



Minnesota Management and Budget Statewide Operating Procedure

Minnesota Management and Budget, General Accounting
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Managing & Reporting of Accounts Receivable

Objective

To ensure adequate controls over accounts receivable and related activities are established in both policy and practice and that accounts receivable are routinely reconciled in accordance with Minnesota Statutes and statewide policies to facilitate Minnesota Management & Budget's (MMB) responsibility for providing statewide oversight of accounts receivable and to ensure the year-end accounts receivable is complete and properly reported in the state's Comprehensive Annual Financial Report (CAFR) in accordance with Generally Accepted Accounting Principles (GAAP).

General Procedures

Step	Action	Responsible Party	Timeline
1.	Agencies with accounts receivable activity must establish internal policies and procedures commensurate with the level of risk attributable to each type of receivable account.	Agency	As needed
2.	Develop quarterly and fiscal year-end accounts receivable worksheets and distribute completion instructions and worksheets to agencies.	MMB – General Accounting	October, January, April, July
3.	Complete the quarterly accounts receivable worksheets, pursuant to MMB Statewide Operating Policy 0501-01 – Managing and Financial Reporting of Accounts Receivable. The June 30 quarterly accounts receivable worksheets will include additional worksheet columns for reporting supplementary accounts receivable information: "Current Open Receivables", "Non-Current Open Receivables", "Current Allowance", "Non-Current Allowance", "Intra/Inter Agency Balance", "Intra/Inter Agency Allowance", "Unbilled", "Unbilled Allowance", "Pass Through" and Advance Billing". Submit completed worksheets to MMB General Accounting at GeneralAcctg.MMB@state.mn.us .	Agency	Quarterly - Dates communicated by MMB
4.	State agencies that prepare their own financial statements for inclusion in the state's CAFR must ensure that the accounts receivable reported in the financial statements match the year-end accounts receivable report submitted to MMB.	Agency	Dates communicated by MMB

Step	Action	Responsible Party	Timeline
5.	State agencies must periodically reassess the collectability of their accounts receivable.	Agency	Annually
6.	State agencies must conduct an annual analysis of current accounts receivable activity and recent trends to determine the appropriate amount to be reported as the allowance for doubtful accounts at fiscal year-end. Agencies should document and retain the analysis and justification of all allowance for doubtful accounts estimates.	Agency	Annually
7.	State agencies who routinely bill for goods or services not yet received (advance billings) should contact MMB Financial Reporting for additional reporting instructions.	Agency	As needed
8.	Obtain written approval from MMB General Accounting at GeneralAcctg.MMB@state.mn.us for not using the Statewide Integrated Financial Tool (SWIFT) Accounts Receivable Module.	Agency Accounting Coordinators	As needed
9.	All accounts must be formally reconciled by receivable type and receivable system at least once each calendar quarter.	Agency	Quarterly
10.	A state agency should charge simple interest on debts owed in accordance to MMB Operating Policy 0502-01 - Debt Collection.	Agency	As needed
11.	Agencies that do not have accounts receivable activity must submit an Annual Certification Form. The form will be sent out by MMB General Accounting and must be returned via email to GeneralAcctg.MMB@state.mn.us .	Agency	June 15th

Related Policies and Procedures

[MMB Statewide Operating Policy 0501-01 Managing and Reporting of Accounts Receivable](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0501-01-managing-reporting-ar-policy.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0501-01-managing-reporting-ar-policy.pdf)

[MMB Statewide Operating Policy 0504-01 Debt Collection Process and Actions](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0504-01-debt-collection-policy.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0504-01-debt-collection-policy.pdf)

[MMB Operating Procedure 0504-01.1 Debt Collection Process and Actions](http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0504-01-01-debt-collection-procedure.pdf) (http://mn.gov/mmb-stat/documents/accounting/fin-policies/chapter-5/0504-01-01-debt-collection-procedure.pdf)