

Office of the Controller

The Navajo Nation

Accounts Receivable Policies Manual

THE NAVAJO NATION – Office of the Controller

Accounting Policies Manual

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DESCRIPTION: Accounts Receivable -	INDEX:	2.1
Invoice Data Entry	POLICY:	X
	PROCEDURES:	
	EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of receivable accounts.

RESPONSIBILITY:

Accounts Receivable (AR) Section

- Responsible for entering all Navajo Nation (Nation) AR into the Financial Information Management System (FMIS).

POLICY:

The Nation has the following receivables, which are classified below:

- Restitution
- Business Site Leasing
- Mission Site Leasing
- Grazing Fees
- Land Rent/Rights-of-Way
- Insurance Premiums
- Worker's Compensation
- Non-sufficient Funds Checks
- Allowance for Doubtful Accounts
- Surplus Vehicles Sales

The Nation's various tribal departments and programs deliver a good or provide a service via a written agreement, promissory note, loan application, etc.

The AR Section receives documentation supporting the receivable. The documentation is reviewed and determined whether terms and amounts are appropriate and complete. The receivable is classified according to the above classifications and forwarded to the assigned accountant. The invoice is prepared, and the following information is recorded; payers name and address, date, vendor name, contract number, description (terms of the agreement, etc.), amount, account to be debited and the signature of the preparer. The AR Section reviews the invoice and approves by signing.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.2
	Archaeology	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. § 1004; Resolution BFMY-38-94; Resolution BFJN-243-77; and Resolution RCAP-096-94.

PURPOSE:

To establish policies and procedures related to the recording of Archaeology invoicing on AR accounts and related payment.

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording payments related to the services rendered by the Archaeology Department.

POLICY:

The Archaeology Department coordinates projects with various tribal departments, programs, and private entities to provide cultural resource inventory, survey, test excavation, monitoring projects, flagging projects, ethnographic, and traditional cultural properties (TCP) on the Nation trust land. After that, the Archaeology Department is responsible for providing the data on a drafted invoice with the Inter-office memorandum to the AR Section. The Archaeology Department is responsible for ensuring the charges are billed for services rendered by providing the billing information.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.3
	Investment Custodian	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of custodian invoicing on AR accounts and related payments.

RESPONSIBILITY:

AR Section

Responsible for invoicing and recording payments related to the investment custodian monthly for Retirement and Investment funds.

POLICY:

The AR Section creates invoices based on the following three FMIS expense accounts:

1. Retirement Investment Manager Expense, business unit #714001 (GL by Object account).
2. Department of Retirement Service Program expense account, business unit #714002 (trial balance & comparison).
3. Department of Services Plan Administrative expense #714003 (trial balance by object).



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DESCRIPTION:	Accounts Receivable - Council Delegate Salary Loan	INDEX:	2.4
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 2 N.N.C. § 107, *et seq.*; Internal Revenue Service Publication 535, Chapter 2.

PURPOSE:

To establish policies and procedures related to Navajo Nation Council (NNC) Delegate Salary Loan accounts and payroll deduction process.

RESPONSIBILITY:

AR Section

- Process the NNC Delegate salary loan requests and payroll deduction for the repayment of the loan.
- Responsible for invoicing and recording payments related to the NNC salary loans.

POLICY:

The AR Sections works with the NNC Delegate requesting a loan. The AR Section receives the loan request and forwards it to the assigned accountant to determine eligibility and to complete the request and a loan eligibility form. The form documents the estimated payment, number of payments, and total interest. The estimated payment is compared to the recipient's disposable income, which is verified by the accountant. All loans must be repaid by the calendar year-end.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.5
	Incoming/Outgoing Document Log	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of documents and requests for AR Section.

RESPONSIBILITY:

AR Section

- Log all of the documents and requests received by the AR Section.

POLICY:

The AR Section logs multiple documents received. For example:

- Information requests (e.g., business site lease agreements and modifications)
- Procurement clearance
- Credit requests
- Executive and administrative review packets/check the log
- Profit and loss/miscellaneous deposits



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.6
	Business Site Lease Account	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 4 N.N.C. 1501, *et seq.* (CJA-09-12); 16 N.N.C. § 2351 (CO-53-13).

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for Business Site Leasing (BSL).

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording payments for amounts due to the Nation per approved BSL agreements.

POLICY:

The Division of Economic Development (DED), Real Estate Department, and Regional Business Development Offices initiate leasing process for approval by the President of the Nation. The Nation vested authority to the DED to promote self-determination, encourage economic self-sufficiency and increase business activity and employment on lands of the Nation. The AR Section is responsible for billing and collection of rental due to the Nation per approved leases.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.7
	Tribal Ranches	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 3 N.N.C. § 509, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of receivable accounts for Tribal Ranches.

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording payments for amounts due to the Nation per approved Tribal Ranch Lease agreements.

POLICY:

The Nation's Department of Agriculture (DOA) and Tribal Ranches Program, initiates the leasing process for approval by the President of the Nation. The AR Section is responsible for billing and collection of rent due for those Nation Tribal Ranches Grazing leases.

The AR Section receives approved Tribal Ranch lease documents supporting the receivable.

The Tribal Ranch Program is responsible for determining the level of credit for each rancher to perform maintenance on the ranches, which is processed through a credit memo.



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DESCRIPTION:	Accounts Receivable - Entity/Chapter Insurance Premiums	INDEX:	2.8
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for Entity/Chapters Insurance Premiums.

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording payments for the insurance premium amounts due to the Nation.

POLICY:

The Nation's insurance broker provides the rate to the Risk Management Department (RMD) who initiates the insurance premium calculation based on the Exposure Summary, which is listed by Entities and Chapter properties. The rates are recorded in the Budget Instructions Manual.

The AR Section manages the billing and insurance premium amounts due to the Nation. The RMD will request for AR set up.



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DESCRIPTION:	Accounts Receivable -	INDEX:	29
	Accounts Receivable Set Up Surplus Auto Sales	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for surplus auto sales.

RESPONSIBILITY:

Property Management Department (PMD)

- Provide the vehicle sales notices, listing of vehicles for sale with bidding dates, Promissory Notes, and payroll deduction authorization forms to the AR Section.

AR Section

- Responsible for invoicing and recording payments for surplus auto sales.

POLICY:

The AR Section is responsible for billing and collection of surplus auto sales revenue due to the Nation from eligible employees of the Nation through the bid process by the PMD.

The AR Section receives vehicle sales notice and listing of vehicles for sale with bidding dates. The PMD determines bid winners and processes bid closing for winners.



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DESCRIPTION:	Accounts Receivable - Mission Sites	INDEX:	2.10
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for Mission Sites (church and church affiliation school locations).

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording annual rental payments for the Mission Sites.

POLICY:

The AR section is responsible for maintaining the financial records of all Mission Sites on the Nation. It is the responsibility of the Nation to the bill and collects annual rental payments for each of these sites as they occupy various regions of the Nation.

The Nation's Mission Site permit rental payments are part of the General Fund revenue accounts. The Navajo Land Department processes permit through their agency offices. The AR section will receive a copy of the permit to record into the FMIS for annual billing. The Mission Site accounts have billed annually for the next calendar year on or after October 1st of each year.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.11
	Workers Compensation	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 15 N.N.C. § 1001, *et seq.* (CJA-03-12).

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for Workers Compensation.

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording quarterly workers compensation insurance payments due to the Nation based on percentages allowed by the Insurance Commission.

POLICY:

Workers Compensation is a self-funded insurance program that reimburses medical institutions and/or employees for injury occurring in the course and scope of his or her employment. Employees covered are part-time, permanent, and seasonal employees. Also included are enterprises of the Nation, recognized Chapter Houses, and certain volunteers.

The AR Section works directly with the Worker's Compensation program to bill Nation chapter houses and Nation Enterprises on a quarterly basis. Payroll reports are submitted from these entities to the Worker Compensation Program. The Worker's Compensation program will bill according to approved percentages allowed by the Insurance Commission. The AR Section works to ensure that payments are received and properly recorded each month.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.12
	Employee Benefit Program	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for its third-party administrator (TPA).

RESPONSIBILITY:

AR Section

- Responsible for invoicing and recording administrative service payments due to the Nation by the TPA.

POLICY:

The Nation's Employee Benefits Office and the TPA provide the administrative service to oversee and administer the benefits of the Nation Employees. The administrative expense is billed to the TPA at each month-end for administrative expenses incurred by the Employee Benefits Office.



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DESCRIPTION:	Accounts Receivable - Restitution	INDEX:	2.13
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 2 N.N.C. § 3780(D).

PURPOSE:

To establish policies and procedures related to the recording of AR accounts for restitution.

RESPONSIBILITY:

AR Section

- Process the restitution requests.
- Responsible for invoicing and recording restitution payments

POLICY:

The AR restitution account has received restitution request from various Nation departments, chapters, and programs for employees that knowingly misused funds and are now required to repay such amounts as governed by the Nation's Ethics and Rules Office. The AR Section currently has delinquent accounts that have exceeded the retention limitation, and our office is not authorized to process write-offs. An MOU dated October 2007 was entered under and authorized by the Navajo Ethics in Government Law, 2 N.N.C § 3780(D). New restitution accounts procedures apply to current Nation employees. The restitution amounts will remain with the Payroll Section until the restitution is paid in full or employment ends. Then the remaining balance, if any, is set up in the FMIS as a receivable.



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DESCRIPTION:	Accounts Receivable Recording of Payment and Receipts	INDEX:	2.14
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq*

PURPOSE:

To establish policies and procedures relative to the recording of payments for AR accounts.

RESPONSIBILITY:

AR Section

- Record customer payments based on a review of the bank statements on a daily, weekly, or monthly basis per assigned AR account.

POLICY:

The AR Section is responsible for the recording of payments made to the Nation. The AR accountants are assigned individual accounts will periodically check for payments on a daily, weekly, or monthly basis. Payments will be checked and processed onto the individual accounts.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.15
	Statements/Letter of Delinquency	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures for the notification to payers.

RESPONSIBILITY:

AR Section

- Prepare past due statements and/or letter of delinquency based on the aging.

POLICY:

The AR Section is responsible for providing past due statements to customers as a reminder of their receivable account being past due. The statements are generated per reports compiled from each account.

The accounting manager reviews the aging report. The statements are reconciled to the individual amounts in the customer files and processed as follows:

- 30 days - a letter asking for payment
- 60 days - 2nd notice
- 90 days - 3rd notice and
- Over 120 days - letter notifying customer, their account will be referred to the DOJ

Copies of the statements and monthly reports are sent to the respective departments by the AR Section for their record and assistance in the collection process.



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DESCRIPTION:	Accounts Receivable -	INDEX:	2.16
	Collection Process	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq*

PURPOSE:

To establish policies and procedures for the collection of receivables and the establishment of allowances.

RESPONSIBILITY:

AR Section

- Resolves collections by examining customer payment plans, payment history, and credit line.
- Coordinating with the affected Nation Program and the DOJ.

POLICY:

The AR section is responsible for collecting overdue amounts due to the Nation. They verify the account status in FMIS and determine if the account needs a past due notice. If no, the process ends. If yes, they generate a notice of non-payment and send it to the customer. Once the notice is sent out, payment may or may not be received.

An allowance for doubtful accounts will be established on a case by case basis. All receivables will be reviewed for collectability every quarter by the accounting manager and approved by the controller.



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DESCRIPTION:	Accounts Receivable - Procurement Clearance	INDEX:	2.17
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 1501, *et seq.*

PURPOSE:

To establish procedures to protect the resources and integrity of the Nation and to promote sound governmental practices. Whereas no applicant individual, business, corporation, partnership or other entity shall be eligible to do any business with the Nation if they have an outstanding money judgment in favor of the Nation, delinquent AR, undesirable moral character, and criminal actions committed 10-year prior or at the present time.

RESPONSIBILITY:

AR Section

- Verify applicants do not have delinquent AR before providing procurement clearance.

POLICY:

The AR Section shall provide a Procurement Clearance to requesting departments that are doing business with vendors within the Nation's boundaries. The compliance with the Nation's Procurement Clearance Act is a condition precedent to transacting or granting any business opportunity, contract, procurement activity; or processing any easement, permit, lease transaction; or consideration of any loan application by or from the Nation to any individual, business, corporation, partnership or other entity other than the Nation.