

## CHAPTER 7. MANAGING RECEIVABLES, COSTS, AND COLLECTIONS

GOAL: Bill and collect amounts due the Federal government in accordance with applicable laws and regulations and capture costs to meet reporting and management needs of the Department.

The management of receivables, costs, and collections is critical to the Department's ability to account for financial resources that fund Interior's mission and programs. The Department's goal is to bill and collect amounts due the Federal government in accordance with applicable laws and regulations and to capture costs to satisfy reporting and management needs of the Department. Interior continues to make progress in achieving these goals.

### **Accounts Receivable**

The Department continues to make significant progress in its collection and receivable management activities. Over 70 percent of the Department's receivables originate from the enforcement of laws and regulations and audit findings. The remaining 30 percent originates from loans (direct and guaranteed) and the sale of goods and services. Consequently, traditional receivable management procedures and safeguards, such as credit worthiness checks, are often not applicable.

The Department has been working closely with the U.S. Treasury to refer its delinquent receivable over 180 days past due to the Financial Management Service for cross-servicing and/or offset in accordance with the Debt Collection Improvement Act of 1996. All bureaus and offices are currently in the process of referring eligible delinquent receivables to Treasury for collection. A monthly reporting system has been established by the Department to monitor performance.

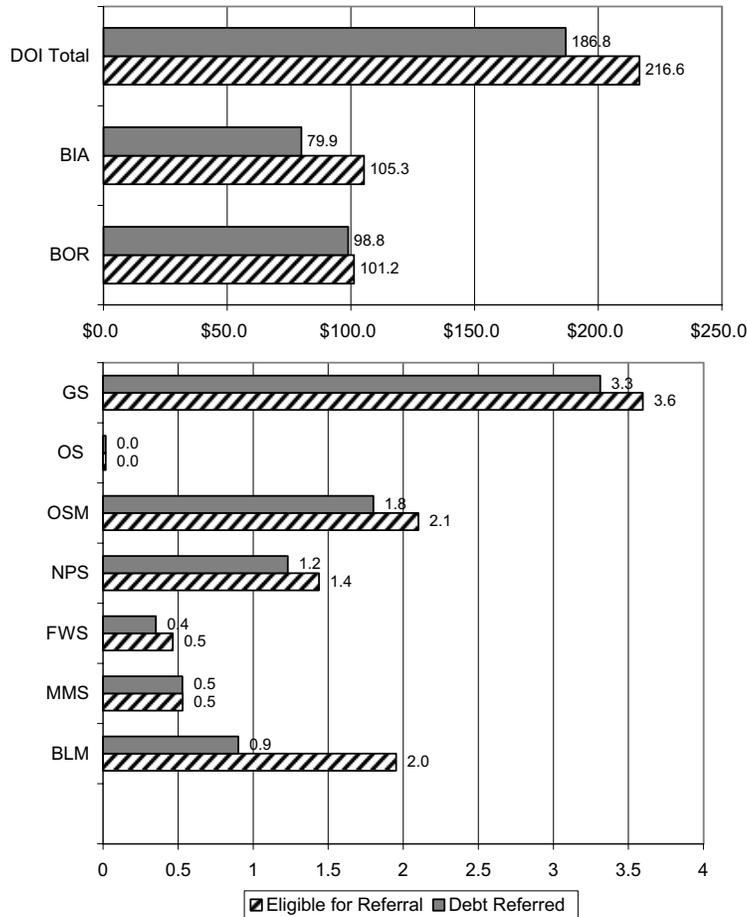
*Exhibit 7-1* summarizes Department and bureau-level debt referral performance as of June 30, 1999:

### ***FY 1999 Accomplishments***

- Referred 90 percent of the 180 day delinquent debt to the U.S. Treasury for cross-servicing in accordance with the Debt Collection Act of 1996.
- Started a special initiative to confirm and refer appropriate Bureau of Indian Affairs (BIA) irrigation related debts to Treasury for cross-servicing.

*Exhibit 7-1*

**Interior Debt  
Management Report  
as of June 30, 1999  
(dollars in millions)**



**PLANNED ACTIONS**

**Ongoing Activities**

- Work with BIA to refer irrigation related delinquent debts to Treasury.
- Continue to refer at least 90 percent of all eligible delinquent receivables over 180 days old to the Department of the Treasury for collection via cross-servicing and/or offset.

**FY 2000 Planned Activities**

- Encourage two Interior bureaus to establish a cross-servicing agreement with Treasury's Financial Management Service to refer 60 day and older delinquent debt for collection.

## **Cost Accounting and Cost Management**

The Department performs a significant number of tasks on a reimbursable basis including interagency agreements, agreements with State and local jurisdictions, Franchise Fund, Working Capital Fund, and user charge activities. A department-wide Cost Accounting Work Group was established to begin implementation of SFFAS No. 4 in FY 1998 and make needed refinements thereafter. SFFAS No. 4 coupled with the requirements of the Government Performance and Results Act was a major focus in FY 1999. Further, cost accounting policies were issued related to FY 1999 financial statements. This policy document will be updated as further policy issues arise.

In addition to accounting for costs, managing cost is also important to the Department. One such example is the Department's efforts to control unemployment compensation costs. For a number of years, Interior has used a contractor to: (1) verify employment, (2) process protests and appeals, (3) verify State data, and (4) produce management reports.

The Department is continuing to use and expand the use of a contractor to perform prepayment voucher audit of government bills of lading. This effort has been very cost-effective, returning \$30 for every \$1 spent.

### ***FY 1999 Accomplishments***

- Integrated performance information with cost data at the responsibility segment level in the Department's Annual Accountability Report.
- Projected program savings (net of contractor costs) for FY 1999 for controlling unemployment compensation costs will be approximately \$2.2 million.
- Projected program benefit/cost of the prepayment government bill of lading voucher audit program performed by a contractor yield a ratio of \$30 saved to \$1 invested for FY 1999.

### ***PLANNED ACTIONS***

#### ***Ongoing Activities***

- Concentrate efforts on internal cost tracking and reporting of cost information to support program managers' needs.
- Continue the departmental effort to control unemployment compensation costs through the use of a contractor.
- Continue the departmental effort to control government bills of lading costs through the use of a contractor.

### ***FY 2001 and Beyond Activities***

- Improve cost accounting practices in areas where fees are charged for services to achieve full cost recovery.
- Review the alignment of budget, cost accounting and GPRA requirements to further improve both planning and reporting of cost and performance data.

### **User Fee and Cost Recovery Activities**

The Department administers a substantial user charge program. Annually, the Department collects fees of almost \$500 million from approximately 100 cost recovery activities, and approximately \$5 billion from other user fee activities including royalties, rents, and bonuses related to minerals, timber, and other uses of Federal lands. Since FY 1993, cost recovery has increased by almost \$150 million. Based on biennial review data, the Department maintains and updates a data base of approximately 150 user charge activities. The data base includes descriptions of the activities, estimated annual collections, pricing structure, legal authority, contact personnel, and other pertinent information.

In FY 1998, the Department conducted its third biennial review of all user charges in accordance with the CFO Act. The National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management were authorized under the Omnibus Consolidated Rescissions and Appropriations Act of 1996 to develop new and expanded fee collection sites as part of a three-year recreation fee demonstration program. The purpose of the demonstration program is to explore the feasibility of collecting additional user fees to offset the costs of administering recreational opportunities on Federal public lands. The new fees will be used primarily to address repair and maintenance backlogs in participating parks and sites. Due to the promising results thus far, the fee demonstration program has been extended to September 30, 2001.

### ***FY 1999 Accomplishments***

- Performed a complete review of all fee activities requiring cost recovery.

### ***PLANNED ACTIONS***

#### ***FY 2000 Planned Activities***

- Conduct the CFO Act Biennial Review of all user charge activities based on FY 1999 activity and recommend action to recover relevant costs as appropriate. The Department will continue collaborative efforts both inter- and intra-departmental regarding implementation of the Managerial Cost Accounting Standard, SFFAS No.4.
- Update the Departmental Manual to reflect the latest changes to OMB Circular A-25 and implementation of SFFAS No. 4.

## **Unclaimed Assets Recovery**

During the summer of 1999, an effort was initiated to recover unclaimed assets of the Department. Unclaimed assets are assets that have been transferred to States by the U.S. Postal Service, U.S. Courts, or other entities and have not been identified by their owners. Some of these assets relate to the Federal government. The Department is attempting to recover unclaimed assets related to Interior on behalf of the Federal government.

### ***FY 1999 Accomplishments***

- Contacted all States to determine if departmental assets were being held. To date, most States have responded. A second request was sent to those States that did not respond to the initial request. Claims will be filed with those States that identified assets due to the Department.

### ***PLANNED ACTIONS***

#### ***Ongoing Activities***

- Annually follow-up with all States to identify and claim any unclaimed assets due the Department.

#### ***FY 2000 Planned Activities***

- File claims with States that identified unclaimed assets.