obligation on hold status.
 2. If the obligation is not to be referred, the Finance Division shall place the financial obligation on pending status.
 - G. Financial obligations **less than \$100.00** that are not satisfied within 30 days of the Office of Legal Counsel's letter may be handled by one or more of the following methods:
 1. Communicate with the customer for full payment, installment payments, or negotiate late fees.
 2. Have field staff hand deliver a collection notice.
 3. Determine if items are uncollectible. If so, complete a credit transaction.
 4. If circumstances warrant, refer the financial obligation to the Office of the Indiana Attorney General with a justification for collecting an obligation below the \$100.00 threshold.
 - H. All efforts must be made to ensure that any financial obligations for penalties (not fees) are referred to the Office of the Indiana Attorney General within 18 months of issuance of an Agreed Order, Commissioners Order, or other obligation.
 - I. For financial obligations returned from the Office of the Indiana Attorney General as uncollectible, the Finance Division shall complete a credit transaction, and inform the billing specialist in conjunction with the collections operations manager.
 - J. Account receivables that are deemed uncollectible may be recommended to be categorized as a debt write off.
 1. Upon approval, of the recommendation, by the Commissioner and Chief Financial Officer, uncollectible debt categorized as a write off will be written off in PeopleSoft.

2. Account receivables that may be written off as uncollectible include invoices, bankruptcy claims, collection items or any of the delinquent financial obligations referred to the Attorney General.
3. The write off of debt is an internal accounting designation to allow IDEM's accounts receivable to better reflect the amounts that are likely to be collected in the future. Because the write off is an internal accounting designation only, any collection or payment on a debt that has been written off may be accepted by IDEM

7.0 REFERENCES

7.1 Indiana Code:

- A. [IC 13-14-2-6, Court Actions by the Commissioner](#)
- B. [IC 13-16, Fees Generally](#)
- C. [IC 13-30, Enforcement and Legal Action](#)
- D. [IC 24-4.6-1-101, 102 and 103, Interest Limits and Application of Other Laws, Money Judgments, Rate in Absence of Agreement, Date of Accrual](#)

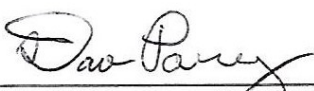
8.0 SIGNATURES



Bruno L. Pigott, Commissioner
Indiana Department of Environmental Management

6/25/20
Date

This policy is consistent with agency requirements.



Quality Assurance Staff
Office of Program Support

6-30-2020
Date