DEPARTMENT OF PERSONNEL AND ADMINISTRATION

Division of Finance and Procurement

ACCOUNTS RECEIVABLE COLLECTIONS ADMINISTRATIVE RULE

1 CCR 101-6

Section

1.00 PURPOSE, STATUTORY AUTHORITY, RESPONSIBILITY, APPLICABILITY, DEFINITIONS, AND RULE

1.01 Purpose

The purpose of this Accounts Receivable Collections Administrative Rule is to establish guidelines for the collection of debts due the State.

1.02 Statutory Authority

5-12-102, C.R.S.

24-30-201(1)(j), C.R.S.

24-30-202.4, C.R.S.

24-30-202.7, C.R.S.

24-35-601 through 24-35-607, C.R.S.

39-21-108, C.R.S.

1.03 Responsibility

As authorized in 24-30-202.4(1) C.R.S., and except as specifically noted, the State Controller has delegated the responsibility for the collection of debts due the State to Central Collection Services in the Division of Finance and Procurement in the Department of Personnel. As a result of that delegation, this Rule refers to Central Collection Services and the Division of Finance and Procurement when addressing the State Controller's statutory debt collection responsibilities. The delegations are personal in nature to the incumbent managers of Central Collection Services and the Division of Finance and Procurement and are not subject to sub delegation. In the absence of the delegate, the delegate's supervisor may act in the delegate's capacity.

It is the responsibility of the Executive Director of each State Department and Participating Institution of Higher Education to ensure compliance with this Accounts Receivable Collections Administrative Rule.

.01 The Executive Director of the Department of Personnel shall:

A. Promulgate rules for Central Collection Services in the collection of debts.

B. Establish procedures allowing Central Collection Services to use Private Counsel or Private Collection Agencies to collect debts due the State.

.02 Central Collection Services shall:

A. Act as the State's collection service to be used by all State Agencies and Participating Institutions of Higher Education to collect debts referred by State Agencies and Participating Institutions of Higher Education to Central Collection Services.

B. Develop methods to increase the efficiency of State Agencies and Central Collection Services in the collection of debts.

C. Institute procedures for the collection of debts referred to Central Collection Services.

D. Advise and provide technical assistance to State Agencies and Participating Institutions of Higher Education in the collection of debts due the State.

E. Use Private Counsel or Private Collection Agencies to collect debts due the State when required by statute or determined to be in the best interest of the State.

F. Assign debts due the State under legally enforceable contracts to Private Counsel or Private Collection Agencies for collection of the assigned debt.

G. Specify the requirements for debts to be referred to Central Collection Services for collection.

1.04 Applicability

This rule is applicable to all State Agencies and Participating Institutions of Higher Education. Except as noted or determined by contract, the rule also applies to the Central Collection Services collections performed for political subdivisions of the State.

1.05 Definitions

.01 Administrator – means the manager of Central Collection Services.

.02 Claimant State Entity(ies) – means all State Agencies or Participating Institution of Higher Education with respect to collection of debts due the State under 24-30-202.4, C.R.S.

.03 Claims in the Process of Collection – means debts in the possession of Central Collection Services for less than one hundred eighty (180) days, debts on which payments are being made or on which payments have been promised, or debts on which suit has been filed.

.04 Compromise – means absolving a debtor of responsibility for payment of an obligation to the State in exchange for value received by the State that is less than the account receivable balance owed. Compromise results in removal of a part or all of an account receivable balance from the general ledger and related subsidiary ledgers of the Claimant State Entity. Compromise results in termination of collection efforts for the portion or all of the account receivable balance subject to the negotiated compromise. Compare to Release and Write-off.

.05 Debt – means any liquidated sum due and owing any Participating Entity, which has accrued through contract, subrogation, tort, or operation of law regardless of whether there is an outstanding judgment for that sum.

.06 Debtor – means any individual, corporation, or business owing money to or having a delinquent account with any Participating Entity, whose obligation has not been adjudicated, satisfied by court order, set aside by court order, or discharged in bankruptcy.

.07 Delinquent Account – means a debt that is past due and for which no payment plan has been established.

.08 Due Date – means the date established for payment according to the terms of the agreement or levy for the goods, services, fines, or monies loaned.

.09 Offset – means the interception of a State (or applicable Federal) payment that would otherwise be paid to a debtor but instead is paid to a Claimant State Entity (or the Federal government) to satisfy part or all of a debtor's obligation to the State (or the federal government). Includes without limitation Vendor offset, Tax offset, Gaming offset, Lottery offset, Federal TOPS offset.

.10 Past Due – means a debt that has not been paid to the State by close of business on the due date.

.11 Participating Entity(ies) – includes Claimant State Entities and Participating Political Subdivisions

.12 Participating Institution of Higher Education – means a State Institution of Higher Education where the institution's governing board has not elected to promulgate rules and regulations as authorized in 23-5-113, C.R.S, for the Institution to collect loans or other obligations owed to the Institution, or those Institutions of Higher Education who have promulgated rules and regulations but continue to assign accounts to Central Collection Services or allow Central Collection Services to retain previously assigned accounts.

.13 Participating Political Subdivision – means an entity that is legally separate from the State that is a political subdivision of the State and has entered an agreement with State Central Collection Services for accounts receivable collection services.

.14 Release – means absolving a debtor of all responsibility for payment of an obligation to the State with no consideration received by the State. Release results in removal of an account receivable balance from the general ledger and all subsidiary ledgers of the Claimant State Entity, and it terminates all collection efforts. Compare to Compromise and Write-off.

.15 Tax Refund - means a State of Colorado tax refund which the Department of Revenue determines to be due any individual taxpayer.

.16 Vendor – any entity being paid state funds from the State's central Financial Reporting system.

.17 Vendor Offset – means the interception of a payment that would otherwise be paid to a State vendor but instead is paid to a Claimant State Entity to satisfy part or all of the vendor's obligation to the State.

.18 Write-off – means removing an account receivable balance from the general ledger accounts of a State agency or Institution of Higher Education. The account shall remain as a record in the State agency or Institution of Higher Education subsidiary accounts receivable system. Write-off does not absolve the debtor of responsibility for the obligation or terminate collection efforts by the State. Write-off shall only be approved by the State Controller or his/her delegate. Compare to Compromise and Release.

1.20 RULE

The State of Colorado will maximize timely and efficient collection of moneys due the State.

2.00 REQUIREMENTS OF STATE AGENCIES AND PARTICIPATING INSTITUTIONS OF HIGHER EDUCATION

2.10 Designated Responsibility

Each Participating Entity shall designate an individual or position responsible for the collection and referral of its accounts receivable and as a primary point of contact for Central Collection Services. A Claimant State Entity's responsible individual or primary point of contact may initiate requests for write-off, release, or compromise of accounts, but the request must be approved by the Claimant State Entity controller or highest financial officer per Section 4.00 of this rule.

2.20 Accounting Requirements

Timely billings and collection follow-up procedures are essential for an effective accounts receivable collection program. Accounting procedures at Claimant State Entities shall provide for:

.01 Prompt billing of amounts due the State and shall include interim billings when the Claimant State Entity controller determines the interim amount is material, the interim billing is allowed by the agreement with the debtor, and the State's benefit from interim billing exceeds the cost of the interim billing.

.02 A monthly aged trial balance, or aging report, of all accounts receivable that agrees to the balances in the subsidiary ledger and when reduced by accounts written-off to date equals the control account in the General Ledger. The aging report shall identify those accounts receivable that required referral to Central Collection Services during the month or required other follow up procedures.

.03 The State Controller's Fiscal Procedures Manual provides additional guidance on recording, allowancing, and reporting accounts receivable.

2.30 Determination of Payment Plan

At the earliest feasible time after an account becomes past due, the Claimant State Entity levying fines or providing goods, services, or moneys loaned shall establish with the debtor a definite schedule for repayment of the account receivable. The arrangements for repayment shall be reasonable and timely, and the debtor, guardian, responsible party, or signer/co-signer, shall be advised in plain language of his/her obligations under the plan and shall acknowledge his/her obligations in writing. A debtor's failure to comply with the repayment plan activates the follow-up collection procedures specified in Section 2.50. A Claimant State Entity may not establish a payment plan with a debtor after the requirement for referral of the debt to Central Collection Services. See section 2.60 of this rule.

2.40 Credit Information

Participating Entity records for each debtor shall include the following items of information to the extent they can be obtained with reasonable due diligence:

.01 Social Security Number and/or Federal Employer Identification Number;

.02 Current home and work address;

.03 Current home and work phone number;

.04 Permanent address;

.05 Date of birth;

.06 Name and address of nearest relative or guardian not living with debtor;

.07 Credit references such as banks, credit cards, and retail stores; and

.08 Any other relevant information

2.50 Follow-up Requirements

When an account receivable is determined to be past due, the following actions should be initiated and systematically followed until the debt is thirty (30) days past due and continue during the time for which any extension of the referral has been granted by Central Collection Services:

.01 Ongoing telephone calls, e-mails, and any other commonly used communication media.

.02 At least one delinquency letter/collection letter, or, if time permits, a set of delinquency/collection letters starting with a reminder and progressing to a final demand letter. Each letter shall describe the applicable appeal or dispute process available to the debtor including any deadlines for submitting or filing the appeal or dispute. The final demand letter shall state that the account has been reduced to final agency determination by the completion of due process for the debtor, and the account will be referred to State Central Collection Services if not paid by the date set in the final demand letter.

Records shall be maintained documenting the actions taken, the person performing the actions, and the dates of the actions. This documentation is required for referral of debts in excess of $50 as required by Section 2.60 of this rule.

2.60 Debts Referred to Central Collection Services

A Claimant State Entity shall refer all debts to Central Collection Services for collection when the debt is 30 days past due. The Central Collection Services Administrator may grant a standard extension of up to 60 days in addition to the 30 day referral requirement based on a documented request and justification provided by the Claimant State Entity. When deemed to be in the best interest of the State, the Central Collections Administrator may approve a longer or indefinite extension. All extensions shall be considered on an individual basis and granted only if the Central Collection Services Administrator determines the extension to be in the best interest of the State. All Participating Entities shall certify that all debts assigned to Central Collection Services are valid debts, that the balances are accurate and that the debtor has been afforded due process prior to assignment

A debt may be referred to Central Collection Services earlier than 30 days past due if the following conditions exist:

.01 The Claimant State Entity has made a good faith effort to collect the debt without success. This effort shall include at a minimum sending written requests for payment and attempts to contact the debtor by telephone, e-mail, and other commonly used communication media;

.02 The debtor has been afforded due process by notification of appeal rights.

.03 There are no unresolved disagreements between the Claimant State Entity and the debtor as to the validity of charges comprising the debt; and

.04 The Claimant State Entity is unable to contact the debtor after good faith efforts.

When a debt is referred to Central Collection Services for collection, the Claimant State Entity shall retain the account on its accounts receivable subsidiary records until the debt is compromised or released by Central Collection Services. When a debt is compromised or released by Central Collection Services, CCS shall notify the Field Accounting Services Team to ensure the Office of the State Controller is aware of the related write-off for financial reporting purposes.

2.70 Reports From Abolished Claimant State Entities

If a Claimant State Entity is abolished or its activities transferred to another agency or department by legislative action or by an Executive Order, the individual in the Claimant State Entity responsible for collection of the accounts receivable shall provide records of all outstanding account balances to Central Collection Services and the transferee entity 30 days prior to the abolishment or transfer of the activity.

3.00 REQUIREMENTS OF CENTRAL COLLECTION SERVICES

When a Participating Entity refers a debt to Central Collection Services for collection, Central Collection Services shall:

.01 Determine additional procedures to be followed to collect the debt.

.02 Contact the debtor by letter, and at its discretion by telephone, to evaluate the collection potential considering the financial circumstances of the debtor. The evaluation may require verification with third parties, such as employers, other creditors, relatives, personal references, or other agencies, as well as using other resources available to Central Collection Services.

.03 Attempt to negotiate a reasonable payment arrangement with the debtor. If the debtor has the ability to pay but refuses to do so, the unit shall take whatever legal measures are necessary to collect the debt. These measures may include:

A. Referral to Private Counsel for civil suit to obtain judgment;

B. Garnishment of wages and/or bank accounts;

C. Filing of a judgment lien on real property; or

D. Levy on an attachable asset;

.04 Submit the account to the Department of Revenue for possible offset of State Tax refunds, Gaming winnings, or Lottery winnings.

.05 Submit the account to the Vendor Offset program in the Office of the State Controller for possible offset of Vendor payments.

.06 Determine whether the debt qualifies for certification and referral to the federal agency responsible for offset of federal payments and to any other intra or interstate offset programs legally adopted by Central Collection Services. If the debtor is offset by the federal agency or other offset partners, and the debtor appeals the offset and the Director of the Division of Finance and Procurement or the State Controller or Administrative Law Judge, as applicable, upholds the debtor's appeal, Central Collection Services will refund the amount of the offset and any costs associated with the offset, and then cancel from or reduce the subsequent remittance to the Claimant State Entity by that amount

.07 Report monthly to Participating Entities on all collections received on debts referred to Central Collection Services.

Central Collection Services shall use all available internal State collection capabilities within 180 days after referral of the debt to collect on the account. After 180 days, Central Collection Services shall assign the debt to Private Counsel or to Private Collection Agencies. See Section 3.20.

3.10 Debt Offset

.01 The following debts shall be referred for Offset as follows:

A. All Claimant State Entity debts shall be submitted to Central Collection Services for collection through offset of payments to State Vendors.

B. All Claimant State Entity debts shall be submitted to the Department of Revenue for collection through offset of payments of Tax refunds, Gaming winnings, and Lottery winnings.

C. An Institution of Higher Education not participating in Central Collection Services collection activities shall offset payments made by the Institution to its Vendors for debts owed to the Institution or to other State Agencies or Institutions of Higher Education. The Institution shall transfer the external offset amount to Central Collections Services or other Institution of Higher Education to reduce or satisfy the outstanding debt.

D. An Institution of Higher Education not participating in Central Collection Services collection activities shall submit its debts to the Central Collections Services for offset against State Tax refund payments, Gaming winnings, and Lottery winnings; for offset against payments to State Vendors; and to other Higher Education Institutions not participating in Central Collection Services for offset against payments to debtors by those Institutions. Central Collections or other Higher Education Institutions shall transfer the offset amount to the claimant Institution of Higher Education.

E. Any Claimant State Entity that is required to submit its owned debts for offset not listed in items 3.10.01 A through D shall submit its debts to the appropriate State payer that is making disbursements.

.02 Central Collection Services shall submit an electronic file, or provide on-line access to debtor account balances, to paying State Agencies and Institutions of Higher Education for the purpose of offsetting payments due the debtor in order to intercept those monies and apply them to reduce or satisfy a State debt that has been referred to Central Collection Services. Central Collection Services shall certify the amount of debts remaining due the State and subject to additional offset after the completion of each offset procedure or monthly, and after any administrative hearing or related appeal as set forth in this rule.

.03 Central Collection Services and any Institution of Higher Education not participating in collection by Central Collection Services shall make a good faith effort to notify the debtor in writing of the State's intent to offset. Such notice shall set forth the name of the debtor, the amount of the claimed debt, and the intention to offset any payment due the debtor to reduce or satisfy the debt. The notice shall describe any hearing process available to the debtor regarding the offset.

.04 Taxpayers subject to offset of Tax refunds for debts due the State may request an Administrative Hearing. Such notification shall include information on the debtor’s right to object to the offset and to request an Administrative Hearing pursuant to the rules of the Department of Personnel. The debtor shall be required to submit a written request for hearing. Such written request for hearing shall be filed with Central Collection Services within 30 days of the postmark on the notification that an offset has occurred or will occur. If a hearing is requested by the debtor, the hearing shall

be held within 30 calendar days after Central Collection Services' receipt of such request. Failure to request such a hearing in writing, within the 30 day period, shall be deemed a waiver of the opportunity to contest the offset.

.05 Upon receipt of a debtor's request for a hearing, the Central Collections Services Administrator shall schedule a hearing to be held within 30 days from the date the request was received. This hearing shall determine if the offset is proper.

If the State cannot schedule a hearing within 30 days from the date a request is received, Central Collection Services shall refund any funds offset to the taxpayer. Payment to the debtor of the offset amount shall not constitute a compromise, release, or partial or full waiver by the State of the remaining balance of the debt.

The Central Collection Services Administrator shall have the authority as set forth in 24-4-105, C.R.S., to schedule and hold hearings. The Administrative Law Judge shall ensure that hearing decisions are prepared, filed, and provided to the debtor within 30 days after the hearing. In the case of tax offset hearings, in the absence of any appeal to the Director of the Division of Finance and Procurement or to the State Controller within 15 days after service of the decision of the Hearing Officer, unless extended by the Director of the Division of Finance and Procurement or the State Controller, such decision of the Hearing Officer shall thereupon become the decision of the Director of the Division of Finance and Procurement or the State Controller. Any offset hearing appeal shall be to the Director of the Division of Finance and Procurement or the State Controller based on the thresholds in Section 4.20.02, 4.20.03, 4.30.02, and 4.30.03 for potential release or compromise of the debt that could be required by the appeal decision.

In the case of Tax offset Administrative Hearings, upon receipt of a timely appeal of the hearing officer's initial decision, the Director of the Division of Finance and Procurement or the State Controller shall enter a decision based on a review of the hearing officer's written decision along with any additional documentation submitted by the taxpayer or by Central Collection Services on behalf of the Claimant State Agency. The Director of the Division of Finance and Procurement or the State Controller shall have 30 days from the date of the appeal to render a decision. If the Director of the Division of Finance and Procurement or the State Controller fails to respond within the required time frame, the Department of Personnel through the Division of Finance and Procurement or the Office of the State Controller shall pay the offset amount to the debtor. If the Director of the Division of Finance and Procurement or the State Controller rules in favor of the debtor, Central Collection Services shall refund the offset amount to the debtor and cancel from or reduce the subsequent remittance to the Claimant State Entity. However, return of this sum shall not constitute a compromise, release, or partial or full waiver by the State of the debt.

The appeal decisions of the Director of the Division of Finance and Procurement or the State Controller shall be final unless appealed through the Colorado State Court System in accordance with applicable law.

If the debtor is successful in any Tax offset Administrative Hearing, Central Collection Service has 15 days to appeal the decision. Central Collection Services shall send a copy of the initial decision in favor of the debtor and the debtor's file to the Office of the Attorney General (OAG) so that the OAG can advise Central Collection Services whether to appeal the decision. If the OAG advises Central Collection Services not to appeal the claim, the outcome of the Tax offset Administrative Hearing shall be final. If the OAG advises Central Collection Services to appeal the claim, Central Collections Services may proceed with the appeal.

.06 Upon expiration of the period allowed for a hearing request and absent such a request, Central Collection Services shall ensure the funds are posted accurately to the debtor's account.

Upon final determination at Administrative Hearing or related appeal of the propriety of the offset, Central Collection Services shall ensure the funds are posted accurately to the debtor's account.

Payment to the Claimant State Entity of the offset amount shall not constitute a compromise, release, or partial or full waiver by the State of the remaining balance of the debt.

.07 The priority of claims is set in statute for each type of offset. Multiple Claimant State Entity claims certified to State payers by Central Collection Services shall be paid in the sequence in which the Claimant State Entity referred the debt to Central Collection Services for collection, or in the order deemed appropriate by the Central Collection Services Administrator.

.08 If a debtor is successful in appeal of an Administrative Hearing, Central Collection Services and the Claimant State Entity shall request release or compromise of the debt subject to the administrative decision if so directed by the appeal decision to ensure the debtor is not subjected to recurring offset for a balance already adjudicated.

.09 Central Collection Services shall take all actions feasible to minimize duplicate offsets of the same debtor balance. All duplicate offsets that occur shall be promptly refunded by Central Collection Services and cancelled or reduced from the subsequent remittance to the claimant state agency.

3.20 DEBTS REFERRED TO PRIVATE COUNSEL AND PRIVATE COLLECTION AGENCIES

.01 All Claimant State Entity debts, which are not claims in process of collection, shall be legally assigned no later than 180 days after being received by Central Collection Services to Private Counsel or Private Collection Agencies that have been approved by the Director of the Division of Finance and Procurement.

.02 The Private Counsel or Private Collection Agencies utilized to collect debts due the State shall be selected through competition pursuant to the provisions of the procurement Code, Article 101 to 112 of Title 23, CRS. Criteria for the selection of Private Counsel or Private Collection Agencies shall be developed by the Director of the Division of Finance and Procurement in consultation with the State Controller.

.03 The amount remitted to Private Counsel or by a Private Collection Agency for collection of a debt shall be at a negotiated rate within the parameters of 24-30-202.4, C.R.S., and the State Procurement Code.

3.30 Remittance of Proceeds Recovered From Debts and Reporting Requirements

Private Counsel and Private Collection Agencies collecting Participating Entity debt shall account for and remit to Central Collection Services the gross proceeds recovered on such debts at least once every thirty (30) days. Private Counsel and Private Collection Agencies shall provide to Central Collection Services a written report for the month and for the fiscal year-to-date of collection activities including the following information with respect to each currently assigned account:

.01 The identification number of the debt, the name of the debtor, the type of debt, the Participating Entity owning the debt, the month the debt was referred to Central Collection Services for collection, and the dollar amount of the debt to be collected; and

.02 All amounts actually collected, the amount the debt was adjusted at the request of Central Collection Services, and an indicator of whether or not the debt is deemed collectible; and

.03 If applicable, the date any collection lawsuit was filed and the date any judgment that was obtained against the debtor (including any relevant information concerning the judgment); and

.04 Any other individual account reports deemed necessary by Central Collection Services.

In addition, Private Counsel and Private Collection Agencies shall provide statistics for all assigned accounts including:

.05 The total for all account balances assigned, the total for all collections in the reporting period, the total for all cancelled amounts in the reporting period and the total commission charged; and

.06 The average debt balance of all accounts, the average dollar amount collected for all accounts, the recovery rate expressed as a percentage, the average commission, and the commission expressed as a percentage; and

.07 For each of the items in Sections 3.30.05 and 3.30.06 above, a report categorized by the month in which the debt was referred to Central Collection Services.

3.40 Assignment of Debts

All debts assigned by Central Collection Services to Private Counsel or Private Collection Agencies for collection are subject to the terms and conditions set out in this rule.

.01 A Private Collection Agency which has accepted a debt for collection shall at its own expense employ legal counsel to pursue litigation necessary to collect the debt.

.02 Participating Entity approval is required, in writing, prior to initiation of any litigation. If litigation is filed, all costs, except for incidental expenses, associated with the litigation are the sole responsibility of the Private Counsel and/or Private Collection Agency filing the litigation. Incidental expenses paid by Private Counsel will be added to the debtor's account balance and will be reimbursed to Private Counsel by Central Collection Services the month following the month in which the expense is incurred. Any funds collected on the account will first reduce incidental expenses posted to the account. If the account is subsequently cancelled by the Participating Entity, the incidental expenses not yet collected from the debtor will be billed to the Participating Entity that cancelled the account.

.03 A Private Counsel or Private Collection Agency which has been assigned a debt for collection shall not compromise or release any debt so assigned without prior approval of the Director of the Division of Finance and Procurement or the State Controller.

.04 Private Counsel or Private Collection Agencies shall refer to the Department of Law all requests by a Claimant State Entity for legal advice on questions of practice, policy, and procedure related to the legal representation of the Claimant State Entity and shall not represent the State of Colorado in any litigation without express authorization to do so by the Office of the Attorney General. Central Collection Services shall be notified within three working days of any threatened or actual legal action naming the State of Colorado or any of its State Agencies, institutions, employees, or officers as a party to the action.

3.50 Restrictions on Private Counsel and Collection Agency Contracts

Any contract awarded to Private Counsel, Private Collection Agencies or to any Private Counsel retained by the State of Colorado shall require that the individual or firm remain licensed under the respective occupational licensing statutes and/or regulation during the term of the contract. Such contract shall require that a Private Counsel or Private Collection Agency shall at all times act in compliance with the provisions of the "Colorado Fair Debt Collection Practices Act", Article 14 of Title 12, C.R.S., and in compliance with any rules or regulations promulgated by the Executive Director of the Department of Personnel.

Every contract pursuant to this rule shall provide that the Private Collection Agency or Private Counsel, its employees, agents, and legal counsel utilized by the Private Collection Agency, , shall not violate any provisions of the following:

.01 The "Fair Debt Collection Practices Act", Public Law 95-109, 15 U.S.C. 1691, et seq., and for this purpose special collection counsel and legal counsel utilized by a collection agency shall be deemed to be a "debt collector",

.02 Chapter 2 of the rules of the State Collection Agency Board, and for this purpose, special collection counsel shall be deemed to be a "debt collector" and a "licensee",

.03 Any requirement of State or Federal law which is applicable to or has been incorporated in any agreement which created the debt to be collected, and

.04 Any assignment or transfer of any debt under these rules may be revoked at any time by Central Collection Services without cause.

In addition, any contract for the collection of Participating Entity debts shall be awarded according to the provisions of the Procurement Code, Articles 101 to 112 of Title 23, C.R.S. After contract expiration, Private Collection Agencies or Private Counsel, by contract, may be allowed to receive ongoing payments on debts for which payments have been previously received by the Private Collection Agency or Private Counsel, unless or until the debt is paid in full or recalled by Central Collection Services. Such collections after expiration of the contract shall be remitted to the State and the Private Collection Agency or Private Counsel shall be compensated as was required prior to the expiration of the contract.

4.00 WRITE-OFF, RELEASE, AND COMPROMISE

Every write-off, release, or compromise of an account receivable must have as its initial step a recommendation for and approval of write-off, release, or compromise by the controller or highest financial officer of the Claimant State Entity.

4.10 Write-off of Accounts Receivable

Write-off of accounts receivable is defined in Section 1.05.15 of this Rule and affects only financial reporting. The criteria for writing-off accounts receivable are:

.01 Debts of $50 or less may be written off after the Claimant State Entity has completed its 30 day collection effort and after Central Collection Services has completed one cycle of tax offset procedures without results. These accounts may be written off without approval from Central Collection Service or consent of the State Controller. The procedure for writing off debts of $50 or less is to notify Central Collection Services and the Field Accounting Services Team in the Office of the State Controller in writing, at least annually at fiscal year-end close or more frequently at the Claimant State Entity's discretion, of the total amount and number of accounts written off under this procedure. A detailed listing of each account and dollar amount shall be maintained by the Claimant State Entity for audit purposes.

.02 Accounts greater than $50 shall only be written off when they have been determined by Central Collection Services to be not collectible, and with the approval of the State Controller or delegate. A Claimant State Entity request for such approval shall include:

A. The number of accounts to be written off;

B. The total dollar amount of the accounts;

C. For each account a listing of the debtor, the amount, and a brief statement of why the Claimant State Entity believes the debt is not collectible;

D. A statement by the Claimant State Entity controller that the accounts are deemed not material to the Claimant State Entity's financial records or financial statements and have been approved for write-off by Claimant State Entity controller.

At the end of each calendar quarter or more frequently at their discretion, the Field Accounting Services Team shall notify the Claimant State Entities of the accounts and amounts in excess of $50 that were approved for write-off during each fiscal quarter.

4.20 Release of Accounts Receivable

Release of accounts receivable is defined in Section 1.05.12 of this Rule. Release shall occur under the following conditions:

.01 For account balances $50 or less, upon a written personal delegation to the Central Collection Services Administrator by the State Controller and by the State Treasurer, the Central Collection Services Administrator may release an account receivable recommended and approved for release by the Claimant State Entity if the Central Collection Services Administrator has documented in writing a determination that collection of the account is highly unlikely and a determination that tax and other concurrent offset processes are not likely to result in an intercept.

.02 For account balances $2,500 or less, upon a written personal delegation to the Director of the Division of Finance and Procurement by the State Controller and by the State Treasurer, the Director of the Division of Finance and Procurement, or the State Controller in the extended absence of the Director of the Division of Finance and Procurement, may release an account receivable recommended and approved for release by the Claimant State Entity and the Director of the Division of Finance and Procurement has documented in writing a determination that collection of the account is highly unlikely and a determination that tax and other concurrent offset processes are not likely to result in an intercept.

.03 For account balances greater than $2,500, approval for release shall be obtained in writing from the State Controller and the State Treasurer. The request for approval shall be prepared by the Central Collection Services Administrator and shall document a recommendation and approval for release by the Claimant State Entity; the components of the current balance; the collection efforts and results to date; the financial status of the debtor; an assessment of collectability including viability of offset procedures; and any other information useful in determining the probability of future collections and the cost of future collections as compared to the likely amount of collection.

4.30 Compromise of Accounts Receivable

Compromise of accounts receivable is defined in Section 1.05.04 of this Rule. Compromise shall occur under the following conditions:

.01 For compromises that reduce an account balance $50 or less, upon a written personal delegation to the Central Collection Services Administrator by the State Controller and by the State Treasurer, the Central Collection Services Administrator may compromise the account receivable recommended and approved for compromise by the Claimant State Entity if the Central Collection Services Administrator has documented in writing a determination that collection of the account is highly unlikely and a determination that tax and other concurrent offset processes are not likely to result in an intercept

.02 For compromises that reduce an account balance $2,500 or less, upon a written personal delegation to the Director of the Division of Finance and Procurement by the State Controller and by the State Treasurer, the Director of the Division of Finance and Procurement, or the State Controller in the extended absence of the Director of the Division of Finance and Procurement, may compromise an account receivable recommended and approved for compromise by the Claimant State Entity if the Director of the Division of Finance and Procurement has documented in writing a determination that tax and other concurrent offset processes are not likely to result in an intercept.

.03 For compromises that reduce an account balance more than $2,500, approval for compromise shall be obtained in writing from the State Controller and the State Treasurer. The request for approval shall be prepared by the Central Collection Services Administrator and shall document a recommendation and approval for compromise by the Claimant State Entity; the components of the current balance; the collection efforts and results to date; the financial status of the debtor; an assessment of collectability including viability of offset procedures, ; and any other information useful in determining the probability of future collections and the cost of future collections as compared to the likely amount of collection.

.04 Compromises approved by the Central Collection Services Administrator, the Director of the Division of Finance and Procurement, or the State Controller and State Treasurer affect the debtor's obligation only for the amount compromised; the remaining balance of the account shall be due for immediate collection or for scheduled payments as negotiated. The debtor's failure to make immediate or scheduled payments shall result in re-instatement of the compromised balance and the debtor shall be liable for the account balance prior to the compromise less any payments made since the compromise plus interest as allowed by the account type.

4.40 Release and Compromise Reporting

The Director of the Division of Finance and Procurement shall report quarterly to the State Controller, the State Treasurer, and the controller, or highest financial officer, of the Claimant State Agency the count and the amount of accounts receivable released or compromised by the Central Collection Services Administrator and by the Director of the Division of Finance and Procurement. The State Controller and the State Treasurer shall review the reports to monitor compliance with the delegations to the Central Collection Services Administrator and the Director of the Division of Finance and Procurement.

5.00 CHARGES

5.10 Interest and Cost of Collection

Interest may be charged and costs of collection shall be added, including allowable administrative costs and attorney fees, to all debts due to Claimant State Entities as required or permitted by law or agreement with the debtor, including but not limited to section 5-12-102, C.R.S.

5.20 Charges to Participating Entities for Collection Services

Central Collection Services shall add the estimated cost of collection to each account assigned as authorized by 24-30-202.4 C.R.S.

6.00 DISTRIBUTION OF RECOVERIES

All amounts collected by Central Collection Services shall be disbursed to the Participating Entities, net of collection costs and Private Counsel fees in accordance with State statute and as defined by contract with Private Counsel or as awarded by the court.

7.00 ADMINISTRATIVE HARDSHIP

If the provisions of this rule create undue administrative or financial hardship on any Claimant State Entity, a written request for exemption and/or alternative treatment shall be submitted by the Claimant State Entity's chief fiscal officer through the Claimant State Entity's chief executive officer to the Executive Director of the Department of Personnel.