

J9
21 Aug 19

JOINT REGION MARIANAS (JRM) WARFIGHTER AND FAMILY READINESS
(WFR) NON-APPROPRIATED FUND (NAF) (SOP)

Subj: ACCOUNTS RECEIVABLE

Ref: (a) SECNAVINST M-5210.1
(b) CNICINST 1710.3 Operation of Morale, Welfare and Recreation Program
(c) CNICINST 7000.3 Accounting Procedures for Navy Non-appropriated Funds

1. Purpose. To provide Joint Region Marianas (JRM) Warfighter and Family Readiness (WFR) procedures and guidance in the handling and management of accounts receivables. This policy is issued in accordance with references (a) through (c).

2. Policy. The procedures and guidance contained in this standard operating procedure (SOP) apply to J9 Programs handling accounts receivables. Deviations from this SOP are not permitted without the WFR Regional Service Support Center Director's (J94) concurrence, and Warfighter and Family Readiness Regional Director (J9) approval.

3. Process. All billing and collections for services provided to J9 programs' authorized patrons will be coordinated through the Regional J94 Accounts Receivable section. This will include the processing and collection of any fees related to the timeliness of collection procedures.

a. Accounts Receivable Section Responsibilities.

(1) The Regional Accounts Receivable section is responsible for adhering to all referenced policies and this SOP for the management of outstanding accounts receivables so that there will be a timely, consistent, and uniform processing of these accounts.

(2) The Regional Accounts Receivable section is responsible for tracking and invoicing of all outstanding accounts receivables that were set-up in the Systems Applications and Procedures (SAP) Accounts Receivable system.

(3) The Regional office is responsible for entering

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the customer information into the SAP Accounts Receivable system to create a customer account for each entry and/or person that owes money to JRM J9 Programs. The established account will key Rec Trac to generate a customer number for any debt recognized within the POS system.

(4) Ensure proper signature authority is obtained before writing off a bad debt.

b. Bad Debt Collection Process.

(1) When an account is forwarded to the Regional Accounting office, the first step is to phone the customer, if possible, to make them aware the debt and their need to make collection arrangements. Next step will be to forward a letter of indebtedness giving them due process to respond in 30 days. Letter will document options of settlement by:

- (a) Cash
- (b) Credit Card
- (c) Cashier's Check
- (d) Personal Check (Note: returned checks will incur a \$35 charge back fee)
- (e) Set up a repayment schedule of 6 months or less (Note: cases of financial hardship can be approved for 12 months)

(2) Ascertain the name and address of the member or sponsor in question. Prepare a Treasury Offset Program (TOPs) letter to be sent to the patron to officially inform them of the debt. If a member is active duty, or a retiree, a Pay Adjustment Authorization (DD 139) form is prepared at the same time, to garnish the member's wages. Gather all backup documents to support the garnishment.

(3) If the active duty patron has not responded with payment within 30 days, the DD 139 is forwarded to the member's command or the appropriate Defense Finance and Accounting Service (DFAS) office. If payment is not received within 60 days, a tracer is sent to the appropriate disbursing officer, and the file is also forwarded to Commander, Navy Installations Command (CNIC) Millington for entry into the TOPs database.

(4) If a civilian or separated member has not responded within 60 days, the TOPs file is forwarded to CNIC Millington for entry into the TOPs database. The

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information stays in the database for 10 years.

(5) If a debt remains on the books for 180 days and collection is not foreseen in the near future, a letter is prepared to request a bad debt write off. Collection efforts do not stop at this time, uncollectible items will be inputted to the Treasury Offset Program (TOPS) for further collection efforts.

(6) TOPS collection cannot be initiated without a social security number (SSN), but the customer does not know this. Therefore, TOPs letters are sent even if the SSN is not available.

c. Account Reconciliation Responsibilities.

(1) Collection and/or recovery of bad debt.

(a) Accounts Receivable section is responsible for monitoring aging report. Collection of past due accounts is performed through follow-up phone calls, sending invoices, collection letters or notices. The aging report will be provided to J94 after each month hard close.

(2) Balancing the Accounts Receivable master file.

(a) At the end of each month financial period closure, the Accounts Receivable technician should reconcile the Accounts Receivable master file activity for the period.

(b) Out of balance situations during this reconciliation can be caused by:

1) A mathematical error in the calculation.

2) Transactions that may have not processed and are still unposted.

3) Transactions that were posted to a time period different from the one being balanced.

d. Accounts Receivable SAP Responsibilities.

(1) Master Record. Ensure that a customer master record exists. If there is none, create a customer master

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record by entering the transaction code: "XD01" in the SAP Accounts Receivable System and follow the screens making sure to enter all required information as follows:

- (a) Type of customer (Account Group).
- (b) The company code ID.
- (c) Customer's system number, this is assigned by the SAP system when you save the data.
- (d) Sales organization is the same as the company code.
- (e) Distribution channel, always enter 01.
- (f) Division, always enter 01.
- (g) Always enter customer name, address, search term, etc., in all capitals using no punctuation. Punctuation must be excluded to comply with central mail facility processing requirements.

(2) Unit Identification Code. A unit identification code is required. It is always to be used for ships and commands.

(3) Customer Numbers. Generally a seven (7) digit number assigned by the SAP Accounts Receivable system and is created by company code. The SAP Accounts Receivable system uses the following numbering system to assign customer numbers:

- (a) Command Customers: 1000000 - 1999999
- (b) Ship Customers: 20000 - 29999
- (c) Other Customers: 5000000 - 5999999

(4) Extend A Customer Master Record. Access the SAP Accounts Receivable system, enter the transaction code "XD01" on the screen titled "Create Customer: Initial Screen", enter the information in the fields, press the enter key to continue the company code, data screen will appear since the general data tab is already populated with the customer's name, address and phone number. Continue to navigate through

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all the screens. If the customer already exists, a message will appear indicating the same account number that was created in the new company code. If this is a new customer, a number will be assigned.

(5) Information Required for Dunning or Automated Collection Process. Military personnel are subject to dunning. For returned items the following information is used in the various levels of dunning and is actually printed on dunning letters:

(a) Special text such as "Did you forget to make a payment."

(b) Commanding Officer's Address (Dun level 2).

(c) Paymaster address (DD139), address of disbursing office or personnel support detachment (PSD) where garnishment (DD139) is to be submitted.

(d) The name of the J9 program certifying officer. This is the name of the individual who must sign the DD139 form.

(6) Entries to Customer Accounts. Entries are posted to customer accounts either by entering a transaction (invoice) that established the receivable or liability against the customer. Payments against receivables are most frequently posted on a daily activity record (DAR) as are payments received in advance or deposits. Invoices are entered, for example, when a returned check is received, when an individual hosts a private function at a Morale, Welfare and Recreation (MWR) facility, or when a command checks out of the Navy Gateway Inns and Suites (NGIS) and must be billed all room charges.

(7) Customer Transactions.

(a) Represent liabilities instead of receivables, such as the case of unearned income representing advance payment of a private function or trip/tour or payment of a deposit that will be returned to the customer (gear rental). These amounts should NOT be recorded to the balance sheet accounts for receivables but to the correct liability account.

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(b) When posting in the SAP Accounts Receivable system, do not create multiple customer accounts for the same customer for multiple transactions. Instead post transactions to the appropriate balance sheet account through the use of general ledger indicators. By using the general ledger indicators at the time of transaction entry, the amount paid by a customer can be easily posted against the 251001 (unearned income) instead of the 131005 (accounts receivable).

(8) Reconcile to the General Ledger.

(a) After the period ends, the accounts receivables balance in the general ledger must match the total amount due on all the accounts receivables in the SAP system. Matching these two amounts proves that these systems are in agreement with each other and that the subsidiary ledger is in balance with the general ledger.

(b) To reconcile the general ledger, verify that the totals on the Accounts Receivable system's general ledger distribution match the total accounts receivables activity received and posted to the general ledger for the period.

(c) The acid test is to match the footing at the bottom of the accounts receivables aging against the general ledger accounts receivables account balance. This verifies that the master files themselves are in sync and that the period transactions are correctly reflected in the master file.

(d) Possible causes of out of balance situations include the following:

1) Accounts receivable period may not have been closed out and activity remains not posted to the general ledger.

2) Accounts receivable activity may have been received by the general ledger, but still not completely processed.

3) Some activity for the period could have been posted to the wrong period in the general ledger.

(9) Records Management. Records created as a result

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of this policy, regardless of media and format, will be managed per reference (a), Standard Subject Identification Code (SSIC) 7010, with the exception of records that are managed according to a different SSIC.

4. Point of Contact. My point of contact for this matter is Mr. Eric R. Barnes, J94. He may be reached at COMM: (671) 349-3300, DSN (315) 349-6678, or via email at eric.barnes@fe.navy.mil.

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