Accounts Receivable Workgroup Topics

# Overview

Our goal is to develop guidance and best practices for agencies to analyze and manage legacy account receivable data in preparation for implementation of Florida PALM. Through discussions and comparison of agency practices and needs, the group will:

* Identify and discuss current practices and state of legacy data;
* Develop and share expectations, tools, and guidance for analyzing and cleansing legacy data; and
* Provide input for creating or updating policies and best practices to support standardization of data and processes in Florida PALM.

Participants are asked to evaluate your agency for questions related to legacy data, data management, and future state expectations.

# Legacy Data

How frequently does your agency establish account receivables? Are they used only for year–end financial reporting?

* FWC – Establishes for debit memos as they come in and grant funding is at year end only for services rendered?
* FDLE – Use receivables multiple ways throughout the year
  + Grant draws so they know grant to fund
  + Grant claims for reconciliation
  + ABS for all criminal record checks – do daily AR batch to FLAIR at a summary level (TR10), the detail is in the ABS.
  + Also do the year end receivables for many things
* JAC – Mostly use for Financial Statements. Occasionally during year if transfer of expenditures to await budget amendment. Show where the money is owed back to.
* FDACS – Book receivables for grant claims that have been submitted throughout FY. Book for Admin fines and debit memos throughout the year.
* FDEP – Establishes Debit Memo AR’s as they come in, updates collections AR’s quarterly.

What criteria does your agency use to determine that an account receivable is needed verse a normal cash receipt?

* FDLE – Desk procedures drive how things are recorded. RAM system is programmed to upload to FLAIR at a summary level.

Does your agency manage account receivables directly in FLAIR or through an agency business system?

* FDLE – Both
* FDACS – Both
* JAC – FLAIR only
* FWC – FLAIR Only
* DEP – Both. Debit Memos are in FLAIR, collections are in FLAIR and internal business system. Program areas invoice and track payments using internal business systems, until they are sent to collections.

Do you review to see if Ars are becoming old?

* FDLE – Runs receivable report from FLARI and sends to program areas to confirm if they are still valid. They may have posted as a cash receipt and not a receivable
* FWC – Run monthly receivable report and verify against payments that have come in
* FDACS – Receivable reports recon
* FDEP – Monthly and quarterly recon.

Does your agency use account receivables to manage cash to support budget? If so, what practices does your agency do that to make this efficient?

* JAC – No
* DEP – Yes. Making the entries to account for expected dollars. They use them to project what monies are due back to a TF. Had to spend from another fund and record receivables until the monies were received.
* FWC – No
* FDLE – They do not.
* FDACS – They are accounted for in the budget process when they look at our year end fund balances
* DMS – Does not use receivables to manage cash

How does your agency assign receivable numbers?

* FDLE – Assigned sequentially within types. Type A starts at 1. They do not come over with that detail into FLAIR. It is an auto generated number that comes to FLAIR
* JAC – Administratively serve 49 agencies. Use the ID of the office the AR is for and then sequential numbers after that.
* DEP – Assigned by contract number or for other items tied to the entity that owes the money.
* FWC – Uses the debit memo number for DM Ars, and for the grants AR, they are sequential and based on the grant and invoice number.
* FDACS – Smart coded depending on the type of receivable.
* FDEP – Debit Memos are assigned sequentially; Collections are assigned with their account number.

What is the process used to know that the correct data is used?

* FDLE – Picks a receipt type and the coding is programmed in. For the FLAIR AR, the grants team is reconciled monthly.
* FWC – Pulls original transaction to determine coding
* FDACS– Does the same process for debit memos. Grant contracts are executed with the appropriate codding for funds received.
* FDEP – Monthly and quarterly recon.

Do most of us feel good about the ARS?

* FDLE is confident
* FWC is confident
* JAC is pretty confident
* DEP is confident

Did your agency identify in critical dependencies or learn important information on account receivable records during your PAWS sessions or Task 324 analysis?

* FDLE – Not AR specifically, but they did learn that they may not retire it. Meetings were very helpful.

# Data Management

Has your agency started analyzing legacy account receivable data?

* FDLE – We have always managed this data
* FWC – Always managed our receivable report
* FDEP – We have always managed the AR data.

What data cleansing procedures does your agency currently use for the Account Receivable Subsidiary file?

* FDLE – Delete or reduce to zero. For out of balance, they research and make entries to bring back into balance.
* FWC – Would do correcting entry if paid or if past year, then receivable is deleted. If not paid, then turned over to collections. Stays on the books if it goes to collections. Debit memo tracking system which tells them when to send to collections. Tells them when to send 1st letter, 2nd, and 3rd.
* FDEP – Adjust entry as needed. If not paid then it is sent to collections. Internal tracking spreadsheet for debit memos that calculates when to send out notices. Program areas track their own until it is paid or goes to collections.

What is the frequency at which your agency reviews and manages account receivable data?

* FDLE – Monthly except for year end, then it is daily they reconcile daily in July for the month of June.
* FWC – Monthly
* FDEP – Monthly and quarterly

What are common data issues for account receivables?

* JAC – Used to have issues with the info that comes from offices when they picked incorrect accounts or CAT. They now use a form that limits the information that they can choose based on their location.

How does your agency plan to identify account receivables that should or should not be recorded in Florida PALM?

* FDACS – This is a continuous exercise. They are always looking for bad or old data in the files. As they evaluate data, it is hard to says. Data will be at a consistent level.
* FDEP – Everything that is currently tracked in FLAIR, will be moved to be tracked in Florida PALM.

What are your agency’s concerns for the readiness of your account receivable data for use in Florida PALM?

* FDACS – Challenge is around coming in with junk that might over–inflate the receivables.
* FDLE – They look at the trial balance and compare to the receivable report out of FLAIR. What is on the receivable report should be the GL balances. Supervisors look at the report each month and if something is identified as having been received, then they make the adjustment. Identify them on a one for one basis.
* FDEP – the time it can take to work out the kinks of a new program and getting it run efficiently.

What lessons have you learned through other projects (object code standardization) that could be applied here?

* FDLE – Have multiple types of criminal history reports that are provided. They are having some trouble going to fewer codes because they are hard coded into the system. They have other systems that feed into the system. They may have to do configurations to the revenue system and the criminal history systems.

What tools (such as reports) or assistance is needed for your agency to manage and analyze account receivables?

* FLAIR Receivable
* Trial Balance reports
* FDLE State Standard Receivables and a customized FLAIR report in Natural with GL
* JAC runs a query from the IW receivable table

What best practices could we share with all agencies for managing account receivable data?

* FDLE – Do it on a regular basis
* FDEP – Don’t let it slip through the cracks. Make time to reconcile and update data regularly.

For agencies not looking at this on regular basis and now their records are out of control, what should they look for?

* FDLE –
  + Look on the receivable report.
  + Look at the aging report.
  + Look at things outstanding for more than a month.
  + If necessary, send to the program areas to look and see if it was received. They look for what it was and for a date range. Let the program area give the advice.

What are some things agencies should look for to identify bad data?

* FDLE – Use the Receivable reports – look at age of AR, forward to supervisors to check status, was it posted with a TR30. When they are processed as 30s it’s normally an oversight. – it’s normally user error, not a timing constraint.
* JAC – Does not relieve receivables at the time of collection. They rely on the offices to tell them fund and time period of when the receivable was collected. Due to the amount of activity, they cannot keep up with the receivables, so it helps to manage workload.

# Future State

What are standard practices that should be used across agencies for managing account receivables, and what differences in practices are appropriate to maintain flexible business processes among agencies?

What existing policies are helpful?

Where are there current policy gaps?

What assumptions do we have about account receivable record conversion?

# Session 2 Notes:

 Summarized AR Processes:

Department of Environmental Protection

* Each Program area is responsible for setting up AR, and they do reconciliations in their business systems.
* They send reports monthly to Finance and Accounting, and they can record outstanding amounts and send items to collections as needed.
* At the end of the year, they do the accounting entry in FLAIR.
* Most ARs are tracked in ABS in detail.
* For Contract Advances, ARs are recorded in FLAIR by recipient.
* ARs in FLAIR are minimal.
* They do ARs for Contract Recipients.
* They do one account entry at year end by BE for all accounting entries. After the YE process is completed and they close the year, they process reversals for these entries.
* DEP does not capture billing and invoices in the accounting system
  + To expand the customer record and assigning an account code would have been problematic
  + They would have had to do a lot of work to clean up and move.

Florida Department of Law Enforcement

* All ARS are done in Finance and Accounting, not by individual Programs.
* They use both an ABS (RAMS)and have items recorded in FLAIR.
* ABS is used for criminal history record checks - gun dealers, state agencies, and others.
* They also have different systems that feed into RAMS
* Once a month, they get a file from each file that is recorded at customer level (ex. Wal-Mart) to record at the transactional details. Another example: If there are 200 Bass Pro shops, there can be 200 customer records.
* They also track different object codes for each type of criminal history record check
* RAMS records the detail and then the summary record is processed in FLAIR as TR10s.
  + The collections are recorded as TR30s
* Once a month, when they close, they reconcile RAMS and FLAIR.
* Anything related to a payment, invoice, or check/money order is in RAMS
* Any ACH can go directly into FLAIR.
* Most of the FLAIR ARs are tied to Grants.
  + Federal Draws are posted against the ARs.
  + ARs are also created for the sub-grants
* They set up the AR showing revenue is expected. When JTs are received for charges from other agencies or account codes, the AR gets deleted in FLAIR.
* The last thing they do each month is run payable/receivable reports that they have customized.
* They send to programs to validate that AR is still valid.
* If we have aged receivables, then they can delete if TR30 was posted.
* For reconciliation, the RAM trial balance should equal the FLAIR trial balance.

Fish & Wildlife Conversation Commission

* Mainly use ARs for debit memos.
* In the 13th month, ARs are set up for the grant receivables.
* When funds are received, a TR33 will post against the receivable.
* For maintenance, quarterly AR reports are run and aged items are researched.
* FWC has a system that they load debit memos, which is also used to manage the collection process. It tells them dates to send letters.

Florida Department of Agriculture and Consumer Services

* Have a high volume of ARs and are used in operations throughout the year.
* Use ARs for Grants that are expecting draws which are set up in FLAIR
* They have some uploaded by ABS
  + Safety inspections
  + Defense services, such as fire suppression or training
* They reconcile monthly
* Run a FLAIR AR report and separate by Division. The reports are sent out to the Divisions to validate the information and identify any that were received and recorded with TR30 instead of TR33.
* They don’t record collections in ABS, They track in FLAIR and provide monthly reports.

Department of Management Services

* Use Oracle to track AR and are reconciled daily.
* Departmental to Central recon happens daily.
* Use a similar system as FDLE.
* At year end, ARs are set up with TR10s and then reversed after agency closing.
* Divisions work with the past due report.
* In the day-to-day, they handle lots of AR from multiple divisions for various things
* Most payments are processed through Oracle accounting system:
  + 99% are done by Division doing their own billing
  + They send a file and load the invoices into the system
  + Daily they do a GL upload with previous days deposits
  + Upload with a scripting process into FLAIR
  + For MFMP they are input directly into FLAIR
  + They also get batches of checks
  + 1 - 51 in a batch
  + ACH are input individually
  + Very few that are billed by F&A – Example: security for building
  + How are the batches are applied to individual invoices?
    - Batches are put into SharePoint and apply the payment. Divisions apply the correct invoice in ABS

What is our confidence level in our AR data integrity?

FDLE - Confident.

* Have some way past due ARs, but that these cannot be collected due to limitations. Some are State Agencies.
* Have only 2 staff, so time is limited.
* Also, for cases, holding services for past due amounts can create a public safety issue.

DMS - Current codes and processes are good, but there are some records from the past to be cleaned up.

* They work the past due reports and try to clean up, but some are old.
* Trouble with Divisions putting in the wrong invoice or things getting misapplied.

FWC – Confident.

* Do have some older info that financial management section wants to clean up.
* Trying to find things that were written off and not deleted.
* Will take a team to research and make decisions.

What Guidance do you have for Agencies?

* Stay on top of things with at least a monthly
* Have Divisions validate and confirm regularly
* Reconcile at a detail level
* Drill down approach - Approach reconciliation by one section at a time and one account code at a time
  + Month -> Account code -> Day -> specific receipts
* Review batch error reports and ensure all errors have been corrected.
* DMS requested A&A establish guidance for a timeframe for items that exceed a certain time frame.
  + What is the criteria for write-off?
    - No agencies had internal policy around this.
    - FDLE – 120 days – uses statute as guidance.
    - Follow up with BFR on items agencies are not allowed to write off, is there a process to deem something uncollectable
* DEP had one write-off request that was justified as being in the best interest of the State.
* DEP empowers managers to ask questions and encourages staff to ask the Divisions to explain or justify things that don’t look right.
  + Empower team to questions what they are receiving

Any issues with receivables having inactive codes?

* Most did have issues with receivables having inactive codes
* FWC still at the beginning stages of discussion, so they may encounter inactive codes has they research.

Reports and Resources that are Critical

* Trial balance reports
* Aging Reports
* ABS reports
* Past Due - Invoices still open
* On account or Over payments - Invoices that may have been duplicate paid - reports of what it needs to be applied for.
* List customer information, state or non, GL information
* RAMS aging report - broken down by account code
* Make sure any refund any over-payments have been issued so that it does not have to go to unclaimed property at the end of year.

General Concerns

* FDLE biggest concern is how keeping ABS - will have to hire people to remediate. What they currently have on daily file is going to be different
* DEP noted that it is not so much how they use the system, but the creation of the 1720.

If they are going to do the 1720 in FLAIR, they would have to have a customer file. Waiting to find out what the DFS policy is for the 1720