

## **Verification**

All 4th quarter (year-end) reports must be **verified** by the submitting agency's Chief Financial Officer (CFO) or equivalent.

Verification of the Receivables Report means that the report has been reconciled to the agency's Audited Financial Statements or in its absence to the Federal Agencies Centralized Trial-Balance System (FACTS).

Only one verification per agency is to be submitted. The verification is to be submitted by the agency CFO or equivalent.

The verification should state that **the information presented in Part I, Section A, Ending Balance line of the "Report on Receivables Due from the Public" was reviewed and is reconciled to the receivable balances in the agency's (a) Form and Content -Audited Financial Statements**, i.e., the Balance Sheet and FACTS. If the report is not reconciled to the Balance Sheet and FACTS, the verification should provide an explanation as to why verification is not possible. Agencies should also disclose the audit opinion of the Financial Statements or any issues regarding the pertinent accounts.

FMS acknowledges that there will be differences among the balances reported since the Receivables Report presents the gross book value of receivables as opposed to the net present value presented on the Audited Financial Statements and in FACTS. **Agencies are requested to define these differences and disclose any discrepancies in a separate document to be returned with the signed Certification/ Verification.**

**Note:** Report accrued interest on this report the same as it is reported in FACTS and the financial statements, up to 180 days of delinquency. If interest is accrued on debts over 180 days delinquent and is included in FACTS submissions and on the audited financial statements, report it in the TROR with a footnote.

Include in the TROR all receivables for programs that are administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

## **Certification**

All 4<sup>th</sup> quarter (year-end) reports must also be certified by the submitting agency's CFO or equivalent. Certification means that the delinquent debt information reported on the Receivables Report for cross servicing and offset in Part II, Section B, is correct and legally enforceable.

Only one certification per agency is to be submitted. The certification is to be submitted by the agency Chief Financial Officer or equivalent.

**Questions:**

Questions concerning the certification/verification process should be directed to:

Financial Management Service

Telephone Number: (202) 874-6660

Fax Number: (202) 874-7494

Only one Certification/Verification form **per agency** is to be submitted. The Certification/Verification form is submitted separately from the Receivables Report itself.

**Due Date**

**The Certification/Verification form is due to FMS by December 15, 2004.**

**DMIS System Access**

To receive access to the DMIS System to view your agency's reports, a user ID can be requested by calling (205) 912-6205.

**Where to Send**

Once the Certification/Verification form has been completed and signed, please fax it to:

Department of Interior

Office of Financial Management

Attn: Jonathan E. House

Fax: (202) 208-6940

# TROR Certification and Verification Form

## TREASURY REPORT ON RECEIVABLES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2004

- I. I have reviewed the information presented in the Treasury Report on Receivables (TROR) submissions for the fiscal year ending September 30, 2004. In my opinion, **all** of the information specifically presented in the TROR, including, Part II, Section B, is accurate and consistent with the agency accounting systems.

\_\_\_\_\_  
Chief Financial Officer (signature)  
(or Agency Head)

Date

\_\_\_\_\_

\_\_\_\_\_  
Chief Financial Officer (printed)  
(Or Agency Head)

Agency

\_\_\_\_\_

### OR

- II. I have reviewed the information presented in the Treasury Report on Receivables (TROR) submissions for the fiscal year ending September 30, 2004. The information presented is not consistent with the agency accounting systems. Attached is a list identifying the reporting entities and the parts of the form that I am **unable** to certify/verify with an explanation as to why certification/verification is not possible, and a target date for when such certification/verification can be submitted to the Department of the Treasury, Financial Management Service.

TROR Receivables (**Part I, Section A, Line 7**) \$ \_\_\_\_\_

Reconciliation Amount \$ \_\_\_\_\_

Amount Unable to Verify \$ \_\_\_\_\_

Financial Statement Receivables \$ \_\_\_\_\_

\_\_\_\_\_  
Chief Financial Officer (signature)  
(or Agency Head)

Date

\_\_\_\_\_

\_\_\_\_\_  
Chief Financial Officer (printed)  
(Or Agency Head)

Agency

\_\_\_\_\_

April 19, 2004

M-04-10

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS

FROM: Linda M. Springer /s/  
Controller

SUBJECT: Debt Collection Improvement Act Requirements

**1. Purpose.** This memorandum serves two purposes: 1) to establish a new reporting requirement pursuant to the Debt Collection Improvement Act of 1996 (DCIA), and 2) to remind all Federal agencies of their current and ongoing responsibilities under the debt collection provisions of the Debt Collection Act of 1982, as amended by the DCIA, and Office of Management and Budget (OMB) Circular No. A-129 *Policies for Federal Credit Programs and Non-Tax Receivables*.

**2. Authority.** The requirements outlined in this memorandum remind agencies of their responsibilities under the DCIA and OMB Circular No. A-129, and provide instructions on meeting the reporting requirements identified in the DCIA.

**3. Background.** The DCIA requires OMB to annually report to Congress on the deficiencies in the standards and policies of Federal agencies for compromising, writing-down, forgiving, or discharging indebtedness. In a recent General Accounting Office (GAO) Report entitled *Debt Collection: Opportunities Exist for Improving FMS's Cross-Servicing Program* (GAO-04-47), GAO recommended that OMB (1) remind agencies of their responsibility to comply with the standards and policies of individual agencies for writing off and closing out debts, as required by the DCIA and OMB Circular No. A-129, and (2) establish a new reporting requirement in which agencies will report on their internal policies.

The DCIA established a framework for improved federal debt collection government-wide by centralizing the management of delinquent obligations overdue by 180 days in the Department of the Treasury and providing agencies with more effective debt collection tools, such as centralized administrative offsets and administrative wage garnishments. The DCIA requires agencies to take prompt action to recover debts, aggressively monitor all accounts, properly screen potential borrowers in the case of credit programs, resolve the outstanding debt through a variety of options, including referring the debt to the Department of Justice for litigation and, unless exempt by law, transfer all non-tax debts delinquent more than 180 days to the Department of the Treasury for administrative offset and cross-servicing.

#### 4. Agency Responsibilities.

- a. *Applicability.* All Federal agencies, including the executive, judicial and legislative departments and agencies, are subject to the requirements of DCIA, unless exempted by law. In addition, agencies must adhere to the requirements set forth in OMB Circular No. A-129.
- b. *New requirements.* The 23 CFO Act agencies and the Department of Homeland Security are required to review and report annually on their internal standards and policies regarding compromising, writing-down, forgiving or discharging debt. The annual report to OMB shall include:
  - A brief description of the agency's internal policies regarding the compromising, writing-down, forgiving or discharging debt,
  - A description of the deficiencies in those policies and corrective actions taken or to be taken,
  - A statement as to whether those policies are consistently implemented among the programs within that agency, and
  - A statement as to whether all eligible discharged/closed out debt has been reported to the Internal Revenue Service (IRS) on Form 1099C by January of the year following the discharge of the debt, as required by 26 U.S.C. § 6050P and 26 C.F.R. § 1.6050P-1, and that these amounts have been reported to Treasury/FMS on the Treasury Report on Receivables within the same reporting period that the 1099C's were actually filed with the IRS.
- c. *Current/Ongoing requirements.* Federal agencies must ensure that all of their programs are complying with the following requirements:
  - Fully participate in centralized offset, that is, the Treasury Offset Program (TOP). Unless otherwise precluded from statute, agencies must:
    - Obtain taxpayer identifying numbers from all persons owing debts to the United States and otherwise doing business with the United States.
    - Include taxpayer identifying numbers on all payment vouchers.
    - Adopt rules and procedures for the collection of the agency's debts through the offset of Federal salaries and other payments through TOP.
    - Refer all eligible debts more than 180 days delinquent to the Department of the Treasury's FMS for collection by offset through TOP (if not already being referred through FMS's cross-servicing program).

- Make all eligible non-Treasury disbursed payments, including all salary, vendor and miscellaneous payments, available for matching and offset through TOP.
- Aggressively service and collect delinquent debts. Agencies must:
  - Report all delinquent debts to credit bureaus.
  - Refer all eligible nontax debts more than 180 days delinquent to the Department of the Treasury's Financial Management Service (FMS) for collection through FMS's cross-servicing program.
  - Adopt rules and procedures authorizing the use of all available debt collection tools, including offset and administrative wage garnishment.
  - Use all available debt collection tools to collect debts, including offset and administrative wage garnishment, either directly or through FMS's cross-servicing program.
  - Ensure that debtors are afforded due process as required by law, including the ability to seek verification and dispute the validity of a debt.
  - Timely refer delinquent debt to the Department of Justice for litigation, when appropriate, either directly or through FMS's cross-servicing program.
  - Sell delinquent debts, when appropriate.
- Denial of direct and indirect loans to delinquent debtors.
  - Credit-granting agencies and their lenders may award Federal financial assistance in the form of direct loans and loan insurance and/or guaranties to an applicant only after the applicant has been properly screened as eligible, creditworthy, and not delinquent on any Federal debt, except as otherwise allowed by law.
  - The DCIA prohibits a person from obtaining loan assistance until the person resolves any non-tax delinquent debts owed to the United States.
  - Executive Order 13019 requires agencies to deny loan assistance to certain delinquent child support obligors in accordance with due process guidelines promulgated by the Department of Justice, unless such denial is not permitted by law.
- Accurately and timely report on receivables. Agencies must:

- Report, certify, and verify all required data on the Treasury Report on Receivables, in accordance with instructions issued by the Department of the Treasury's FMS. [These instructions can be found at [www.fms.treas.gov/debt/manuals.html](http://www.fms.treas.gov/debt/manuals.html)]

d. *Effective Date.* The requirements of this memorandum are effective immediately. The first annual report concerning the new reporting requirements detailed in 4.b. above is due to OMB no later than June 30, 2004. The annual reports will be due to OMB no later than December 31 of each subsequent year (The calendar year of 2004 will require two submissions – June 30 and December 31).

e. *Transmission Instructions.* All reports shall be transmitted electronically to OMB. Reports should be sent to the email address, [David.Zavada.Statements@omb.eop.gov](mailto:David.Zavada.Statements@omb.eop.gov) with the phrase "DCIA Annual Report" in the subject line.

**5. Information Contact.** Direct any questions about this memorandum to the Office of Federal Financial Management (OFFM), 202-395-3993.