

OREGON ACCOUNTING MANUAL

SUBJECT: Accounting and Financial Reporting

Number: 35.70.20

DIVISION: Chief Financial Office

Effective date: April 15, 2013

Chapter: Accounts Receivable Management

Part: Interagency Receivables

Section: Progressive Actions

APPROVED: George Naughton, Chief Financial Officer

Signature on file

PURPOSE: This policy provides guidance on progressive actions they may take to collect interagency receivables that have become delinquent.

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 State's policy is that state agencies will bill and pay interagency receivables promptly. For billings requiring payment by the 30th day, a billed account becomes delinquent on the 31st day, or the next business day.

PROCEDURES:

- 103. The following progressive actions are not mandatory, but if agencies choose to take them, they should take them in the order suggested. State agencies need to select the progressive actions that best blend with their business practices for the type of receivables they collect. State agencies must then incorporate those selected actions into their own collection policies or procedures and make their written policies or procedures available to the agencies with which they do business.
- 104. Where a billing agency experiences delays in payments on properly billed receivables for interagency goods or services, the delinquent agency has failed to pay or make arrangement for payment, and in particular where the delinquent agency has a repeated history of delinquent payments, the following progressive actions are authorized. Progressive actions may include, but are not limited to:

- a. Proper notification of the billing agency's practice for applying payments:
The billing agency shall provide either a copy of its policies or procedures for handling interagency payments or instructions on how to obtain them. Alternately, an agency may disclose a summary of the billing agency's policies or procedures in the "terms" section of the invoice. See [OAM 35.70.10](#) for more information.
- b. Dunning letters and/or phone calls to the Chief Financial Officer of the delinquent agency: The billing agency may initiate a dunning letter or a phone call to the Chief Financial Officer of the delinquent agency. The letter or message should indicate the magnitude of the delinquent amount and provide any additional information regarding the payment pattern or history of delinquent payments.
- c. Dunning letters and/or phone calls to the Director of the delinquent agency: For repeated delinquencies, the billing agency may notify the Director of the debtor agency. The notification should indicate the magnitude of the delinquent amount and provide any additional information regarding the payment pattern or history of delinquent payments. The notification should also describe the collection measures the billing agency has already taken, including the effectiveness or results of those previous measures. The purpose of this notification is to alert the agency Director of the situation.
- d. A request for intervention by the Department of Administrative Services Chief Financial Officer (DAS CFO): After providing the above notification, a billing agency may contact the DAS CFO. The billing agency's Chief Financial Officer (or designee) shall briefly explain the situation in writing, by mail or e-mail, and request the assistance of the DAS CFO. The billing agency Chief Financial Officer (or designee) should send a copy of the request sent to the DAS CFO to both the Director and the Chief Financial Officer of the debtor agency.