Managing & Reporting Loans Receivable

Objective

To ensure adequate controls over loans receivable and related loan activities are established both in policy and practice; ensure loan accounts are periodically reconciled in accordance with state law including Minnesota Statute 16A.055 (https://www.revisor.mn.gov/statutes/?id=16A.055), statewide policies, and Generally Accepted Accounting Principles (GAAP); and facilitate Minnesota Management & Budget's (MMB) responsibility for providing statewide oversight of loans receivable.

Policy

All state offices, boards, agencies, departments and component units must determine whether their organization is responsible for any programs that generate loans receivable. All organizations responsible for the billing and collection of loan debt owed to the state are required to use the accounting system, Statewide Integrated Financial Tools (SWIFT) Accounts Receivable module, to account for loan activity.

Specific responsibilities for organizations with loans receivable activity include:

- Establish Internal Control policies and procedures sufficient to ensure safeguarding of state assets in accordance with Statewide Policy 0102-01 - Internal Control.
- Establish internal policies and procedures for managing loans receivable activity including, but not limited to the following:
  - Obtaining and verifying debtor/customer data including:
    - What specific information is required
    - Where and how the information will be stored
    - How private data will be securely maintained
  - Billing process and actions
  - Collection process and actions
    - Evaluate and calculate an allowance for doubtful accounts
    - Tracking loans receivable in-appeal
    - When a debt restructuring is warranted
    - When a write-off is warranted
  - Reporting loans receivable
    - Current versus non-current loans receivable
    - Current versus non-current allowance for doubtful accounts
- Complete, certify, and submit periodic Loan Receivable Reports to MMB, in the format and according to instructions established and provided by MMB, no later than the designated due date.
• Complete, certify, and submit Annual fiscal year-end Loan Receivable Reports to MMB, in the format and according to instructions established by MMB, no later than the designated due date.

Related Policies and Procedures