OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

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COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF THE DEFENSE AGENCIES
COMMANDER, U.S. ARMY CORPS OF ENGINEERS
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Implementation of Policy Changes to the Department of Defense Financial Management Regulation ("DoDFMR") Related to Receivables

Attached is a policy change to the "DoDFMR" Volume 4, Chapter 3 and Volume 6B, Chapter 10. This change incorporates requirements for the Department of Defense Components to age both nondelinquent and delinquent accounts receivables and provide a schedule and explanation in the notes to the financial statements for the aged receivables. The policy is effective beginning the 1st Quarter of Fiscal Year 2006 and will be incorporated in our next revision to Volume 4, Chapter 3 and Volume 6B, Chapter 10.

My staff point of contact for this matter is Mr. Phillip Streit. He may be contacted by phone at (703) 697-0538, or by email at phillip.streit@osd.mil.

Teresa McKay
Deputy Chief Financial Officer

Attachment:
As stated

Aging and Reporting Delinquent and Nondelinquent Receivables

- Add the following subparagraph to Volume 4, Chapter 3, paragraph 030305.

  C. The Department of Defense (DoD) Components shall age both nondelinquent and delinquent accounts receivable and provide the schedule as outlined in Annex 1, paragraph A.1.a.(4) of this chapter in the notes to the financial statements. For accounts receivable delinquent over 30 days, the DoD Components should provide a narrative explanation stating the collection action being pursued.

- Change Volume 4, Chapter 3, Annex 1, subparagraph A.1.a.(4) to read as follows:

  (4) The DoD Components shall age both nondelinquent and delinquent accounts receivables for the aging categories as presented in Table 3-1-1. For accounts receivable delinquent over 30 days, the DoD Components should provide a narrative explanation stating the collection action being pursued. To the extent possible, the DoD Components should consolidate the narrative explanation for receivables with common or similar explanations. For example, report the total amounts of each category in litigation or collections being pursued by the Department of Treasury in their offset program.

- Replace Annex 1, Table 3-1-1 with the following table.

AGED ACCOUNTS RECEIVABLE GROUPS		
CATEGORY	Intragovernmental	Nonfederal
Nondelinquent		
Current		
Noncurrent		
Delinquent		
1 to 30 days		
31 to 60 days		
61 to 90 days		
91 to 180 days		
181 days to 1 year		
Greater than 1 year and less than or equal to 2 years		
Greater than 2 years and less than or equal to 6 years		
Greater than 6 years and less than 10 years		
Greater than 10 years		
Total		
Note – Nondelinquent accounts receivable are receivables not yet due under the contract or billing document pertaining to the receivable. Current nondelinquent accounts receivable are those that are due in the next 12 months. Noncurrent nondelinquent accounts receivable are those amounts that are due beyond the next 12 months. Delinquent accounts receivable shall be aged from the date the account is considered delinquent as outlined in paragraph 030206 of this chapter. The total of the columns should equal the gross amounts reported in the Accounts Receivable schedule in Note 5. This will require that the receivables due internally within each Component be eliminated from this schedule.		
Table 3-1-1		

- Replace Volume 6B, Chapter 10, subparagraph 100702.E.3 as follows:

3. The reporting entity shall age both nondelinquent and delinquent accounts receivable as presented in the Table 10-3. Delinquent accounts receivable are receivables that have not been paid by the date specified in the initial written demand for payment or applicable agreement or instrument (including a post-delinquency payment agreement) unless other satisfactory payment arrangements have been made. Receivables which are recorded as delinquent are aged from the payment due date or the day notification of debt was mailed, depending on the agreement or instrument. If a payment "grace" period is provided and expires without payment, then the receivable becomes delinquent from the original payment due date or date of notification. When a repayment agreement allows the activity to declare the full amount of the account due, and the activity has done so, then the entire amount of the account or loan and related interest and penalties, if any, are reported as delinquent. Nondelinquent accounts receivable are receivables not yet due under the contract or billing document pertaining to the receivable. Current nondelinquent accounts receivable are those that are due in the next 12 months. Noncurrent nondelinquent accounts receivable are those amounts that are due beyond the next 12 months. The DoD Components shall also provide a narrative explaining the collection actions being pursued on all accounts receivable delinquent over 30 days. To the extent possible, the DoD Component should consolidate the narrative explanation for receivables with common or similar explanations. For example, report the total amounts of each category in litigation or collections being pursued by the Department of Treasury in their offset program.

- Add Table 10-3 below to immediately follow paragraph 100702.E.3.

AGED ACCOUNTS RECEIVABLE GROUPS		
CATEGORY	Intragovernmental	Nonfederal
Nondelinquent		
Current		
Noncurrent		
Delinquent		
1 to 30 days		
31 to 60 days		
61 to 90 days		
91 to 180 days		
181 days to 1 year		
Greater than 1 year and less than or equal to 2 years		
Greater than 2 years and less than or equal to 6 years		
Greater than 6 years and less than 10 years		
Greater than 10 years		
Total		
Note: The total of the columns should equal the gross amounts reported in the Accounts Receivable schedule in Note 5. This will require that the receivables due internally within each Component be eliminated from this schedule.		
Table 10-3		