PURPOSE: This policy describes state agency responsibilities when issuing and paying invoices between agencies.

AUTHORITY: ORS 291.015
ORS 293.250
ORS 293.285
ORS 293.590

APPLICABILITY: This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by OAM 01.05.00.

POLICY:

101. Agency management must ensure that agency personnel employ appropriate practices in the management of accounts receivable.

102. The management of receivables between agencies is an important part of an agency’s cash management process. Agencies must actively pursue the collection of all significant receivables owed to them where it is cost beneficial to do so. The goal of each state agency shall be the timely production and distribution of its billings and the timely payment of billings received from other agencies. There shall be a shared responsibility and cooperation by both agencies to assure that the providing agency bills for goods and services requested properly and promptly, and the receiving agency pays for the goods or services timely.

PROCEDURES:

Standards for Interagency Billings and Payments

103. Accounting procedures of the agency must provide for:

a. Billing for goods or services rendered or other receivables as quickly as possible

b. A written, structured collection process for receivables, including periodic assessment of collection effectiveness and the implementation of any needed changes based on those assessments

c. Documentation requirements for collection activities, including effective management of receivable collection and payment processing
d. Designation of a position or positions, either full-time or part-time, responsible for the collection of receivables

e. For payments processed to another state agency, a written payment process that exhibits good business practices through timely invoice review and payment authorization, followed by prompt payment action

104. All agencies that do not have receivables systems that meet the minimum standards above are required to develop systems, either manual or automated, that will provide the needed controls.

105. A billing agency shall provide timely invoices on a periodic billing cycle. The billing agency shall accumulate their charges up to a periodic cut-off point. The billing agency must send invoices within 15 days of a monthly-based billing cycle, and within 30 days for quarterly or annually based billing cycles.

106. A billing agency's invoices shall be clear and informative. The billing agency's invoice should conform as closely as practicable to the format suggested by OAM form 75.35.03.FO, Sample Interagency Invoice. The format identifies the following main components that should be integrated into an agency invoice to adequately convey the billing information:

   a. A header section that identifies the names of the billing and receiving agencies, along with the key elements that define the transaction, including the invoice number, date, amount, and the customer number

   b. A body section that contains any specialized contract or agreement numbers and the billing period that the invoice covers; If the detail is distributed over numerous pages, a summary of the information; Otherwise, the details may be supplied on the single page and followed by any special information about the billing, including terms or conditions.

   c. The footer section should contain the SFMA billing information. Note that the billing information contains a recommended transaction code that the paying agency may use. For agencies or entities paying by warrant or check, the footer portion can be a tear-off that the paying agency returns with the payment to assure proper posting.

   d. At the bottom of the footer section should be the name and phone number of a contact for the billing. The paying agency should direct any questions to this person.

107. Payers on SFMA must pay the billing with the appropriate transaction code. The billing agency may supply a recommended transaction code on the invoice. Non-SFMS payers can return the bottom portion of the invoice to assure proper posting of the receivable by the billing agency.

**Interagency Payment Timelines**

108. A payer agency shall process the billing invoices applying business practices that assure effective and prompt review, authorization, and payment. Where the payer has no questions or concerns with the billing, the payer must make payment within 30 days of the billing date. Where there are billing disputes, the payer must make payment on the undisputed portion of the bill within 30 days of the billing date. Agencies that have trouble meeting the 30-day requirement need to institute a policy of paying the billing first with a post-payment review and correction process.

109. For the purposes of determining a delinquent billing, the “billing date” shall be the latter of:

   a. The date of the receipt of the invoice,

   b. The date of the initial billing statement if no invoice is received, or
c. The date the claim is made certain by agreement of the parties or by operation of law.

Resolution of Interagency Issues

110. Agencies may use an interagency agreement to arrange for resolution of payment.

111. Agencies must present and resolve billing questions promptly so that the payer agency may make payment within 30 days. Where questions regarding the bill become disagreements, the payer agency must provide the billing agency a written notification (Invoice Inquiry) that explains the reason for the dispute. Agencies must use OAM form 75.35.04.FO, Interagency Invoice Inquiry, to notify other agencies of disputed amounts.

112. The billing agency needs to respond promptly to the written “Invoice Inquiry” in an attempt to clarify or resolve the payer agency’s concerns. Typically, this is less than 30 days.

113. Disputes or disagreements are those limited situations where the parties cannot reach agreement on the facts that created the billing and/or the dollar amount billed. Billings sent to the correct state agency, but mislabeled in some fashion as to the accurate division or program, do not constitute grounds for a dispute.

114. When interagency issues remain unresolved, refer to OAM 35.70.20 for potential progressive actions.