

# OREGON ACCOUNTING MANUAL

<div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">DAS</div> <div style="font-size: 0.8em; line-height: 1;">             DEPARTMENT OF ADMINISTRATIVE SERVICES           </div> </div> <p style="margin-top: 10px;">STATEWIDE POLICY</p>	<b>NUMBER</b> 35.30.20	<b>SUPERSEDES</b> 35.30.20 dated 04/15/2013
	<b>EFFECTIVE DATE</b> 12/11/2018	<b>PAGE NUMBER</b> Pages 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 Activity: Invoicing and Interest	<b>APPROVED SIGNATURE</b>  <i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i>	

**PURPOSE**

This policy provides state agencies general invoicing and interest guidelines associated with accounts receivable.

**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**

**Check** – As used in this policy, refers to a check, draft or order for the payment of money.

**Customer** – As used in this policy, refers to any individual, business, government entity, or organization that owes money to a state agency.

Click here for other [definitions](#).

**EXCLUSIONS AND SPECIAL SITUATIONS**

None.

**POLICY**

101. State agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivable.
102. Invoices must be mailed timely and contain clear and detailed information regarding the balance due, who to contact with questions, and where to send the payment.
103. Each state agency’s billing invoice must be clear and informative (refer to the sample invoice in [OAM 75.35.10.FO](#)). Amounts owed by **customers** established through an administrative or

judicial procedure do not require the issuance of a separate billing invoice. At a minimum, the following components must be included on the invoice (except for subparagraph e, which is only recommended):

- a. Header: Include the name and address of the billing agency and the **customer**; the invoice number; invoice date; customer number; due date; and the total amount due.
  - b. Body: Include specialized contract or agreement numbers and the billing period that the invoice covers; detail about the debt; and, if the invoice lists more than one item, provide a total amount due.
  - c. Include a statement indicating when any penalty, interest, or other charges will begin to accrue on late payments, returned checks, collection actions, etc. For example, "Failure to make payment in full by the due date may result in additional costs associated with penalties, fees, and interest as authorized by law".
  - d. Footer: Include a contact name and phone number for the **customer** to call if they have questions regarding the invoice, including TTY information. Interagency invoices processed using R\*STARS must include the applicable accounting data (e.g. transaction code, suffix, amount by suffix, etc.).
  - e. State agencies should consider including a statement such as: "We appreciate customers who pay promptly" or "Thank you for your prompt payment" somewhere on the invoice.
104. State agencies may charge interest on accounts not paid by the original due date. If there is no written agreement (e.g. promissory note, contract) regarding interest rates, nor an agency-specific statute defining interest rates, a state agency may elect to charge interest according to **ORS 82.010**, which limits interest at 9 percent per year. Refer to the notification requirements referenced in paragraph 105.
105. The state agency must notify the customer before the state agency may charge interest. Forms of notification include, but are not limited to, a written agreement; collection letter (refer to [OAM 35.30.50](#)); information on the state agency's website; signs displayed in visible locations and counters where transactions take place; or additional information provided on the invoice (refer to paragraph 103(c)).
106. Interest per annum is calculated as follows: Principal (only) X Interest Rate divided by 365 X number of days delinquent or since the last interest calculation = Accrued Interest.
107. State agencies may charge the cost of collections to the **customer** as per **ORS 293.231** (refer to [OAM 35.40.20](#)). Other fees or penalties may be charged when authorized by law. The **customer** must be notified in advance of potential collections costs, fees, or penalties (refer to paragraph 105).
108. State agencies must apply payments received in the following order: penalties and fees, interest, then principal; unless otherwise stipulated by law or an offer in compromise (refer to [OAM 35.30.80](#)).