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## HOUSE BILL NO. 324

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on General Laws and Technology  
on February 20, 2008)

(Patron Prior to Substitute—Delegate Saxman)

A BILL to amend and reenact §§ 2.2-4806 and 30-133 of the Code of Virginia and to amend the Code of Virginia by adding in Article 2 of Chapter 5 of Title 2.2 a section numbered 2.2-519, relating to the prompt collection of accounts receivable.

Be it enacted by the General Assembly of Virginia:

1. That §§ 2.2-4806 and 30-133 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 2 of Chapter 5 of Title 2.2 a section numbered 2.2-519 as follows:

§ 2.2-519. Prompt collection of accounts receivable.

A. The Division shall oversee and ensure prompt delivery of the Commonwealth's accounts receivable in accordance with the Virginia Debt Collection Act (§ 2.2-4800 et seq.). The Division shall enforce the policies and procedures as set forth in § 2.2-4806 for reporting, accounting for, and collecting the Commonwealth's accounts receivable

B. All agencies and institutions of the Commonwealth shall comply with all requirements established by the Department of Law regarding the collection of the Commonwealth's accounts receivable.

§ 2.2-4806. Utilization of certain collection techniques.

A. Each state agency and institution shall take all appropriate and cost-effective actions to aggressively collect its accounts receivable. Each agency and institution shall utilize, but not be limited to, the following collection techniques, according to the policies and procedures adopted required by the Department of Accounts and the Attorney General: (i) credit reporting bureaus, (ii) collection agencies, (iii) garnishments, liens and judgments, and (iv) administrative offset.

B. Except as provided otherwise herein, for collection of accounts receivable of \$3,000 or more that are 60 30 days or more past due, each agency and institution shall forward those claims to the Office of Attorney General, Division of Debt Collection for collection. The Attorney General shall review forwarded accounts, determine the appropriate collection efforts, if any, for each account, and take such actions on the accounts as he may so determine.

C. Except as provided otherwise herein, for collection of accounts receivable under \$3,000 that are 60 30 days or more past due, each agency and institution shall contract with a private collection agency for the collection of those debts. Prior to referring accounts receivable of less than \$3,000, agencies and institutions may refer such accounts to the Office of Attorney General, Division of Debt Collection. The Attorney General may accept the account for collection or return it to the agency or institution for collection by a private collection agency.

D. Where an agency or institution has procedures to secure payment, or the debtor is paying a debt in periodic payments satisfactory to the agency or institution, it may elect to retain the claim in excess of 60 30 days pending results of such procedures, or, provided that such periodic payments are promptly paid until the account is satisfied. In the event the debtor is delinquent by 30 days in paying a periodic payment the account shall be handled in the manner provided by subsection C.

§ 30-133. Duties and powers generally.

A. The Auditor of Public Accounts shall audit all the accounts of every state department, officer, board, commission, institution or other agency handling any state funds. In the performance of such duties and the exercise of such powers he may employ the services of certified public accountants, provided the cost thereof shall not exceed such sums as may be available out of the appropriation provided by law for the conduct of his office.

B. The Auditor of Public Accounts shall review the information required in § 2.2-1501 to determine that state agencies are providing and reporting appropriate information on financial and performance measures, and the Auditor shall review the accuracy of the management systems used to accumulate and report the results. The Auditor shall report annually to the General Assembly the results of such audits and make recommendations, if indicated, for new or revised accountability or performance measures to be implemented for the agencies audited.

C. The Auditor of Public Accounts shall prepare, by November 1, a summary of the results of all of the audits and other oversight responsibilities performed for the most recently ended fiscal year. The Auditor of Public Accounts shall present this summary to the Senate Finance, House Appropriations and House Finance Committees on the day the Governor presents to the General Assembly the Executive Budget in accordance with §§ 2.2-1508 and 2.2-1509 or at the direction of the respective Chairman of the Senate Finance, House Appropriations or House Finance Committees at one of their committee

60 meetings prior to the meeting above.

61 D. As part of his normal oversight responsibilities, the Auditor of Public Accounts shall incorporate  
62 into his audit procedures and processes a review process to ensure that the Commonwealth's payments to  
63 counties, cities, and towns under Chapter 35.1 (§ 58.1-3523 et seq.) of Title 58.1 are consistent with the  
64 provisions of § 58.1-3524. The Auditor of Public Accounts shall report to the Governor and the  
65 Chairman of the Senate Finance Committee annually any material failure by a locality or the  
66 Commonwealth to comply with the provisions of Chapter 35.1 of Title 58.1.

67 E. The Auditor of Public Accounts when called upon by the Governor shall examine the accounts of  
68 any institution maintained in whole or in part by the Commonwealth and, upon the direction of the  
69 Comptroller, shall examine the accounts of any officer required to settle his accounts with him; and  
70 upon the direction of any other state officer at the seat of government he shall examine the accounts of  
71 any person required to settle his accounts with such officer.

72 F. Upon the written request of any member of the General Assembly, the Auditor of Public Accounts  
73 shall furnish the requested information and provide technical assistance upon any matter requested by  
74 such member.

75 G. In compliance with the provisions of the federal Single Audit Act Amendments of 1996, Public  
76 Law 104-156, the Joint Legislative Audit and Review Commission may authorize the Auditor of Public  
77 Accounts to audit biennially the accounts pertaining to federal funds received by state departments,  
78 officers, boards, commissions, institutions or other agencies.

79 H. 1. The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable  
80 database providing certain state expenditure, revenue, and demographic information as described in this  
81 subsection. In maintaining the database, the Auditor of Public Accounts shall work with and coordinate  
82 his efforts with the Joint Legislative Audit and Review Commission in obtaining, summarizing, and  
83 compiling the information to avoid duplication of efforts. The database shall be updated each year by  
84 October 15 to provide the information required in this subsection for the 10 most recently ended fiscal  
85 years of the Commonwealth.

86 The online database shall be made available to citizens of the Commonwealth to allow public access  
87 to historical revenue collections and appropriations with related demographic information, to the extent  
88 that the information is available and provided to the Auditor of Public Accounts. All state departments,  
89 courts officers, boards, commissions, institutions, or other agencies of the Commonwealth shall furnish  
90 all information requested by the Auditor of Public Accounts and shall cooperate with him to the fullest  
91 extent.

92 For purposes of reporting information and implementing the database pursuant to this subsection, the  
93 Auditor of Public Accounts shall include all appropriated funds and other sources under the control of  
94 state-supported institutions of higher education, except for the activity of private gifts, including  
95 endowment funds and unrestricted gifts referenced in § 23-9.2. The exclusion of this activity does not  
96 affect the public access to these records unless otherwise specifically exempted by law.

97 2. The database shall contain the following for each of the 10 most recently ended fiscal years of the  
98 Commonwealth:

- 99 a. Major categories of spending by each secretariat and for major agencies;
- 100 b. The number of full-time state employees;
- 101 c. Total fiscal year revenues from state taxes, fees, and other charges, and total fiscal year revenues  
102 from state taxes, fees, and other charges computed on a per capita basis and as a percentage of personal  
103 income in the Commonwealth;
- 104 d. With regard to state taxes, fees, and other charges computed on a per capita basis and as a  
105 percentage of personal income, a comparison of such statistics for Virginia with the same statistics for  
106 other states;
- 107 e. Total fiscal year revenues from federal sources, including the major categories of spending for  
108 such revenues;
- 109 f. Total population and total population by various age groups including, but not limited to,  
110 school-age population and the population of persons 65 years of age and older;
- 111 g. Student enrollment in grades K through 12;
- 112 h. Enrollment in public institutions of higher education of the Commonwealth;
- 113 i. Enrollment in private institutions of higher education in the Commonwealth;
- 114 j. The annual prison population;
- 115 k. Virginia adjusted gross income and Virginia taxable income by various age groups;
- 116 l. The number of citizens in the Commonwealth receiving food stamps;
- 117 m. The number of driver's licenses issued;
- 118 n. The number of registered motor vehicles;
- 119 o. The number of full-time private sector employees;
- 120 p. The number of households;
- 121 q. The number of prepaid tuition contracts outstanding pursuant to Chapter 4.9 (§ 23-38.75 et seq.) of

Title 23 and the estimated total liability under such contracts; and

r. Other data as the Auditor deems appropriate relating to the Commonwealth of Virginia.

3. By October 15 of each year, the Auditor shall also produce a paper copy or a computer file containing the information described in this subsection and shall distribute the copy or file to newspapers of general circulation in the Commonwealth. The distribution shall include the address of the Internet website for the searchable database.

*I. As a part of audits conducted pursuant to subsection A, the Auditor of Public Accounts shall review compliance with requirements established pursuant to the provisions of § 2.2-519 and the requirements of the Virginia Debt Collection Act (§ 2.2-4800 et seq.).*

2. That the Department of Law, with the assistance of the Department of Taxation and the Department of Accounts, (the Departments) shall (i) survey and catalog the practices and procedures of state agencies in collecting their accounts receivable and develop benchmarks for evaluating the efficiency of these practices and procedures and (ii) study techniques employed by the private sector in accounts receivable portfolio management. The Departments shall establish requirements for improvement in the management of the Commonwealth's accounts receivable and the Commonwealth's cash flow from receivables. The Departments shall make recommendations for legislation as may be needed to centralize the management of accounts receivable owed to state agencies and to monitor the effectiveness of the collection practices and procedures employed by state agencies.

Requirements established by the Departments and consideration of recommended legislation shall include but not be limited to the following:

A. How to enhance the ability of agencies to locate delinquent debtors, also known as "skip trace," so that information obtained by one agency may be shared with and used by other agencies.

B. How to revise certain notification procedures in connection with setoff programs to reduce the number of uncompleted matches.

C. How to leverage new technology to establish a master database of debtors' contact information by gathering information from the Department of Taxation, Virginia Employment Commission, State Corporation Commission, Department of Motor Vehicles, and other license-granting agencies for combination into one secure database to which other agencies and institutions would have read-only access.

D. How to leverage new technology to match state and local government registrations, permits, and licenses (both business and personal) against setoff records, and develop procedures to encourage the payment of delinquent amounts as promptly as possible in order to retain current permits and licenses or apply for new ones.

E. How to leverage the various economies of scale and specialization achieved by the Department of Taxation, the Division of Debt Collection of the Department of Law, other state agencies, and private collection agencies to assist smaller agencies in collecting their accounts receivable.

F. How to develop and utilize a centralized database of accounts receivable to coordinate collection actions so that the actions of one agency do not jeopardize the ability of another agency to collect its accounts receivable from the same debtor.

G. How to measure the efficiency and effectiveness of agencies in collecting their accounts receivable and their compliance with the Virginia Debt Collection Act (§ 2.2-4800 et seq. of the Code of Virginia). The Departments shall consider the information available through the quarterly reports compiled by the Department of Accounts pursuant to the Virginia Debt Collection Act of collections as a percentage of billings, percentage of receivables delinquent for 30 days or more, and such other reporting measures as may be appropriate.

All agencies and institutions of the Commonwealth shall cooperate with and provide assistance and information to the Departments in the performance of their duties pursuant to this second enactment; however, nothing herein shall require disclosure of information that is otherwise required by law to be maintained confidential. The Departments shall perform the activities required by this second enactment by December 1, 2009.