



Collection Industry Best Practices and Case Studies

Presented by:

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 - Accounts Receivable Management Practice Line Lead
- 12 years consulting in taxation & revenue: tax compliance, decision support, and warehousing
- Past 5 years spent managing the ongoing implementation of collection improvements via data warehousing for several agencies



Mission Statement

“Assist revenue agencies to maximize collections, increase compliance, improve customer service and streamline operations through the use of enabling technologies, in particular, integrated tax and tax data warehouse solutions”



www.RevenueSolutionsInc.com

- Incorporated in May 1996
- Headquartered in Pembroke, MA with Solution Centers in Roseville, CA and Charlotte, NC
- Dedicated exclusively to providing products & services to tax agencies
- Over 200 tax professionals with 1000 combined years of revenue systems consulting
- Deep tax administration domain expertise
- Software Solutions for Integrated Tax and Integrated Compliance Management (Data Warehousing, Audit, Collections, Fraud...)
- Committed to client partnerships in delivery of projects



Agenda



- Collection Best Practices
- Data Driven Compliance
- Collection Case Studies
- Benefits of Data Driven Collections



Collection Best Practices



- **Consolidation of Internal and External Data Sources**
 - DMV, real property, bank and wage, SOS, partnership returns, professional licenses, case history, 3rd party data providers
- **Performance Based Strategies (i.e. Risk-Based Scoring)**
 - Allows for improved treatment and tracking ensuring that *collectors take the right action on the right case at the right time.*
- **Automation of Manually Performed Tasks**
 - Responsible officer offsets, monitoring for bank, wage, liens, payment agreements, collector notifications, and online reporting.
- **Legislative Changes to Enforce Collections**
 - Inter-state offsets, license revocation or suspension, posting taxpayer liabilities online

Collection Best Practices – Cont'd

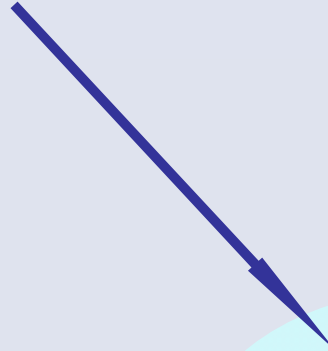


- **Improved Research Tools**
 - Aggregation of data sources (i.e. taxpayer portfolio), web crawlers for address, bank, and property information
- **Automation of External Integration**
 - Improved management around liens, levies, offsets, and OCA distributions (i.e. performance based placements)
- **Strategy, Forecasting, & Operational Management**
 - Collection treatment simulation and champion/ challenger strategies, Accounts Receivable analysis, inventory management

Data Driven Compliance

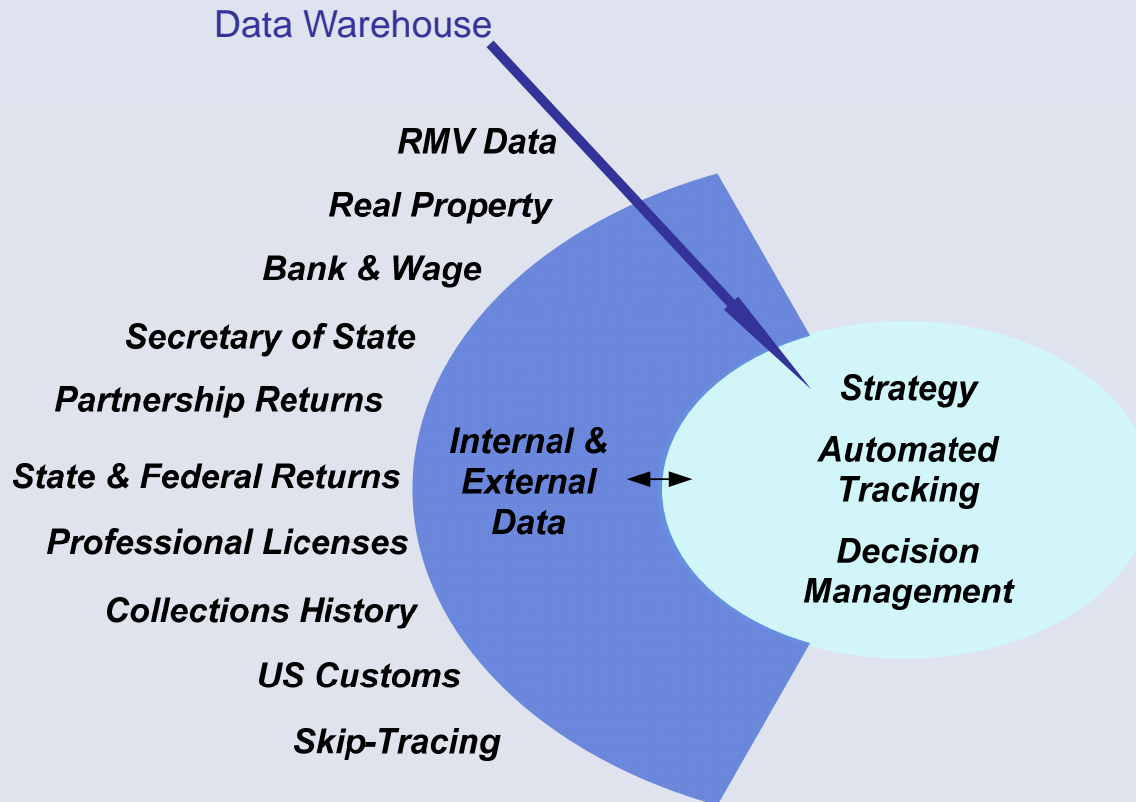


Data Warehouse

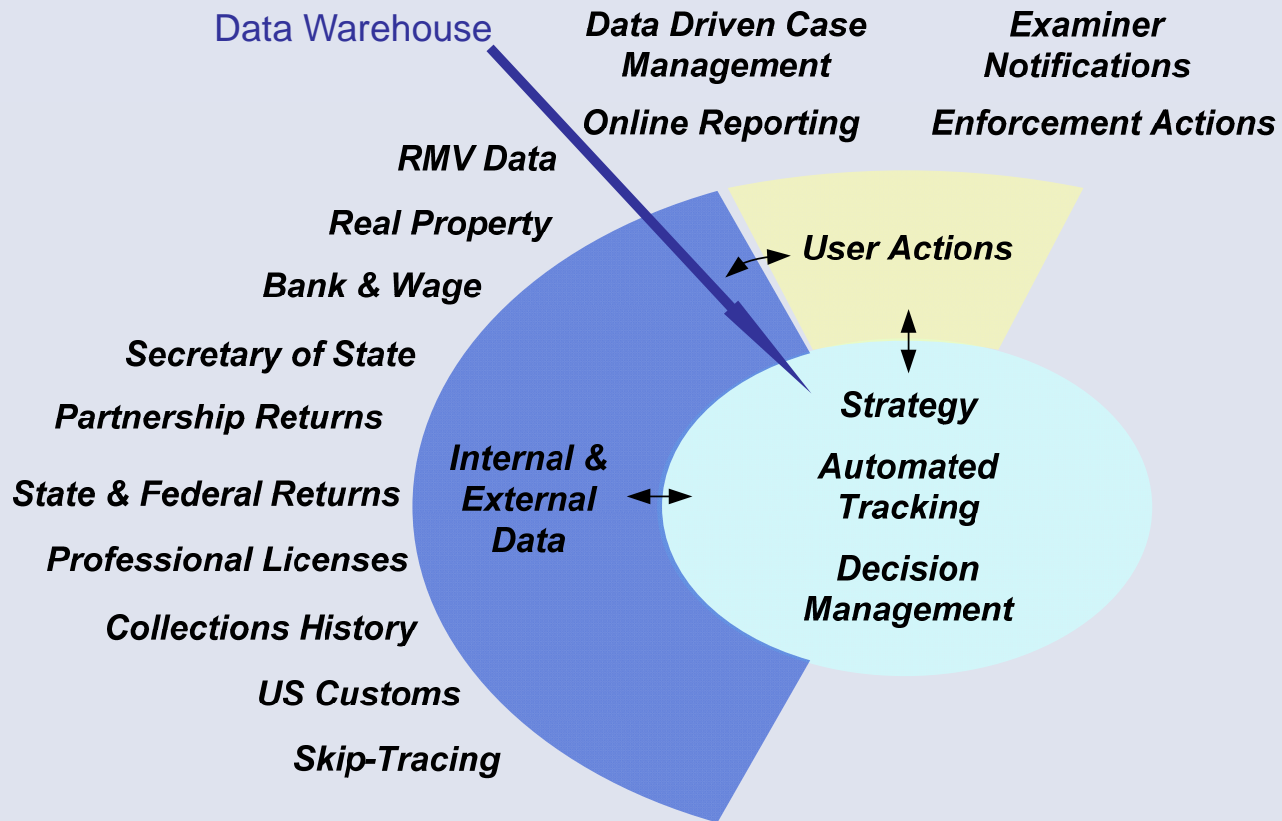


Strategy
**Automated
Tracking**
**Decision
Management**

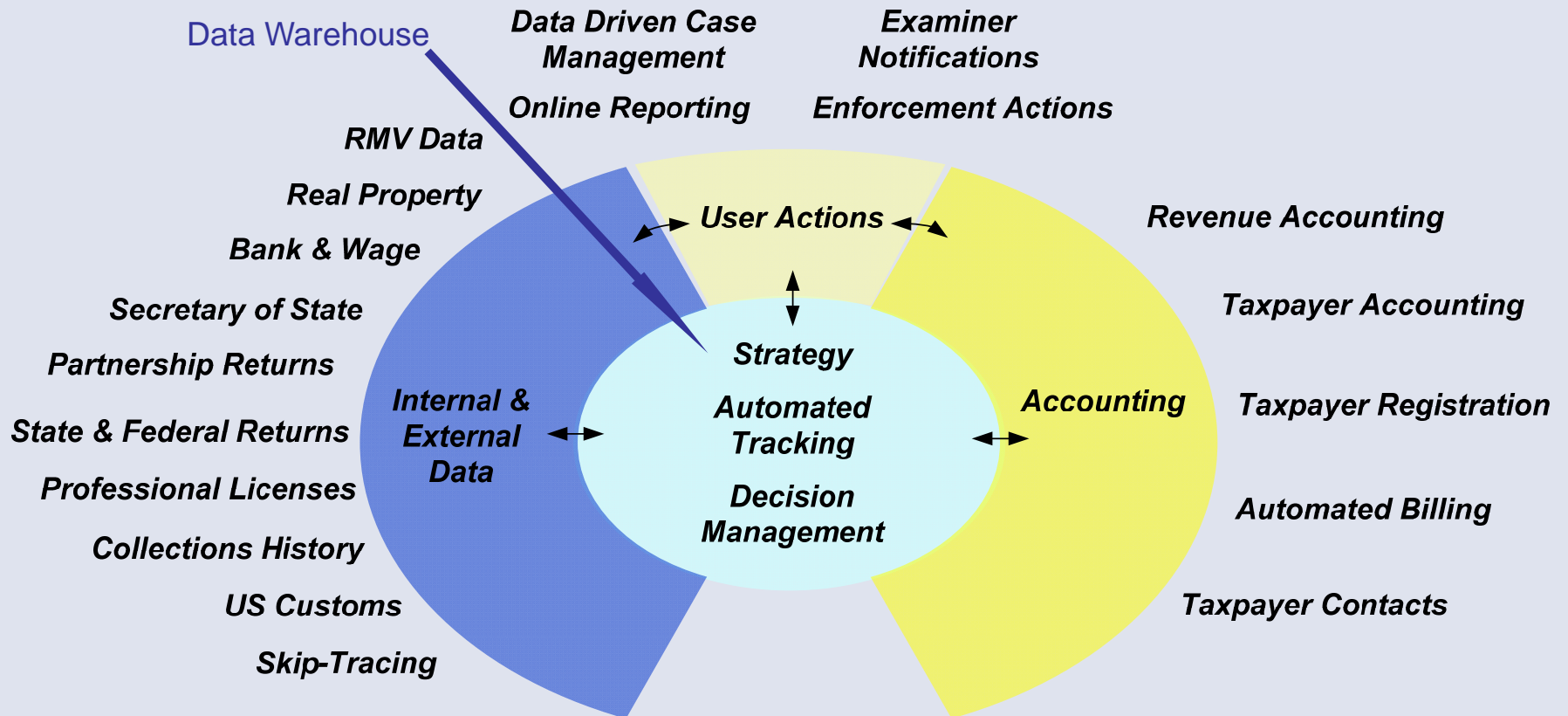
Data Driven Compliance



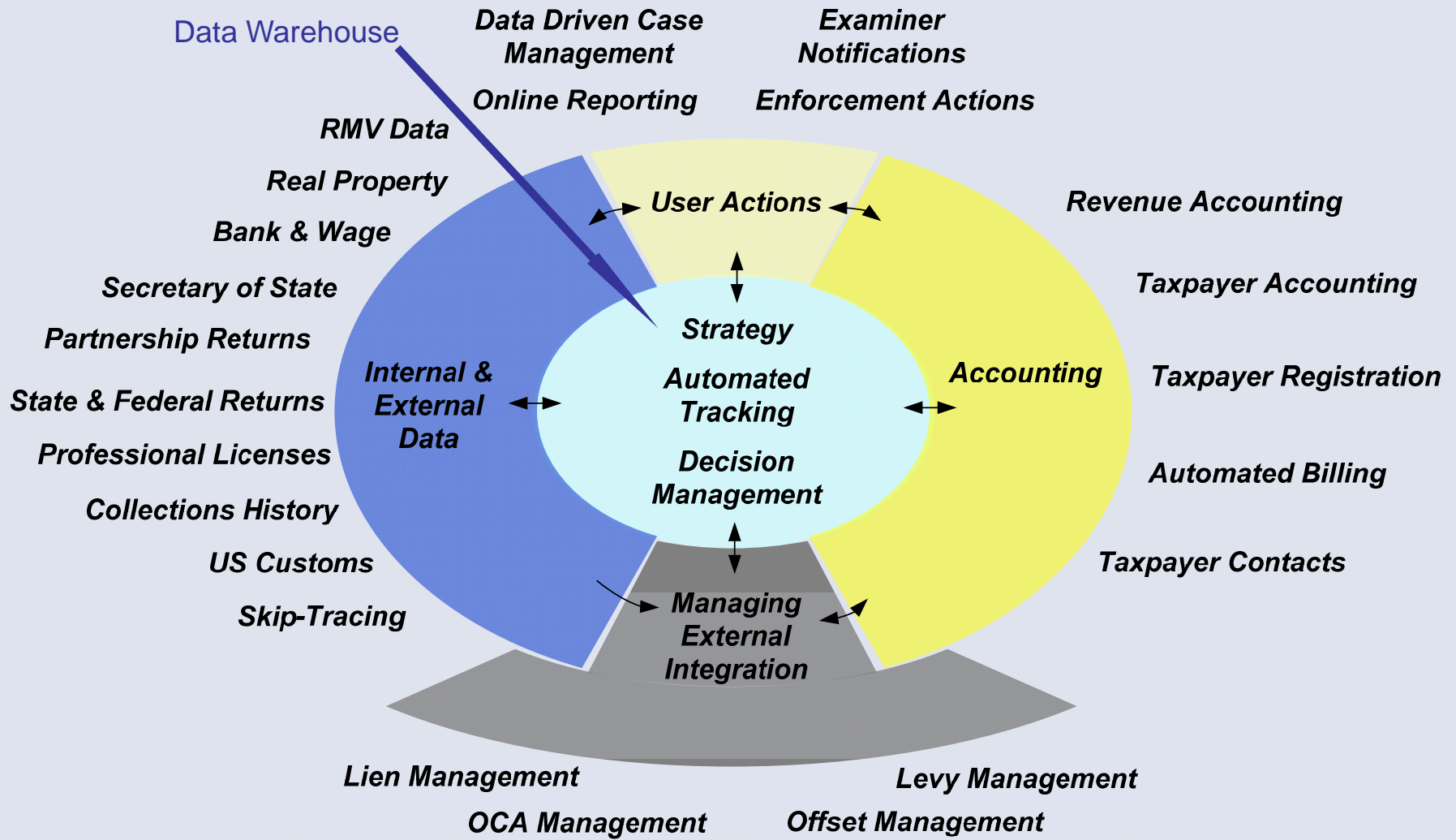
Data Driven Compliance



Data Driven Compliance



Data Driven Compliance



Collection Case Studies



- Collections Risk-Based Scoring
- Streamlining Collector Research
- Lien Management Solution



Case Study #1: Risk Based Collections Business Problem



- Previously not differentiating based on risk, only balance
- A straight-line collections process was used treating all cases the same and requiring duplicate research
- Did not utilize the most up to date technology/information to segment cases into groups for specialized treatment
- Did not allow collectors to work certain account types that should be worked by collectors (i.e., high-risk)
- Increases in Non-Filer programs were flooding collector inventories with receivables
- Caseloads were difficult to manage (too many or too little)

Approach/Solution



- Implemented a risk-based approach by assigning risk and throttling cases
- Used modeling methodology via compliance portfolios (history & external data) and scoring process – 9 models
- Technically – integrated with existing environment while limiting disruption to IT systems and resources
- Influenced timing of assignment to collectors based on risk and treatment strategy
- Implemented throttling mechanisms to assign appropriate volume of cases based current inventory levels



- **Increased Revenue**
 - MA DOR has averaged annual increases in collections for 2007 and 2008 of 23% (or \$120M total)
 - SC DOR has benefited from a 38% lift (or \$24M) in the first year

- **Impact to Collectors**
 - No real impact to collectors (they work cases the same way) – benefits were achieved without having to train 200+ collectors in a new system or new case handling procedures

Case Study #2: Streamlining Research Business Problem



- 35% or more of a collector's time was spent on research and duplication across functions
- Inventory prioritization did not include data driven approach (i.e., prompting next enforcement action)
- No way to alert a collector when information about a taxpayer portfolio (outside of the ITS) had changed
- Existing case tracking system did not have sufficient automated procedural controls
- External data supporting the collections process (RPs, bank accounts, assets, addresses) were disparate

Approach/Solution



- Provided a facility using the underlying taxpayer data to give collectors a consolidated view into actionable data
- Provided a facility to alert collectors on what action to perform next without having to navigate, review, research
- Developed responsible officer data mart and integrated with ITS to offset income refunds for known officers
- Implemented inventory reprioritization tools for collector, unassigned, and uncollectable inventories
- Consolidated internet websites with HTML parsing program (i.e., webcrawler) to find address and asset data

Results



- Reduced time for research by approximately 50%
- Placed collector attention on the right cases and automated follow-up enforcement action
- Accelerated positive collection action through improved inventory management, automating next steps, notifications to collectors
- Offset \$4M in responsible officer income refunds
- Improved receivables monitoring through activity based queries or changes to assets, address, or income
- Improvements to OCA Management and reporting
- Successfully implemented a WebCrawler program decreasing research time across multiple websites

Case Study #3: Lien Management Solution



- The Lien Unit is responsible for managing the issuance, release, and tracking of liens at 21 county registries, the Secretary of State, and Banker & Tradesman (B&T)
- Using an Access Database, with information loaded from the legacy accounting system, the Lien Unit was manually generating over 21,000 lien notices per year
- Lien Unit was responsible for tracking registry book & page recordation information and sending this information to B&T
- Process was mostly manual and monitoring/release of liens, as well as supporting special lien projects was difficult
- Management reporting was limited

Approach/Solution



- Converted all cases to the data warehouse and supported through case management, selections, and custom lien windows for users
- Built custom interface to integrate with MA DOR bulk printing process to automatically generate issuance and release notices nightly
- Replaced the manual process of sending information to Banker & Tradesman by building a custom program that automatically sends new liens each week
- To streamline the tracking, over 15 custom views and Cognos reports were created to provide lien unit management with timely information

Lien Management Window



Open Liens (9) Released Liens (4) Expunged Liens (0)

Lien Inventory

Lien ID	Manual	Taxpayer ID	Total Lien Amount	Request Date	Recordation
▶ 01234567800	Y		\$17,478.66	07/03/1997	Y
01234567899	Y	000000001	\$8,930.20	07/18/2001	Y
01234599999	Y	000000001	\$49,279.71	11/21/2000	Y
01456754321	Y	000000001	\$77,855.14	06/23/1995	Y
01456754321	Y	000000001	\$11,573.11	06/23/1995	Y
01456754111	Y	000000001	\$47,389.78	06/23/1995	Y
01116754111	Y	000000001	\$79,670.63	07/21/1995	Y
01116754122	Y	000000001	\$11,842.99	07/31/1995	Y
01333754122	Y	000000001	\$49,872.94	07/26/1995	Y

Copy As Add New Lien Edit Lien Info Request Release Edit Request Cancel Request Release Lien Expunge Lien

Detailed Lien Information

Lien ID: 01234567800 Lien Amount: \$17,478.66 Requested By:

Taxpayer FEIN: 000000001 Taxpayer Name: ABC Corporation

Doing Business As: Trustee Name:

Related Taxpayer ID: Related Taxpayer Name:

Address Line 1: Address Line 2: City: PROVINCETOWN

State: MA Postal Code: 02657

Request Date: 07/03/1997 Served Date: 07/03/1997

Registered Land: N

Reg. Land Cert. Num.: Reg. Land Doc. Num.: Reg. Land Book Num.:

Reg. Land Page Num.:

Comments: Secretary of State Number =
DO NOT RELEASE CASE IN BANKRUPTCY 08/16/00

Edit Comments

Recordation and Release



Detailed Lien Information		
Lien ID:	Lien Amount: \$4,926.11	Requested By: KELLY A.
Taxpayer ID:	Taxpayer Name:	
Doing Business As:	Trustee Name:	
Related Taxpayer ID:	Related Taxpayer Name:	
Address Line 1:	Address Line 2:	City: BURLINGTON
State: MA	Postal Code: 01803-1499	Served Date:
Request Date: 06/19/2009	Expiration Date: 06/17/2019	
Registered Land: N		
Reg. Land Cert. Num.:	Reg. Land Doc. Num.:	Reg. Land Book Num.:
Reg. Land Page Num.:		
Comments:		

Input Recordation Information	
Jurisdiction:	<input type="text"/>
Recordation Date:	7/15/2009 <input type="text"/>
Book Number:	<input type="text"/>
Page Number:	<input type="text"/>
Document ID:	<input type="text"/>
Lien Amount:	<input type="text"/>
<input type="button" value="Add Recordation"/>	

Detailed Lien Information		
Lien ID:	Lien Amount: \$4,926.11	Requested By: KELLY A.
Taxpayer ID:	Taxpayer Name:	
Doing Business As:	Trustee Name:	
Related Taxpayer ID:	Related Taxpayer Name:	
Address Line 1:	Address Line 2:	City: BURLINGTON
State: MA	Postal Code: 01803-1499	Served Date:
Request Date: 06/19/2009	Expiration Date: 06/17/2019	
Registered Land: N		
Reg. Land Cert. Num.:	Reg. Land Doc. Num.:	Reg. Land Book Num.:
Reg. Land Page Num.:		
Comments:		

Release Request Type:	<input type="text"/>
	<input type="button" value="Filter"/> <ul style="list-style-type: none"> Accepted Offer Certified Funds Check Error Over Aged Lien WebFile Payment

Custom Lien Reporting



New MassTax Liens	New RP Liens	Without Book & Page	No Release Date	Open Liens - \$0 Bal.
Open Manual Liens	Weekly Releases	Registry by Date	Registry-Open Liens	SOS - Out of State
Quality Review: Closed	Quality Review: Open	Liens Not Loaded	Liens Print Report	Banker & Tradesman

Weekly Releases

Dates Selected

Begin Date: 7/13/2009
End Date: 7/20/2009

Weekly Releases

Jump to Lien Summary for DIN: [044010018980](#)

Weekly Releases				
Requested By	DIN	Registry	Taxpayer Name	
ALCIDE BULLETT	123456678989	BRISTOL COUNTY, TAUNTON, MA		
ALCIDE BULLETT	123456678989	NANTUCKET COUNTY, NANTUCKET, MA		
ALCIDE BULLETT	123456678989	NORFOLK COUNTY, DEDHAM, MA		
ALCIDE BULLETT	123456678989	ESSEX COUNTY, SALEM, MA		
ALCIDE BULLETT	123456678989	SECRETARY OF STATE		
ALCIDE BULLETT	123456678989	PLYMOUTH COUNTY, PLYMOUTH, MA		
ALCIDE BULLETT	123456678989	SECRETARY OF STATE		
ALLAN MAENDE	123456678989	BRISTOL COUNTY, NEW BEDFORD, MA		
ALLAN MAENDE	123456678989	SUFFOLK COUNTY, BOSTON, MA		
ALLAN MAENDE	123456678989	PLYMOUTH COUNTY, PLYMOUTH, MA		
ALLAN J. FERULLO	123456678989	PLYMOUTH COUNTY, PLYMOUTH, MA		
ALLAN J. FERULLO	123456678989	ESSEX COUNTY, SALEM, MA		
ALLAN J. FERULLO	123456678989	WORCESTER COUNTY, WORCESTER, MA		

Export: Weekly

Weekly Lien Report



WEEKLY LIEN REPORT

WEEK START	WEEK END
Jun 26, 2009	Jul 2, 2009

	ACTIVITY REVIEW	THIS WEEK	YTD	PRIOR YTD	PERCENT CHANGE
1	Total Number of Liens Served:	267	17,827	16,210	9.98%
2	Number of Liens Served at Registry (Included Above):	239	16,214	14,748	9.94%
3	Number of Land Court Liens Served (Included Above):	1	51	18	183.33%
4	Number of Liens Served at Secretary of State Only (Included Above):	28	1,613	1,462	10.33%
5	Number of Registry Releases Completed:	266	11,392	7,451	52.89%
6	Number of 77N Notices Printed:	434	18,226	14,715	23.86%
7	Number of 77NR Notices Printed:	317	11,393	7,422	53.50%

	INVENTORY REVIEW	NUM LIENS
1	Liens Open Per Lien Unit Tracking System:	51,587
2	Liens for Possible Refile [Jan 99 - Jun 99]	958

Results



- Dashboard structure provides a better picture of the entire taxpayer's lien history (e.g. issued, satisfied, released)
- Automated the manual printing of 21,000 notices annually and built checks within system allowing for fewer errors
- Automated the process of manually printing and sending lien data to Banker & Tradesman
- Tasks taking a day to perform, such as working through a lien release report, are performed in an hour
- Allows the lien unit to work special projects (e.g. small liens project, lien re-file initiative, data purification)
- **The Lien Unit is down 15% in staff, lien issuance is up 23%, lien release is up 54%, and \$5M generated from small liens**

Lien Management Next Steps



- Today, the Lien Unit considers themselves current with all lien issuance release notices
- The Lien Unit hopes to continue improving the lien process by working with the 21 registries and Secretary of State to automatically load recordation information, as well as exchange lien data electronically



Benefits of Data Driven Collections



- Better use of automation and data allows agencies to apply resources for effectively
- Collectors are provided with a holistic view of the taxpayer and more enforcement options
- More effective operational planning and analysis for management through improved access to data
- Increases overall revenue with less staff and improved customer service

Questions and Discussion

