

# OREGON ACCOUNTING MANUAL

 <p style="font-size: 1.2em; margin-top: 10px;">STATEWIDE POLICY</p>	<p><b>NUMBER</b></p> <p>35.70.10</p>	<p><b>SUPERSEDES</b></p> <p>35.70.10 dated 04/15/2013</p>
	<p><b>EFFECTIVE DATE</b></p> <p>12/11/2018</p>	<p><b>PAGE NUMBER</b></p> <p>Pages 1 of 3</p>
<p><b>Division</b> <b>Chief Financial Office</b></p>	<p><b>REFERENCE/AUTHORITY</b></p> <p>ORS 291.015 ORS 293.250 ORS 293.252 ORS 293.285 ORS 293.590</p>	
<p><b>Policy Owner</b> Statewide Accounting and Reporting Services</p>		
<p><b>SUBJECT</b> Accounts Receivable Management- Interagency Receivables: Billings, Payments, and Progressive Actions</p>	<p><b>APPROVED SIGNATURE</b></p> <p><i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i></p>	

**PURPOSE**

This policy describes state agency responsibilities when issuing and paying interagency invoices.

**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**

**Reasonable effort:** The use of available, legal, and cost-effective means that are appropriate to the circumstances of the collection effort. A means of collection may be considered cost-effective when it is reasonable to expect the costs of collection to be less than the debt. If the anticipated recovery would be only marginally in excess of the cost of collection, it may be reasonable to exert little or no effort to collect the debt.

Click here for other [definitions](#).

**EXCLUSIONS AND SPECIAL SITUATIONS**

None.

**POLICY**

101. Agency management must ensure that state agency personnel employ appropriate practices in the management of accounts receivable.
  
102. State agencies are required to make **reasonable efforts** to collect interagency invoices. The management of accounts receivable between agencies is an important part of a state agency’s cash management process. There shall be a shared responsibility and cooperation by both agencies to assure that the providing agency bills for goods or services requested properly and promptly, and the receiving agency pays for the goods or services timely.

## Billings and Payments

103. Per [OAM 35.30.10](#) paragraph 103, agency management must develop clear, written internal policies and procedures for the billing and collection of accounts receivable.
104. State agencies shall accumulate charges up to a periodic cut-off point and produce interagency invoices based on a periodic cycle. Interagency invoices must be distributed within 15 days of a monthly based billing cycle and within 30 days of a quarterly or annually based billing cycle.
105. Each billing state agency's invoice must be clear and informative (refer to the sample interagency invoice in [OAM 75.35.03.FO](#)). At a minimum, the following components should be included on the invoice:
  - a. Header: Include the name and address of the billing and paying state agencies; 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 amount due; special information about the invoice, including terms or conditions; and, if the invoice lists more than one item, provide a total amount due.
  - c. Footer: Include a contact name and phone number for the paying state agency to call if they have questions regarding the invoice, including TTY information, and the R\*STARS accounting data (e.g. transaction code, suffix, amount by suffix, etc.).
106. State agencies must make payment within 30 days of the invoice date listed on the interagency invoice, unless the paying agency disputes all or a portion of the invoice. State agencies paying interagency invoices using R\*STARS must pay each invoice with the appropriate transaction code based on the R\*STARS accounting data listed on the invoice, or with a payment method approved by both state agencies.
  - a. Where there are billing disputes, the paying state agency must make payment on the undisputed portion of the invoice within 30 days of the invoice date.
  - b. Disputes or disagreements are those limited situations where the parties cannot reach agreement on the facts that created the invoice or the amount billed. Interagency invoices sent to the correct state agency, but reference the wrong division or program, do not constitute grounds for a dispute.
  - c. State agencies must present and resolve billing questions promptly so that the paying state agency may make payment within 30 days. When questions regarding the interagency invoice become disagreements, the paying state agency must provide the billing state agency a written notification that explains the disputed amounts and the reason for the dispute (refer to [OAM 75.35.04.FO](#) for a sample Interagency Invoice Inquiry form).
  - d. The billing state agency shall respond promptly to the written invoice dispute in an attempt to clarify or resolve the paying state agency's concerns. Typically, this should be less than 30 days.

## Progressive Actions

107. Agency management must have policies or procedures that define when progressive actions will be utilized to collect delinquent interagency invoices. Progressive actions are not mandatory, but if state agencies choose to take them, the actions should be applied in the order suggested in paragraph 109.

108. State agencies may utilize the progressive actions outlined in paragraph 109 to collect delinquent interagency invoices when:
- a. A state agency does not pay a properly billed interagency invoice within 30 days of the invoice date;
  - b. A delinquent state agency does not remit payment in response to notices of delinquent interagency invoices; or
  - c. A state agency has a history of delinquency.
109. Progressive actions to collect interagency invoices include, but are not limited to:
- a. Collection letters, emails, or phone calls to the Chief Financial Officer (CFO) of the delinquent state agency. The billing state agency may notify the delinquent state agency's CFO. The letter or message should describe the magnitude of the delinquent amount and provide any additional information regarding the payment pattern or history of delinquent payments.
  - b. Collection letters, emails, or phone calls to the Director of the delinquent state agency. For repeated delinquencies, the billing state agency may notify the delinquent state agency's Director. The notification should describe 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 state agency has already taken. The purpose of this notification is to alert the delinquent state agency's Director of the situation and request assistance in resolving the issue.
  - c. A request for intervention by the DAS Chief Financial Office. After notifying the delinquent state agency's CFO and Director, the billing state agency may contact the DAS Chief Financial Office. The billing state agency's CFO (or designee) shall send a request for intervention to the DAS Chief Financial Office which includes a brief explanation of the situation. A copy of the request should be sent to the delinquent state agency's CFO and Director.