

Internal Operations Manual

SUBJECT: Accounts Receivable and Collections NUMBER: 107-03-040

DIVISION: State Controller's Division - Accounting **EFFECTIVE DATE:** 07-01-00

APPROVED: Original Signature Approval Filed with Director's Office

POLICY/ PURPOSE: It is the policy of the Department of Administrative Services (DAS) to promptly invoice customers for goods received or services rendered, to collect amounts due, to promptly issue credits to customers when credits are due, and to write off amounts due when collectability is unlikely or not cost effective.

AUTHORITY:

ORS 293.240, Oregon Accounting Manual (OAM) numbers 03 03 00.PO and 03 03 00.PR

GUIDELINES FOR WRITING OFF UNCOLLECTIBLE DEBT UNDER ORS 293.240 issued by the Attorney General and effective January 1995. These guidelines supersede the guidelines in the Oregon Accounting Manual.

ORS 293.445(2) and (4), refunding amounts due

ORS 293.462(4) payment terms

APPLICABILITY:

All divisions and programs of the department that enter into transactions that result in amounts due from customers for products or services

GUIDELINES:

- I. It is the policy of this department that we will actively pursue collection on all past due accounts. An account is considered past due when funds have not been received within thirty days of the date on the invoice or the date the customer receives the invoice, which ever is later.
- II. Billing, collection, and account adjustment responsibilities are assigned to the division and/or policy office that delivers the goods or services and that issues the invoice. DAS assessments will be billed and aggressively collected by the State Controller's Division (SCD) on behalf of the Department.
- **III.** It is the responsibility of SCD to correct misapplied payments that were erroneously recorded in the DAS Accounting System (SFMS).
- IV. Terms of sale are "net, 30 days," that is, the amount owed is due 30 days after the date of the invoice or the date the customer receives the invoice, whichever is later. These terms of sale may be superseded by ORS 293.462(4) that permits state agencies to pay within 45 days of invoice date or date invoice is received.
- V. DAS divisions and policy offices are expected to pursue the collection of all receivables owed to them that are material and cost beneficial. The DAS State Controller's Division Accounting Services Unit will review and possibly adjust accounts receivable invoice balances under \$5.

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DAS Accounting Services Unit will pursue collection of receivables for DAS assessments that are billed by the Accounting Services Unit.

DAS divisions are responsible for reviewing all Accounts Receivable Invoices and identifying any accounts to be referred for collection or written off. Divisions are also responsible for approving write-offs of uncollectable balances.

- VI. DAS divisions may charge interest on accounts over 45 days old from date of the invoice. Subject to Division Administrator and Department Director approval. The Administrator/Director will determine the interest rate when the request is approved.
- **VII.** It is the responsibility of the Division to investigate credit balances over 60 days old. Division administrators or their designee will approve refunds or credits. Credits are issued separately using the manual invoice/credit form.
- **VIII.** It is a collaborative effort between the divisions and the Accounting Services Unit to ensure the accuracy of the recording of revenue and cash. Corrections to invoices or receipts need to be identified immediately and sent to the Revenue Accountant.
- IX. Invoices must contain at a minimum:
 - Invoice number and suffix.
 - 2. Date.
 - 3. Customer number.
 - 4 Amount
 - 5. Point of contact.
 - 6. Terms.
 - 7. Description of goods or services provided.
 - 8. Coding block that contains the PCA, Object code, and T code.

PROCEDURES:

Step Responsible Party Action

1. Division Staff

Designate staff to monitor invoicing and receipts to ensure goods and services are billed and past due amounts are collected.

Design a process to create invoices for goods and services provided.

- Create invoice.
- 2. Obtain customer number.
- 3. Mail to customer.
- 4. Interface to SFMS or provide copy to State Controller's Division for input.
- 2. SCD Accounting Services

Provides monthly statement of accounts and Accounts Receivable Aging Report to all divisions.

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3. SCD Accounting Services

Performs Assessment Collection activity that will consist of the following:

- Monthly send statement of account
- Telephones agencies that are 30 days past due on assessments.
- Requests meeting with agencies that are 60 days past due.
- Withholds payments on departments that are 90 days past due

4. Division Staff

Perform collection activities. Recommended collection actions consist of the following:

- Monthly send statement of account
- Provide telephone calls and reminder letters for customers that are 30 days past due
- Provide demand letters at 60 days past due
- Consider discontinuing services and turning customers over to Accounting Services Unit for collection for customers who are 90 days past due.