


# OREGON ACCOUNTING MANUAL

 <b>STATEWIDE POLICY</b>	<b>NUMBER</b> 35.20.30	<b>SUPERSEDES</b> 35.20.30 dated 04/15/2013
	<b>EFFECTIVE DATE</b> 12/11/2018	<b>PAGE NUMBER</b> Page 1 of 2
<b>Division</b> <b>Chief Financial Office</b>	<b>REFERENCE/AUTHORITY</b> ORS 291.015 ORS 293.252 ORS 293.590	
<b>Policy Owner</b> Statewide Accounting and Reporting Services		
<b>SUBJECT</b> Accounts Receivable Management- Account Establishment: Ability to Pay/Deny Services	<b>APPROVED SIGNATURE</b> <i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i>	

**PURPOSE**

This policy provides an overview of how to determine a customer’s ability to pay and when to deny services when a customer has not paid, if applicable.

**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](#).

**FORMS/EXHIBITS/INSTRUCTIONS**

None.

**DEFINITIONS**

Click here for other [definitions](#).

**EXCLUSIONS AND SPECIAL SITUATIONS**

The guidance referenced in this policy does not apply when it conflicts with any state or federal statute or regulation.

**POLICY**

101. Agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivable.
102. Agency management must develop policies and procedures for determining a customer’s ability to pay when the agency authorizes the goods or services provided to be billed on account or when negotiating payment plans (refer to [OAM 35.30.60](#)).
103. State agencies may use credit ratings to judge a customer’s reliability to pay only when a credit transaction, as defined in the Fair and Accurate Credit Transactions Act, occurs in which the consumer participated directly and voluntarily. Credit reporting bureaus can furnish information concerning the paying habits of individuals and the extent of their credit buying.

104. State agencies may request and use financial documents to determine a customer's ability to pay. State agencies may refer to the [Internal Revenue Service Collection Financial Standards](#) as a resource to assist in evaluating an individual's ability to pay.
105. State agencies may continue to transact business with customers when the customer does not meet the agency's criteria for billing (refer to paragraph 102). State agencies may offer goods or services in exchange for payment at the time the goods or services are provided.
106. State agencies may grant credit based on the financial condition of a co-signer or guarantor, provided that the state agency analyzes the co-signer or guarantor in the same manner as the customer and can hold the co-signer or guarantor responsible for unpaid debt as per the terms of the credit granted.
107. Agency management must develop policies and procedures for determining if and when to deny goods or services to delinquent debtors.
108. Agency management should contact the Department of Justice for more information about the state agency's right to withhold services due to an unpaid debt or associated with a debtor who has filed bankruptcy.