

State of Vermont
Agency of Natural Resources
Department of Environmental Conservation

Financial Process:	Accounts Receivable Collections Policy	Issue Date: Number:	June 2015 15 - 01
Topic:	Internal Control	Effective Date:	9/01/2017
Applicable To:	Department of Environmental Conservation (Department)	Page:	1 of 5
Prepared / Revised by:	Tracy LaFrance	Revision Date:	08/10/2017

Policy Objective

Finance and Administration requires that departments maintain a written policy and procedures for all billing and collections operations. Procedures should address, at a minimum, staff responsibilities (“separation of duties”), key activities, timelines, and diligent effort to collect monies owed to the State of Vermont.

The objective of this policy is to outline the policy that all divisions will utilize for developing their procedures for managing and reporting on accounts receivable. All Divisions must have a procedure for collection of funds to ensure all payments are received within 6 months of their due date.

Impacted Programs or Divisions

All programs within the Department of Environmental Conservation (Department) that bill for services, including permits, registration fees, application fees, fines or any other amount owed to the Department.

Risks

- o Uncollected receivables
- o Noncompliance with permit conditions
- o Loss of Revenue

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Definitions

Accounts Receivable as used herein includes any amount due to the department as a result of annual operating fee, a permit fee, an application fee, court ordered penalty/fine or any other transaction.

Debarment List as used herein is a list of entities that are subject to possible sanctions as a result of non-payment or non-compliance. Once an entity is added to the Department debarment list, examples of possible sanctions are as follows:

- An applicant/entity may be deemed ineligible to receive any new permit, certification, registration, grant, contract or loan from Department. With respect to a failure to pay a penalty required by an assurance of discontinuance or administrative order, an applicant/entity shall be deemed ineligible to receive any new permit, certification, or registration from the Department.
- A hold will be put on issuing any payments to entities who are on the list and have submitted an invoice related to any open grants, contracts or loans they have been previously awarded from Department.
- Requirement that all annual operating fees, permit fees or other fees be paid in advance for any new services or transactions with the Department.
- The list will be reviewed before issuing any new permits to ensure that an applicant is not out of compliance with any other Department program, permit, grant condition, fine, or contract condition.
- In order to be taken off the Department debarment list, the past due amount must be paid in full, or acceptable payment arrangements made through the collection agency, and have been adhered to for at least 12 consecutive payments.

Past Due as used herein includes any amount due to the department that has not been collected within the timeframe established by the Division. If no timeframe is established by the Division for payment amounts owed are considered past due after 30 days after the due date.

Policy Overview

This policy is to ensure the timely collection of all amounts owed to Department. It is best practice to have all monies billed by the Department collected by the programs within the timeframe established by the program. For those amounts that are not collected within that timeframe, this Department Collections Policy, in conjunction with

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the Division's procedure, shall be utilized in an effort to collect the amounts due to the Department in a fair and consistent manner, ensuring compliance with any and all permit conditions that may be related. This policy, as well as division procedures, will be reviewed on an annual basis for applicability and for self-monitoring of compliance.

Guidelines

1.A. Any receivable that has not been paid within six months of the Division providing notice to the person who owes money to the Department shall be deemed uncollectable. The Division may forward these uncollectable receivables to the Financial Operations section of AID.

B. A Division may create a standard operating procedure that varies from the requirements of Paragraph 1.A that details the criteria it will apply to all accounts in order to effectively manage their accounts receivable. These criteria will include, at a minimum, how the due date is determined for each program within the Division, the process each program will follow to ensure each account is treated consistently, the process it will follow to determine when an account will be deemed "uncollectible" and thus forwarded for collections by our contractor through the Department's Administration & Innovation Division, Financial Operations Section.

If a division has a **previously** approved standard operating procedure for collection efforts, they may offer the option of a payment plan that will ensure full payment within a maximum term of 2 years. Note: Approved division SOP's must use least the following criteria outlined below:

- The total dollar amount due
- The financial capacity of the entity/person to pay
- Length of time the amount has been outstanding
- Frequency of which the entity/person has been delinquent

2. The Division will maintain a detailed aging of accounts receivables and submit this report to the Department Financial Operation's Section at least monthly. This report shall include an aging of the receivables (ie. 30, 60, 90, etc.). This report should be submitted within 10 days following the close of a month. (Recognizing database and other system constraints, Divisions will be allowed a period of time to be able to adjust their billing systems to be able to produce this report. All divisions need to be able to produce and submit a monthly detailed aging report by 7/31/2017.

- All amounts billed shall be properly documented and tracked to ensure timely payment of accounts receivable.

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- All amounts received shall be properly documented and tracked to ensure proper crediting of accounts.
- Any accounts over 90 days past due must include an explanation as part of the report.

3. For accounts that have not been collected in accordance with the timeframes established in Paragraph 1, the program will send a final notification that informs the recipient they have 30 days to pay the amount due or the account will be forwarded to a collection agency for further collection activity. Any permit, license, certification or other service that was issued based on the uncollected receivable will be considered out of compliance with the terms and conditions in the permit, license, certification or other issued instrument, and documented as such until the account is brought current.

- For court orders that include monetary judgements obtained as a result of legal action, Department Financial Operations will consult with Department Environmental Compliance Division and ANR/Office of General Council (OGC) to assess collections options prior to taking further action on those judgements. Collection options may or may not include those that are contained in this policy.

4. There is no grace period for payment arrangements/plans that are not being honored. If payments are not made as agreed to, the full remaining amount due will be based off the original due date of the debt and further action will be taken as if the payment arrangement/plan did not exist. If either full payment or payment arrangements/plans are not received within the timeline allowed by the payment arrangement/plan agreement, the following actions may be taken:

- The entity or person will be added to a departmental debarment list (definition and related consequences outlined above).
- The past due account may be forwarded on to the VT Tax Offset program
- If the account is not eligible for the VT Tax Offset program, then it will be forwarded to a collection agency for further collection activity.
- If the past due account cannot be collected within 2 years, it will no longer be reported as an active receivable in the accounting records, however the debt will still be considered outstanding by the program.

The program will be notified of what action has been taken to document in their files.

5. Once an account is either written off, forwarded to a collection agency, the VT Tax Offset program, or other collection action, the responsible party will be placed on a

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Department wide debarment list that will be maintained by the Department Financial Operations (FO) Section.

- The FO Section will submit a monthly report to the divisions that provides a list of all entities that are currently on the debarment list.

Reporting Suspected Fraud or Theft

Fraud or Theft - Upon suspicion of fraud or theft, the appropriate personnel will be notified immediately.

Administration & Innovation Division (AID) – Tracy LaFrance, Department Financial Director 802-498-7074

Vermont State Auditor's Office - Fraud Hot Line 1-877-290-1400

<http://auditor.vermont.gov/reports/whistleblower>

Whistleblower can be anonymous.

Vermont State Police. 802-241-5000

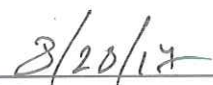
Notices

- This policy is intended to support the Agency of Natural Resources internal control environment.
- In consideration of this policy, the objective should be on adherence and not on rationalizing ways and means for circumvention.
- Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations

Signed by:



 Emily Boedecker, DEC Commissioner



 Date