



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



MAY 13 1991

FINANCIAL ADMINISTRATION MEMORANDUM NO. 91-028 (II.J)

To: Bureau Assistant Directors, Administration
Director, Office of Administrative Services
Bureau Finance Officers
Chief, Division of Fiscal Services

From Chief, Division of Financial Administration
Office of Financial Management

Subject: Increase in Departmental and Bureau Authority to
Compromise, Suspend, or Terminate Collection Action

The purpose of this Financial Administration Memorandum (FAM) is to seek bureau comments on the proposed implementation guidelines of the Administrative Dispute Resolution Act of 1990 (Act). These guidelines increase Departmental and bureau authority to compromise debts, and to suspend or terminate collection action.

The Act gives the Department authority to compromise debts, and suspend or stop collection on debts with principal amounts under \$100,000. Debts over \$100,000 are sent to the Department of Justice for resolution. The interim guidelines contained in this memorandum would amend the Departmental Manual part 344 Debt Collection Chapters 4.1(a)(b), and 5.1(a)(b) and set \$100,000 as the threshold amount the Department can compromise, suspend or terminate debt.

As a result of the Act, it is necessary to implement new Departmental procedures that will establish appropriate levels of internal review of compromises, suspensions, and terminations of debt. The following are guidelines that have been suggested for the implementation of the new bureau thresholds.

- Bureaus with total annual accounts/loans receivable over \$50 million will refer all compromised debts, suspensions or terminations over \$25,000 to the Solicitor for concurrence;
- Bureaus with total annual accounts/loans receivable under \$50 million will refer all compromised debts, suspensions, or terminations over \$10,000 to the Solicitor; except

- Bureaus that have pending (outstanding) any material weaknesses in the debt collection section of their annual FMFIA assurance statement will be limited to the current level of \$600; further,

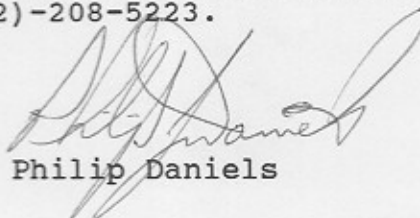
- Exceptions must be justified in writing.

Requests for increases in authorized amounts must be supported by a written justification containing a detailed analysis of bureau debt. At a minimum, the analysis should address the impact of the debt on the bureaus' debt collection workload in terms of dollars and volume.

After reviewing bureau comments, this Office will develop final guidelines to implement this portion of the Act. We expect that process to take approximately 90 days. Until that time, bureaus are to continue using the current procedures outlined in 344 DM 4 and 5. Debts must continue to stand the tests established in 344 DM 4.2, 5.2, and 5.3 before considering compromise, suspension or termination.

Comments concerning these guidelines should be received by this Office within 30 days of the date of this FAM and should be sent to the attention of William L. Kendig, Director of Financial Management.

If you have any questions regarding this memorandum, please contact John Merrell on FTS 268-5223 or (202)-208-5223.



Philip Daniels