UNITED STATES
POSTAL SERVICE

April 29, 2002

DEAN RODMAN

SUBJECT: Accounts Receivable – Salary Overpayments - 3 Year Policy

Last November we changed the policy on the establishment of accounts receivable. The policy stated that the Accounting Service Center would no longer establish accounts receivable on specific salary overpayments, which were applicable to administrative errors that occurred three or more years prior to the time the error was corrected. Cases that met these criteria, as of Pay Period 25-01, have been placed into a suspense folder pending the development of adjustment and accounting procedures, system changes, and field notification.

Since it will now take more time than was expected to make the necessary system changes, interim procedures have been developed in order to allow the updating of employee payroll records. Accordingly, effective PP11-02, the attached interim procedures should be used for all accounts receivables that meet the three year requirements.

Inquires or questions concerning these procedures should be directed to Cheryl Hubbard at (202) 268-2613.

Jo Ann Mitchell
Manager, Payroll Accounting

Attachments

cc: Ron Langevin

ACCOUNTS RECEIVABLES - 3-YEAR POLICY

Effective: Pertains only to account s receivables established after Pay Period 25-01.

Definition: This 3-year policy covers accounts receivables established for specific salary overpayments. This policy is applicable to administrative errors that occurred three or more years prior to the time the error was corrected. For example, if an error was made in PP24-97 with an effective date of 11/08/1997 and the correction was made in PP24-00, this accounts receivable would be written off because the error continued for three years, (78 pay periods) before it was corrected.

Accounts receivables that meet these criteria will be established and then written off in the following pay period. The overpayments that are covered by this policy are errors relating to placements, merits, retirement codes (not covered under FERCCA relief), HBs (2809s), FEGLI, reemployed annuitant offsets, and salary changes. They will not include leave computation errors, hours adjustments errors, rural route adjustments, or errors caused by employees intentionally withholding/giving incorrect information.

ASC Procedures: Once it has been determined that an accounts receivable meets the 3-year criteria the following procedures will be used:

➢ The Payroll Section will establish invoices in APS using the new standard remark for the Write-Off A/Rs (See page 2).

➢ The Payroll Section will flag the invoice as a 3-year write off by annotating the applicable data on the Inv Rec in the shared Common Log database.
(Write-off = YES and Date Invoice Processed).

➢ At close of each pay period, a special Common Log database report will be run that will list the accounts receivables processed in the current pay period that the Payroll Section flagged as write-offs.

➢ In the pay period following the establishment of the receivable, the Receivable Section will enter accounting transactions to write off all of the receivables listed on the special Common Log database report.

➢ Each pay period a second special Common Log database report listing the PP/YR, SSN, D/A Code, PFC, Finance Number, Invoice Number, Gross Amt, and Net Amount will be sent to Payroll Accounting, Attn: Cheryl Hubbard.

➢ The Payroll Section will notify the Receivable Section via cc:Mail whenever invoices flagged as a write-off are amended/cancelled so that the Receivable Section can enter adjusting accounting entries.

04/19/2002

ACCOUNTS RECEIVABLES - 3-YEAR POLICY (cont.)

INVOICE REMARKS

ACTIVE EMPLOYEES:

***INFO ONLY

DO NOT ISSUE LETTER OF DEMAND
XXXXXXXXX MADE IN PP ##/##
EFFECTIVE DATE OF ACTION: ##/##/####
ERROR CORRECTED IN PP ##/## - WAS
NOT CORRECTED WITHIN 3-YRS OF THE ERROR.
INVOICE WILL BE WRITTEN OFF.

TERMINATED EMPLOYEES:

***INFO ONLY

THIS IS NOT A BILL
XXXXXXXXX MADE IN PP ##/##
EFFECTIVE DATE OF ACTION: ##/##/####
ERROR CORRECTED IN PP ##/## - WAS
NOT CORRECTED WITHIN 3-YRS OF THE ERROR.
INVOICE WILL BE WRITTEN OFF

XXXXXXXXX = Multiple error types:
- Placement Error,
- FEGLI Error,
- Retire merit Code Error,
- H/B Error,
- Etc.

EXAMPLE FOR AN ACTIVE EMPLOYEE:

***INFO ONLY

DO NOT ISSUE LETTER OF DEMAND
PLACEMENT ERROR MADE IN PP 24/97
EFFECTIVE DATE OF ACTION: 11/08/1997
ERROR CORRECTED IN PP 24/00 - WAS
NOT CORRECTED WITHIN 3-YRS OF THE ERROR.
INVOICE WILL BE WRITTEN OFF.