



REVENUE AND ACCOUNTS RECEIVABLE

POLICY FM016, EFFECTIVE 2014-12-30

POLICY STATEMENT

The Minnesota Department of Transportation (MnDOT) will take action to collect on accounts receivable debt as directed by [Minnesota Statutes §16D.04](#) and deposit all cash and checks according to state law and policy.

REASON FOR POLICY

- To ensure cash and checks are deposited in accordance with [Minnesota Statutes §16A.275](#)
- To ensure that cash and checks received are protected to minimize incidences of theft, loss or delay in deposit
- To ensure debt owed to the state, but determined to be uncollectible, is properly compromised or written-off in accordance with [Minnesota Statutes §16D.09](#) and [Minnesota Statutes §16D.15](#)
- To ensure year-end accounts receivable activity is complete and properly reported in the [Comprehensive Annual Financial Report \(CAFR\)](#), in accordance with [Generally Accepted Accounting Principles \(GAAP\)](#)
- To ensure a quarterly report on the activity and status of accounts receivables to the Minnesota Management & Budget (MMB) occurs

WHO NEEDS TO KNOW THIS POLICY?

- Financial Management
- Offices/districts that receive cash or checks
- Offices/districts responsible for repairing damage to state property
- Offices/districts responsible for writing receivable agreements

DEFINITIONS

Accounts Receivable

Financial claims against customers for services, products, fines, loans, taxes, and other assessments, for which payment has not been received.

Comprehensive Annual Financial Report (CAFR)

The [Comprehensive Annual Financial Report \(CAFR\)](#) is a thorough and detailed presentation of the state's financial condition. It reports on the state's activities and balances for each fiscal year. The CAFR has three sections:

SENIOR OFFICER

Tracy Hatch

Deputy Commissioner/CFO/COO

POLICY OWNER

Robin Sylvester

Director, Office of Financial Management

POLICY CONTACT

Jane Marah

Payroll/Cash & Collections Supervisor
Office of Financial Management
Jane.Marah@state.mn.us
651-366-4875

POLICY HISTORY

1990-11-30, Established
2014-12-30, Revision 1

[MnDOT Policy Website](#)

- Introductory Section; Financial Section, including the auditor's opinion and basic financial statements and the Statistical Section, containing financial and other data for prior and current years.

The report has been prepared in accordance with [Generally Accepted Accounting Principles \(GAAP\)](#) for governmental units and has earned an unqualified audit opinion.

Receipts

Payments (cash, checks, money orders, electronic payment, etc.) received that are owed to MnDOT for services, property, products, fines, loans, taxes, other assessments.

Revenues

Cash receipts, electronic funds and accounts receivable payment or deposits: Office of Financial Management.

Secure Location

A secure location is free from risk or loss, such as a locked cabinet or desk drawer if a safe is not available.

PROCEDURES

Depositing Money

- Deposit funds according to the appropriate statute or law. Refer to [Chart of Accounts job aids "Budget Statute Matrix"](#) for budgets and statutes pertaining to funds received.
- All offices/districts that receive cash or checks for MnDOT must store them in a secure location until the Office of Financial Management (OFM) receives the funds or funds are deposited in the bank.
- The Office of Financial Management must deposit receipts daily, except if the receipts are less than \$1,000 or MMB waives the requirement. Offices/districts must not hold checks or cash for more than one week, and must send these receipts to the Office of Financial Management for deposit.
- Offices/districts must submit requests for external billing to the Office of Financial Management in a timely manner so that MnDOT can collect payments. Offices/districts may do their own external billing if they have communicated this information to the Office of Financial Management and OFM has approved the process.
- MnDOT is required to use the Statewide Integrated Financial Tools (SWIFT) for the billing and collection of debt owed to MnDOT unless granted an exception by MMB.

Debt Collection

- Accounts that are past due must receive past due letters from the Office of Financial Management based on the length of time the account is past due.
- MnDOT is required to take all appropriate and cost-effective actions to collect our accounts receivable debt as directed by MMB policy [Debt Collection Process and Actions](#).
- State agencies must use the Department of Revenue as the third party collector. The Office of Financial Management must have the customer's Social Security Number (SSN) or the business' Federal Employer Identification Number (FEIN) to pursue debt collection. There is a six year statute of limitations [Minnesota Statutes §541.05](#) on collecting delinquent debt, [Minnesota Statutes §16D.04](#).
- Pursuant to [Minnesota Statutes §16D.09](#)

"When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is uncollectible when:

 - *all reasonable collection efforts have been exhausted,*
 - *the cost of further collection action will exceed the amount recoverable,*
 - *the debt is legally without merit or cannot be substantiated by evidence,*
 - *the debtor cannot be located,*
 - *the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient,*
 - *the debt has been discharged in bankruptcy,*
 - *the applicable statute of limitations for collection of the debt has expired, or*
 - *it is not in the public interest to pursue collection of the debt.*

The determination of the uncollectibility of a debt must be reported by the state agency along with the basis for that decision as part of its quarterly reports to the commissioner of management and budget. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.”

- MnDOT must complete and submit Quarterly Accounts Receivable Reports to MMB, in the format established by MMB, no later than the designated due date.
- All checks must be payable to the Commissioner of Transportation and not to an employee. In the event that a check is received that is made payable to a MnDOT employee, the employee must endorse the check with a note “payable to the Commissioner of Transportation.” The Office of Financial Management must deposit the check.

RESPONSIBILITIES

Office of Financial Management

- Ensure funds are deposited in the correct accounts;
- Ensure billing requests are processed through the state system (SWIFT);
- Ensure non-accounts receivable are deposited in the appropriate budget and account;
- Promptly take collection steps on overdue invoices;
- Write-off uncollectible debt based on criteria set by MMB;
- Prepare quarterly and yearly accounts receivable reporting for MMB;
- Report and transfer funds as required.

Offices/Districts

- Ensure prompt submittal of requests for billing to the Office of Financial Management to expedite payment;
- Ensure that the chart of accounts is included with all refund deposits so that the funds are deposited into the same account the expenditure was made from.

MnDOT personnel receiving cash or check

- Safeguard MnDOT’s financial assets;
- Promptly send checks and cash to the Office of Financial Management for deposit;

FORMS/INSTRUCTIONS

[Cash Receipt Form \(SWIFT\)](#) to go with the check or cash for deposit

FREQUENTLY ASKED QUESTIONS

Q: I received a check, what do I do with it?

A: Work with your office/district financial or business unit to ensure funds are deposited in the correct accounts. Send the check and paperwork identifying the account for deposit to the Office of Financial Management.

Q: Someone wants to donate money for supplies to the First Responders/Highway Helpers after they helped them when they were stuck on the highway. Can MnDOT accept these funds?

A: Yes, [Minnesota Statutes §16A.013](#) and [Minnesota Statutes §161.20](#) authorize MnDOT to “receive and accept, on behalf of the state, any gift, bequest, devise, or endowment which may be made by any person.” Work with the [Office of Financial Management Budget Forecast Unit](#) on the revenue budget for this and other monitoring/tracking requirements.

Q: The Department of Administration sold out-of-date oil filters on behalf of a district. The revenues from the sale went to the Sale of Surplus Materials revenue budget. What can these funds be spent on?

A: The funds can be spent on like materials as were sold.

Q: A MnDOT employee made a payment to the incorrect vendor, and the check was returned to MnDOT. What do you do with the check?

A: Send the check to MMB with the appropriate form. Instructions are available: [Payment Cancellations \(SWIFT\)](#).

RELATED INFORMATION

[Minnesota Statutes §16A.013](#) *“Gifts; Acceptance”*

[Minnesota Statutes §16A.057](#) *“Internal Controls and Internal Auditing”*

[Minnesota Statutes §16A.275](#) *“Agency Receipts; Deposit, Report, Credit”*

[Minnesota Statutes §16A.72](#) *“Income Credited to General Fund; Exceptions”*

[Minnesota Statutes §160D.04](#) *“Collection Activities”*

[Minnesota Statutes §161.20](#) *“General Powers of Commissioner”*

[FMR-0504-01.1](#) *“Debt Collection Process and Actions Procedure, Financial Management and Reporting, Department of Administration”*

[Minnesota Management & Budget, Statewide Operating Policy 0505-01](#) *“Writing-off Uncollectible Accounts; Record Billings”*
in SWIFT

[Minnesota Management & Budget, Statewide Operating Policy 0104-03](#) *“Financial Reporting of Accounts Receivable”*

POLICY OWNERSHIP AND AUTHORIZATION

Policy Owner

Duane Leurquin, Director, Financial Management

Duane A. Leurquin 12-30-14
Signature and Date Signed

Governance Council

Sue Stein, Director, Corporate Services Division

Sue Stein 12-30-14
Signature and Date Signed

Responsible Senior Officer

Tracy Hatch, Deputy Commissioner, COO/CFO

Tracy Hatch 12-30-14
Signature and Date Signed