

RECORDS, REPORTS, AND ACCOUNTING

- 1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) debt management procedures formerly contained in VA Manual MP-4, part VIII, chapter 27, Records, Reports, and Accounting.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook establishes the general procedural guidelines for debt management record keeping, reporting, and accounting.
- 3. RESPONSIBLE OFFICE:** Cash and Debt Management Division (047GC1), Office of the Deputy Assistant Secretary for Finance.
- 4. RELATED DIRECTIVE:** VA Directive 4800, Debt Management.
- 5. RESCISSIONS:** VA Manual MP-4, part VIII, chapter 27, dated September 22, 1992.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS**

/s/
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Acting Assistant Secretary for
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RECORDS, REPORTS, AND ACCOUNTING

1. PURPOSE AND SCOPE. This handbook establishes standardized Department-wide procedures for debt management record keeping, reporting, and accounting.

2. RESPONSIBILITY. The Chief of the Fiscal Activity must ensure that appropriate procedures in accordance with this handbook are followed for debt management record keeping, reporting, and accounting.

3. RECORDS

a. All financial managers in field station fiscal offices, VACO Finance Service, and the Debt Management Center (DMC) must establish and maintain accounts receivable records in a current status by program, type of debt, and appropriation. All collection actions taken, collections received, amounts offset, waiver action, etc., including adjustments of any kind on a debtor's account, are to be timely documented in the Department's accounts receivable records.

b. Complete records are to be maintained, by program, type of debt, and appropriation, as well as those debts waived, compromised, suspended, terminated or referred to the Regional Counsel (RC) or Department of Justice (DOJ) for enforced collection. This ensures that reports required by paragraph 4 and any ad hoc reports required by management can be completed.

c. All VA fiscal activities that refer accounts receivable to other VA components or external agencies for additional collection action or advice are responsible for keeping informed of the current status of those receivables for reporting and accounting purposes. Records must be reconciled on at least a quarterly basis.

4. REPORTS

a. Department of the Treasury's Report on Receivables Due From the Public (formerly the Standard Form 220-9).

(1) The Treasury Report on Receivables Due From the Public (Receivables Report or TROR) is a combined accounting/management information report on the status of debts owed VA. The Receivables Report consists of three parts: (I) Status of Receivables, (II) Debt Management Tool and Technique Performance Data, and (III) Footnotes. The revised form, which may be downloaded at <http://www.fms.treas.gov/debt/dmrpts.html>, was implemented in the fourth quarter of Fiscal Year 2000 and contains two columns: number of receivables and dollars (principal and interest are combined under dollars). The changes to the report enable Treasury to capture data of greater relevancy to Congress and the Office of Management and Budget, while simultaneously reducing reporting requirements for data that has minimal value for governmentwide debt management purposes.

(2) Beginning with the first quarter of FY 2003, all appropriations with receivable balances greater than zero, or appropriations that have receivable activity in the quarter, must be identified on the TROR. In the past, quarterly TRORs were only required to be prepared if the ending balance on an

appropriation was over \$50 million. Only fourth quarter reports were due for all appropriations, regardless of dollar amount. Treasury made this change in order to have a more uniform reporting process that will improve consistency with financial statements, and enable Treasury to more thoroughly monitor and evaluate agency referral and collection performance. Treasury believes it will help agencies more effectively use the TROR as a performance management tool to assess and improve their debt collection performance.

(3) The Receivables Report is a cumulative report by fiscal year. It is due to Treasury's Financial Management Service (FMS) by the end of the 30th day of the month following the close of each of the first three quarters, i.e., second quarter FY 2003 reports are due by April 30, 2003. Year-end reports are due by November 15th. The information on the Receivables Report should be consistent or reconcilable with amounts reported in the financial statements, other agency reports, and the agency's budget submissions to OMB. Also, the Receivables Report information must support and reconcile to the General Ledger. The accuracy of the report is very important because Treasury provides OMB and Congress with data from the report.

(4) Reporting Requirements:

(a) Veterans Health Administration (VHA). The VHA Office of Financial Management and Budget (173) will complete the Medical Care Collection Fund (MCCF) report on a quarterly basis. Data will be extracted from the MCCF National Database (NDB), VHA's Data Mart, and other VHA adhoc reports and submitted to the Management and Financial Reports Service (047GB) and then to (047GC1) by COB 20 days after the end of each of the first three quarters, and by COB 30 days after the end of the fourth quarter of each fiscal year.

(b) Veterans Benefits Administration (VBA). The Administrative and Benefit Accounting and Reporting Team (241A) and Loan Guaranty & Insurance Accounting and Reporting Team (241B) will complete the report for direct and defaulted loans, as well as non-credit benefit appropriations. Reports are due in the Cash and Debt Management Division (047GC1) subject to the same schedule given in subparagraph (4)(a).

(c) Debt Management Center (DMC). The DMC will provide Part II of the Receivables Report for each appropriation for which it has collection responsibility. The reports must be received in (241A & B) within 10 days after the end of the quarter. (214 A & B) must then complete and submit reports to (047GC1) subject to the same schedule given in subparagraph (4)(a).

(d) Supply Fund and Veterans Canteen Service: Supply Fund Service (36X4537) and Veterans Canteen Service (36X4014) must complete and submit their reports to the Management and Financial Reports Service (047GB), which will review them before submission to (047GC1).

(e) Office of Financial Policy: The Management and Financial Reports Service (047GB) will complete the Receivables Report for some VHA appropriations and for the Departmental Administration and National Cemetery Administration appropriations. In accordance with subparagraph 4(d), (047GB) will review completed reports from the Supply Fund Service (36X4537) and Veterans Canteen Service (36X4014) before submitting these reports to

(047GC1). Reports are due in (047GC1) subject to the same schedule given in subparagraph (4)(a).

b. Department of Justice Debt Collection Report (RCS 04-0462), VA 4-5320a.

(1) All field stations (except the DMC) will maintain a record of debts that are referred to the DOJ for enforced collection and will prepare a quarterly DOJ Debt Collection Report, which is due in VACO (047GC1) by the 5th workday after the end of each quarter. The DMC will maintain similar records and will submit computer-generated Computer Output Identification Number (COIN) reports for debts maintained in Centralized Accounts Receivable System (CARS) by the 5th workday of each month. One copy of the report for each appropriation or category is required.

(2) Following are instructions for completing VA Form 4-5320a.

(a) A separate report must be submitted for each type of debt and appropriation symbol (i.e., Education Loans, 36X4118). Negative reports are not required. Note that each education loan debt or home loan guaranty debt will be reported as a separate debt when a veteran has more than one loan.

(b) Each individual report must balance before submitting to Central Office.

(c) Amounts will be rounded to the nearest dollar.

(d) Dollar amounts will be broken down into principal and late charge components.

(e) A minus sign (-) should be entered before negative number and dollar amounts.

(f) Only first-party medical care debts (debts owed by veterans) referred to DOJ for enforced collection should be reported, i.e., pharmacy and means test copayment debts, etc. Third-party debts (debts owed by insurance companies) should not be reported.

(g) Line A, "Accounts on Hand Start of Quarter," must equal Line G, "Accounts on Hand End of Quarter," from previous quarter's report. Amounts in Line A are always positive (or zero).

(h) Line B, "Accounts Referred During Quarter," represents the number and dollar amount of accounts referred to DOJ during the quarter. Amounts in Line B are always positive (or zero).

(i) Line C, "Cash Collections," represents the total dollar amount collected during the quarter by DOJ and VA. Amounts in Line C are always negative (unless they are zeros).

(j) Line D, "Property and Other Non-Monetary Settlements," represents the number and dollar amount of claims for which property, service, or other non-monetary settlement was accepted during the quarter by DOJ in lieu of a monetary settlement. Amounts in this line will almost always be zero. However, if amounts other than zero are reported, those amounts must be negative.

(k) Line E(1), "Returned to Agency for Collection," represents the number and dollar value of claims returned to VA, after judgment or settlement, to await receipt of payment from the debtor. Amounts in Line E(1) are always negative (unless they are zeros).

(l) Line E(2), "Paid in Full," represents the total number of accounts only. Amounts in Line E(2) are always negative (unless they are zeros). The dollar value of these collections will be included in the amount reported in Line C, "Cash Collections."

(m) Line E(3), "Returned to Agency, Otherwise Resolved," represents the total number and dollar value of accounts returned by DOJ during the reporting quarter for disposition. DOJ will recommend proper disposition. Accounts resolved may include compromises or write-offs. Amounts in Line E(3) are always negative (unless they are zeros).

(n) Line F, "Adjustments," represents changes to the number and dollar value of accounts during the reporting quarter that cannot be classified in the other lines of the report, i.e., accrued interest, correction of previous reporting errors, cases returned because administrative collection is possible, etc.). Line F may be either negative or positive and should be reported accordingly.

(o) Line G, "Accounts on Hand End of Quarter," is the sum of Lines A through F. Amounts in Line G are always positive (or zero).

c. Regional Counsel Debt Collection Report (RCS 04-0464), VA Form 4-5320b.

(1) All field stations (except the DMC) will maintain a record of debts that are referred to the RC for enforced collection and will prepare a monthly RC Debt Collection Report, which is due in VACO (047GC1) by the 5th workday after the end of each quarter. The DMC will submit computer-generated COIN reports for debts maintained in CARS by the 5th workday of each month. One copy of the report for each appropriation or category is required.

(2) In general, the instructions given above for preparing the DOJ report apply for preparing VA Form 5320b, the Regional Counsel Debt Collection Report. The lettering scheme is different, since some lines from the DOJ report are not found on the Regional Counsel Debt Collection Report, and one line on the Regional Counsel Debt Collection Report is not on the DOJ report. The line that is unique to the Regional Counsel Debt Collection Report is Line C, "Resolved." It records the number and dollar amount of accounts returned for disposition during the fiscal year. This may include accounts collected, accounts returned for collection, compromises, and write offs.

5. ADMINISTRATIVE COST STUDIES. Each Administration's Chief Financial Officer (CFO) and the Deputy Assistant Secretary (DAS) for Finance (for the Austin Financial Services Center and the DMC) must submit an administrative cost analysis of their debt collection activity to VACO (047GC1) by COB of the 15th workday of October of each year. This analysis must document the costs incurred in pursuing collection of debts and calculate a monthly administrative cost of collection that is to be assessed on debts. At the discretion of the CFOs and the DAS, a single monthly charge may be calculated for all debts under their

jurisdiction, or different charges may be calculated for debts arising from different programs or activities.