



**Financial Systems Integration Office**

**Financial Management Systems  
Standard Business Process  
for U.S. Government Agencies**



**Standard Business Processes  
Receivables Management**

**Exposure Draft  
May 2008**

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# Listed Abbreviations

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ACH	Automated Clearing House
ALC	Agency Location Code
BETC	Business Event Type Code
BRM	Business Reference Model
BFELoB	Budget Formulation and Execution Line of Business
CCD	Cash Concentration Disbursement
CCD+	Cash Concentration Disbursement Plus Addendum
CCLR	Claims Collection Litigation Report
CCR	Central Contractor Registry
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIO	Chief Information Officer
CO	Certifying Officer
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
CVFR	Current Value of Funds Rate
CFSR	Core Financial System Requirements
CPIC	Capital Planning and Investment Control
CTX	Corporate Trade Exchange
DCIA	Debt Collection Improvement Act of 1996
DEO	Data Entry Operator
DUNS	Dun and Bradstreet Number
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance With Treasury
FEA	Federal Enterprise Architecture
FEAF	Federal Enterprise Architecture Framework
FFMIA	Federal Financial Management Improvement Act of 1996
FFMSR	Federal Financial Management Systems Requirements
FISMA	Federal Information Security Management Act of 2002
FMS	Financial Management Service
FOMF	Financial Organization Master File
FSIO	Financial Systems Integration Office
GAO	Government Accountability Office

GPRA	Government Performance and Results Act of 1993
ID	Identification
IDD	International Direct Deposit
IPAC	Intra-Governmental Payment and Collection
IPP	Internet Payment Platform
IRM	Information Resource Management
IT	Information Technology
JFMIP	Joint Financial Management Improvement Program
NACHA	National Automated Clearing House Association
NIST	National Institute of Standards and Technology
OCR	Optical Character Recognition
OFFM	Office of Federal Financial Management (OMB)
OMB	Office of Management and Budget
PMA	President's Management Agenda
PMD	Payment Management Disbursing
PO	Purchase Order
PPA	Prompt Payment Act
PPD	Prearranged Payment and Deposit
PPD+	Prearranged Payment and Deposit Plus Addendum
RTN	Routing Transit Number
SFFAS	Statement of Federal Financial Accounting Standards
SPS	Secure Payment System
SFFBP	Standard Federal Financial Business Processes
TROR	Treasury Report on Receivables and Debt Collection Activities
TAFS	Treasury Appropriation Fund Symbol
TAS	Treasury Account Symbol
TOP	Treasury Offset Program
TPA	Trading Partner Agreement
TFM	Treasury Financial Manual
USSGL	U.S. Standard General Ledger

# Foreword

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To meet the objectives of the Federal Financial Management Improvement Act of 1996 and OMB Circular A-127, Federal agencies must improve the cost, quality, and performance of Federal financial management systems by leveraging common standards, shared solutions, and implementing other government-wide reforms that foster efficiencies in Federal financial operations. Critical to these efforts is the definition and implementation of standard business processes for core financial management functions across government. Through standardization, Federal entities are better positioned to implement lower cost, lower risk, and higher performing financial management solutions.

The *Standard Federal Financial Business Processes (SFFBP) Document* is designed to standardize common financial business activities and processes to ensure that financial managers assess programs and make decisions with timely and accurate data. This publication was developed for the Federal financial community, vendors who support financial management system implementations, and contractors of financial management system products in full cooperation with the Chief Financial Officer (CFO) Act Agencies, and other contributors.

## **Financial Systems Integration Office**

The Financial Systems Integration Office (FSIO) within the General Services Administration (GSA) supports government-wide financial management activities. FSIO is the successor organization to the Joint Financial Management Improvement Program (JFMIP), authorized under the Administrative Procedures Act of 1950. In December 2004, Program Management office roles and responsibilities of JFMIP were modified and transferred to FSIO. OMB and the Chief Financial Officers Council, working closely with the Federal financial management community, established FSIO to manage:

Core financial systems requirements development, testing and product certification;

Priority projects supporting the Federal financial community; and

Outreach through an annual financial management conference and other related activities.

**For more information, visit the FSIO website at <http://www.fsio.gov>**

# Introduction

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## 1.1. BACKGROUND

Over the years, the Federal government has committed significant resources toward implementing Federal financial management systems that meet its needs for timely, useful, and reliable financial information. Agencies are making progress, but additional improvement is needed. To facilitate the move toward modern financial systems, standardizing financial management was identified as one of several government-wide initiatives to improve the management of the Federal government.

The financial management standardization initiative leverages shared solutions and technology investments across government by integrating agency operations and information technology investments by normalizing the underlying business processes of Federal agencies. OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow in managing financial management systems. A core financial system within the financial management system must be commercial off-the-shelf and certified by the Financial Systems Integration Office (FSIO). Previously, agencies had to implement systems that had been certified by FSIO as meeting the Core Financial System Requirements, but could configure those systems to support their agency-specific business processes. In the future, the certification process will include both the Core Financial Systems Requirements and the Standard Financial Processes (as defined in this document). Shared Service Providers will subsequently implement the FSIO tested and certified software which will include CGAC and the standard business processes and will be released as the Federal configuration.

One of the measures of success for this initiative is to implement financial management processes and systems that comply with the Federal Financial Management Improvement Act of 1996 (FFMIA). FFMIA requires that agency systems comply with: Federal financial management system requirements, applicable accounting standards, and U.S. Standard General Ledger at the transaction level.

In the short term, the standardization effort will help agencies:

- *Promote a universal understanding of standard government financial business processes.* Establishing standard financial business processes for Federal agencies promotes a uniform way of doing the government's financial business. The defined processes and data no longer will vary from agency to agency or system to system. Use of standard financial business processes reduces training and start-up time for agency financial personnel transferring from one agency to another. Standard processes make it easier for managers to determine where controls need to be placed or implemented in the processing of accounting events.
- *Incorporate best business practices.* A number of agencies are in the process of moving from bureau-level systems to enterprise-wide systems. Each implementation begins with a task of defining the processes used within the agency. Standard business processes provide a uniform framework, reduce the burden of making decisions on how to conduct business, and facilitates the implementation process. In the long term, standardization will:
- *Aid in the evolution of financial management throughout the Federal government.* There is a logical sequence of steps to an overall standardization strategy for Federal financial management that includes common business processes, data definitions, and accounting codes. The standard government financial business processes are building blocks to a future state that will take a number of years to implement.

- *Mitigate the risks associated with system implementation by providing a uniform starting point for configuration.* FSIO certified vendors will provide a Core Financial System (CFS) that not only incorporates the Standard Financial Processes (as defined in this document), but also includes the system configuration that was used to complete and pass the certification test. This pre-configured software will significantly reduce the time and effort it takes an Agency to implement the CFS, as well as minimize the risk of an incorrect configuration that could result in the inoperability of the CFS.
- *Ease the transition when an agency moves to a new financial management system or shared service provider.* Considerable effort is usually dedicated to defining business processes when an agency moves to a new CFS. The Standard Financial Processes establishes uniform procedures that will be used across the Federal government. The use of these standard processes will significantly reduce the amount of process mapping and training that will be required when migrating to a new CFS.
- *Facilitate data exchange among an agency's financial systems.* The standard business processes are an integral step towards establishing standard data exchanges (interfaces) between an Agency's Financial Management System, which contains the CFS, and an agency's Mixed Systems (feeder systems). An additional benefit of the standard business process is establishment of standard data exchanges (interfaces) between an Agency's Financial Management System and the Central Agencies for external regulatory reporting, e.g., Treasury FMS.

The *Standard Business Processes Document* encompasses applicable established financial standards used in the Federal Government. The policy and governance for classifying the financial effects of the government's business operations are as follows:

- Office of Management and Budget (OMB), including the Office of Federal Financial Management (OFFM), Circulars, Bulletins and Memorandums
- Department of the Treasury, Treasury Financial Manual (TFM), including the United States Standard General Ledger (USSGL) and Managing Federal Receivables Manual
- Financial Systems Integration Office (FSIO) on behalf of the FSIO Transformation Team, a working-group of the Chief Financial Officers (CFO) Council, Core Financial Systems Requirements Document
- Federal Accounting Standards Advisory Board (FASAB), Statements of Federal Financial Accounting Standards (SFFAS) and Concepts, Implementation Guides
- General Accountability Office (GAO) Auditing Standards

Policies, procedures, and requirements detailed in authoritative guidance are not repeated in this document, rather they are cited as they apply to specific steps within the processes.

## **1.2. PURPOSE AND SCOPE OF THIS DOCUMENT**

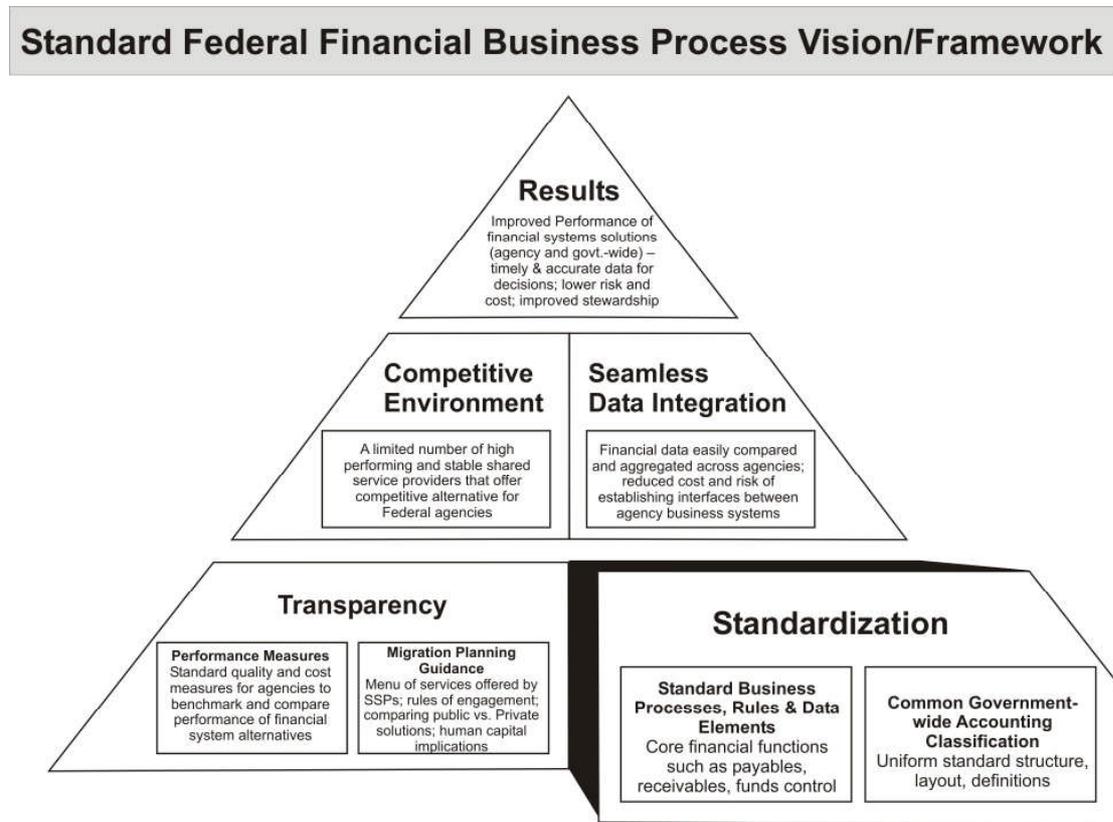
This document presents government-wide common processes and activities, standard business rules, data exchanges for core financial business processes. Standardizing business processes across the Federal government identifies opportunities to streamline processes and unify work across the agencies and within the Federal government's financial management domain. The outcome will be a more citizen-centered, customer-focused government that maximizes technology investments to better achieve mission outcomes.

The Standard Business Processes include:

- Sequenced activities for core business processes
- Business rules governing the process steps
- Data elements and definitions related to these business processes (e.g., information contained on an obligation – document source, document number, item number, price per item)
- Relationships among the data elements as they exist in the actual business activities

The Standard Business Processes document is intended for use by the Federal financial management community to provide guidance for implementing efficient business processes that are consistent throughout the Federal government. Primary users will include accountants, budget analysts, financial and program staff, software vendors, and contractors who support financial management system implementations.

This document supports the financial management standardization vision as part of the standardization foundation, as highlighted in the following diagram.



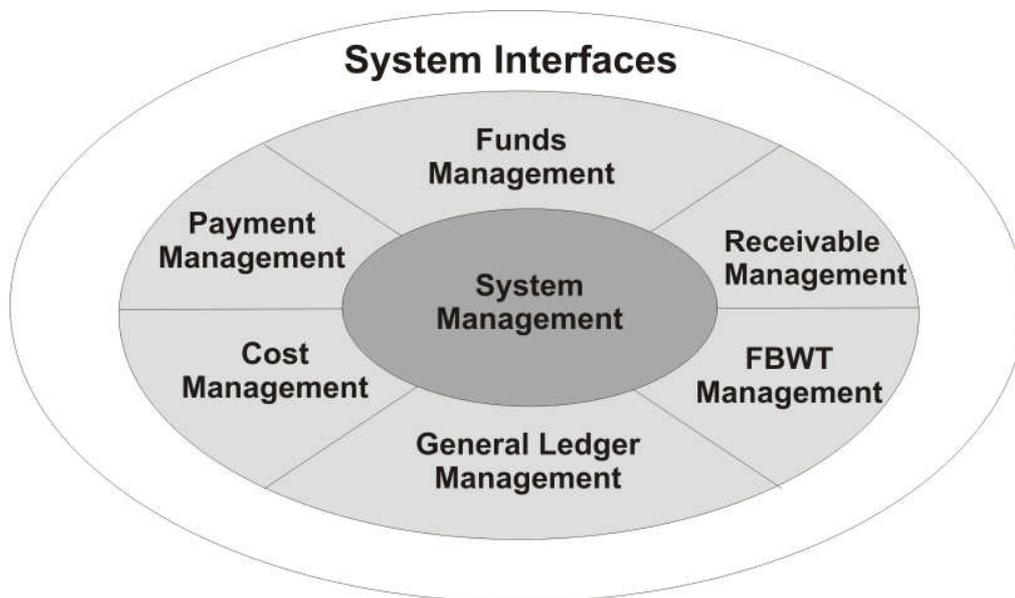
**Figure 1-1: Standard Federal Financial Business Process Vision/Approach**

The subsequent chapters in this document describe the business process flows for core financial business processes, the associated business rules, along with representative USSGL pro-forma entries for the process described. The document will also provide the standard data elements and business rules for the harmonized exchange of data between the common administrative systems (e.g., Grants, Acquisitions, Travel, and Payroll) and the core financial system.

Appendices include the financial management standardization vision and approach to developing Standard Business Processes, a “controlled vocabulary” of standard terms and definitions used in this document, a list of relevant laws and regulations affecting Federal financial management and standard business processes, and acknowledgement of those who contributed to this document.

### 1.3. STANDARD FEDERAL FINANCIAL BUSINESS PROCESSES WITHIN CONTEXT OF CORE REQUIREMENTS

Among the *Federal Financial Management System Requirement (FFMSR)* documents is the *Core Financial System Requirements*. It sets forth requirements for the core functions that must be supported in all core Federal financial management systems. The core system functions are as follows:



*Figure 1-2: System Functions*

Core financial systems provide specific functional capabilities necessary for managing a general ledger, controlling spending, making payments, managing receivables, measuring costs, reconciling the agency's Fund Balance with Treasury, and reporting in the Federal environment.

The financial management standardization effort has identified the following business processes for standardization:

- Funds Management
- Payment Management
- Receivables Management
- Reporting
- Reimbursables (which actually crosses all of the above processes)

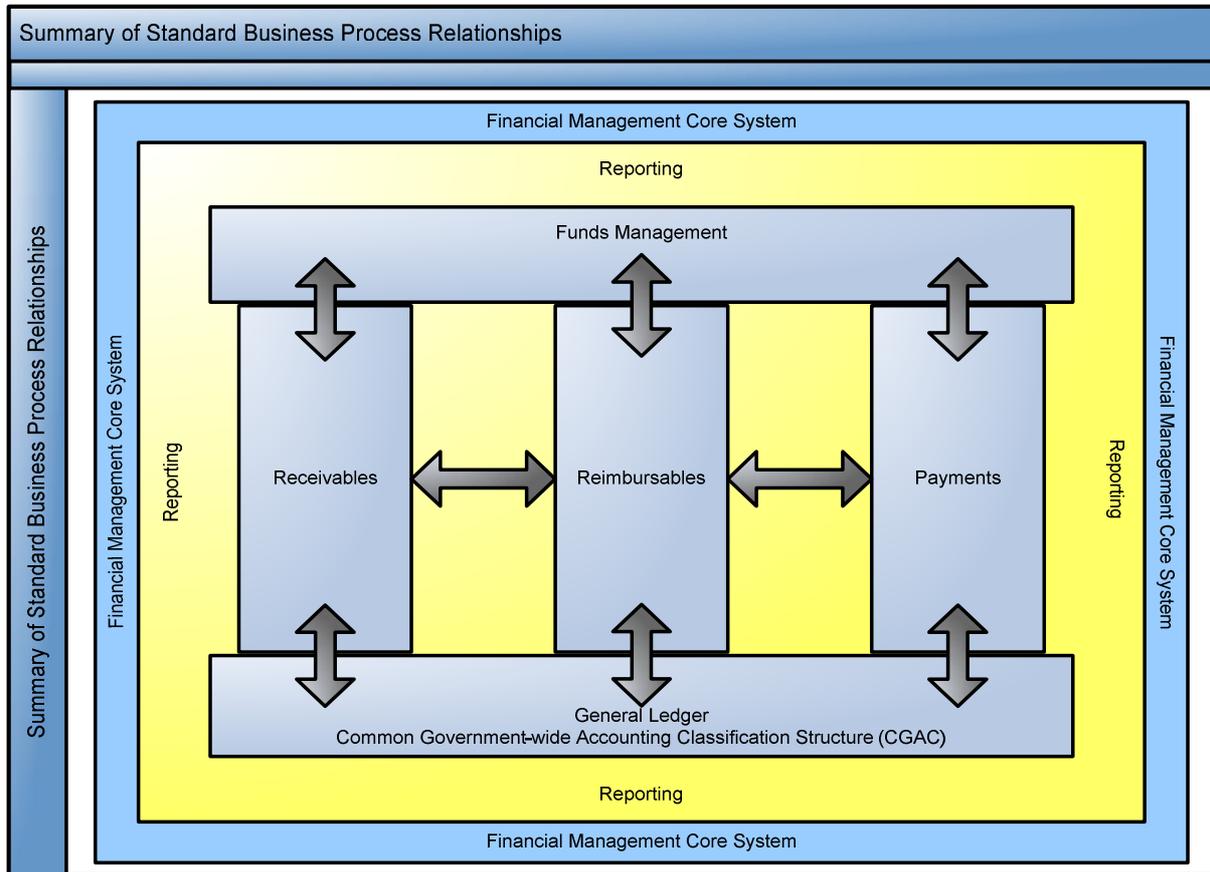
## 1.4. SUMMARY OF STANDARD BUSINESS PROCESS INITIATIVES

The financial management standardization effort includes four business processes: Funds Management, Payment Management, Receivables Management, and Reimbursable Management. The business processes are presented in chapters which depict their respective processes in flowcharts. Following each flowchart are descriptions of the processes, steps and related business rules. The standard process steps reflect best practices in an electronic environment, sound internal controls, and compliance with Office of Federal Financial Management (OFFM) Core Financial System Requirements (CFSR).

The chapters of the financial management standardization business process document are described as follows:

- **Funds Management.** This chapter includes processes related to the establishment of budgetary authority, funds distribution and funds control. The Funds Management processes describe include recording of the Apportionment and Reapportionment Request (SF 132) and assist agencies in complying with all applicable financial management statutes, regulations, and requirements. In addition, the steps outlined provide standard processes for ensuring effective Funds Control policy.
- **Payment Management.** This chapter includes processes from requisition to payment for commercial contracts and small acquisitions disbursed by Treasury. Best practices include, but are not limited to: electronic processing, information routing, review and approval, and separation of duties. In addition, the standard processes included ensure effective cash management.
- **Receivables Management.** The Receivables Management processes were developed in accordance with Treasury's *Managing Federal Receivables* guidance. The chapter includes processes from establishment of a receivable due from the public to the application of receipts. Best practices include, but are not limited to: cost effective debt collection and performance measures. In addition, the standard processes included ensure: customer responsiveness and effective cash management.
- **Reimbursable Management.** Development of this chapter is not completed. It will be included in a future release. Note: This process contains elements of the Funds Management, Payment Management and Receivables Management processes.
- **Reporting.** This chapter is not yet developed, and will be included in a future release. The format of this chapter has not been determined.

The diagram below depicts Payment Management, Receivables Management, and Reimbursable Management as processes within the core financial system under the parameters of Funds Control that are facilitated through the use of the Common Government-wide Accounting classification structure. Reporting is used throughout the core financial system to provide management with accurate and timely information needed to support business decisions, financial statements and effective program operation.



**Figure 1-3: Summary of Standard Business Process Relationships**

See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

# **2 Funds Management Processes**

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## **2.1 BUDGET AUTHORITY PROCESS**

### **2.1.1 BUDGETARY RESOURCES**

### **2.1.2 RECORD APPLICATION OF BUDGETARY RESOURCES (APPORTIONMENT)**

## **2.2 FUNDS DISTRIBUTION**

### **2.2.1 ALLOTMENT DISTRIBUTION**

#### **2.2.1.1 ALLOTMENT FOR (DIRECT) NON-ANTICIPATED, NON-REIMBURSABLE FUNDING**

#### **2.2.1.2 ALLOTMENT FOR ANTICIPATED REIMBURSABLE FUNDING**

#### **2.2.1.3 ALLOTMENT FOR ANTICIPATED NON-REIMBURSABLE FUNDING**

### **2.2.2 SUB-ALLOTMENT DISTRIBUTION**

### **2.2.3 LOWER LEVEL DISTRIBUTION**

## **2.3 FUNDS MANAGEMENT PROCESS**

### **2.3.1 ESTABLISHING COMMITMENTS AND OBLIGATIONS FOR GOODS AND SERVICES**

### **2.3.2 ESTABLISHING OBLIGATIONS NOT REQUIRING COMMITMENT**

### **2.3.3 FUNDS CHECK PRIOR TO OBLIGATION**

### **2.3.4 UNEXPIRED FUNDS VALIDATION AND VERIFICATION**

### **2.3.5 EXPIRED FUNDS VALIDATION AND VERIFICATION**

**Under Review with the Funds Management Chapter currently released as an Exposure Draft**

# **3 Payment Management Processes**

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## **3.1 RECEIPT AND ACCEPTANCE OF GOODS**

## **3.2 RECEIPT AND ACCEPTANCE OF SERVICES**

## **3.3 ACCOUNTS PAYABLE AND INVOICING PROCESSES**

### **3.3.1 INVOICE ENTRY**

### **3.3.2 INVOICE PROCESSING**

### **3.3.3 CREDIT MEMO**

## **3.4 DISBURSEMENTS**

### **3.4.1 DISBURSEMENTS – BULK FILES (ACH/EFT, CCD, CCD+, CTX, AND CHECKS)**

### **3.4.2 DISBURSEMENTS – SMALL VOLUME AND SAME OR NEXT DAY PAYMENTS**

## **3.5 RETURNED PAYMENTS – ACH, CHECK, SAME DAY**

## **3.6 DATA OBJECTS AND DATA ELEMENTS**

**Under Review with the Payment Management Chapter currently released as an Exposure Draft**

## 4 Receivables Management Processes

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Included herein are best practice business processes for administering and managing receivables due from the public, excluding reimbursable activity; which GAO's *Glossary of Terms Used in the Federal Budget Process* defines as, "(1) sums received by agencies as a payments for commodities sold or services furnished either to the public or to another government account and (2) are authorized by law to be credited directly to specific appropriation and fund accounts. Reimbursements between two accounts for goods or services are usually expenditure transactions/transfers" (84). The standard business process for Reimbursable Management will be included and released in Chapter five.

The benefits of effective Receivables Management include:

- Improved revenue recognition;
- Improved cash flow;
- Reduced loss due to bad debts; and
- Lower administrative cost in the entire revenue cycle.

The Receivables Management process flowcharts and corresponding step descriptions and business rules were developed in accordance with Treasury's *Managing Federal Receivables* guidance. Other applicable guidance for Receivables Management includes the Treasury Financial Manual, Core Financial System Requirements (those applicable to Receivables Management), the Debt Collection Improvement Act, applicable OMB Circulars, applicable IRS regulations, and the Claims Collections Litigation Report. In most instances, where specific rules apply to a process step, the applicable guidance is referenced.

The Receivables Management processes detailed in this chapter are:

- RM 4.1 – Establish Accounts Receivable Due From the Public. This section describes the steps agencies should follow in order to create or edit customer information within the Core Financial System. Proper internal controls, separation of duties, and appropriate levels of review and approval for the establishment of accounts receivable are addressed.
- RM 4.2 – Analyze Accounts Receivable. This section describes the process of analyzing accounts receivable for the purpose of determining age, status, and collection probability by specific account in order to facilitate effective management of the account.
- RM 4.3 – Billing. This section provides the procedures to generate a bill. Bills are created based on agency-specific business rules and are generated automatically based on established billing frequency.
- RM 4.4 – Collection of Receipts. This section provides for the controlling and receiving of monies collected on associated debts, and recording to the general ledger.
- RM 4.5 – Application of Receipts. This section describes the process for the application of monies collected.
- RM 4.6 – Dunning. This section provides the procedures for the dunning process which is an integral part of an agency's due diligence for the pursuit of delinquent debt collection. The purpose of this process is to inform the customer of their responsibilities to the Agency as well as protect the agencies' rights to that debt. Dunning communications also inform the customer of the consequences

for non-compliance with the payment terms and/or revisions to those terms in the form of interest, administrative costs, and penalties, where applicable.

- RM 4.7 – Allowance for Loss on Accounts Receivable. This section provides the procedures which an agency uses to project its debt losses. The allowance calculation is used for financial statement presentation purposes, in addition to and also for, internal management decisions on agency-specific debt collection policy and procedures.
- RM 4.8 – Write-off of Accounts Receivable. This section provides the process to determine whether an account should be written off, perform the write-off and determine subsequent action. Subsequent action can be to actively or passively pursue collection on the debt, close-out the debt (and obtain FMS or DOJ approval for close out where applicable), report cancellation of debt to the IRS, and notify the customer/debtor of cancellation.
- RM 4.9 – Issue Credit Memo. This section provides the procedures to determine appropriate action in the event of overpayments, returns, or adjustments to customer accounts. Note: agencies may: issue a refund, apply excess amounts received to open receivables, or offset the next scheduled receivable.
- RM 4.10 – Return of a Financial Instrument. This section provides procedures to determine appropriate action in the event the agency receives a returned financial instrument. Examples of returned financial instruments are non sufficient funds, closed customer/debtor accounts, stop payment, and disputed credit or debit charges.
- RM 4.11 – Waiver of Interest, Administrative Costs, and Penalties. This section provides procedures to process waivers of interest, administrative costs, and penalties. Procedures to identify delinquent customer accounts and the criteria to determine waivers are discussed.
- RM 4.12 – Installment Plans. This section provides procedures to offer installment plans for debts represented by valid inability to pay claims. This section also provides for the transmission of an agreement to the customer/debtor, agency determination of customer acceptance or non-acceptance processes, and the appropriate general ledger entries.

The steps within the above processes are depicted in flowcharts. Following each flowchart are descriptions of the processes and steps and related business rules. These steps reflect best practices in an electronic environment, sound internal controls, and compliance with Office of Federal Financial Management (OFFM) Core Financial System Requirements (CFSR).

Included in the scope, from the billing perspective, of this chapter are the following:

- Employee Overpayments
- Vendor Overpayments
- Relocation
- Judgments (Accident Claims)
- Fines
- Penalties
- Employee Training Reimbursement
- Non-Sufficient Funds
- Non-Reimbursable Sale of Goods or Services (User Fees)

- Sharing Agreements
- Employee Travel (Advances) (to be used only on an exception basis)

Included in the scope, from the collections perspective, of this chapter are the following:

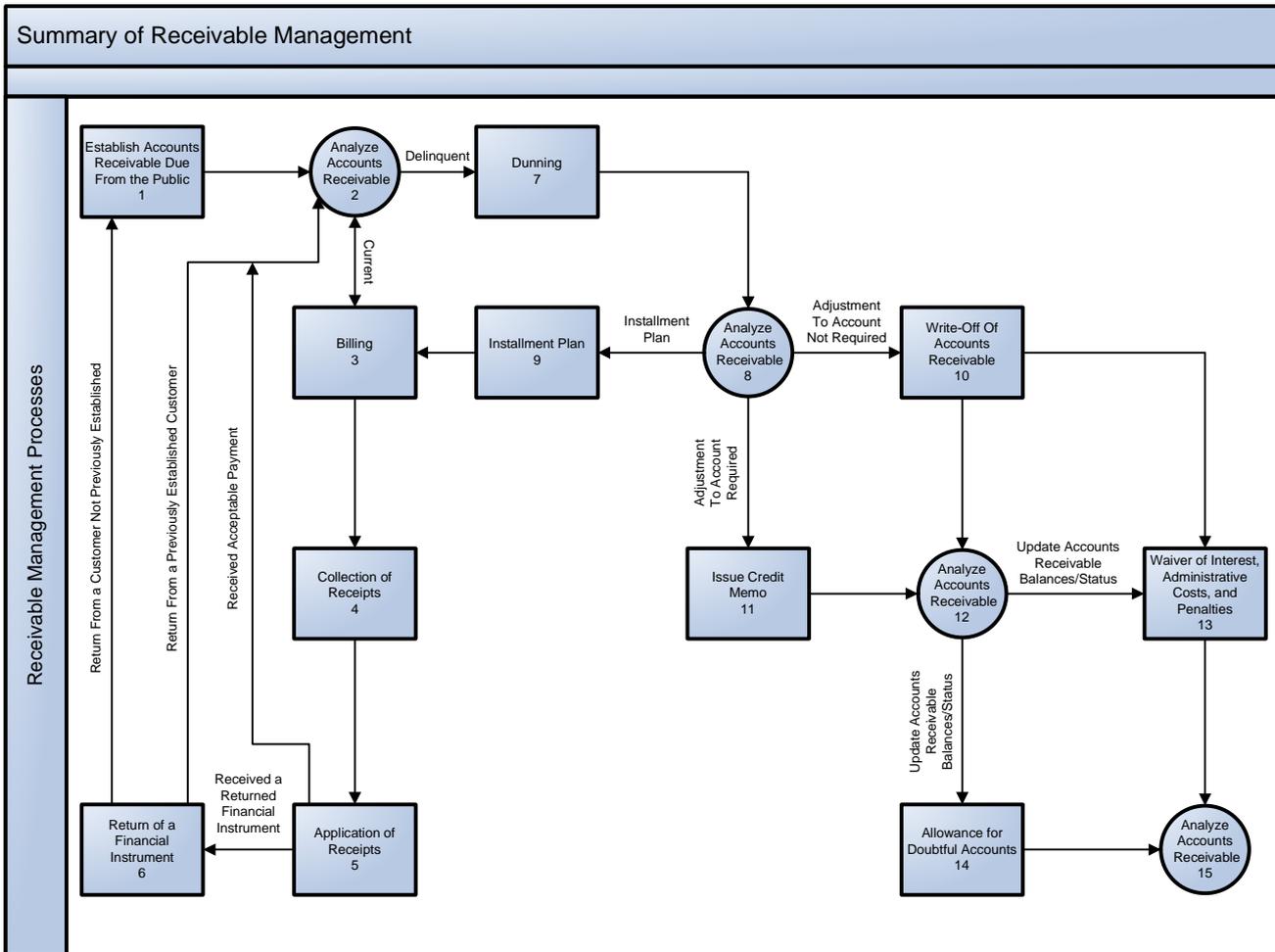
- Billed Receivables
- Concession Rents
- Unbilled Overpayments
- Treasury and DOJ Cross-Servicing
- Agency Debt Management
- Interest
- Penalties
- Asset Sales
- Administrative Wage Garnishment
- Sale of Goods and Services
- Application Fees
- Industrial Funding Fees
- Freedom of Information Act
- Miscellaneous Receipts
- User Fees
- Auction Receipts
- Rebates
- Sharing Agreements

Excluded from the scope of this chapter are the following:

- Reimbursable Activity
- Transactions in Foreign Currency
- Non-Monetary Transactions
- Non-Monetary Exchange Transactions
- Investments
- Leases
- Program Overpayments Not Processed in the Core Financial System
- Trust Fund Programs
- IPAC Transactions

- Credit Reform (Including Direct and Guaranteed Loans)
- Grants
- Gifts
- Department of Justice Debt Management
- Benefit Overpayments
- Tax Receivables and Duties
- Donations
- Administrative Offsets with Accounts Payable

The following flowchart depicts the sequence and inter-relationship of the Receivables Management Processes:

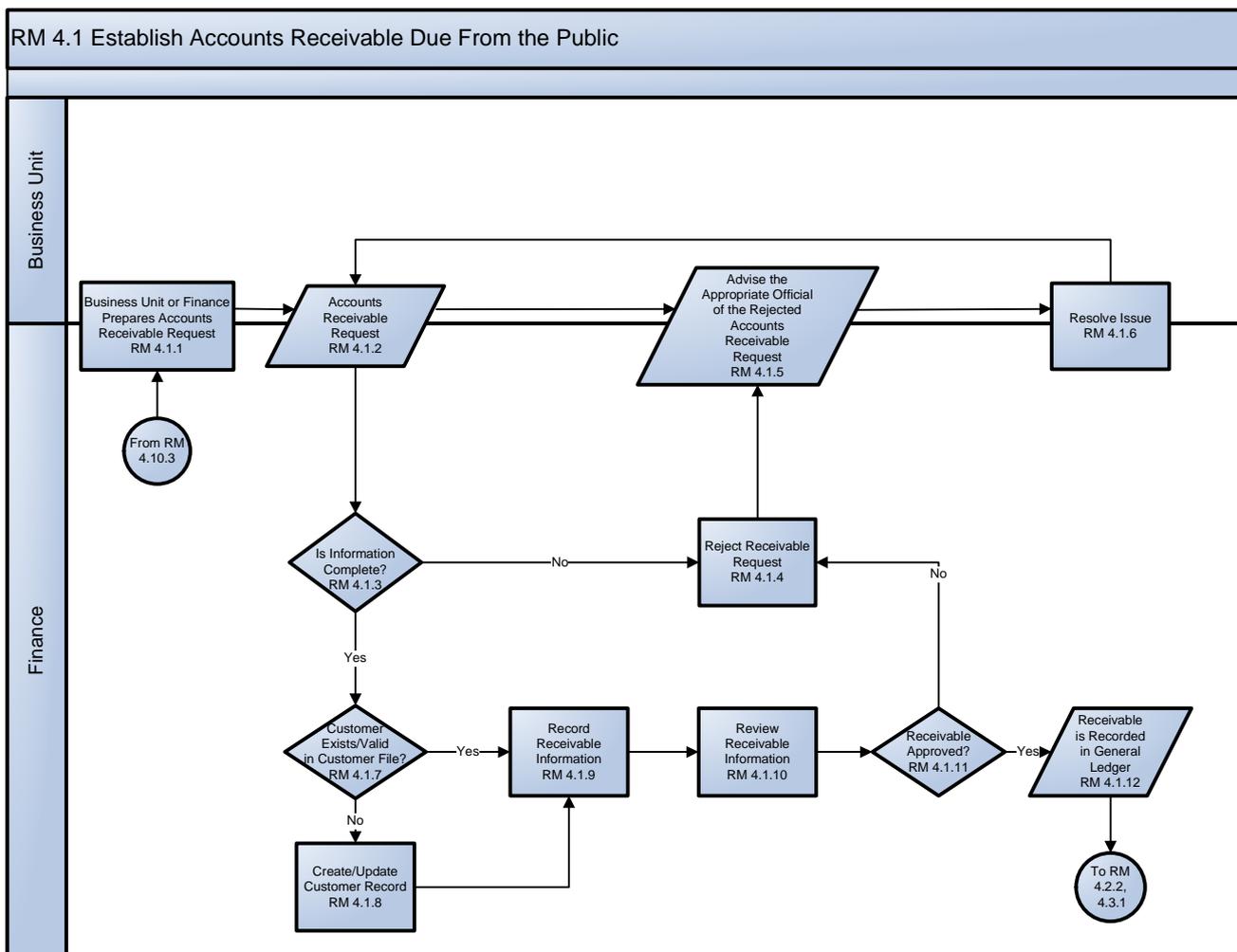


See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart

## 4.1 ESTABLISH ACCOUNTS RECEIVABLE DUE FROM THE PUBLIC

This section presents the steps for establishing accounts receivables due from the public. The steps in the flowchart include the submission of accounts receivable requests; the creation, review, and validation of customer information; and establishing a receivable in the Core Financial System.

### RM 4.1 – Establish Accounts Receivable Due From the Public Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Establish Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.1.1	Business Unit or Finance Prepares Accounts Receivable Request	A triggering event (e.g., sale of goods or services, change in status of an advance) occurs creating the need for a receivable to be established in the Core Financial System. The request could represent the need to establish a single receivable or multiple receivables.	<p>An image of the documentation supporting the receivable request shall be maintained in electronic or hard copy form, as applicable.</p> <p>In an electronic environment, the request information is entered or interfaced to the Core Financial System at the time the request is prepared.</p>	
RM 4.1.2	Accounts Receivable Request	The Accounts Receivable request contains the necessary information to establish a receivable. This information will be maintained throughout the life of a receivable to include verifying, reviewing and capturing vendor or customer information, performing calculations, and initial generation of bills as applicable.	<p>The Business Unit or Finance provides, at a minimum, the following required data elements to establish a receivable, as applicable:</p> <ul style="list-style-type: none"> <li>• Receivable Type (sale of goods or services, overpayments, unused advances subject to refund, fees, and fines)</li> <li>• Dates of Performance</li> <li>• Customer Information</li> <li>• Terms</li> <li>• Item Type to be Billed</li> <li>• Amounts to be Billed</li> <li>• CGAC Data</li> <li>• Bill Date (actual effective date of billing)</li> <li>• Customer P.O. Number</li> <li>• Description of Goods and/or Services</li> <li>• Unit of measure and quantity</li> </ul> <p>The Business Unit or Finance, depending on the origination point for the request, maintains documentation to support the billing request.</p>	
RM 4.1.3	Is Information Complete?	Review A/R request Information for completeness.	Verify that the minimum required data elements are provided (see RM	RMB-04

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			step 4.1.2).	
RM 4.1.4	Reject Receivable Request	Return request for accounts receivable to applicable functional area for additional information/authorization.	Missing information is identified and upon review, it is noted that the request is incomplete.  The Agency should track the status of rejected receivable requests.	
RM 4.1.5	Advise the Appropriate Official of the Rejected Accounts Receivable Request	Advisement of the rejected accounts receivable request is generated and routed to applicable responsible parties.	Advisement of the rejected accounts receivable request is sent to the appropriate official.  The advisement will specify the missing information or actions required, on the part of the originator, to prepare a complete and valid request (see business rule for step 4.1.2 for the list of data elements required to establish a receivable).	
RM 4.1.6	Resolve Issue	The responsible Business Unit/Finance corrects the document by providing valid data elements needed to complete the receivable request.		
RM 4.1.7	Customer Exists/Valid in Customer File?	The Core Financial System checks whether a complete customer record exists in the Customer File and that data matches between the accounts receivable request and the customer record.	A customer record must be maintained for each entity that owes the agency a debt. (e.g., contractors, employees).	
RM 4.1.8	Create/ Update Customer Record	If a customer record does not exist, the record is created.  Data on the receivable request is compared to data in the agency customer database. If information does not match, correct the customer information as appropriate.	Agencies must implement procedures for proper segregation of duties between the person creating a customer record and the person creating a receivable record.	RMA-01 RMA-02 RMA-03 RMA-04 RMA-05 RMA-06 RMA-07
RM 4.1.9	Record Receivable Information	Record information required to establish a receivable. <i>(See RM 4.1.2 business rule for list of minimum required data</i>	The Core Financial System validates that data meets required formats and other applicable tests of validity.  Information must be captured to	RMB-01 RMB-03 RMB-04

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		<p><i>elements.)</i></p> <p>The recorded data populates the detailed subsidiary record and is used to populate the general ledger accounts receivable record. Note: See RM 4.1.12 for the recording of the receivable to the general ledger.</p>	<p>detail multiple customers/debtors who are liable for an agency accounts receivable.</p> <p>Processes and procedures for establishing a receivable include verifying, reviewing and capturing receivable and customer information, and performing calculations for receivable balances at the line item level as well as in total.</p>	
RM 4.1.10	Review Receivable Information	The established accounts receivable is reviewed and validated by the designated individual(s).	<p>The receivable is reviewed to ensure the data entered into the Core Financial System matches the accounts receivable supporting documentation.</p> <p>Agencies must establish and implement policies and procedures incorporating sound internal controls to allow for appropriate levels of review prior to the establishment of a receivable. Note: Not all receivables are required to be reviewed. Agency policies and procedures (including thresholds) should govern the need for the review of a receivable.</p>	
RM 4.1.11	Receivable Approved?	A receivable record is approved prior to recording in the General Ledger.		
RM 4.1.12	Receivable is Recorded in General Ledger	Record General Ledger entries to reflect that all receivable data has been processed along with other pertinent financial information needed to update the General Ledger. Updating the General Ledger includes recording the accounting event as debit and credit entries to both proprietary and budgetary General Ledger accounts.	<p>An agency must record entries for receivables that have yet to be billed.</p> <p>Agency policies and procedures should determine the frequency in which actions are performed.</p> <p>The entries are recorded using the United States Standard General Ledger (USSGL) Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-C420 To record accrued revenue from non-Federal sources other than for reimbursable agreements, non-revolving trust</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>funds, special funds, and custodial activity.</p> <p>TFM C422 To record accrued revenue from Federal or non-Federal sources for non-revolving trust funds and special funds.</p> <p>TFM-C644 To record a receivable from a non-Federal entity for the sale or disposition of assets other than personal properties and investments.</p>	

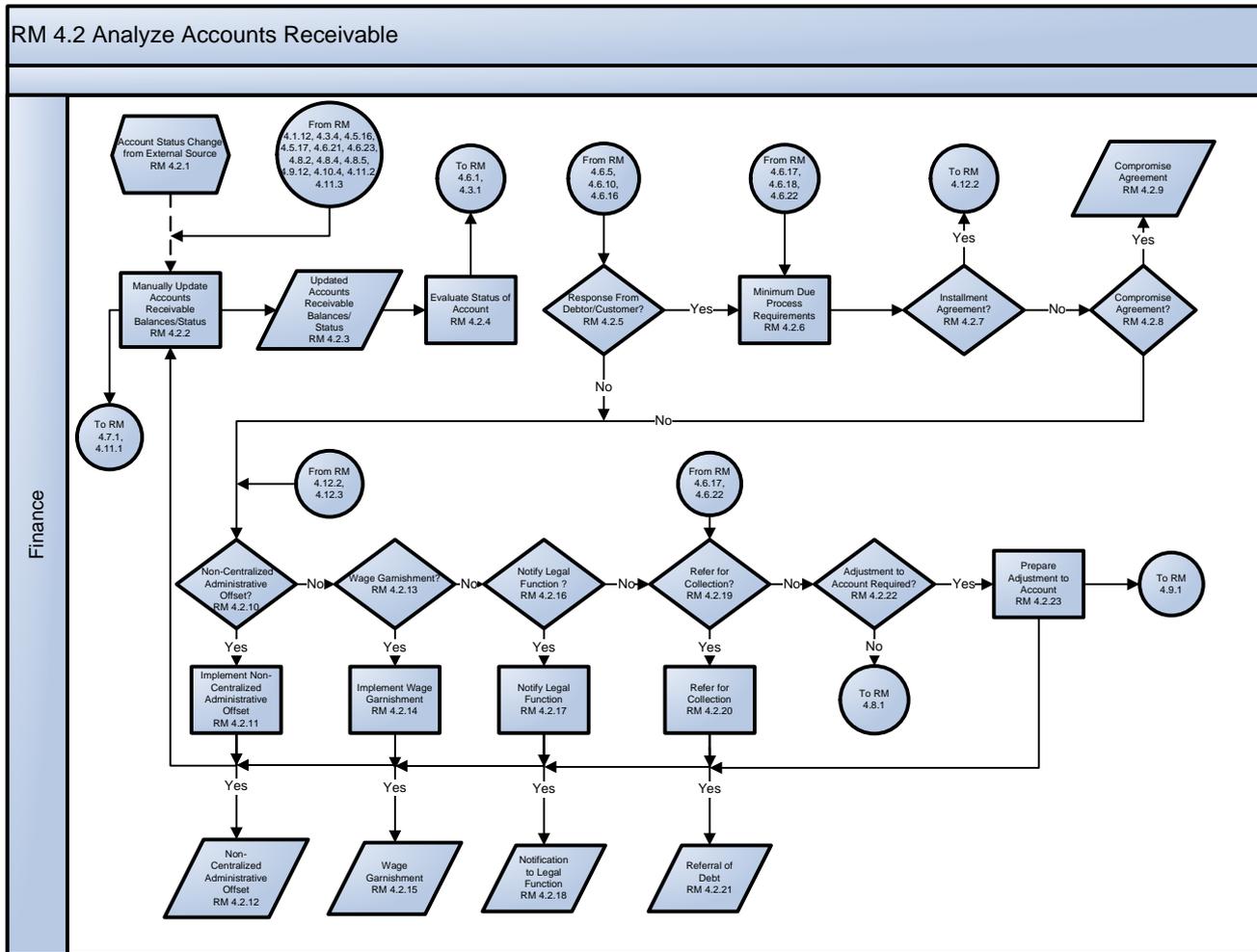
## 4.2 Analyze Accounts Receivable

The section presents the business flow to analyze a receivable due from the public, determine its status, and decide on applicable actions to be taken to resolve an issue and/or adjust a balance. After the receivable is created, the analysis process commences and is ongoing. The process for performing analysis of outstanding receivable balances includes receivables represented by individual subsidiary level accounts, general ledger accounts (primarily account 1300 series), and those transaction records used to update the accounts, as needed. The analysis process assumes that the accounts and records are in a current status and triggers a range of business events aimed at furthering the collection, fair-valuation and/or resolution of the outstanding balances, in accordance with Federal management guidance and compliance requirements.

As a result of due diligence analysis, the agency will pursue a particular course of action. The Debt Collection Act of 1982, as amended by the Debt Collection Improvement Act (DCIA) of 1996, sets forth the authority for the collection of non-tax debt. Regulations and guidance developed to implement this act provide a full range of techniques for collection including demand letters, internal salary offset, administrative wage garnishment, private collection agencies, litigation, Treasury cross-servicing, and the Treasury Offset Program (TOP), which provides, among other collection tools, tax refund offset and centralized salary offset. The Federal Claims Collection Standard section on Compromise, waiver, or disposition under other statutes not precluded, notes that Agency laws and regulations specifically applicable to claims collection activities take precedence over the general government-wide standards.

The following flowchart provides key steps in the processes used by Agencies to maintain and analyze accounts receivable; the flowchart represents an iterative process. External sources and other processes such as collections, hearing requests and bankruptcies could affect the status, action taken or disposition of the receivable and consequently affect the Dunning and Write-Off processes. Many of the business rules included below are from Treasury's *Managing Federal Receivables* guidance, which can be found at ([http://www.fms.treas.gov/debt/Guidance\\_MFR.html](http://www.fms.treas.gov/debt/Guidance_MFR.html)).

## RM 4.2 – Analyze Accounts Receivable Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Analyze Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.2.1	Account Status Change from External Source	<p>Entities external to the Agency may send/transmit/communicate changes in status applicable to agency accounts receivable.</p> <p>Examples where external sources initiate the process are bankruptcy and a novation due to sale of a company.</p>	<p>Changes to the status of outstanding receivables received from external sources must be in accordance with Federal management guidance and compliance requirements, and agency policies and procedures. Agency Financial Management operations are responsible for reviewing proposed status changes to customer accounts, executing such changes, and resolving conflicts where applicable in accordance with agency policies and procedures.</p>	
RM 4.2.2	Manually Update Accounts Receivable Balances/Status	<p>Accounts receivable balances and status are updated based on inputs originating either internally or externally to the agency.</p>	<p>Accounts receivable balances and status are updated to reflect adjustments and descriptions for each adjustment.</p> <p>Receivable adjustment may include:</p> <ul style="list-style-type: none"> <li>• Late payment interest;</li> <li>• Penalties;</li> <li>• Administrative charges;</li> <li>• Dunning referral dates; and</li> <li>• Collection data.</li> </ul> <p>Record applicable transactions to the general ledger and subsidiary ledger to reflect the change in accounts receivable balances/status.</p>	<p>RMB-02 RMC-01 RMC-02 RMC-03 RMC-04 RMC-05 RMC-16 RMC-18 RMD-01 RMD-02 RMD-04 RMD-06</p>
RM 4.2.3	Updated Accounts Receivable Balances/ Status	<p>Updated accounts receivable balances/status result from the process of applying updates.</p>	<p>Best practice is to review the status of accounts receivable balances on a periodic basis. The review may include accounts receivable amounts, collection percentages, AR days outstanding and a comparison to agency or industry standards.</p>	
RM 4.2.4	Evaluate Status of Account	<p>Analysis and evaluation of the status of the accounts receivable is to determine the need for scheduling the billing of unbilled receivables, the status of the outstanding account balance as current and adequate, or in arrears, as well as,</p>	<p>Identify delinquent debts on accounts based on aging of debts. Each account must be evaluated based on criteria from government-wide regulations as well as agency debt collection regulations.</p> <p>The date of delinquency is the due date. A debt becomes delinquent</p>	<p>RMC-08 RMC-09 RMC-20 RMD-11</p>

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		<p>eligibility for dunning and/or reporting to credit bureaus.</p>	<p>when payment is not made by the due date or the end of a pre-determined “grace period”.</p> <p>Each delinquent account is evaluated for eligibility for dunning.</p> <p>Generally, when a debtor files for bankruptcy protection, an agency is prohibited from pursuing further collection action while the bankruptcy is pending.</p> <p>The Debt Collection Information Act (DCIA) requires Federal agencies to report to credit bureaus information on all delinquent consumer debts.</p>	
RM 4.2.5	Response from Debtor/ Customer?	<p>Agencies monitor responses from customers to dunning letters, communications on installment agreements, and other applicable communications regarding debt owed the Agency.</p>	<p>An agency must provide appropriate guidelines and training to its employees whose duties include contacting debtors.</p> <p>Within 20 days after the payment due date or at the end of any grace period contractually established, the agency should contact the debtor, by letter or phone, in an attempt to resolve the non-payment.</p> <p>It is essential that the agency continue to document all agency contacts with a debtor and actions taken to enforce collection in order to protect the government's interests. An agency’s automated systems may be used to document contacts with the debtor and other debt collection activities so long as the manner in which the information is retained is sufficient for evidentiary purposes in a court or administrative proceeding.</p> <p>An agency should take action to recover a debt from secondary debtors (co-borrowers or guarantors) when it becomes apparent that the primary debtor cannot or will not repay a debt. The agency should employ the same debt collection techniques and tools in pursuing secondary debtors as it uses for</p>	

Step ID	Step Name	Step Description	Business Rules	CF SR Req.
			<p>primary debtors.</p> <p>An agency should consider using digital imaging as a way to maintain copies of debt collection documentation.</p>	
RM 4.2.6	Minimum Due Process Requirements	Due process requirements are performed for each customer responding to dunning letters.	<p>In the context of Federal debt collection, the constitutional right of “due process” requires an agency to provide debtors with notice of, and the opportunity to dispute, a debt or intended debt collection action. Notice must include the amount and type of debt owed, and the actions to be taken by an agency to collect the debt, such as adding interest and late charges, offset or garnishment, and credit bureau reporting.</p> <p>An agency should provide a customer an opportunity to dispute the debt or the adverse collection action to be taken. At a minimum, the customer should have the opportunity to challenge (1) the existence of all or part of the debt, and/or (2) whether the agency has met the statutory or regulatory prerequisites for using the collection action mentioned in the notice.</p> <p>The minimum “due process” required is generally established by the statutes that authorize the use of a specific debt collection tool or by implementing regulations. Treasury’s <i>Managing Federal Receivables</i> guidance provides more information on the notices and opportunities to be provided to a debtor.</p>	
RM 4.2.7	Installment Agreement?	An official installment agreement is considered	Whenever possible, an agency should attempt to collect an overdue debt in a single lump sum. In the event that the debtor claims financial inability to repay the debt in a single lump sum, the Agency may consider collecting the overdue debt in installments.	RMB-23

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>The agency must determine whether the terms of a proposed installment agreement are viable. There must be a strong likelihood the customer/debtor will comply with the terms of the agreement.</p>	
RM 4.2.8	Compromise Agreement?	An agency may consider entering into a compromise agreement with a customer/debtor.	<p>A compromise may be considered (but is not required) when one or more of the following criteria apply:</p> <ul style="list-style-type: none"> <li>• the debtor is unable to pay the debt within a reasonable time period,</li> <li>• the agency is unable to enforce collection within a reasonable time period.</li> <li>• the cost of collection does not justify enforced collection of the full amount</li> <li>• there is real doubt concerning the government's ability to prove its case in court.</li> </ul> <p>The agency must determine whether the terms of a proposed compromise agreement are viable. There must be a strong likelihood the customer/debtor will comply with the terms of the agreement.</p> <p>Using the Claims Collection Litigation Report, an agency must refer compromise proposals where the principal amount of the debt exceeds \$100,000 (or such larger amount as may be determined by the Attorney General) to the Department of Justice (DOJ) for its concurrence in the compromise. DOJ has delegated to the Financial Management Service (FMS) the authority to compromise a debt with a principal amount of \$500,000 or less when the debt is being serviced by FMS in its cross-servicing program.</p> <p>The Federal Claims Collections</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			Standards note that agency laws and regulations specifically applicable to claims collection activities take precedence over the government-wide standards.	
RM 4.2.9	Compromise Agreement	An agency performs procedures to implement a compromise agreement if applicable.	An agency should only compromise a debt when it has exhausted all other debt collection tools and further pursuit of collection is not cost effective.	
RM 4.2.10	Non-Centralized Administrative Offset?	An agency considers whether to perform non-centralized administrative offset procedures.	An agency may request that another agency offset a Federal payment to satisfy a debt. This type of offset is known as “non-centralized administrative offset.” Another type of non-centralized administrative offset occurs when the payment agency is the same as the creditor agency, referred to as “internal offset.” Non-centralized offset can be used for internal offset, or when the payment to be offset is not processed through the TOP or the creditor agency is unable to meet the 60-day notice requirement for debt submission to TOP but is otherwise able to comply with the due process prerequisites for offset.	
RM 4.2.11	Implement Non-Centralized Administrative Offset	An agency performs procedures to implement a non-centralized administrative offset as applicable.	Examples of circumstances for which non-centralized offset would be appropriate include internal offset and the offset of contractor payments when the creditor agency is the same as the payment agency; collection of travel advances and training expenses through a Federal employee’s pay, retirement or other amounts due; offset of future retirement pay; and offset of Federal salary pay when offset is not available through TOP.	
RM 4.2.12	Non-Centralized Administrative Offset	An official non-centralized administrative offset is documented.		

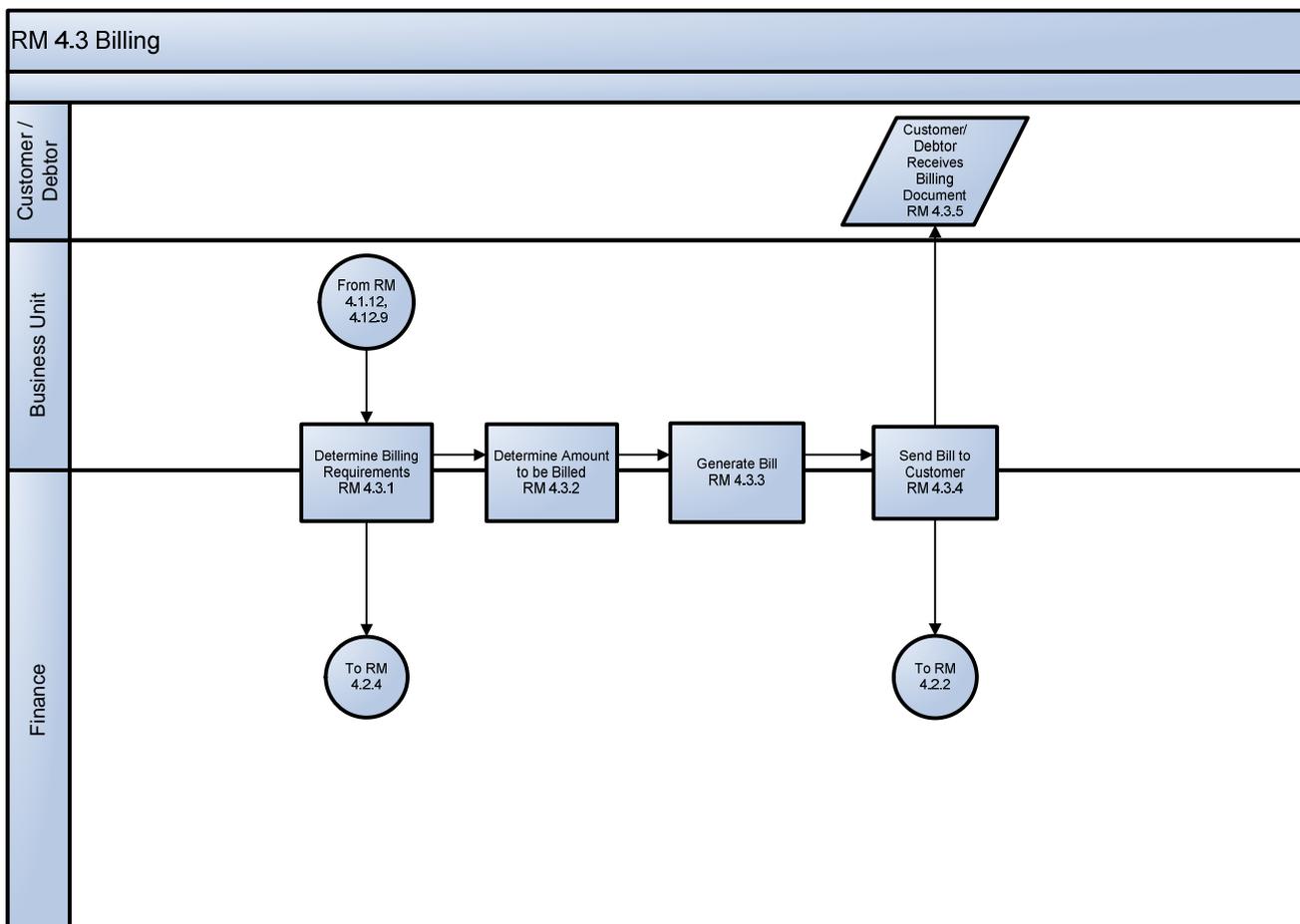
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.2.13	Wage Garnishment?	An agency considers whether to perform administrative wage garnishment procedures.	The DCIA authorizes an Agency to collect a delinquent debt by administrative garnishment of the pay of a delinquent debtor who is employed by any organization, business, state or local government, or other entity other than a Federal agency. No court order is required.	
RM 4.2.14	Implement Wage Garnishment	An agency performs procedures to implement wage garnishment as applicable.	For guidance on administrative wage garnishment implementation procedures or administrative wage garnishment itself, refer to Treasury's <i>Managing Federal Receivables</i> , which provides information on the notices and opportunities to be provided to a debtor. See also business rule for 4.2.15.	
RM 4.2.15	Wage Garnishment	An official wage garnishment is documented.	For guidance related to the procedures surrounding the official wage garnishment documentation refer to FMS wage garnishment regulations and Treasury's <i>Managing Federal Receivables</i> which provides information on the notices and opportunities to be provided to a debtor.	
RM 4.2.16	Notify Legal Function?	An agency determines whether the applicable legal functions should be notified to evaluate or act on applicable legal issues.	Based on agency policies and procedures, debt and supporting documentation is forwarded to the applicable legal function, either intra-agency or external to the agency.  Unless an agency has specific statutory authority to litigate its own debts, it must refer debts to DOJ for litigation, including bankruptcy litigation. For additional guidance on referring debts to DOJ for litigation refer to Treasury's <i>Managing Federal Receivables</i> . This guidance also includes criteria that restrict an agency from referring debt to DOJ for litigation.	
RM 4.2.17	Notify Legal Function	An agency performs procedures to notify the	When referring a debt to DOJ for litigation, an agency must provide a	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		applicable legal functions (internal or external to the agency as applicable) and provide applicable facts and documentation.	fully completed Claims Collection Litigation Report (CCLR). For required information to be included on the CCLR refer to Treasury's <i>Managing Federal Receivables</i> .	
RM 4.2.18	Notification to Legal Function	An official notification to the legal function is made which includes documentation of the issue with the applicable account receivable.	In the case of debt being referred to DOJ for litigation, a completed CCLR with supporting documentation is generated by the agency.	
RM 4.2.19	Refer for Collection?	The Agency determines whether to refer debt to Treasury FMS for collection.	For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program see Treasury's <i>Managing Federal Receivables</i> . The guidance provides debt referral eligibility criteria as well as eligibility exceptions.	
RM 4.2.20	Refer for Collection	The Agency refers the debt to Treasury FMS.	For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program see Treasury's <i>Managing Federal Receivables</i> and/or the Debt Collection Improvement act. The guidance provides debt referral eligibility criteria as well as exceptions for eligibility.  The agency must generate a delinquent debt referral file for transmission to Treasury in accordance with the DCIA.	RMC-15
RM 4.2.21	Referral of Debt	The agency generates documentation supporting the debt being transferred to Treasury FMS.		
RM 4.2.22	Adjustment to Account Required?	Based on review of an account receivable, the agency determines whether an adjustment to the balance/status of the account is required.		
RM 4.2.23	Prepare Adjustment to Account	As applicable, the agency prepares an adjustment to the balance/status of the account receivable.	Proper segregation of duties must be followed when adjusting an accounts receivable balance.	

## 4.3 BILLING

Bills are created based on agency-specific business rules and are generated automatically based on established billing frequency. Included are steps to determine billing requirements and generate and send a bill to a customer/debtor.

### RM 4.3 – Billing Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

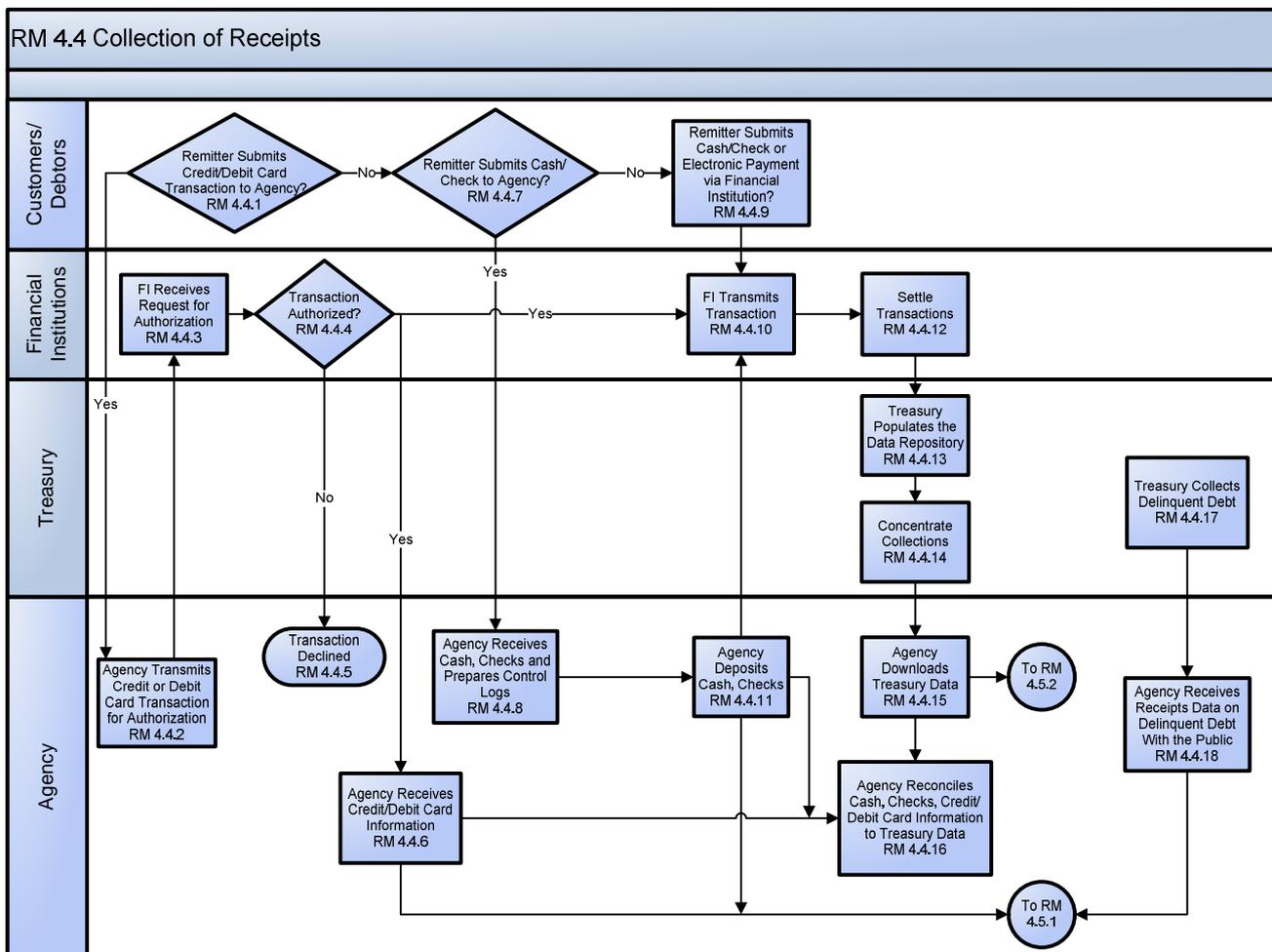
The Receivables Management Billing process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.3.1	Determine Billing Requirements	Determine the billing requirements using the customer information and receivable data.	Based on the customer and receivable record information, determine the method (electronic or paper) of billing to be used.	
RM 4.3.2	Determine Amount to be Billed	The amount to be billed is determined.	Before an agency bills, it will need to consider discounts, shipping charges, partial payments, and other adjustments applicable to the transaction.	
RM 4.3.3	Generate Bill	Generate demand for payment that includes bill number, account number, debtor information, amount owed, payment terms and conditions (including the remittance instructions) and payment due date.	<p>Additional bill information should include account number, payment terms and conditions, customer purchase order number, lock box information, and description of goods and/or services or other basis for the debt.</p> <p>The bill should include or reference applicable standards upon which any interest, penalties or administrative charges will be based, rights under Federal Claims Collection Standards, the date by which the debtor must make payment to avoid late charges and enforced collection, the name, address and phone number of a point of contact the customer/debtor may speak with regarding the bill and remedies the agency will use to enforce payment of debts.</p>	RMB-06 RMB-11 RMB-12 RMB-13 RMB-15 RMB-16 RMB-17 RMB-09 RMB-10 RMB-14 RMB-24
RM 4.3.4	Send Bill to Customer	The agency requests payment from the customer/debtor.	The billing document is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	
RM 4.3.5	Customer/Debtor Receives Billing Document	A billing document representing a record of claim is received by the debtor/customer.		

## 4.4 COLLECTION OF RECEIPTS

The following flowchart provides key steps in the processes agencies use to control, and record information for monies received. The steps depicted in the functional lanes for Treasury and Financial Institutions are included to provide general information on processes currently under development, in 2008, by Treasury. The intent is not to provide detail on how those procedures will function, but rather to provide background for the flow of data that will be received by agencies.

### RM 4.4 – Collection of Receipts Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Collection of Receipts process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.4.1	Remitter Submits Credit/Debit Card Transaction to Agency?	The remitter initiates payment to the Agency by using a credit or debit card.		
RM 4.4.2	Agency Transmits Credit or Debit Card Transaction for Authorization	The agency accepts payment via a credit or debit card and sends information to a designated Financial Institution (FI) for authorization.	Based on its arrangement with a financial institution, an agency performs applicable settlement procedures for transactions transmitted.  Settlement refers to the accounting process recording the respective debit and credit positions of the two parties involved in a transfer of funds.	RMD-01
RM 4.4.3	FI Receives Request for Authorization	The designated FI processes the transactions electronically.		
RM 4.4.4	Transaction Authorized?	The FI authorizes or declines the transaction request.		
RM 4.4.5	Transaction Declined	Agency receives notice from FI that a transaction has been declined.		
RM 4.4.6	Agency Receives Credit/Debit Card Information	The agency receives the transaction authorization number, date received, and partial credit card account number, as applicable, from the FI.		
RM 4.4.7	Remitter Submits Cash/ Check to Agency	A remitter pays the agency directly with cash or a check.		
RM 4.4.8	Agency Receives Cash, Checks, and Prepares Control Logs	Finance receives a payment in the form of cash or check and logs the information for tracking and internal control purposes.	In accordance with common control activities common to all agencies, key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>aspects of a transaction or event.</p> <p>Cash and checks received at the agency should, at a minimum, be deposited daily. Agencies must design and implement policies and procedures incorporating sound internal controls to safeguard and account for collections that cannot be deposited by the end of each day. Such undeposited collections must be included in applicable financial reports.</p>	
RM 4.4.9	Remitter Submits Cash/ Check or Electronic Payment via FI	A remitter submits cash, check, or initiates an electronic transaction through applicable FI channels.	<p>Payments involving electronic and cash equivalents include transactions initiated by phone, Internet/Web, electronic check, and Fedwire transactions.</p> <p>Agencies may manually process hard copy checks, utilize the Paper Check Conversion process, or other approved automated process.</p>	
RM 4.4.10	FI Transmits Transaction	<p>The applicable financial institution(s) (including Federal Reserve Bank (FRB) as applicable) receives, processes, and transmits the transactions electronically.</p> <p>Program and financial data are received by FIs which were initially remitted through various mechanisms including over the counter, Web page, mail, electronic terminal, electronic file, phone, etc.</p>	Transactions must be validated and processed in a timely manner. Agency policies and procedures will define frequency in which actions are performed.	
RM 4.4.11	Agency Deposits Cash, Checks	Designated agency personnel prepare deposit tickets (SF215) for cash and checks received and make deposits to the designated financial institution.	Agencies must record and maintain sufficient supporting documentation for each deposit to support the application of receipts to customer subsidiary records and the general ledger.	
RM 4.4.12	Settle Transactions	Settlement occurs at both financial institutions and FRBs acting on behalf of	Settlement results in a deposit at the applicable institution.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		Treasury.		
RM 4.4.13	Treasury Populates the Data Repository	Treasury makes collections data available to agencies by populating the Transaction Reporting System (TRS) data repository.	Treasury will use the (TRS) as a centralized repository of detailed collection transaction information. It will provide a single touch point from which an Agency can obtain transaction data and standard reports, integrating information across all collections channels and settlement mechanisms.	
RM 4.4.14	Concentrate Collections	The deposit data for the funds from Commercial FIs and the FRBs are concentrated and recorded in the Treasury General Account (TGA) Fund.	Concentration is performed by applicable systems at FRBs and/or commercial FIs.  Concentration moves funds from an account that settles the transactions to the Treasury General Account Fund at the Federal Reserve Bank of New York.	
RM 4.4.15	Agency Downloads Treasury Data	The agency downloads Treasury collections data, including both summary and detailed transaction records.	The TRS data includes Treasury confirmations of deposit tickets and credit/debit card transactions as well as all other transactions processed by Treasury.	
RM 4.4.16	Agency Reconciles Cash, Checks, Credit/Debit Card Information to Treasury Data	Treasury records of agency deposits are reconciled by the Agency to its records of deposits made.	The TRS data, which will be available daily, is used to confirm Treasury received and recorded the transactions. A timing difference may occur between the time the agency records the collection and the time the collection is reflected in TRS.  Agencies must reconcile their records of deposits to Treasury records of deposits on a periodic basis. These reconciliation procedures must be performed until un-reconciled items are resolved. All resolutions should be made on a timely basis.	
RM 4.4.17	Treasury Collects Delinquent Debt	Treasury or the DOJ transmits data to the agency for collections of delinquent debt with the public collected on behalf of the agency.		
RM 4.4.18	Agency	The agency receives	Best practice is to record collections	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Receives Receipts Data on Delinquent Debt With the Public	collections and receipts data from Treasury, via IPAC, on delinquent debt with the public.	data to reflect the current status of the bill.	

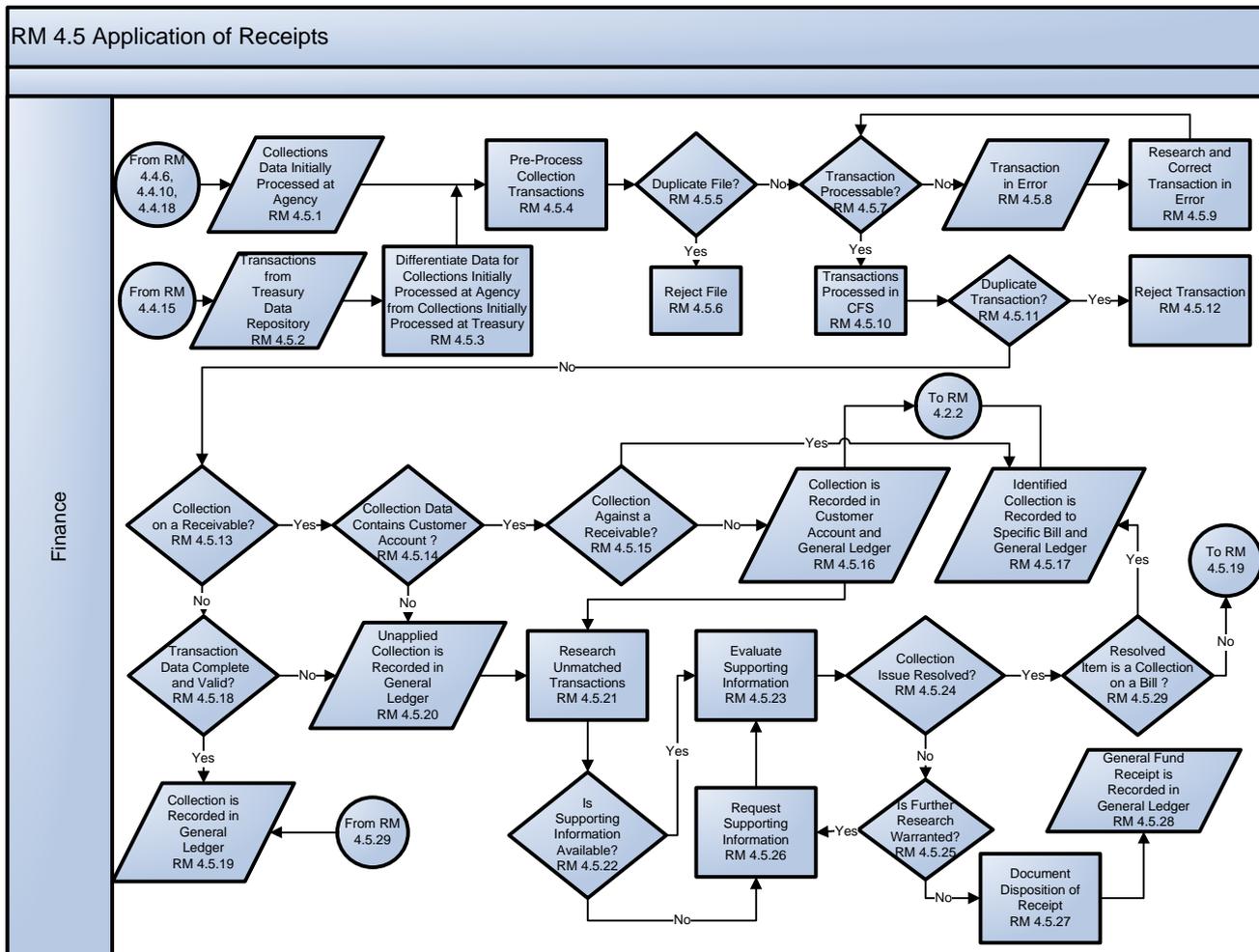
## 4.5 APPLICATION OF RECEIPTS

Receipts should be recorded as quickly as possible. Application of receipts may be supported by information from the impacted business area to support timely and accurate posting. This chapter addresses four general ledger recording scenarios for receipts:

- unapplied collections;
- receipts against a customer account but not against a specific bill;
- receipts against a customer account and a specific bill; and
- receipts applied against Treasury’s general fund.

Receipts are recorded regardless of whether they are associated with transactions previously established as a receivable. The following flowchart provides key steps in the processes agencies use to process and record receipts information to customer/debtor accounts and the general ledger.

### RM 4.5 – Application of Receipts Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Application of Receipts process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.5.1	Collections Data Initially Processed at Agency	This data represents remittances made directly to the agency.	Collection data must be captured and recorded.	RMD-01
RM 4.5.2	Transactions from Treasury Data Repository	This data has been downloaded and sorted by transaction type and includes both remittance information originally received directly by the agency as well as remittance information originally received at Treasury.		
RM 4.5.3	Differentiate Data for Collections Initially Processed at Agency from Collections Initially Processed at Treasury	Finance determines whether transactions from TRS were initially processed by the agency or initially processed at Treasury.	Prior to processing Treasury data in Core Financial System, the agency applies edit checks to each collection transaction from TRS to determine whether it was initially processed by the agency and then submitted to Treasury. For example, cash, checks, and credit/debit card transactions originally submitted directly to the agency would have already been recorded in the customer/debtor subsidiary records and the general ledger. The TRS data is used to confirm Treasury received and recorded the transactions one or more days after the agency has received and recorded the collections.	TLD-05
RM 4.5.4	Pre-Process Collection Transactions	Each file of transactions downloaded from TRS and other sources is subjected to edit and validity checks prior to being processed in Core Financial System.	<p>Edit and validity checks are applied to each transaction file to determine whether required data has been provided and whether the file is a duplicate which has already been processed by the agency. Automated checks are applied to validate such specifications as the file layout, number of fields, validity of applicable fields, completeness, and header and trailer records.</p> <p>Key data required can include customer number, invoice number and associated amounts, Treasury</p>	TLD-02 TLD-03 TLD-05

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			Account Symbol (TAS), Treasury Appropriation Fund Symbol (TAFS), Agency Location Code (ALC), and other applicable Agency information.	
RM 4.5.5	Duplicate File?	Based on the results of edit and validity checks, the Agency determines whether the files from Treasury or other sources represent duplicate files previously processed by the agency.	Agencies should evaluate internal controls and determine whether they are adequate for preventing the loading of a duplicate file into the Core Financial System. Agencies must implement procedures to readily identify duplicate files prior to loading such files to the Core Financial System.	TLD-05
RM 4.5.6	Reject File	A duplicate file is rejected and not processed.	Agencies should develop and implement applicable internal controls to prevent processing of duplicate files.	TLD-04 TLD-06
RM 4.5.7	Transaction Processable?	Transactions lacking data in required fields are not processable.	Agencies must implement data validity checks to identify transaction record fields with incomplete or invalid data prior to loading such data to the Core Financial System.	TLD-05
RM 4.5.8	Transaction in Error	The Core Financial System generates a file of transactions considered to be in error status because one or more key required fields (e.g., customer number, organization code) lack valid data.	Transaction record fields with incomplete or invalid data result in a transaction being categorized as an error.	TLD-04 TLD-06
RM 4.5.9	Research and Correct Transaction in Error	The agency researches and corrects/completes data for transactions in error.	Collection transactions in error must be corrected/edited to enable processing of those transactions in the Core Financial System.	TLD-04 TLD-05
RM 4.5.10	Transactions Processed in Core Financial System	Transactions are processed in the Core Financial System.	Agencies should develop appropriate internal controls and related procedures to enable accurate and complete processing of transactions in the Core Financial System.	TLD-01 TLD-03 TLD-04
RM 4.5.11	Duplicate Transaction?	Based on the results of edit and validity checks, the Core Financial System determines whether individual transactions	Key data fields are validated to identify duplicate transactions.	SMB-06

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
		represent duplicates of transactions already processed in the Core Financial System.		
RM 4.5.12	Reject Transaction	Duplicate transactions are rejected by the Core Financial System.	A report should be generated to track rejected transactions. Agencies should implement procedures to research and correct the cause of such duplicate transactions.	
RM 4.5.13	Collection against a Receivable?	The Core Financial System determines whether the collection pertains to an account receivable or represents a collection for which there is not an existing account receivable.	For collections against receivables, an agency must reference the receivable document and update customer records and related billing information.  For collections without receivables, an agency must record collections with corresponding revenues, expenditure reductions, advance/prepayment reclassifications or other offsets.  Examples of collections without receivables include over the counter purchase, early payment, etc.	RMD-02 RMD-03
RM 4.5.14	Collection Data Contains Customer Account?	Determine whether the collection data includes a valid customer account.	Compare the customer account in the transaction record to the customer accounts established as described in section RM 4.1.	
RM 4.5.15	Collection Against a Receivable?	Determine whether the collection transaction includes the necessary data to be recorded to a specific invoice on a customer account.	Apply data checks to determine whether the agency invoice number is present or can be determined from other applicable information such as a purchase order.	
RM 4.5.16	Collection is Recorded in Customer Account and General Ledger	The collection is recorded in the customer account.	The entries are recorded in the general ledger using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:  TFM C109 To record the receipt of previously anticipated collections.  TFM C138 To record the collection of refunds receivable for assets	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>purchased or expenses incurred in the current year that create budgetary resources when collected.</p> <p>TFM C414 To record refund receivables from non-Federal sources for assets or expenses that do not create budgetary resources until collected.</p> <p>TFM C640 To record the proceeds from commodities sold.</p> <p>TFM C646 To record the sale or disposition of assets other than personal properties and investments.</p> <p>For guidance on applying payments against delinquent debt, see Treasury's <i>Managing Federal Receivables</i> and the Federal Claims Collections Standards. This guidance particularly illustrates the order in which the payment is applied against delinquent debt classes and also provides exceptions to that application order.</p>	

RM 4.5.17	Identified Collection is Recorded to Specific Bill in General Ledger	Transactions that pass all edit and validity checks are applied to a specific customer/debtor bill as well as the General Ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM C109 To record the receipt of previously anticipated collections.</p> <p>TFM C138 To record the collection of refunds receivable for assets purchased or expenses incurred in the current year that create budgetary resources when collected.</p> <p>TFM C414 To record refund receivables from non-Federal sources for assets or expenses that do not create budgetary resources until collected.</p> <p>TFM C640 To record the proceeds from commodities sold.</p> <p>TFM C646 To record the sale or disposition of assets other than personal properties and investments.</p> <p>Agencies would also record the collection of delinquent debts that have been written-off, closed out or waived. Treasury's <i>Managing Federal Receivables</i> provides guidance to allow agencies to develop procedures for the pursuit of collection after classification of debt into a write off/currently not collectable status.</p>	RMD-02 RMD-04 RMD-06 RMD-07
RM 4.5.18	Transaction Data Complete and Valid?	For collections not on an existing account receivable, the Core Financial System determines whether the transaction data is complete and valid.	The Core Financial System applies edit and validity checks to determine if the collections data provided is sufficient to record applicable entries to the General Ledger. General Ledger accounts that may be affected by a transaction involving a collection are revenues, expenditures, advances/prepayments, or other offsets.	

RM 4.5.19	Collection is Recorded in General Ledger	Collections are recorded to applicable accounts.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM C640 To record the proceeds from commodities sold.</p> <p>TFM C646 To record the sale or disposition of assets other than personal properties and investments.</p>	
RM 4.5.20	Unapplied Collection is Recorded in General Ledger	Collection transactions lacking key information required to be applied to customer accounts and/or revenue accounts are recorded as unapplied collections in the General Ledger.	<p>Agencies record unapplied collections to applicable accounts as permitted under Treasury guidance.</p> <p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM C108 To record the receipts reported into deposit funds and clearing accounts.</p> <p>TFM C152 To record unapplied receipts into fund symbols that require budgetary reporting.</p>	
RM 4.5.21	Research Unmatched Transactions	The agency researches transactions that are not matched to a customer/debtor account or other valid collection type.	Agencies must monitor the status of each unapplied collection. Such monitoring can include aging reports, tracking of types of collections, data queries, etc.	
RM 4.5.22	Is Supporting Information Available?	Finance determines whether sufficient supporting information is available to research and resolve unapplied collections.	Agencies design and implement workflow processes in and around the CFSR that move information on unapplied collections to appropriate areas for research and resolution.	
RM 4.5.23	Evaluate Supporting Information	Supporting information received is evaluated to determine if sufficient information exists to properly identify and apply collection transactions.	Finance monitors and evaluates the responses to information requests related to unapplied collections.	

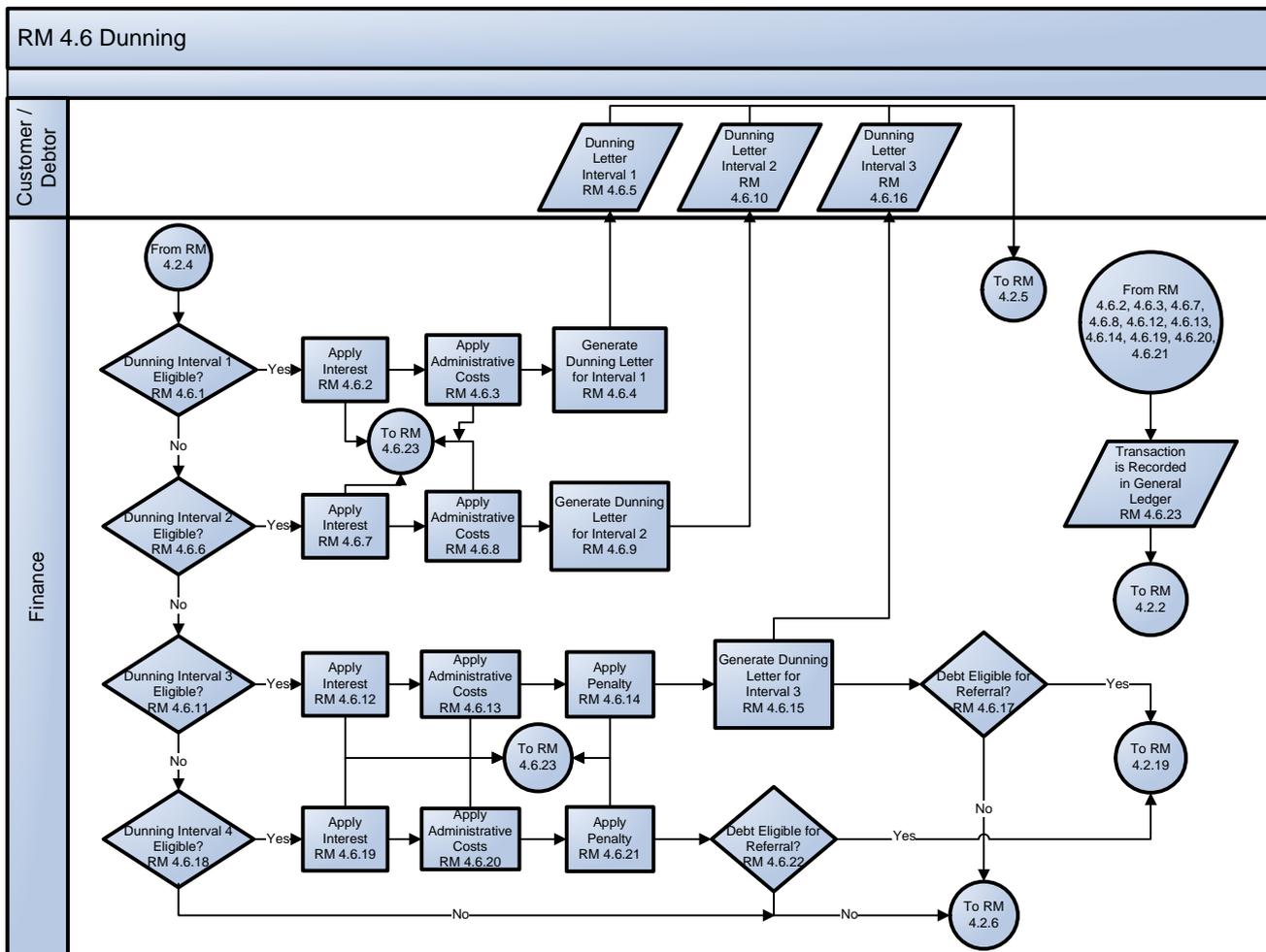
RM 4.5.24	Collection Issue Resolved?	If sufficient information has been received and input to collection transaction records, Finance records the transactions to the General Ledger as identified collections. Previous entries to record unapplied collections are reversed.		
RM 4.5.25	Is Further Research Warranted?	If the unidentified collection issue is not resolved, Finance determines whether further research efforts are warranted.	Cost effective efforts should continue if an agency determines that such efforts have some potential to result in resolution of the collection issue.  Agencies may use discretion in determining threshold amounts below which it is not considered cost effective to continue efforts to resolve the collection issue.	
RM 4.5.26	Request Supporting Information	Request information from the business unit (functional area) that can assist in properly identifying the collection transactions.		
RM 4.5.27	Document Disposition of Receipt	Further research is not warranted to resolve the unidentified.	The decision not to perform further research should be reviewed, approved, and documented by a supervisor.  Agencies should monitor and maintain records of collections that will not be applied and will be recorded as miscellaneous receipts to the Treasury general fund.	
RM 4.5.28	General Fund Receipt is Recorded in General Ledger	Reverse the entry originally recorded as an unapplied collection and record the collection to a miscellaneous receipts account within the general fund of the Treasury.	The entries are recorded using the USSGL Account Transaction Listing logic provided in the TFM. Examples include, but are not limited to, the following transaction code from the current TFM:  TFM C141 To record the collection of custodial revenue from a non-Federal source that is deposited to a miscellaneous receipt account.	

RM 4.5.29	Resolved Item is a Collection on a Bill?	If the resolved item represents a collection on a specific bill on a customer account, it is recorded to the customer account receivable and the general ledger. If the resolved item represents a collection for which an accounts receivable was not applicable, the applicable entries to revenues, expenditures, advances/prepayments, or other offsets are recorded in the general ledger		
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## 4.6 DUNNING

Dunning is the process of communicating with customers to ensure the collection of eligible (delinquent) accounts receivable. Except in rare circumstances, Treasury’s *Managing Federal Receivables* provides that no more than two dunning letters should be sent. The additional intervals described in this process allow an agency the option of sending more than two dunning letters, if needed. Dunning is integral to an agencies’ due diligence prior to referral to FedDebt (FMS). The following flowchart provides key steps in the processes agencies use to perform dunning procedures on eligible customer/debtor accounts.

### RM 4.6 – Dunning Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Dunning process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.1	Dunning Interval 1 Eligible?	Each account receivable is regularly evaluated to determine if it is delinquent and therefore eligible for dunning.	<p>An eligible account receivable is dunned at the first applicable and subsequent time intervals. Accounts are dunned at periodic intervals (e.g., 30-day intervals).</p> <p>Delinquent accounts should be dunned based on Federal statutes such as the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996, Federal regulations on debt collection, such as the Federal Claims Collection Standards, government-wide debt collection guidance such as OMB Circular A-129 and Treasury's <i>Managing Federal Receivables</i>, and, in addition to, agency policies and procedures.</p>	
RM 4.6.2	Apply Interest	Interest is calculated and applied to the account as of the end date of Interval 1.	<p>Calculate and record late payment interest based on Treasury's Current Value of Funds Rate (CVFR) unless otherwise specified by the agency.</p> <p>Best practice for applying interest to delinquent debts is to assess interest based on the original invoice date.</p> <p>For additionally guidance on applying interest to delinquent debts, see Treasury's <i>Managing Federal Receivables</i> and the Debt Collection Act of 1982.</p>	RMC-01 RMC-02
RM 4.6.3	Apply Administrative Costs	Administrative Costs are applied at Dunning Interval 1.	<p>Calculate and record administrative costs in accordance with agency policy and procedures.</p> <p>For guidance on assessment and application of fees, incurred as a result of debt collection activity on delinquent debts, see Treasury's <i>Managing Federal Receivables</i>.</p>	RMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.4	Generate Dunning Letter for Interval 1	A Dunning Letter is generated and sent to the customer/debtor.	The dunning letter is sent via electronic media or in hard copy, as appropriate for the customer/debtor.	RMC-06 RMC-07 RMB-20
RM 4.6.5	Dunning Letter Interval 1	A dunning letter is the output from Step 4.	The dunning letter should describe the status of the debt as overdue and include: names/titles of debtor or responsible parties, amount owed, remittance terms and conditions and applicable payment due date. Terms and conditions must include actions that can be taken to collect the outstanding debt.	
RM 4.6.6	Dunning Interval 2 Eligible?	The account is due for dunning at Interval 2 if it remains delinquent and has already been dunned at Interval 1.	<p>The following business rules repeat those in step RM 4.6.1:</p> <p>An eligible account receivable is dunned at the first applicable and subsequent time intervals. Accounts are dunned at periodic intervals (e.g., 30-day intervals).</p> <p>Delinquent accounts should be dunned based on Federal statutes such as the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996, Federal regulations on debt collection, such as the Federal Claims Collection Standards, government-wide debt collection guidance such as OMB Circular A-129 and Treasury's <i>Managing Federal Receivables</i>, and, in addition to, agency policies and procedures.</p>	
RM 4.6.7	Apply Interest	Interest is calculated and applied to the account as of the end date of Interval 2.	<p>The following business rules repeat those in step RM 4.6.2:</p> <p>Calculate and record late payment interest based on Treasury's Current Value of Funds Rate (CVFR) unless otherwise specified by the agency.</p> <p>Best practice for applying interest to delinquent debts is to assess interest based on the original invoice date.</p> <p>For additional guidance on applying</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			interest to delinquent debts, see Treasury's <i>Managing Federal Receivables</i> and the Debt Collection Act of 1982.	
RM 4.6.8	Apply Administrative Costs	Administrative costs are applied at Dunning Interval 2.	The following business rules repeat those in step RM 4.6.3:  Calculate and record administrative costs in accordance with agency policy and procedures.  For guidance on assessment and application of fees, incurred as a result of debt collection activity on delinquent debts, see Treasury's <i>Managing Federal Receivables</i> .	
RM 4.6.9	Generate Dunning Letter for Interval 2	A dunning letter is generated.	The following business rule repeats the business rule in step RM 4.6.4:  The dunning letter is sent via electronic media or in hard copy, as appropriate for the customer/debtor.	
RM 4.6.10	Dunning Letter Interval 2	The output from the previous step is a dunning letter.	The following business rule repeats the business rule in step RM 4.6.5:  The dunning letter should describe the status of the debt as overdue and include: names/titles of debtor or responsible parties, amount owed, remittance terms and conditions and applicable payment due date. Terms and conditions must include actions that can be taken to collect the outstanding debt.	
RM 4.6.11	Dunning Interval 3 Eligible?	The account is due for dunning at Interval 3 if it remains delinquent and has already been dunned at Intervals 1 and 2.	See Business Rules at RM 4.6.1.  As stated in Treasury's <i>Managing Federal Receivables</i> guidance, no more than two dunning letters should be sent, except in rare circumstances. The additional intervals described in this process allow an agency the option of sending more than 2 dunning letters, if warranted.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.12	Apply Interest	Interest is calculated and applied to the account as of the end date of Interval 3.	<p>The following business rules repeat those in step RM 4.6.2:</p> <p>Calculate and record late payment interest based on Treasury's Current Value of Funds Rate (CVFR) unless otherwise specified by the agency.</p> <p>Best practice for applying interest to delinquent debts is to assess interest based on the original invoice date.</p> <p>For additional guidance on applying interest to delinquent debts, see Treasury's <i>Managing Federal Receivables</i> and the Debt Collection Act of 1982.</p>	
RM4.6.13	Apply Administrative Costs	Administrative costs are applied at Dunning Interval 3.	<p>The following business rules repeat those in step RM 4.6.3:</p> <p>Calculate and record administrative costs in accordance with agency policy and procedures.</p> <p>For guidance on assessment and application of fees, incurred as a result of debt collection activity on delinquent debts, see Treasury's <i>Managing Federal Receivables</i>.</p>	
RM 4.6.14	Apply Penalty	Penalty amounts are calculated and applied to the account as of the end date of Interval 3.	<p>As stated in Treasury's <i>Managing Federal Receivables</i> guidance, penalties discourage delinquencies and encourage early payment of the delinquent debt in full. As set by statute, the penalty to be assessed to a delinquent debt is an amount not to exceed 6% per year. An Agency should not charge a penalty of less than 6% without a compelling reason. Accruing from the date of delinquency, the penalty charge is assessed on <i>any portion</i> of a debt that is outstanding for more than 90 days, including any interest and administrative costs not to exceed 6% per year.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.6.15	Generate Dunning Letter for Interval 3	A dunning letter is generated.	<p>The following business rule repeats the business rule in step RM 4.6.4:</p> <p>The dunning letter is sent via electronic media or in hard copy, as appropriate for the customer/debtor</p>	
RM 4.6.16	Dunning Letter Interval 3	The output from the previous step is a dunning letter.	<p>The following business rule repeats the business rule in step RM 4.6.5:</p> <p>The dunning letter should describe the status of the debt as overdue and include: names/titles of debtor or responsible parties, amount owed, remittance terms and conditions and applicable payment due date. Terms and conditions must include actions that can be taken to collect the outstanding debt.</p>	
RM 4.6.17	Debt Eligible for Referral?	The agency determines whether the debt is eligible for referral to Treasury.	<p>The following business rule repeats the business rule in step RM 4.2.19:</p> <p>For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program see Treasury's <i>Managing Federal Receivables</i>. The guidance provides debt referral eligibility criteria as well as eligibility exceptions.</p>	
RM 4.6.18	Dunning Interval 4 Eligible?	The account is due for dunning at Interval 4 if it remains delinquent and has already been dunned at intervals 3 and earlier.	<p>As stated in Treasury's <i>Managing Federal Receivables</i> guidance, no more than two dunning letters should be sent, except in rare circumstances. The additional intervals described in this process allow an agency the option of sending more than 2 dunning letters, if warranted.</p> <p>The following business rules repeat those in step RM 4.6.1:</p> <p>An eligible account receivable is dunned at the first applicable and subsequent time intervals. Accounts are dunned at periodic intervals (e.g., 30-day intervals).</p> <p>Delinquent accounts should be dunned based on Federal statutes such as the Debt Collection Act of 1982 and the Debt Collection</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			Improvement Act of 1996, Federal regulations on debt collection, such as the Federal Claims Collection Standards, government-wide debt collection guidance such as OMB Circular A-129 and Treasury's <i>Managing Federal Receivables</i> , and, in addition to, agency policies and procedures.	
RM 4.6.19	Apply Interest	Interest is calculated and applied to the account as of the end date of Interval 4.	<p>The following business rules repeat those in step RM 4.6.2:</p> <p>Calculate and record late payment interest based on Treasury's Current Value of Funds Rate (CVFR) unless otherwise specified by the agency.</p> <p>Best practice for applying interest to delinquent debts is to assess interest based on the original invoice date.</p> <p>For additional guidance on applying interest to delinquent debts, see Treasury's <i>Managing Federal Receivables</i> and the Debt Collection Act of 1982.</p>	
RM 4.6.20	Apply Administrative Costs	Administrative costs are applied at Dunning Interval 4.	<p>The following business rules repeat those in step RM 4.6.8:</p> <p>Calculate and record administrative costs in accordance with agency policy and procedures.</p> <p>For guidance on assessment and application of fees, incurred as a result of debt collection activity on delinquent debts, see Treasury's <i>Managing Federal Receivables</i>.</p>	
RM 4.6.21	Apply Penalty	Penalties are calculated and applied to the account as of the end date of Interval 4.	<p>The following business rules repeats the business rule in step RM 4.6.14:</p> <p>As stated in Treasury's <i>Managing Federal Receivables</i> guidance, penalties discourage delinquencies and encourage early payment of the delinquent debt in full. As set by statute, the penalty to be assessed to a delinquent debt is an amount not to exceed 6% per year. An agency should not charge a penalty of less than 6% without a compelling reason.</p>	

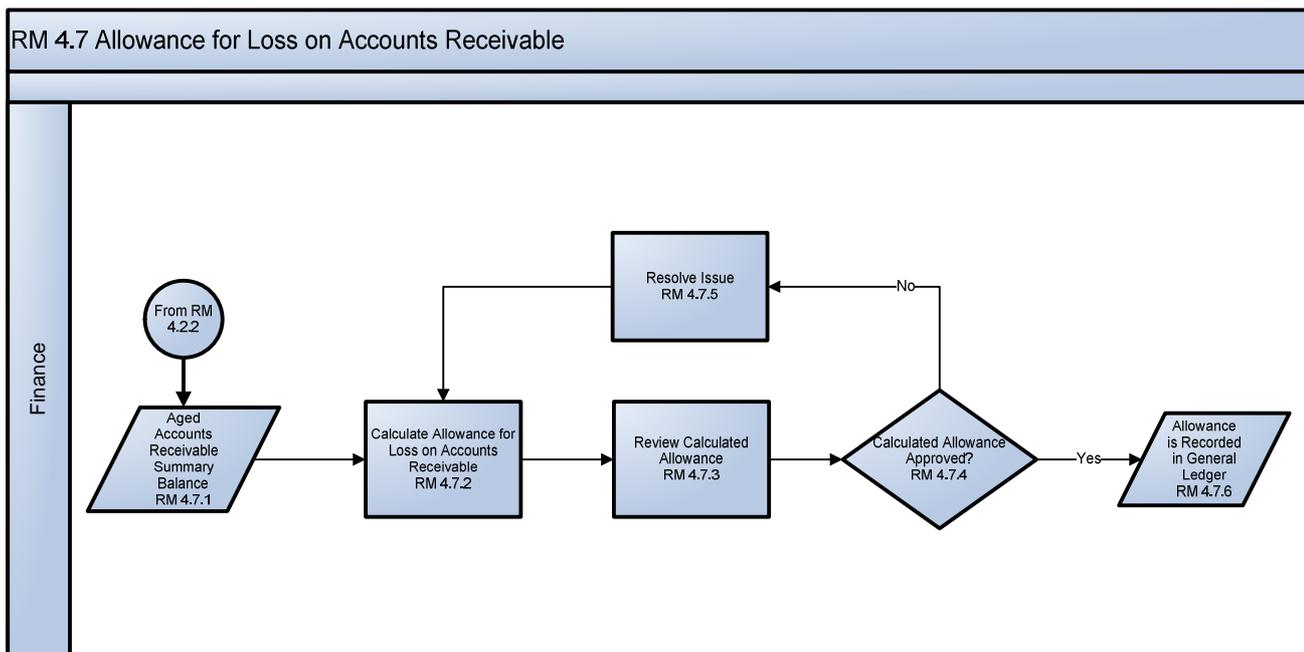
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
			<p>Accruing from the date of delinquency, the penalty charge is assessed on <i>any portion</i> of a debt that is outstanding for more than 90 days, including any interest and administrative costs not to exceed 6% per year.</p>	
RM 4.6.22	Debt Eligible for Referral?	The agency determines whether the debt is eligible for referral to Treasury.	<p>The following business rule repeats the business rule in step RM 4.2.19:</p> <p>For guidance on referral to the FMS for cross-servicing and/or to the Treasury Offset Program, see Treasury's <i>Managing Federal Receivables</i>. The guidance provides debt referral eligibility criteria as well as eligibility exceptions.</p>	
RM 4.6.23	Transaction is Recorded in General Ledger	Applicable entries are recorded to apply interest, fees, and penalties to applicable customer accounts within the General Ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM C434 To record the accrual of custodial interest revenue that is collected by an agency to be deposited directly into a Treasury miscellaneous receipts account.</p> <p>TFM C436 To record the accrual of custodial penalties and administrative fees revenue that is collected by an agency to be deposited directly into a Treasury miscellaneous receipts account.</p>	

## 4.7 ALLOWANCE FOR LOSS ON ACCOUNTS RECEIVABLE

An agency shall recognize and record its projected debt losses by setting up allowance accounts, such as an allowance for doubtful accounts. The agency should establish the amounts in the allowance accounts based on portfolio condition and composition, historical experiences with losses, and actual write-offs taken in the preceding year or groups of years. The calculation can be performed at agency discretion; however, in practice, the calculation is generally only done for financial statement preparation.

The following flowchart provides key steps in the processes agencies use to determine and record an allowance for loss on accounts receivable. The allowance for loss on accounts receivable process includes the aging of accounts receivables to determine the period of time outstanding for all receivable balances, the calculation of the allowance for loss on accounts receivable based on Agency-defined criteria, review and approval of the calculated allowance, and subsequent entries made to the General Ledger.

### ***RM 4.7 – Allowance for Loss on Accounts Receivable Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Allowance for Loss on Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.7.1	Aged Accounts Receivable Summary Balance	The initial input to the process is an aged summary of balances of accounts receivable outstanding for designated periods of time.	Agencies shall age receivables balances on a periodic basis by calculating the length of time accounts have been outstanding since the due dates.	
RM 4.7.2	Calculate Allowance for Loss on Accounts Receivable	An estimate is made of receivables that are expected to be uncollectible.	<p>As stated in Statement of Federal Financial Accounting Standard 1? (SFFAS 1), losses should be recognized when there is more than a 50% chance of loss occurrence. A systematic methodology should be used to measure losses based on analysis of both individual accounts and a group of accounts as a whole. Specific customer receivable balances representing significant amounts should be individually analyzed. Group analysis should be based on groups separated into homogeneous accounts with similar risk characteristics.</p> <p>The allowance for loss is calculated periodically for accounting purposes and financial statement reporting. A significant fluctuation in the allowance calculation, from period to period, may impact accounting operations.</p> <p>Treasury's <i>Managing Federal Receivables</i> guidance states that an agency should establish amounts in the allowance accounts based on any one of the following:</p> <ul style="list-style-type: none"> <li>• Portfolio condition and composition</li> <li>• Historical experience with losses</li> <li>• Actual write-offs taken in the preceding year or groups of years.</li> </ul>	
RM 4.7.3	Review Calculated	Agency supervisory personnel review the calculated allowance.	The calculated allowance should be reviewed by supervisory personnel with knowledge of the outstanding	

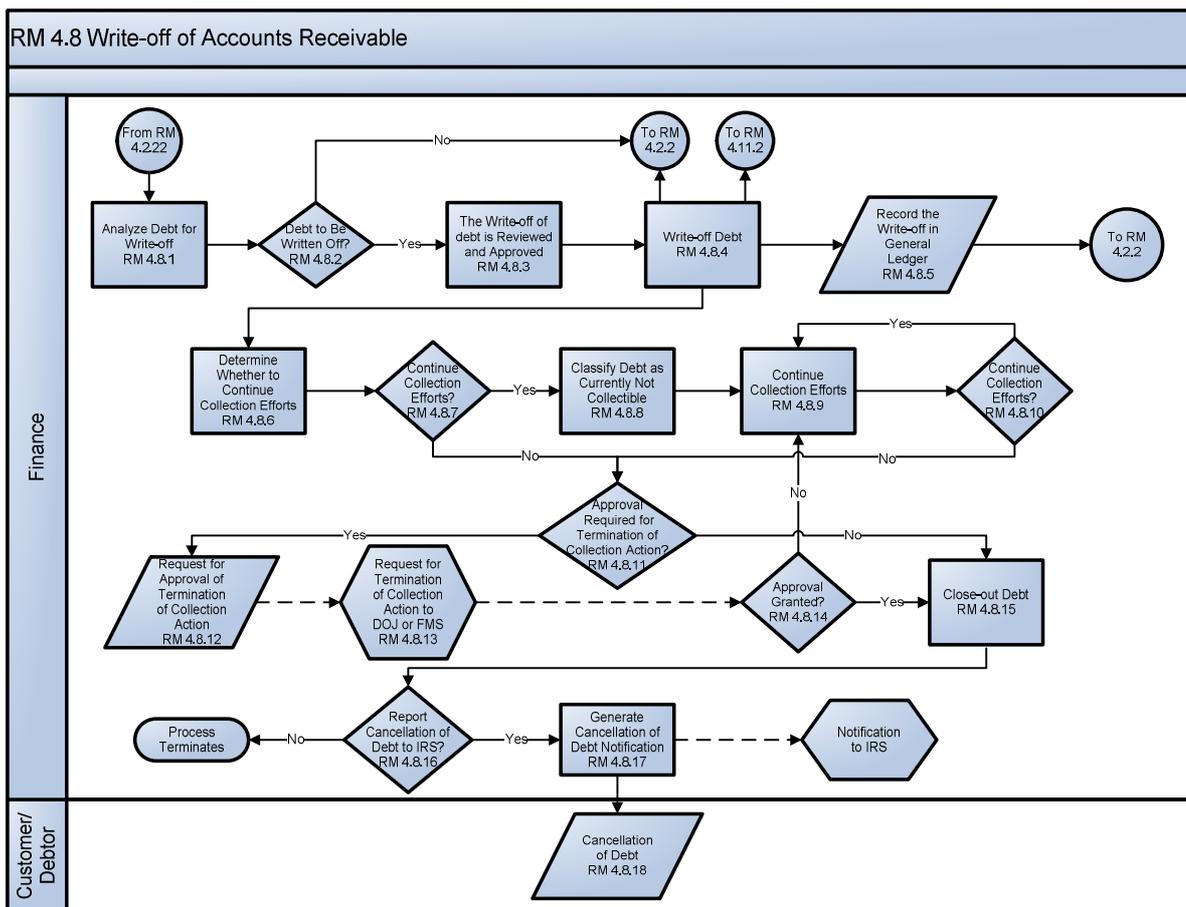
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Allowance		accounts receivable balances.	
RM 4.7.4	Calculated Allowance Approved?	Agency supervisory personnel approve or disapprove the calculated allowance.	The calculated allowance should be approved by supervisory personnel, other than personnel calculating the proposed allowance, with knowledge of the outstanding accounts receivable balances.	
RM 4.7.5	Resolve Issue	Issues identified by supervisory personnel are addressed and applicable action(s) taken to recalculate the estimate of allowance for loss on accounts receivable.		
RM 4.7.6	Allowance is Recorded in General Ledger	Applicable entries are recorded to the allowance for loss on accounts Receivable account within the General Ledger.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM D402 To record an allowance for a reduction in revenue from non-Federal sources when realization is not probable (less likely than not).</p> <p>TFM D404 To record the estimated allowance for bad debts related to non-credit-reform receivables.</p>	

## 4.8 WRITE-OFF OF ACCOUNTS RECEIVABLE

Write-off of a debt is an accounting action that results in reporting the debt/receivable as having no value on the agency's financial and management reports. Per OMB Circular No. A-129, write-offs must further be classified into two separate and distinct categories as currently not collectible or close-out. Currently not collectible debts are those which the agency intends to continue cost effective debt collection action. Closed out debts are those that are prohibited from further debt collection action or the agency does not plan to take any further collection action on the debt. The following organizations should follow IRS 1099-C guidelines and agency policy regarding the issuance of a 1099-C when closing out debts; a department, a court or administrative court, an agency instrumentality involved in the executive, judicial, or legislative branches of the government, including government corporations.

The following flowchart provides key steps in the process for writing off accounts receivable. Included are steps to analyze debt for write-off, record general ledger entries, classify debt according to collection status, obtain required approval for actions, close out debt, and notify the Internal Revenue Service (IRS) about canceled debt as applicable.

### RM 4.8 – Write-off of Accounts Receivable



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Write-off of Accounts Receivable process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.8.1	Analyze Debt for Write-off	Agency personnel review each debt eligible for write-off to determine whether it should be written off and consider whether it should be classified as currently not collectible or close-out.	<p>Agencies must identify receivables that may be eligible for write-off. Selection criteria include:</p> <ul style="list-style-type: none"> <li>• Delinquent debt age category</li> <li>• Customer type</li> <li>• Receivable type</li> </ul> <p>As described in Treasury's <i>Managing Federal Receivables</i> guidance and OMB Circular A-129, each delinquent debt due to the government must be reviewed to determine whether it has value for accounting purposes.</p> <p>Guidance also states that generally, write-off is mandatory for debts delinquent more than two years, unless documented and justified to OMB in consultation with Treasury. In those cases where material collections can be documented to occur after two years, debt cannot be written off until the estimated collections become immaterial.</p>	RMC-10
RM 4.8.2	Debt to Be Written Off?	Based on analysis performed, a decision is made whether to write-off debt.		
RM 4.8.3	The Write-off of Debt Is Reviewed and Approved.	Appropriate personnel within the agency reviews and approves the write-off of the debt.	Agencies should design and implement internal control procedures for management review and approval of decisions to write-off debt.	
RM 4.8.4	Write-off Debt	The debt is written off for accounting purposes.	<p>Recording the write-off of receivables includes the reversal of applicable interest, penalties, and administrative charges.</p> <p>Writing off a debt does not assume the debt is closed out. Debt collection efforts related to accounts that have been written off are not subject to the same limitations as a debt that has been closed out.</p>	RMC-11

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.8.5	Record the Write-off in General Ledger	Entries are recorded to applicable accounts in the general ledger to reflect the write-off of debt including the reversal of applicable interest, penalties, and administrative charges.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM D406 To record the write-off of penalties, fines, and administrative fees receivable.</p> <p>TFM D408 To record the write-off of accounts receivable.</p> <p>TFM D416 To record the write-off of interest receivable.</p>	
RM 4.8.6	Determine Whether to Continue Collection Efforts	The agency performs analysis to determine whether collection efforts should continue after write-off.	<p>Treasury's <i>Managing Federal Receivables</i> guidance states that cost effective collection efforts should continue if an agency determines that continued collection efforts have some potential to result in collections. Specific criteria are cited to be taken into account when deciding whether to terminate collection efforts.</p> <p>Agencies may use discretion in determining threshold amounts below which it is not considered cost effective to continue collection efforts.</p>	
RM 4.8.7	Continue Collection Efforts?	The agency decides whether to continue collection efforts on the delinquent debt.	The agency continues collection efforts if it plans to take future actions (either active or passive) and such actions are not prohibited (e.g., a debtor is released from liability in a bankruptcy).	
RM 4.8.8	Classify Debt as Currently Not Collectible.	Debt is classified as currently Not collectible if collection efforts are to continue after write-off.	According to Treasury's <i>Managing Federal Receivables</i> guidance, if the agency determines cost effective collection efforts should continue after write-off, the debt is classified as currently not collectible.	RMC-12
RM 4.8.9	Continue Collection	Collection efforts continue once debt is classified as currently not collectible.	Data on written-off receivables in currently not collectible status must	RMC-13

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
	Efforts		<p>be maintained.</p> <p>Collection activities continue for debt classified as currently not collectible. Collection activities include procedures performed at the Agency as well as activities performed by other entities once debt has been referred to FMS for cross-servicing or TOP or to DOJ for litigation. The agency must periodically evaluate the status of debt and consider whether to discontinue collection efforts and close-out the debt.</p>	
RM 4.8.10	Continue Collection Efforts?	The agency determines whether to continue collection efforts.	Evaluation of the status of debt and estimated success of collection efforts to determine whether collection efforts should continue must be performed on a regular basis. Such evaluation is performed at the agency whether debt is held at the agency or has been referred to other entities.	
RM 4.8.11	Approval Required for Termination of Collection Action?	The agency determines whether approval from DOJ or FMS may be required prior to termination of collection actions for an accounts receivable.	Except for agencies having independent statutory authority, DOJ concurrence is required, as applicable, when an agency suspends or terminates collections action on debts over \$100,000 (principal only). DOJ has delegated to FMS the authority to approve termination of collection action on a debt with a principal amount of \$500,000 or less when the debt is being serviced by FMS in its cross-servicing program.	
RM 4.8.12	Request for Approval of Termination of Collection Action.	The agency generates a request for termination of collection action.	<p>A decision to terminate collection of a debt must be approved by an appropriate managerial official. Proper segregation of duties must be maintained between the requestor and approver of the action to terminate.</p> <p>Concurrence is requested by submitting a completed Claims Collection Litigation Report (CCLR) to the DOJ. See Appendix 10 of <i>Managing Federal Receivables</i> for details on preparing a CCLR.</p>	

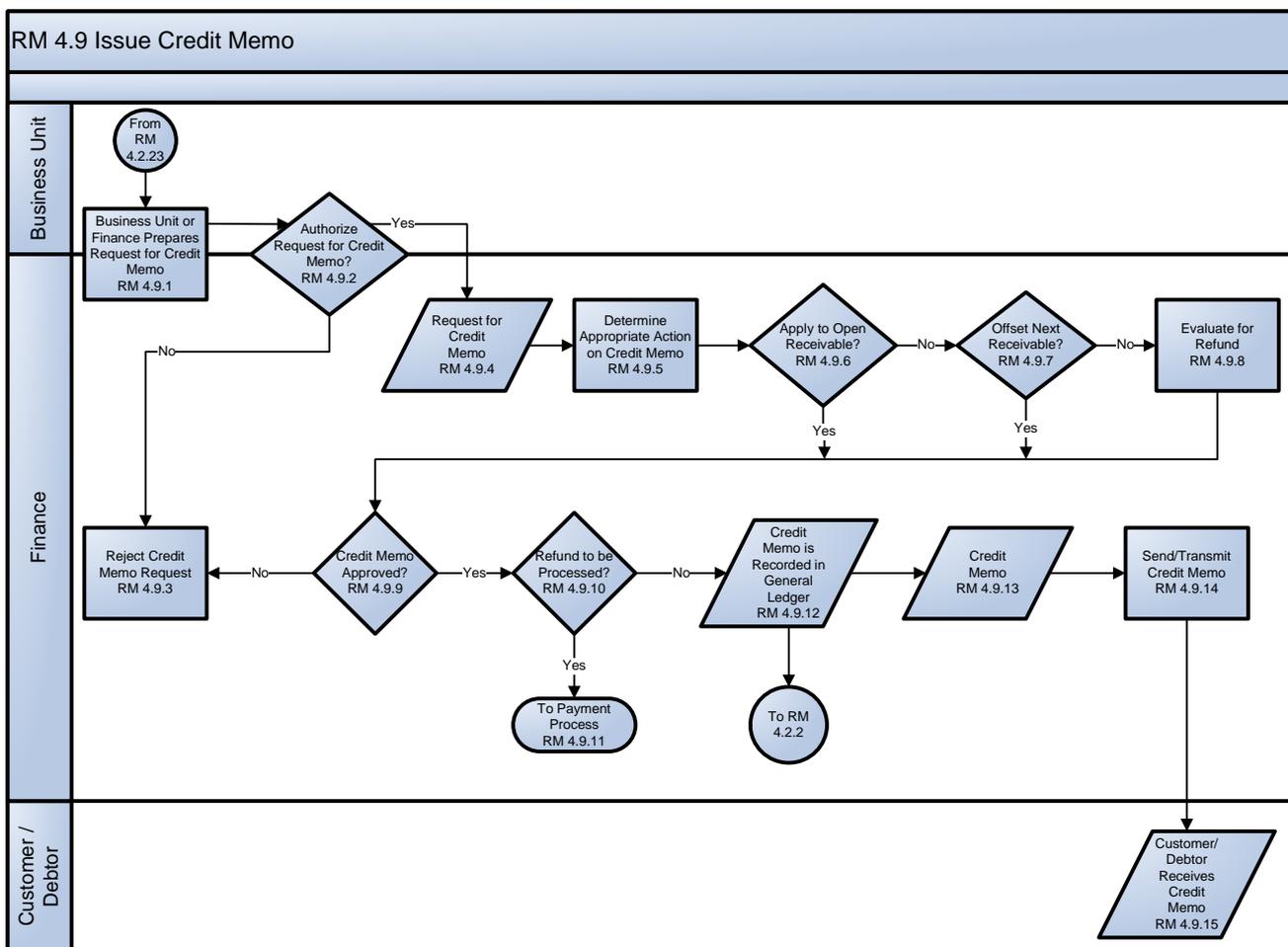
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM4.8.13	Request for Termination of Collection Action to DOJ or FMS	The request for termination of collection action is communicated to DOJ or FMS, as applicable.		
RM4.8.14	Approval Granted?	DOJ/FMS either approves or denies the request for termination of collection action.		
RM 4.8.15	Close-out Debt	The debt is closed out.	Treasury's <i>Managing Federal Receivables</i> guidance states that once the agency determines that collection action is legally barred or is no longer cost effective, the debt should be classified as a close-out.	
RM 4.8.16	Report Cancellation of Debt to IRS?	The agency determines whether the debt must be reported to the IRS as potential income.	Agencies must follow statutory guidelines and IRS 1099-C instructions concerning cancellation of debt and must report cancellation of debt in the amount of \$600 or greater. Agencies may decide not to report debts less than \$600 that were cancelled in a calendar year. See IRS instructions and <i>Managing Federal Receivables</i> for additional information on 1099-C reporting.	
RM 4.8.17	Generate Cancellation of Debt Notification	The agency or the entity to which debt has been referred generates Form 1099-C, "Cancellation of Debt" and sends it to the customer/debtor and the IRS.	Once a 1099-C has been issued an agency must cease collection efforts.	RMC-21
RM 4.8.18	Cancellation of Debt	Form 1099-C is received by the customer/debtor.		

## 4.9 ISSUE CREDIT MEMO

The purpose of a credit memo is to determine the action an agency will take in response to triggering events such as overpayments, return of goods, or adjustment related to services provided from a debtor. The agency must determine whether or not to apply the amount to an open receivable, offset the next scheduled receivable, or process a refund to the specific customer.

The following flowchart provides key steps in the process for issuing a credit memo on an established account receivable. Included are steps to request and prepare a credit memo, adjust an accounts receivable balance, and generate and send the credit memo.

### RM 4.9 – Issue Credit Memo Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Issue Credit Memo process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.1	Business Unit or Finance Prepares Request for Credit Memo	A triggering event occurs creating the need for a credit memo to be issued to a customer/debtor. Examples of such triggering events include an overpayment from a customer/debtor, return of goods, or adjustment related to services provided.	An image of the documentation supporting the credit memo request shall be maintained in electronic or hard copy form as applicable.  In an electronic environment, the request information is entered or interfaced to the Core Financial System at the time the request is prepared.	
RM 4.9.2	Authorize Request for Credit Memo?	The request for a credit memo is reviewed and the document is authorized or rejected.	The review of credit memo request should be performed by applicable supervisory personnel in either the business unit or Finance separate from the preparer of the request.  Supervisory personnel must review applicable supporting documentation to evaluate the request for a credit memo.	
RM 4.9.3	Reject Credit Memo Request	The credit memo request is rejected.	Complete and sufficient supporting documentation must be provided or supervisory personnel reject the credit memo.	
RM 4.9.4	Request for Credit Memo	A document is generated to request a credit memo.		
RM 4.9.5	Determine Appropriate Action on Credit Memo	Finance personnel review supporting documentation and any applicable accounts receivable history to determine the proper actions needed to apply the credit memo.		
RM 4.9.6	Apply to Open Receivable?	If the customer/debtor owes funds to the agency on open accounts receivable balances, Finance personnel determine whether to apply the credit memo to an applicable open balance.	Finance should apply credit memos to open accounts receivable balances owed by the customer/debtor.	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.7	Offset Next Receivable?	Finance personnel determine whether to hold the credit memo in order to offset the amount the agency would bill on a future receivable from the customer/debtor.	Finance personnel review the customer/debtor's account history to determine whether the Agency should apply the credit memo by offsetting it against the amount of an expected future receivable from the customer/debtor.	
RM 4.9.8	Evaluate for Refund	Finance determines whether to refund the amount of the credit memo by disbursing funds to the customer/debtor.	Generally, if the agency is not carrying an open receivable for the customer/debtor and the customer account history does not warrant holding the credit memo to apply to a future receivable, the funds should be disbursed.	
RM 4.9.9	Credit Memo Approved?	The credit memo is approved or rejected in the Core Financial System.	An individual other than the preparer will approve or reject the credit memo.	
RM 4.9.10	Refund to be Processed?	Based on prior evaluations, Finance determines whether a refund is to be processed on the credit memo.		
RM 4.9.11	To Payment Process	If a refund is to be processed, the credit memo is forwarded to the payment process within Finance.	Finance must apply a funds check to determine that applicable funds are available to pay the refund.	
RM 4.9.12	Credit Memo is Recorded in General Ledger	Accounts receivable customer/debtor balances and statuses (at the lowest appropriate level) are adjusted and updated to reflect the credit memo. Once the credit memo has been entered into the system and approved by appropriate personnel, it is recorded in the General Ledger.	The entries are recorded to the General Ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the receivable balance.  The agency must establish processes and procedures to offset the disbursement against the credit memo.	
RM 4.9.13	Credit Memo	A credit memo document is generated.		
RM 4.9.14	Send/Transmit Credit Memo	Finance sends/transmits the credit memo to the customer/debtor.	The credit memo is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	

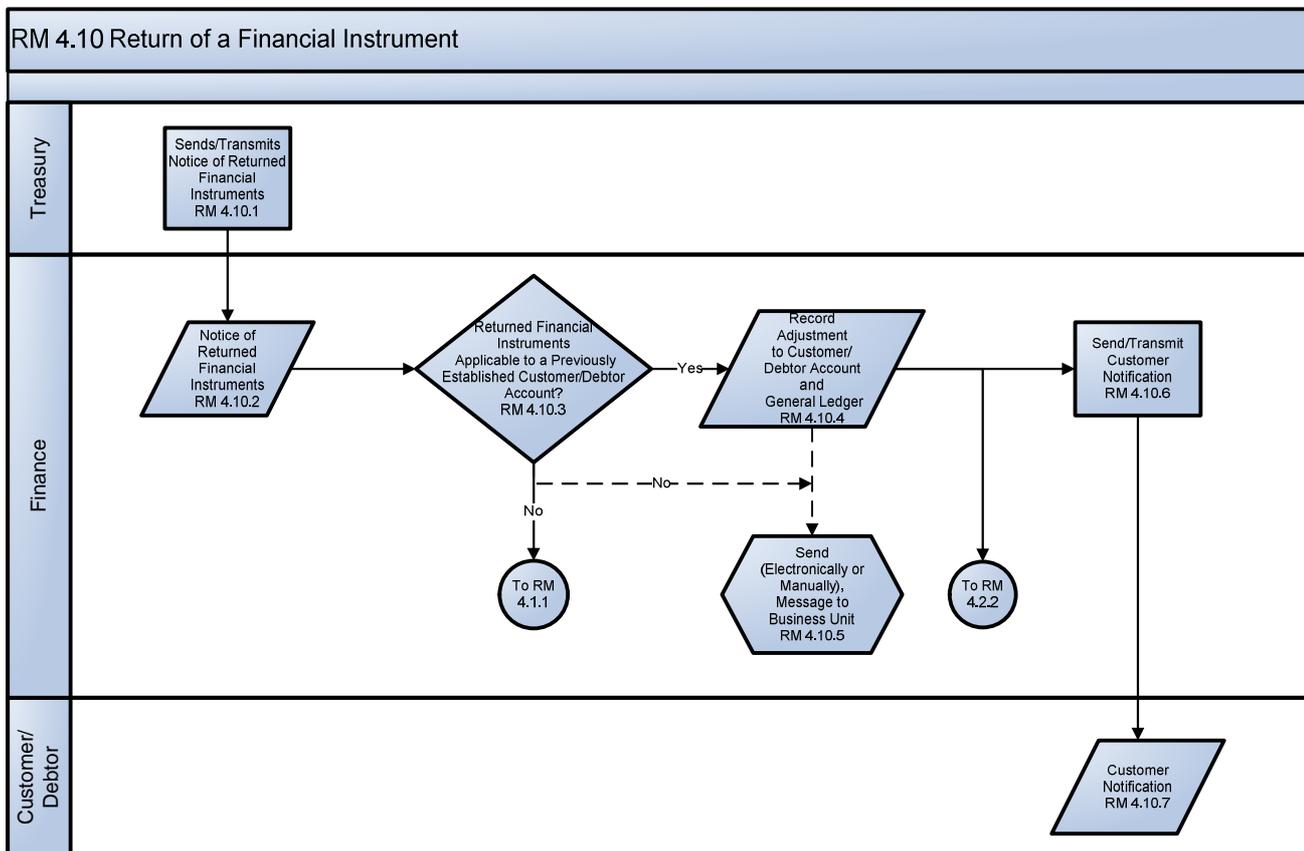
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.9.15	Customer/ Debtor Receives Credit Memo	The credit memo is received by the customer/debtor.		

## 4.10 RETURN OF A FINANCIAL INSTRUMENT

Although returned financial instruments have minimal impact on the accounts receivable balance, they must be given their due diligence as the potential for uncollectible amounts can increase over time. Examples of returned financial instruments include non-sufficient funds, closed customer/debtor accounts, stop payments, and disputed credit or debit charges. The cost of pursuing collection on immaterial amounts resulting from returned financial instruments can hinder an agencies overall financial management effectiveness. An agency's business process for returned financial instruments may also help to identify chronic returns from the same customers which can serve to support a change in agency policy or relationship with their customers.

The following flowchart provides key steps in the process to be followed when an agency receives notice of returned financial instruments for a customer/debtor. Included are steps to evaluate and record a returned item, and notify or bill the customer/debtor as applicable.

### RM 4.10 – Return of a Financial Instrument Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Returned Items process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.10.1	Sends/ Transmits Notice of Returned Financial Instruments	Treasury or the applicable FI sends/transmits a returned financial instruments notice to the Agency on the account of a customer/debtor.		
RM 4.10.2	Notice of Returned Financial Instruments	A returned financial instrument notice is received by the Agency.		
RM 4.10.3	Returned Financial Instruments Applicable to a Previously Established Customer/ Debtor Account?	Finance determines whether the returned financial instruments notice is applicable to an existing customer/debtor account in the Core Financial System.	If the Core Financial System does not have an existing account for the customer/debtor, an account receivable must be established, as described in RM 4.1.	
RM 4.10.4	Record Adjustment to Customer/ Debtor Account and General Ledger	The customer/debtor account is adjusted to reflect the returned financial instruments notice, and the new balance is reflected in the General Ledger.	The original bill is reopened in the Core Financial System and collections activities resumed. The original date of the bill is used for the purpose of calculating interest due the agency on delinquent payments.  The entries are recorded to the General Ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the receivable balance.	RMB-20
RM 4.10.5	Send (Electronically or Manually) Message to Business Unit	A message describing the returned financial instrument notice is sent to the business unit which conducted business with the customer/debtor.	The agency should implement procedures to enable timely notification of business units about customer/debtors for which returned instrument notices have been received. Business units should have procedures to suspend services to customer/debtors in such a case.	

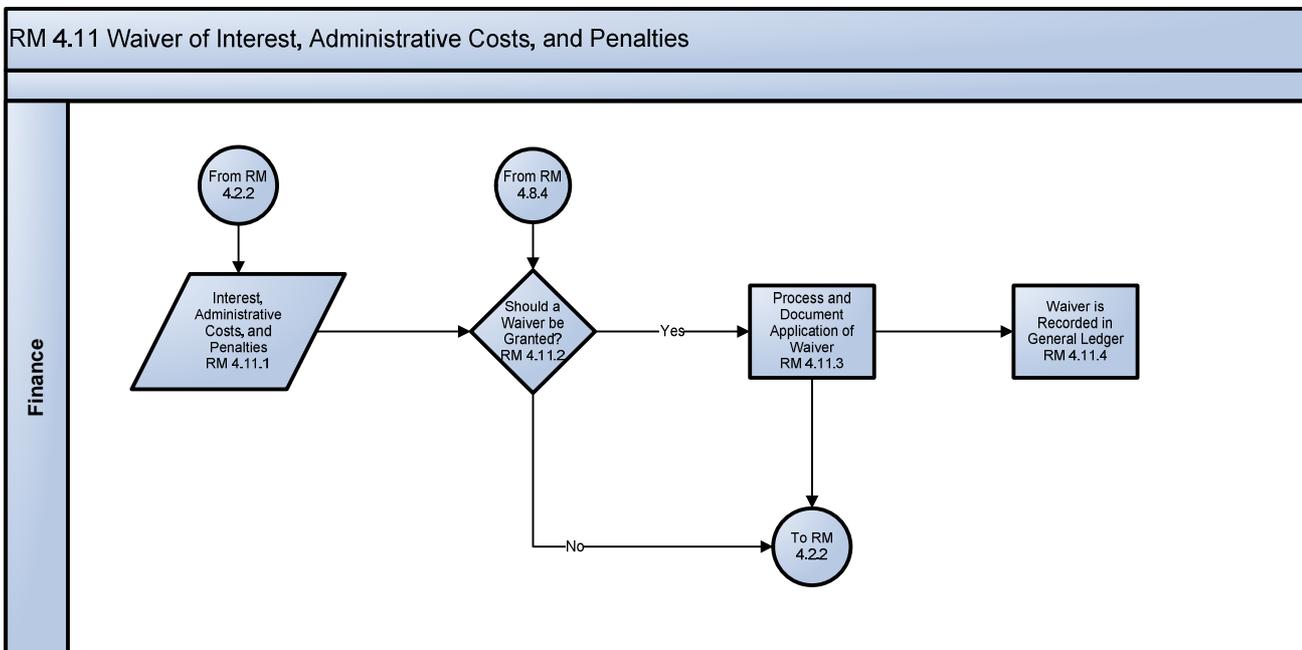
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.10.6	Send/Transmit Customer Notification	Finance sends/transmits the customer notification to the customer/debtor.	The customer notification is sent in electronic or hard-copy format, depending on the method agreed to by the customer.	
RM 4.10.7	Customer Notification	The notification is received by the customer/debtor.		

## 4.11 WAIVER OF INTEREST, ADMINISTRATIVE COSTS, AND PENALTIES

The Federal Claims Collection Standard section that covers waivers states that agency laws and regulations specifically applicable to claims collection activities take precedence over the general government-wide standards. Flexibility needs to be built into the systems, procedures, and reporting to allow for exceptions to the standard business processes and reporting models.

The following flowchart provides key steps in the process to be followed when an agency determines whether to issue a waiver of interest, administrative costs, or penalties that have been applied on a delinquent account.

### ***RM 4.11 – Waiver of Interest, Administrative Costs, and Penalties Flowchart***



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Waiver of Interest, Administrative Costs, and Penalties process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.11.1	Interest, Administrative Costs, and Penalties	The initial input to the process is records of customer/debtor accounts which have been assessed interest and/or administrative costs and/or penalties.		
RM 4.11.2	Should a Waiver Be Granted?	The Agency evaluates whether interest and/or administrative costs and/or penalties should be waived on a customer/debtor account.	<p>Treasury's <i>Managing Federal Receivables</i> guidance states that the Agency is required to waive <i>interest</i> and <i>administrative costs</i> on a debt paid within 30 days of the date of delinquency. A waiver may be in whole or in part for each separate type of charge. For write-off of principal and/or interest, administrative costs, and penalties see section 4.8 above. The agency has discretion to waive interest, penalties, and administrative costs in accordance with its regulations, either (1) pursuant to a compromise or settlement agreement, or (2) when collection of these charges is against equity and good conscience or is not in the best interests of the United States. For example, a waiver may be appropriate when an agency cannot conduct a hearing within the statutorily required time frame (e.g., 60 days for salary offset).</p> <p>The Federal Claims Collections Standards note that agency laws and regulations specifically applicable to claims collection activities take precedence over the government-wide standards.</p>	
RM 4.11.3	Process and Document Application of Waiver	The agency processes a waiver of interest and/or administrative costs and/or penalties on a customer/debtor account in the Core Financial System.	Supporting information and supervisory approvals for waiving interest and/or administrative costs and/or penalties must be documented and maintained.	RMC-11 RMC-13

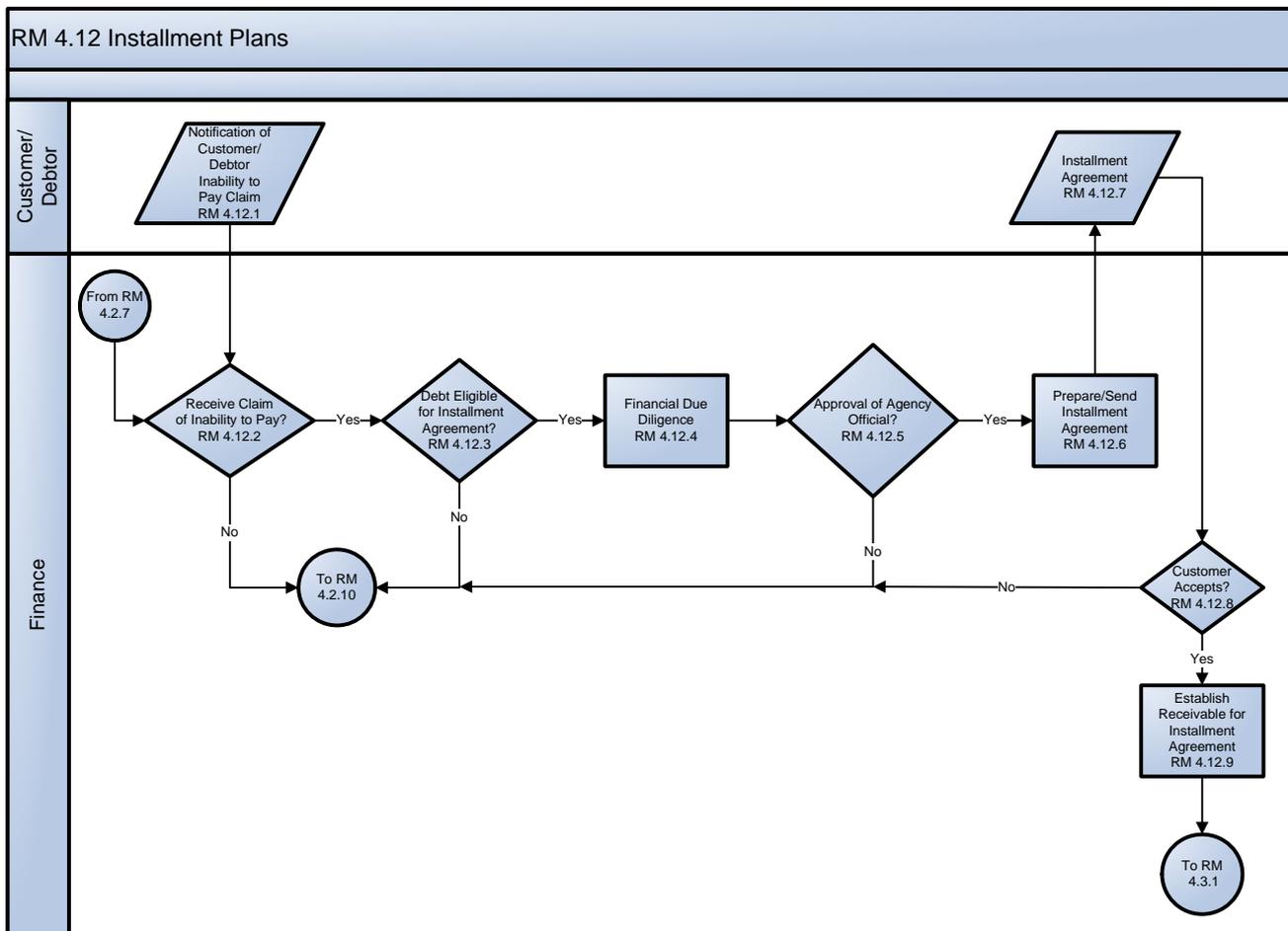
Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.11.4	Waiver is Recorded in General Ledger	The waiver transaction is recorded to the General Ledger.	The entries are recorded to the General Ledger using the USSGL Account Transaction Listing provided in the TFM. Applicable entries are recorded based on earlier entries to record interest, administrative costs, and penalties.	

## 4.12 INSTALLMENT PLANS

An Installment plan is a supplemental debt collection tool available to agencies. They allow for the agency to collect the debt over time. Installment plans should only be offered to customers who present valid inability to pay claims and offered to those customers prior to offset or administrative wage garnishment. An agency should attempt to collect as large an initial payment as possible and the agreement should be drafted with the intent to collect the entire debt in three years or less. Any installment agreement should be drafted with the best interest of the agency in collecting the debt and should not in any way compromise its right to that debt. The agreement should contain sufficient terms such that the agency's rights to collect the debt are not compromised.

The following flowchart provides key steps in the process for entering into an installment agreement with a customer/debtor. Included are steps for determining eligibility for an installment plan, performing financial due diligence, and establishing accounts receivable for an installment agreement.

### RM 4.12 – Installment Plans Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Receivables Management Installment Plans process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.12.1	Notification of Customer/ Debtor Inability to Pay Claim	Customer/debtor notifies the appropriate agency office of inability to pay current amount due.		
RM 4.12.2	Receive Claim of Inability to Pay?	Finance determines whether customer/debtor provided sufficient notification of inability to pay.	<p>In the event that the customer/debtor claims financial inability to repay the debt in a single lump sum, the agency may consider collecting the debt in installments.</p> <p>Before using certain collection remedies, such as offset and administrative wage garnishment, an agency should provide a debtor with the opportunity to enter into a reasonable repayment agreement. Based on the result of analysis of accounts receivable history for the customer/debtor, agencies may consider an installment agreement.</p>	
RM 4.12.3	Debt Eligible for Installment Agreement?	Finance determines if the debt is eligible for an installment agreement.	Agency policies and procedures should define criteria for the types and amounts of debts for which the agency will consider entering into an installment agreement.	
RM 4.12.4	Financial Due Diligence	The agency conducts procedures to determine the validity of the customer/debtor's claim of inability to pay in a lump sum.	<p>Prior to entering into an installment agreement, an agency should verify the debtor's claim of inability to repay in a lump sum. Examples of documentation agencies may use are financial reports and credit reports. Additionally, an agency should enter into such agreements only when there is evidence the debtor has:</p> <ul style="list-style-type: none"> <li>• Shown willingness to abide by the terms of the agreement, including the repayment schedule; and</li> <li>• Ability to make the agreed-upon payments.</li> </ul>	

Step ID	Step Name	Step Description	Business Rules	CFSR Req.
RM 4.12.5	Approval of Agency Official?	A designated agency official approves or disapproves an installment agreement to collect the customer's debt.	The agency official reviews the results of the installment due diligence and eligibility determination procedures to determine if an installment agreement should be approved.	
RM 4.12.6	Prepare/Send Installment Agreement	Finance prepares and sends the approved installment agreement to the customer.	The installment agreement is sent to the customer/debtor in electronic or hard-copy format.	
RM 4.12.7	Installment Agreement	Customer receives the installment agreement.		
RM 4.12.8	Customer Accepts?	Customer accepts or fails to accept the terms of the installment agreement.		
RM 4.12.9	Establish Receivable for Installment Agreement	Finance establishes an accounts receivable according to the terms of the installment agreement.	<p>In establishing the installment agreement in the Core Financial System, Finance must:</p> <ul style="list-style-type: none"> <li>• Close out the original invoice(s);</li> <li>• Establish a new unbilled receivable referencing the prior invoice(s) which have been closed, and</li> <li>• Include applicable terms of the installment agreement to enable the Core Financial System to generate a payment schedule which includes billing and payment due dates.</li> </ul>	RMB-21 RMB-22

# 5 Reimbursable Management Processes

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This Section will be Part of a Future Standard Business Process Release.

# 6 Reports Management Processes

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This Section will be Part of a Future Standard Business Process Release.

# Appendix A – Standard Federal Financial Business Process Vision and Business Approach

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## *Standard Federal Financial Business Process Vision*

The Standard Federal Financial Business Process (SFFBP) Vision is to improve the cost, quality, and performance of financial management systems by leveraging shared services solutions and implementing government-wide reforms that foster efficiencies in Federal financial operations. The Office of Management and Budget (OMB) is the executive sponsor for the SFFBP initiative. The Financial Systems Integration Office (FSIO) has direct responsibility for completing priority projects under the SFFBP. This document was prepared by FSIO in coordination with the Chief Financial Officers Council's FSIO Oversight Transformation Team.

The SFFBP vision is built upon precepts that begin with standardization and transparency of forming the base for government financial improvement. To begin this improvement process, the SFFBP established the following "work streams" to begin addressing and defining standardization and transparency for financial operations:

1. **Performance Measures:** To develop performance measures (cost, quality, and timeliness) to assess the performance of financial services offered by a financial services organization.
2. **Standard Business Processes:** To develop data specifications and business rules for core financial management functions (e.g., funds management, payments, receipts, and reporting) to be adopted by all Federal agencies.
3. **Common Government-wide Accounting Code Structure:** To develop a common accounting structure used government-wide that includes an applicable set of definitions and the layout to which Federal agencies' new financial systems must adhere.

Under the FSIO structure, the SFFBP activities are lead by agency-sponsored teams working collaboratively with the broad Federal financial community. This community includes Federal financial policy organizations and organizations representing the financial community stakeholders.

## *Standard Federal Financial Business Process Approach*

The SFFBP work stream follows a standard approach in the development of each business process area. The SFFBP was developed through a collaborative effort of the Federal financial management community. The project objectives were to:

- Define the objectives of standard business process
- Document the current business processes used within the 24 Chief Financial Officer Act Agencies (the "as-is" environment)
- Determine which business processes should be included in the standard business process.

The SFFBP project was divided into four phases:

1. Project initiation
2. Development of SFFBP vision and draft proposal
3. Validation of the SFFBP
4. Issuance of an exposure draft of the proposed Standard Business Processes.

During the initial phase of the project, the sponsors were engaged to help ensure that expectations were known, the project approach was acceptable, and requirements for government participation were defined.

The second phase established the vision for Standard Business Processes that defined the objectives of developing a standard structure and its contribution to the goals of the SFFBP initiative.

During the third phase, the draft proposal was refined and validated with three key stakeholder groups:

- Representatives of the 24 Chief Financial Officers Act Agencies
- Vendors of financial management systems
- Federal shared service providers.

From April through August 2006, FSIO conducted a number of workshops with program agencies and vendors to address payments and receipts, funds management, and reporting.

During the final phase of the project, the team began to develop the *Financial Management Systems Standard Business Processes for U.S. Government Agencies* document. This version is an exposure draft to be used to solicit further comment from the Federal financial management community before the SFFBP for Receivables Management is adopted.

## Appendix B – Standard Federal Financial Business Process Controlled Vocabulary

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Term	Definition	Source <sup>1</sup>
Accounting Classification	A subset of the agency financial information classification. The accounting classification structure provides a means for categorizing financial information along several dimensions as needed to support financial management and reporting functions. The data elements an agency includes in its accounting classification structure will depend in part on the implementation strategy for the USSGL, data aggregation requirements for preparation of financial statements under the CFO Act, appropriation structure, and other reporting and management needs of the agency.	FSIO Financial System Requirements; Multiple sources
Accrual	The term “accrual” is used in this document to refer to an accounting transaction to record expenses that have been incurred or revenues that have been earned without regard to when cash is received or disbursed.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/#accrual%20type%20adjusting%20entry</a>
Accrual Accounting	A system of accounting in which revenues are recorded when earned and expenses are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Accrual Accounting Basis	The basis whereby transactions and events are recognized when they occur, regardless of when cash is received or paid.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>

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<sup>1</sup> Sources are provided if available; otherwise, the term definition was developed for clarification of terminology.

Term	Definition	Source <sup>1</sup>
Administrative (Internal) Offsets with Accounts Payable	Money held by the Government for a person or entity in order to satisfy a debt that the person or entity owes.	Treasury's Managing Federal Receivables <a href="http://fms.treas.gov/debt/Guidance_MFR.html">http://fms.treas.gov/debt/Guidance_MFR.html</a>
Administrative Wage Garnishment	A process whereby a Federal agency issues a wage garnishment order to a delinquent debtor's non-Federal employer. No court order is required. The employer withholds amounts from the employee's wages in compliance with the order and pays those amounts to the Federal creditor agency to which the employee owes a debt.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html</a>
Agency	The term "Agency" means any executive department, military department, government corporation, government-controlled corporation, other establishment in the executive branch of the Federal Government, or any independent regulatory agency. Within the Executive Office of the President, the term includes only OMB and the Office of Administration.	OMB Circular A-130, Transmittal Memorandum #4, Management of Federal Information Resources (11/28/2000)
Agency Debt Management	The complete credit process which is composed of four phases; credit extension, account servicing, delinquent debt collection, and termination/write-off/close-out/discharge of indebtedness.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Allotment	A subdivision of an apportionment made by an agency.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Application Fees	Receivables resulting from the processing of applications submitted by parties wishing to participate in a government offered program or service for which applications are necessary for participation in exchange for a fee.	

Term	Definition	Source <sup>1</sup>
Apportionment	A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Appropriation	A provision of law (not necessarily an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Asset Sales	The dollar amount of proceeds realized from the sale of a loan or debt including collections from sales of secured property.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="https://www.fms.treas.gov/debt/Wkbktest3.htm">https://www.fms.treas.gov/debt/Wkbktest3.htm</a>
Auction Receipts	Fees assessed to government sponsored auction attendees to recoup the costs associated with the auction to benefit the federal agency or program in the form of reducing a surplus of goods.	
Award Document	The term “Award Document” is used to represent the applicable instrument used by an agency to enter into a contractual arrangement with a provider of goods and/or services.	FSIO Payments Management Focus Group
Benefit Overpayments	Benefit payments, paid by Federal agencies, to entities or individuals, in excess of the amount prescribed by specific guidance governing the specific benefit type for which the payment was made.	
Billed Receivables	An amount owed the Government by an individual, organization, or other entity to satisfy a debt or claim where the government has communicated to the debtor the terms of the debt or claim in the form of a bill.	Treasury’s Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>

Term	Definition	Source <sup>1</sup>
Budget	The Budget of the United States Government setting forth the President's comprehensive financial plan for allocating resources. The Government uses the budget system to allocate resources among its major functions and individual programs. The budget process has three main phases: formulation, congressional action on the budget, and execution.	FASAB Statement of Federal Financial Accounting Standards No. 24
Budget Authority	The authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Budget Execution	Includes Funds Control and provides features to record, distribute, and control budget authority and spending in accordance with the provisions of OMB Circular A-11, Part 4, and Instructions on Budget Execution. Budget execution provides the ability to track the effects of financial events on the sources and uses of budgetary resources authorized by the President and Congress. Its primary purpose is to ensure that spending does not exceed funds appropriated or authorized.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Budget Formulation	During this phase of the budget cycle, the Executive Branch prepares the President's budget. OMB and the Federal Agencies begin preparing the next budget almost as soon as the President has sent the last one to Congress. OMB officially starts the process by sending planning guidance to Executive Branch Agencies in the spring. The President completes this phase by sending the budget to Congress on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Business Unit	For the purpose of this document, business unit refers to any program or administrative office/unit other than Finance or Acquisition units.	
Carryover	Funding collected in one fiscal year that was not obligated and is available to be used to meet requirements in the next fiscal year.	Treasury Directive: 31-04 <a href="http://www.treas.gov/regs/td31-04.htm">http://www.treas.gov/regs/td31-04.htm</a>

Term	Definition	Source <sup>1</sup>
Commitment	A commitment is an administrative reservation of funds that have not yet been obligated. Agencies use commitment accounts for the internal control of budgetary resources and to help prevent unauthorized use of available resources.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/2006)
Concentration	Moves funds from an account that settles the transactions to the Treasury General Account Fund at the Federal Reserve Bank of New York.	Treasury Financial Management Service
Concession Rents	Receivables resulting from an agreement between the agency and a party where the agency extends the use of agency property for the party to conduct a function or business in return for a fee.	
Core Financial System	<p>A core financial management system supports both the key financial management business processes of an agency as well as the financial aspects of non-financial management business processes (e.g., Acquisitions, Budget Planning, Payroll, Property, Grants, and Travel). Financial management business processes of an agency are defined as:</p> <ul style="list-style-type: none"> <li>• Budget and Finance</li> <li>• Accounting</li> <li>• Collections and Receivables</li> <li>• Payments</li> <li>• Assets and Liabilities</li> <li>• Reporting and Information</li> </ul> <p>The above processes are further defined in the Office of Federal Financial Management (OFFM) Core Financial Systems Requirements.</p>	OMB Circular A-127, Financial Management Systems (Draft)
Credit Reform	<p>The purposes of the Credit Reform Act of 1990, are to:</p> <p>(1) measure more accurately the costs of Federal credit programs;</p> <p>(2) place the cost of credit programs on a budgetary basis equivalent to other Federal spending;</p> <p>(3) encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries; and</p> <p>(4) improve the allocation of resources among credit programs and between credit and other spending programs.</p>	<p>United States Code: 2 U.S.C. § 661</p> <p><a href="http://www.gpoaccess.gov/uscode/index.html">http://www.gpoaccess.gov/uscode/index.html</a></p>

Term	Definition	Source <sup>1</sup>
Department of Justice Debt Management	The Department of Justice manages government-wide debt through the use of the Debt Management Module (DMM) which contains records of payments and administrative offsets of funds received and disbursed by the Department of Justice resulting from the litigation and enforced collection of civil and criminal debts owed to the United States.	Justice Management Division: A division of the United States Department of Justice <a href="http://www.usdoj.gov/jmd/foia/jmddcdms.htm">http://www.usdoj.gov/jmd/foia/jmddcdms.htm</a>
Disbursements	Amounts paid out by Federal agencies during the fiscal year. This term is used interchangeably with the term outlay.	TFM, Supplement to Volume I, Fund Balance with Treasury Reconciliation Procedures (10/4/2002)
Document Line	Document line represents contract or subcontract line items on a commitment obligation or payment document.	
Donations	Gift of assets to a Federal agency, or component thereof. The item donated is recorded at its fair market value on the donation date. The donor does not have an owner's interest as a result of the donation.	
Employee Overpayments	Receivables resulting from employee receipts of funds in excess of the actual cost.	
Employee Training Reimbursement	Receivables resulting from government-sponsored training in exchange for a fee from attendees.	
Employee Travel (Advances)	Receivables resulting from the advance to employees to cover employee travel expenses not to exceed the obligation amount.	
Enterprise Architecture	A strategic information asset base that defines the business, information necessary to operate the business, technologies necessary to support the business operations, and transitional processes for implementing new technologies in response to the changing needs of the business.	Federal Enterprise Architecture Framework, V.1.1, Federal CIO Council, September 1999

Term	Definition	Source <sup>1</sup>
Federal Enterprise Architecture	To facilitate efforts to transform the Federal Government to one that is citizen-centered, results-oriented, and market-based, the Office of Management and Budget (OMB) is developing the Federal Enterprise Architecture (FEA), a business-based framework for Government-wide improvement. The FEA is being constructed through a collection of interrelated “reference models” designed to facilitate cross-agency analysis and the identification of duplicative investments, gaps, and opportunities for collaboration within and across Federal agencies.	Federal Enterprise Architecture Program Management Office
Federal Enterprise Architecture Business Reference Model (BRM)	The BRM is a function-driven framework for describing the lines of business and internal functions performed by the Federal Government independent of the agencies that perform them. The BRM serves as the business layer of the Federal Enterprise Architecture (FEA). It provides a foundation on which the applications, data, and technology layers of the FEA are developed. Agency Capital Asset Plans (Exhibit 300s) will be mapped against this framework to identify opportunities for cross-agency collaboration and potential system redundancies.	OMB Circular A-11, Preparing, Executing, and Submitting the Budget
Federal Enterprise Architecture Framework	The Federal Enterprise Architecture Framework (FEAF) provides an organized structure and a collection of common terms by which Federal segments can integrate their respective architectures into the Federal Enterprise Architecture.	Federal Enterprise Architecture Framework, V.1.1, Federal CIO Council, September 1999
Federal Payment	Any payment made by an agency. The term includes, but is not limited to: (1) Federal wage, salary, and retirement payments; (2) vendor and expense reimbursement payments; (3) benefit payments; and (4) miscellaneous payments including, but not limited to, interagency payments, grants, loans, fees, principal, interest, and other payments related to United States marketable and non-marketable securities, overpayment reimbursements, and payments under Federal insurance or guarantee programs for loans.	Treasury Green Book
Financial Accounting	A branch of accounting. The most noteworthy interpretations or classifications are those about which data pertain to the past and which pertain to the future. In other words, financial accounting is largely concerned with assigning the value of past transactions to appropriate time periods.	FASAB, SFFAS No. 1: Objectives of Federal Financial Reporting

Term	Definition	Source <sup>1</sup>
Financial Event	Any occurrence having financial consequences to the Federal Government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activities.	OMB Circular A-127, Financial Management Systems (07/23/1993)
Financial Management Systems	Financial systems and the financial portions of mixed systems necessary to support financial management, including manual or automated processes, procedures, controls, hardware, software, and support personnel. Financial systems include an information system, comprised of one or more applications, that is used for (1) collecting, processing, maintaining, transmitting or reporting data about financial events; (2) supporting financial or budgeting activities; (3) accumulating and reporting cost information; or (4) supporting the preparation of financial statements.	Federal Financial Management Improvement Act (FFMIA), OMB Circular A-127, Financial Management Systems (07/23/1993)
Financial System	A financial system supports the financial management business processes required in an agency to track financial events to provide financial information that is significant to the financial management of the agency and is used for the preparation of agency financial statements. A financial system encompasses both automated and manual processes, procedures, internal controls, and a data repository and may include multiple applications that are integrated through a common database or are electronically interfaced, as necessary, to meet defined data and processing requirements to record financial events. These core applications directly support the financial management business processes of an agency.	OMB Circular A-127, Financial Management Systems (Draft)
Fines	Applied amounts on accounts and loans receivable due to the delinquency of a debt or non-compliance with terms of a pre-existing agreement.	United States Standard General Ledger <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a>
Freedom of Information Act of	Allows any person to request access to Federal agency records or information. Federal agencies are required to disclose records upon receipt of a written request, except for records that are protected from disclosure by nine exemptions or three exclusions in the Act.	United States Code: 5 U.S.C. § 552 <a href="http://www.gpoaccess.gov/uscode/index.html">http://www.gpoaccess.gov/uscode/index.html</a>
Gifts	Assets given to Federal agencies in cash or other form for which the Federal entity has no future obligation to the individual or entity, relative to the gift.	

Term	Definition	Source <sup>1</sup>
Grants	A federal financial assistance award making payment in cash or in kind for a specified purpose.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Industrial Funding Fees	The Industrial Funding Fee (IFF) reimburses the General Services Administration (GSA) for the costs of operating Federal Supply Schedules program and recoups its operating costs from ordering activities. The IFF has been added by the Government to the contract price and is reflected in the total amount charged to the ordering activities.	General Services Administration, <a href="http://www.gsa.gov">http://www.gsa.gov</a>
Information Security	The protection of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide: (1) integrity, which means guarding against improper information modification or destruction, and includes ensuring information non-repudiation and authenticity; (2) confidentiality, which means preserving authorized restrictions on access and disclosure, including means for protecting personal privacy and proprietary information; and (3) availability, which means ensuring timely and reliable access to and use of information.	Federal Information Security Management Act of 2002
Information System	A discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)
Information Technology	Any equipment, or interconnected system(s) or subsystem(s) of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the agency.	FAR 2.101
Interest	A sum paid or calculated for the use of capital.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>

Term	Definition	Source <sup>1</sup>
Internal Control	A subset of management controls are the internal controls used to assure that there is prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets.	OMB Circular A-123, Management's Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004)
Internal Control over Financial Reporting	Process for assessing the effectiveness of an entity's internal control over financial reporting.	OMB Circular A-123, Management's Responsibility for Internal Control, Appendix A (Revised 12/21/2004)
Intra-Governmental Payment and Collections	Intra-Governmental Payment and Collection (IPAC) System is comprised of three interrelated subsystems: (1) the IPAC application that processes Intra-Governmental Federal funds transfers between Agencies, (2) the Retirement and Insurance Transfer System (RITS) that processes retirement and health insurance payments by Federal agencies to the Office of Personnel Management (OPM), and (3) the Treasury Receivable Accounting and Collection System (TRACS) that processes check disbursement data returned to Federal Agencies for which Treasury has disbursing authority.	Treasury Financial Manual
Investments	The long-term asset category of a classified balance sheet which appears immediately after the current assets. Listed in this category would be a bond sinking fund, funds held for construction, the cash surrender value of a life insurance policy owned by the company, and long-term investments in stocks and bonds.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html</a>

Term	Definition	Source <sup>1</sup>
IPAC Transaction	A transaction processed through a Treasury-based system for which Federal Program Agencies (FPA) the intra-governmental transfer of funds, with descriptive data from one FPA to another.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/goals/ipac/index.html">http://www.fms.treas.gov/goals/ipac/index.html</a>
Judgments (Accident Claims)	Amounts owed to the agency resulting from a judgment, in the agencies favor, entitling them to receipt of funds resulting from an external party's non-compliance with a pre-existing agreement and/or negligence.	
Leases	A legal agreement to pay rent to the lessor for a stated period of time. Sometimes the lease is in substance a purchase of an asset and a financing arrangement. For example, if a company agrees to lease a forklift truck for 60 months and the agreement cannot be canceled without purchasing the asset, it is possible the arrangement is more than a mere rental of equipment.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html</a>
Loans	Financial assets created by the Government by providing money, goods or services directly or indirectly to the beneficiary entities, which entails a contractual right to receive back the moneys (or equivalents) along with interest thereon, if any, as per terms and conditions of the loan agreements.	Government Accounting Standards Advisory Board Publication: Accounting Standards for the Union Government and the State Governments, Exposure Draft 6, Issued March 30, 2007. <a href="http://www.gasb.gov.in/pdf/Exposure%20Draft%206%20Loans%20and%20Advances%20Made%20by%20Governments.pdf">http://www.gasb.gov.in/pdf/Exposure%20Draft%206%20Loans%20and%20Advances%20Made%20by%20Governments.pdf</a>

Term	Definition	Source <sup>1</sup>
Management Controls	<p>Management controls are the organization, policies, and procedures used by Agencies to reasonably ensure that (1) programs achieve their intended results; (2) resources are used consistent with Agency mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported, and used for decision making.</p> <p>Management controls, in the broadest sense, include the plan of organization, methods, and procedures adopted by management to ensure that its goals are met. Management controls include processes for planning, organizing, directing, and controlling program operations.</p>	OMB Circular A-123, Management's Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004)
Managerial Cost Accounting	<p>Managerial cost accounting should be a fundamental part of the financial management system and, to the extent practicable, should be integrated with other parts of the system. Managerial costing should use a basis of accounting, recognition, and measurement appropriate for the intended purpose. Cost information developed for different purposes should be drawn from a common data source, and output reports should be reconcilable to each other</p>	FASAB, SFFAS No. 4: Managerial Cost Accounting Standards and Concepts
Miscellaneous Receipts	<p>Funds received that cannot be identified to a particular Federal program.</p>	
Non Reimbursable Sale of Goods or Services (User Fees)	<p>Sale of goods or services where the basis of the exchange is not governed by a reimbursable agreement or trading partner transaction.</p>	
Non-Monetary Exchange Transactions	<p>An exchange between parties for goods received, services rendered, or other activity in accordance with a pre-existing agreement where an exchange of anything other than currency is the basis for payment.</p>	
Non-Monetary Transactions	<p>Transactions not involving the exchange of currency.</p>	
Non-Sufficient Funds Checks	<p>Payments in the form of check not processed by a financial institution when the payment amount is in excess of the payee's account balance at the time of the financial institution's payment processing activity.</p>	
Outlay	<p>Outlay means a payment to liquidate an obligation (other than the repayment of debt principal). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt. Outlays are the measure of Government spending.</p>	OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06)

Term	Definition	Source <sup>1</sup>
Payee	A person, corporation, or other public or private entity that is authorized to receive a Federal payment from an agency.	
Payment	A government disbursement of monies to any payee, including vendors, employees, private citizens, state, or local and foreign governments in accordance with Contract terms. The payment management function consists of the following processes: payee information maintenance, payment warehousing, payment execution, and payment confirmation and follow-up.	Treasury Financial Manual
Penalties	A charge assessed on delinquent debts to discourage delinquencies and encourage early payment of the delinquent debt in full.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Program	Generally defined as an organized set of activities directed toward a common purpose or goal, undertaken or proposed by an agency in order to carry out its responsibilities. In practice, however, the term has many uses and thus does not have a well-defined, standard meaning in the legislative process. It is used to describe an agency's mission, programs, functions, activities, services, projects, and processes.	A Glossary of Terms Used in the Federal Budget Process (GAO 09/2005)
Program Overpayments Not Processed in the Core Financial System	Payment expected by a specific program, from a program beneficiary, in excess of original cost not yet processed in the Core Financial System.	
Rebates	Refunds resulting from a purchase of goods.	
Reimbursable Activity	A sum (1) that is received by an agency as a payment for commodities sold or services furnished either to the public or to another government account and (2) that is authorized by law to be credited directly to specific appropriation and fund accounts. Reimbursements between two accounts for goods or services are usually expenditure transactions/transfers.	GAO: Glossary of Terms Used in the Federal Budget Process <a href="http://www.gao.gov/new.items/d05734sp.pdf">http://www.gao.gov/new.items/d05734sp.pdf</a>
Relocation	Receivables resulting from employee receipts of funds in excess of actual cost of relocating employees or employees not fulfilling the requirements of the agreement where they would be subject to payback the original amount paid by the agency.	

Term	Definition	Source <sup>1</sup>
Sale of Goods and Services	A revenue account that reports the sales of merchandise. Sales are reported in the accounting period in which title to the merchandise was transferred from the seller to the buyer.	Online Accounting Dictionary <a href="http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html">http://www.accountingcoach.com/accounting-terms/accounting-dictionary/accounting-terms-1.html</a>
Settlement	<p>Settlement refers to the accounting process recording the respective debit and credit positions of the two parties involved in a transfer of funds.</p> <p>Funds are available for use and may be drawn at any time afterward. Funds transferred through Fed Wire are available for use at the time the transfer occurs, and are settled by adjusting the reserve account balances of the sending and receiving banks. Checks, automated clearinghouse transfers, and other payments between banks are settled on a provisional basis, because the possibility exists that the person initiating the transfer of funds may not have sufficient funds to cover the payment, or the payment cannot be processed for various reasons.</p>	Treasury Financial Management Service
Shared Services	Shared services are a bringing together of functions that are frequently duplicated across component Agencies and delivering these services more efficiently and with a customer service orientation. It is the focus on the customer service aspect of the process that distinguishes the shared services model from the concept of consolidation. The focus is on the customers because they demand the best quality, timely, accurate, and reliable product(s) attainable. Sharing services leads to the elimination of redundancies. The concurrent redesign of accounting processes, organizations, and supporting systems leads to radical improvements in time, cost, quality, and user satisfaction in regard to the service provided.	
Sharing Agreements (Billing)	An agreement established between two or more parties for the purpose of sharing the use of an asset.	
Sharing Agreements (Collections)	An agreement established between two or more parties for the purpose of sharing the use of an asset.	

Term	Definition	Source <sup>1</sup>
Single Integrated Financial Management System	A unified set of financial systems and the financial portions of mixed systems (e.g., Acquisition) encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage the financial operations of the agency, and report on the agency's financial status to central agencies, Congress, and the public.	OMB Circular A-127, Financial Management Systems (07/23/1993)
Tax Receivables and Duties	Amounts of identifiable, measurable, and legally enforceable taxes due from entities.	United States Standard General Ledger <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a>
Transactions in Foreign Currency	Monies distributed to a U.S. government agency that must be converted to the U.S. dollar equivalent using the current United States Treasury's reporting rates of exchange.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/intn.html">http://www.fms.treas.gov/intn.html</a>
Treasury and DOJ Cross-Servicing	The process whereby agencies refer delinquent Federal non-tax debts to FMS or DOJ for collection. FMS or DOJ apply a variety of collection tools once agencies refer their debts.	Treasury's Managing Federal Receivables <a href="http://www.fms.treas.gov/debt/MFR/Glossary.pdf">http://www.fms.treas.gov/debt/MFR/Glossary.pdf</a>
Treasury Debt Management	A Program sponsored by the United States Department of Treasury, Debt Management Services (DMS), is to improve the quality of the Federal government's financial management by increasing the collection of delinquent debt owed to the government, by providing debt management services to all Federal agencies, and by protecting the financial interests of the American taxpayer. DMS also develops and implements government-wide debt management policies.	Financial Management Service: A bureau of the Department of the United States Treasury <a href="http://www.fms.treas.gov/debt/index.html">http://www.fms.treas.gov/debt/index.html</a>
Treasury Financial Manual	The <a href="#">manual issued by the Financial Management Service</a> containing procedures to be observed by all Agencies, Federal Reserve Banks, and financial institutions with respect to payments, collections, central accounting, financial reporting, and other government-wide fiscal responsibilities of the Treasury.	Green Book, Glossary

Term	Definition	Source <sup>1</sup>
Trust Fund Programs	Trust funds are those designated by law as such, whereby receipts are earmarked for spending on specific purposes. Trust funds are established to carry out purposes of a trust agreement or statute.	United States Standard General Ledger, Federal Trust Fund Accounting Guide. <a href="http://www.fms.treas.gov/ussgl/tfguide.html">http://www.fms.treas.gov/ussgl/tfguide.html</a>
Unbilled Overpayments	Receivables resulting from an agency payment to a party in excess of the actual cost where the agency has not yet communicated, in the form of a bill, the excess payment to the party.	
United States Standard General Ledger (USSGL)	A uniform list of accounts that support transactions that standardizes Federal agency accounting and supports the preparation of standard external reports. The U.S. Government Standard General Ledger Chart of Accounts (1) provides control over all financial transactions and resource balances, (2) satisfies basic reporting requirements of OMB and Treasury, and (3) integrates proprietary and budgetary accounting.	Treasury Financial Manual, Volume I
User Fees	Fees which the service or program beneficiary pays for the cost of the services received, or the burden imposed on the program in the form of a fee.	
USSGL Account	An account within the uniform chart of accounts used by Federal agencies to record budgetary and proprietary accounting transactions.	Volume I, U.S. Government Standard General Ledger (Uniform Chart of Accounts 08/2006)
Vendor Overpayments	Receivables resulting from vendor receipts of funds in excess of the actual cost.	

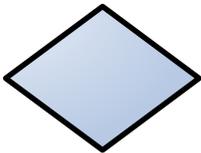
# Appendix C – Business Process Flowcharts, Symbols, and Definitions

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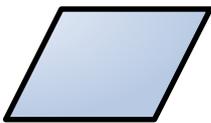
## Flowchart Symbols Defined:



Process – This symbol represents a process or action step.



Decision – This symbol indicates a question or branch in the process flow.



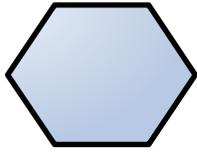
Data – This symbol represents electronic input to and/or outputs from a process.



Connector – This symbol indicates a jump from one point to another in a process flow.

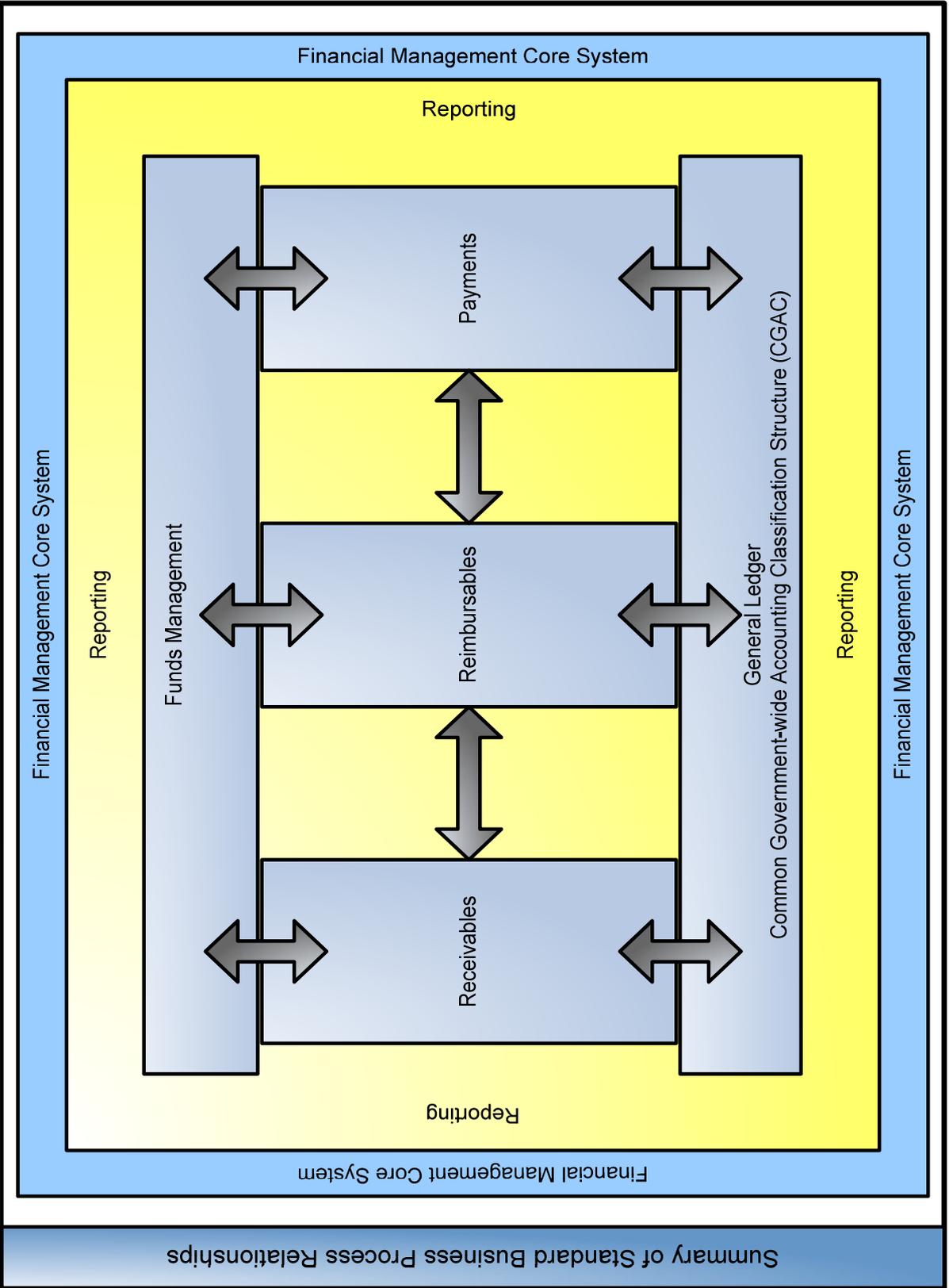


Terminator – This symbol indicates that the current process flow is ending at this point and is part of a separate process flow.



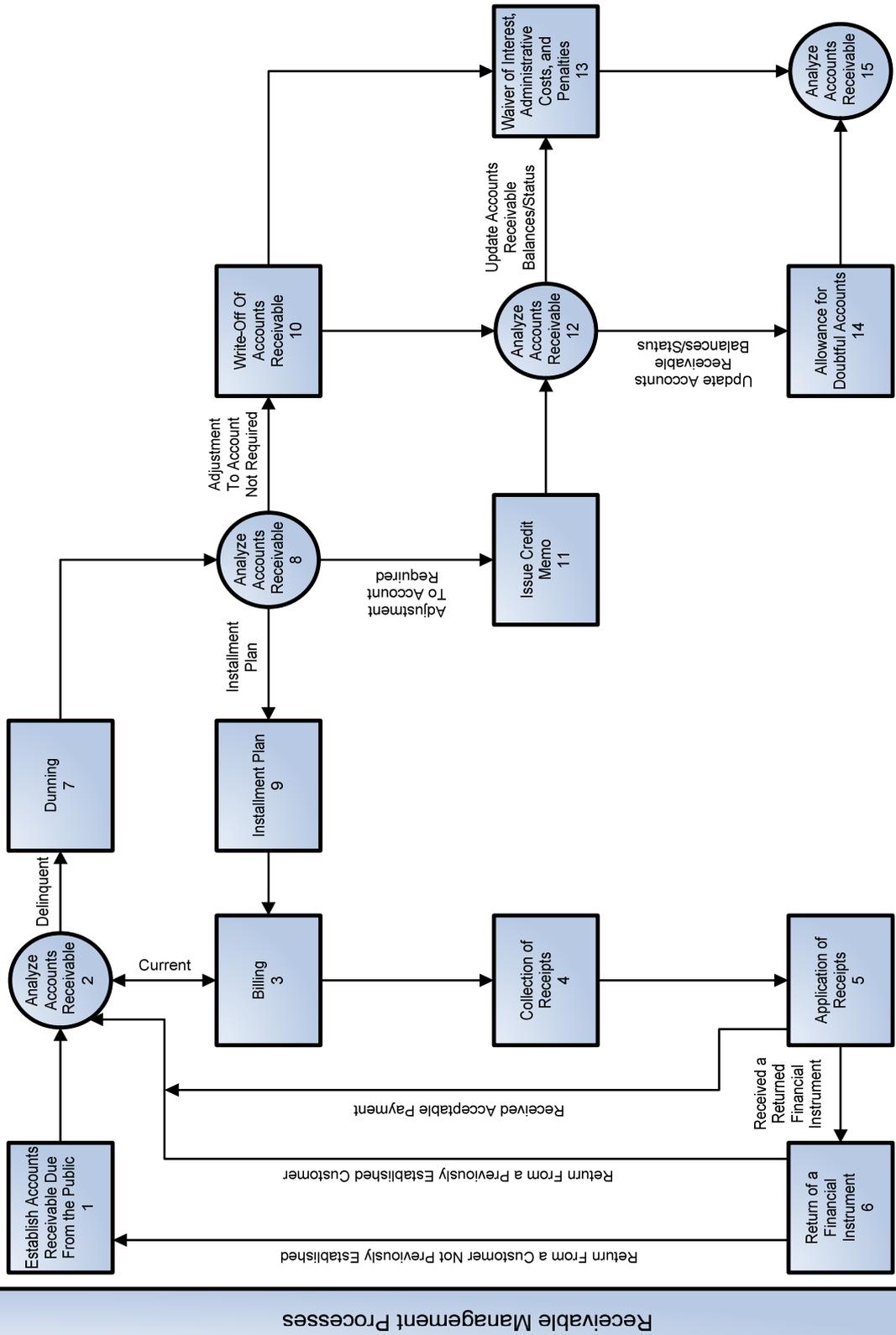
Data Transmission – This symbol indicates the transfer of data to an external location. This symbol is used with a dashed connector line when the recipient is not depicted on the flowchart.

Summary of Standard Business Process Relationships

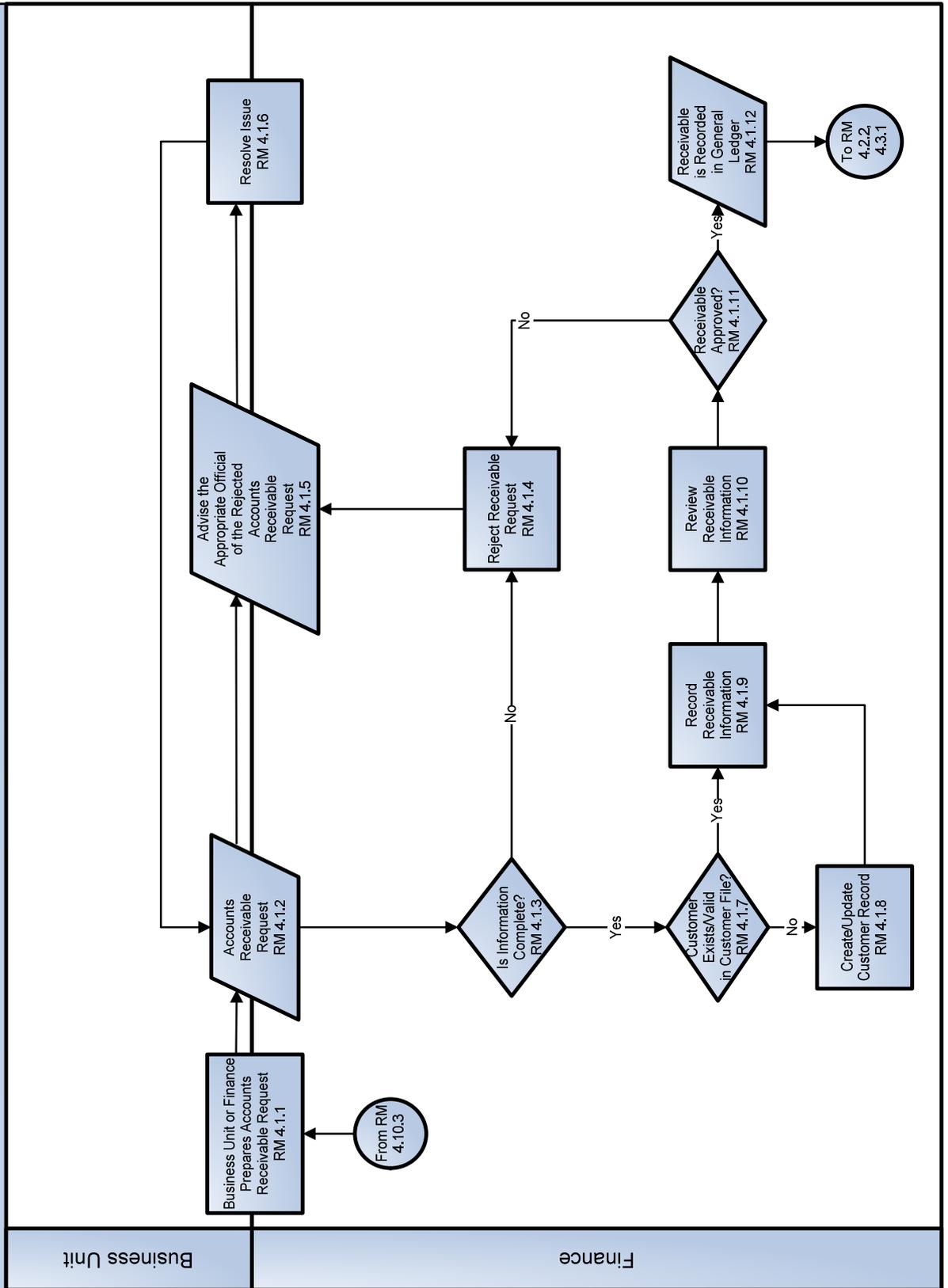


Summary of Standard Business Process Relationships

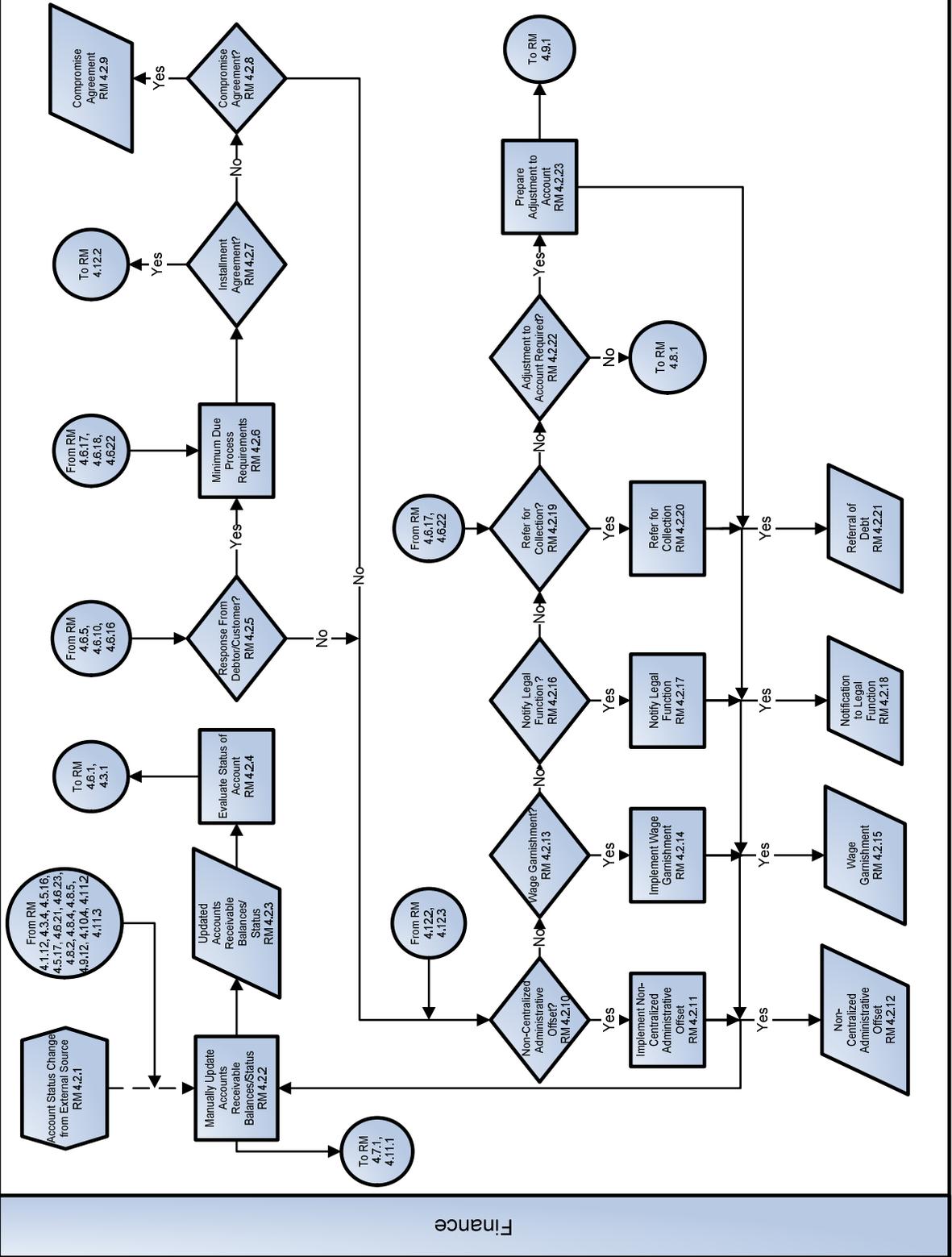
# Summary of Receivable Management



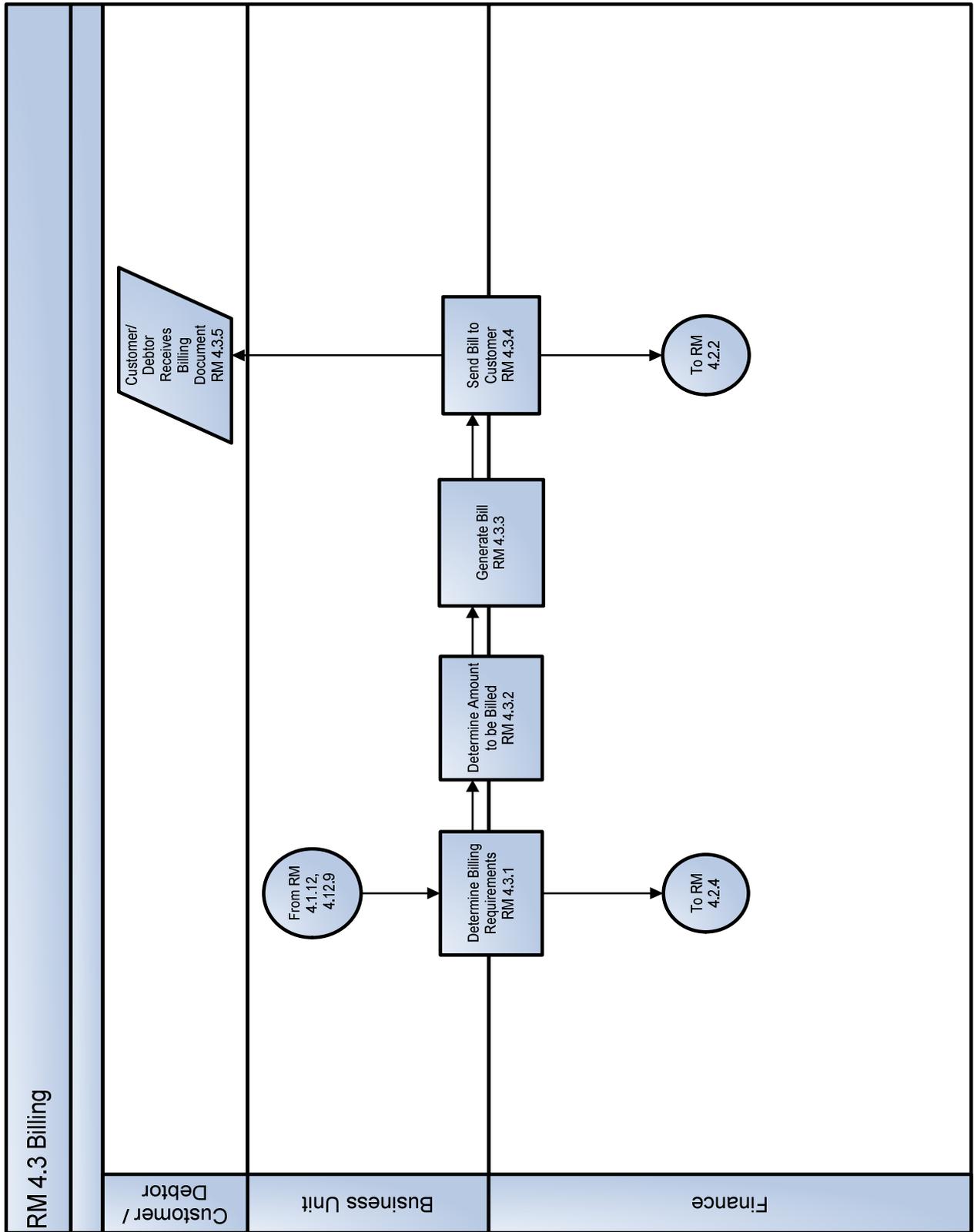
# RM 4.1 Establish Accounts Receivable Due From the Public

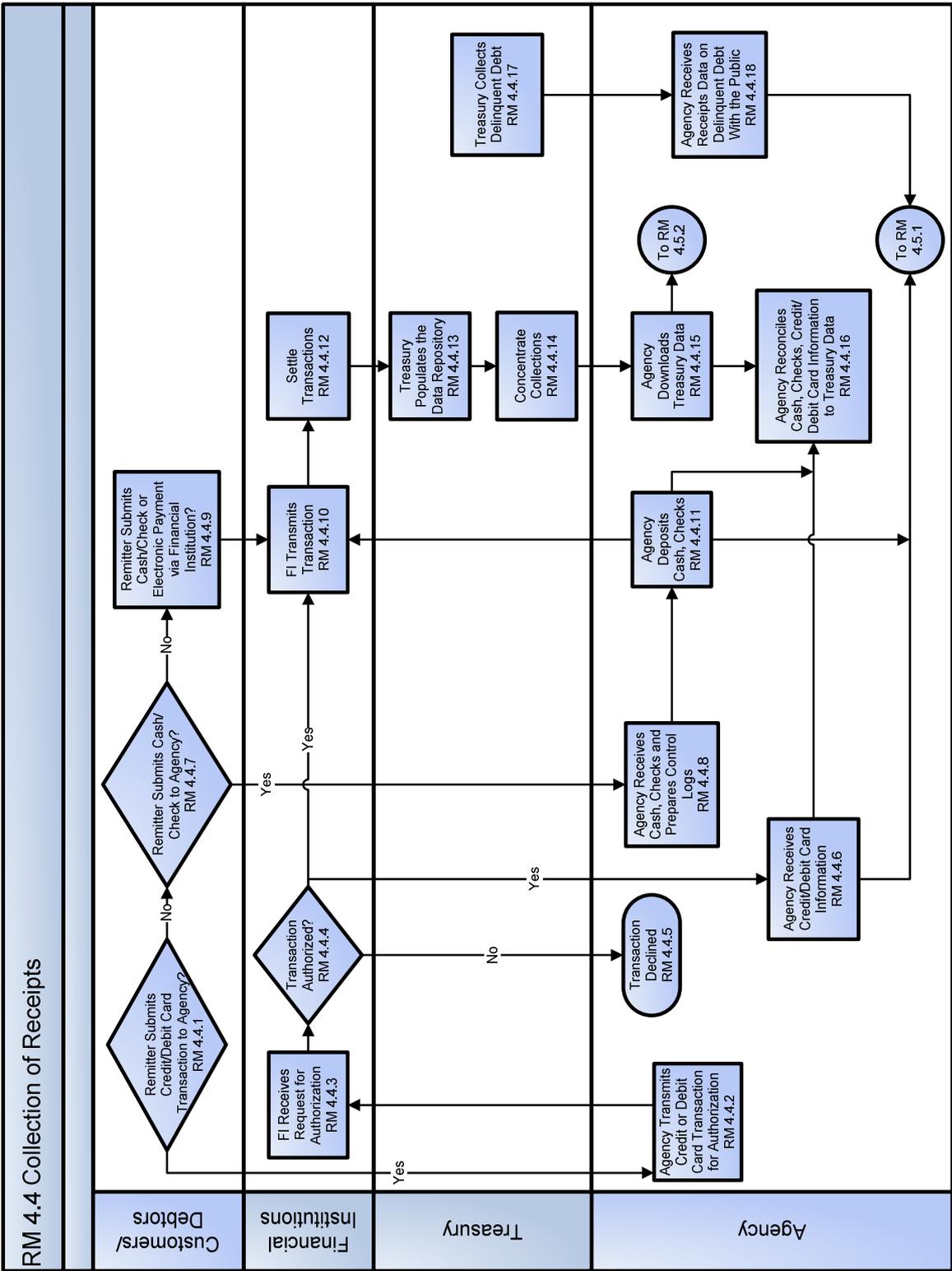


# RM 4.2 Analyze Accounts Receivable

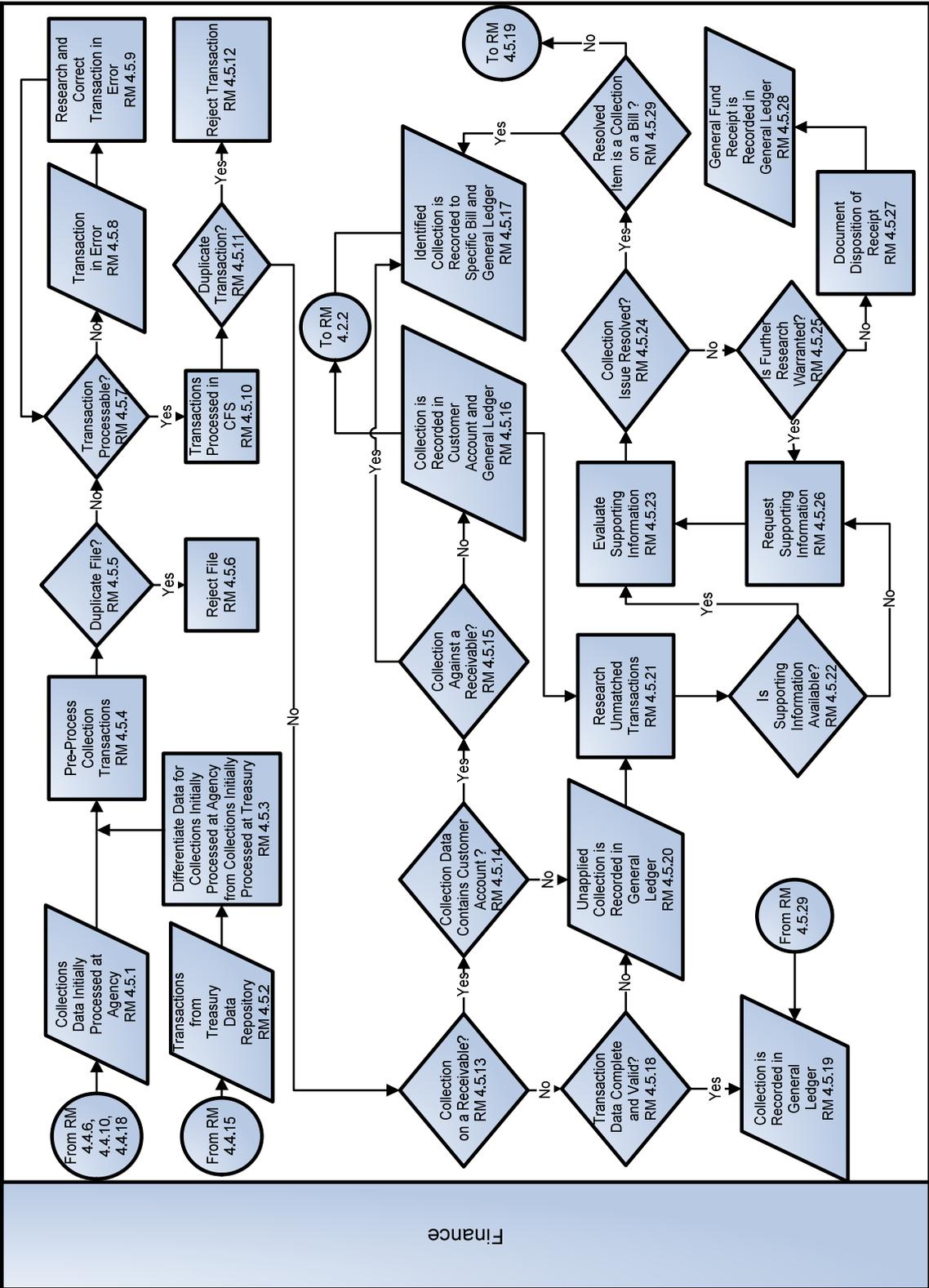


Finance





# RM 4.5 Application of Receipts

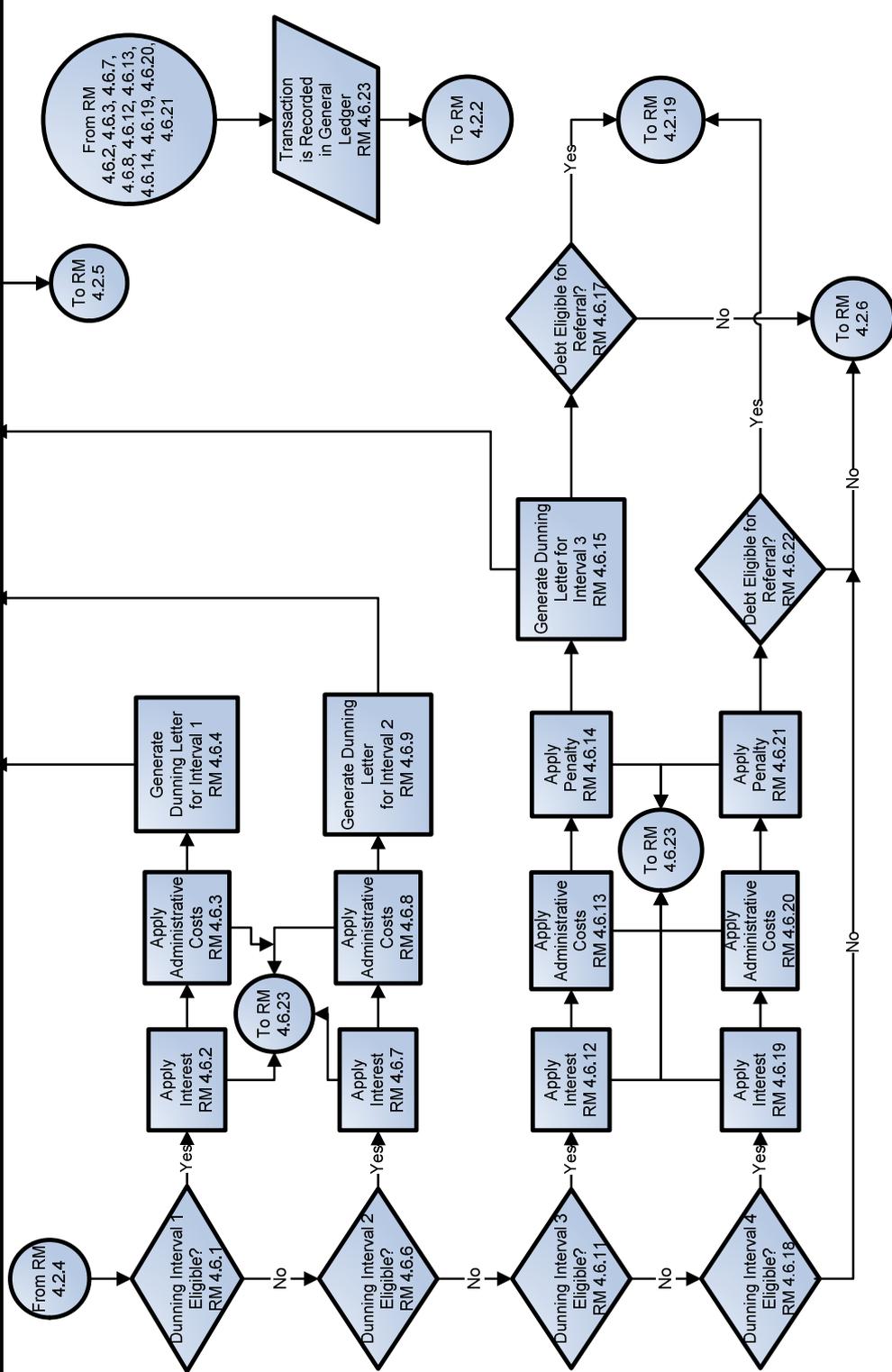


Finance

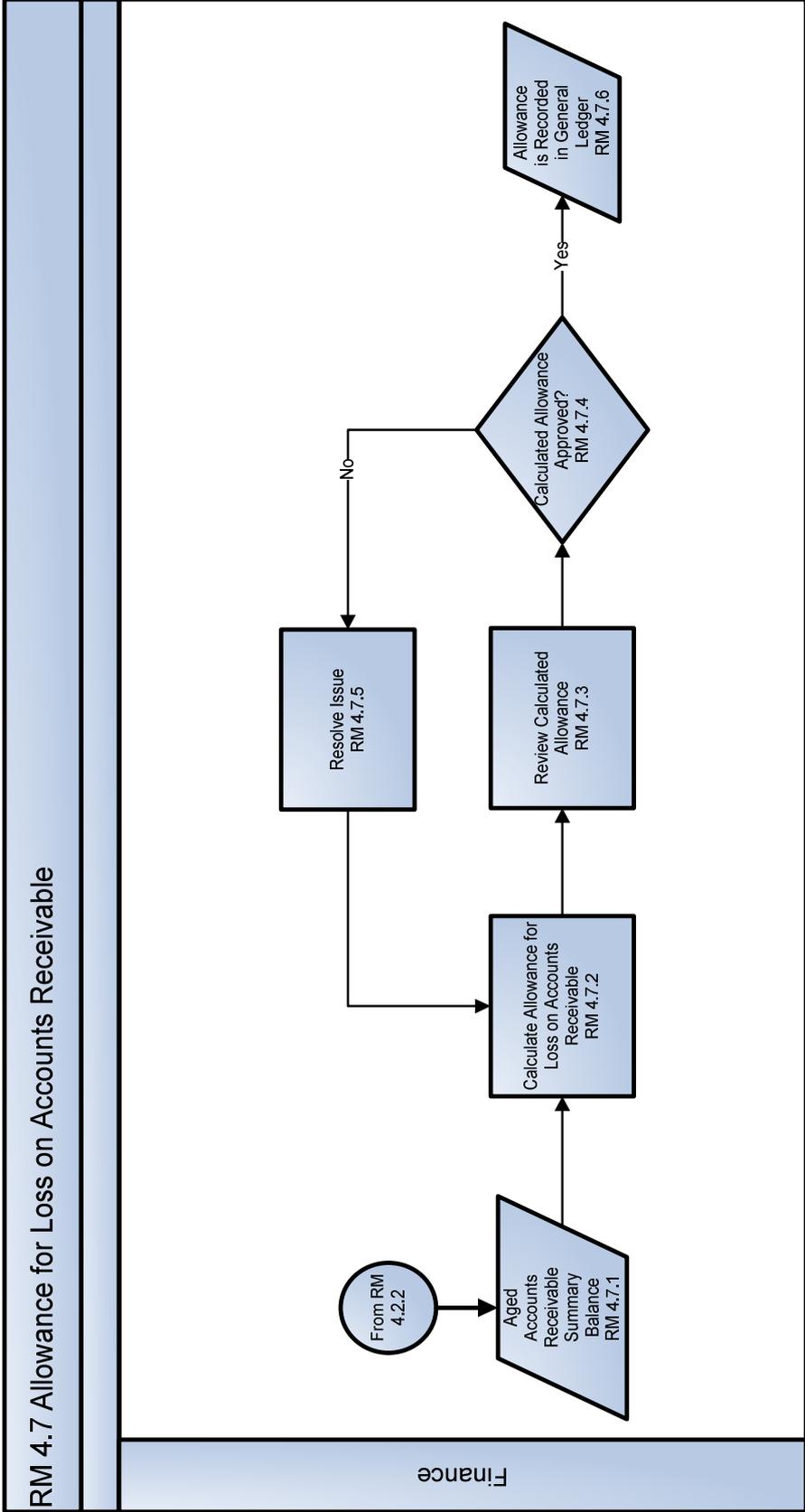
# RM 4.6 Dunning

Customer / Debtor

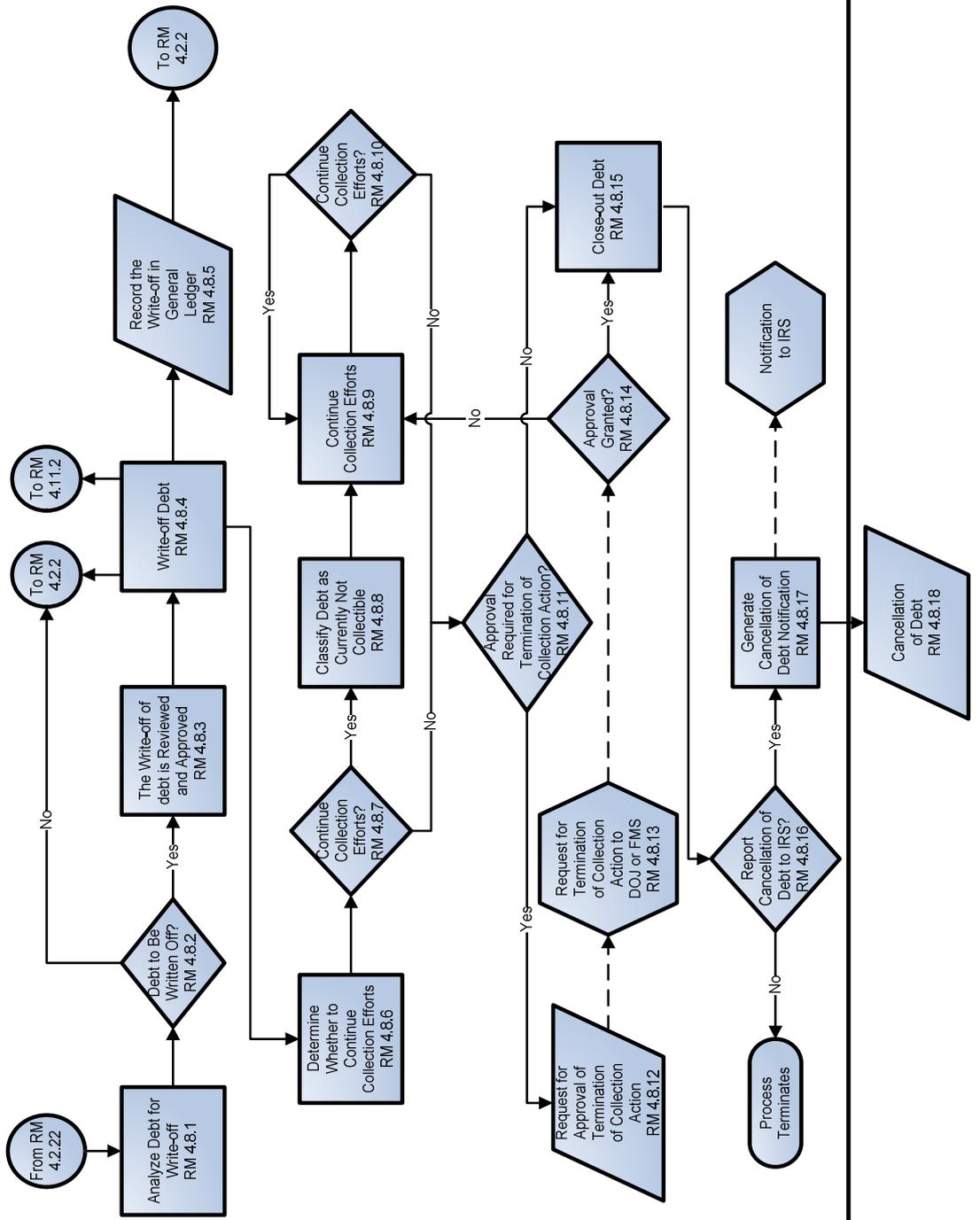
Finance



# RM 4.7 Allowance for Loss on Accounts Receivable

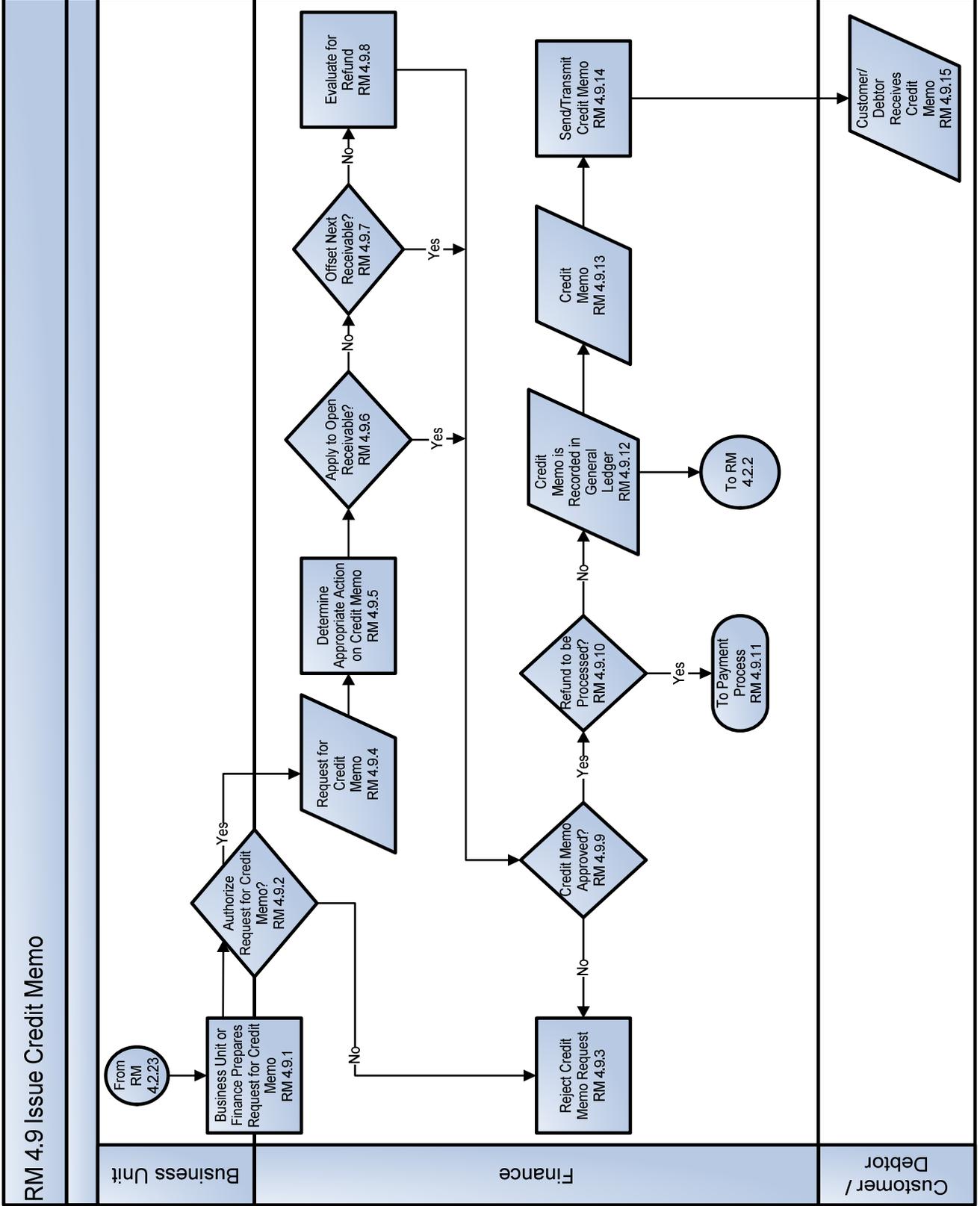


# RM 4.8 Write-off of Accounts Receivable

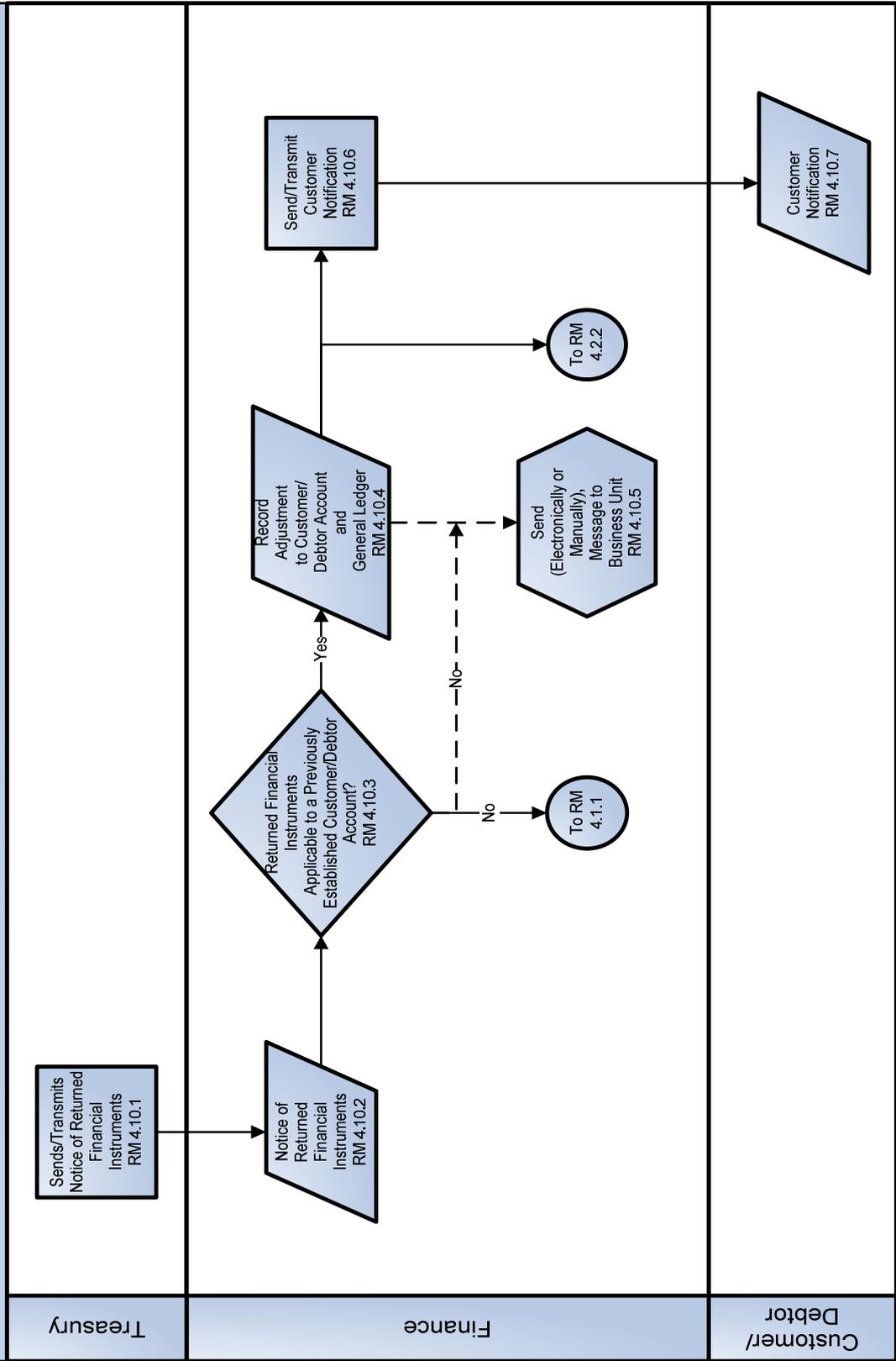


Finance

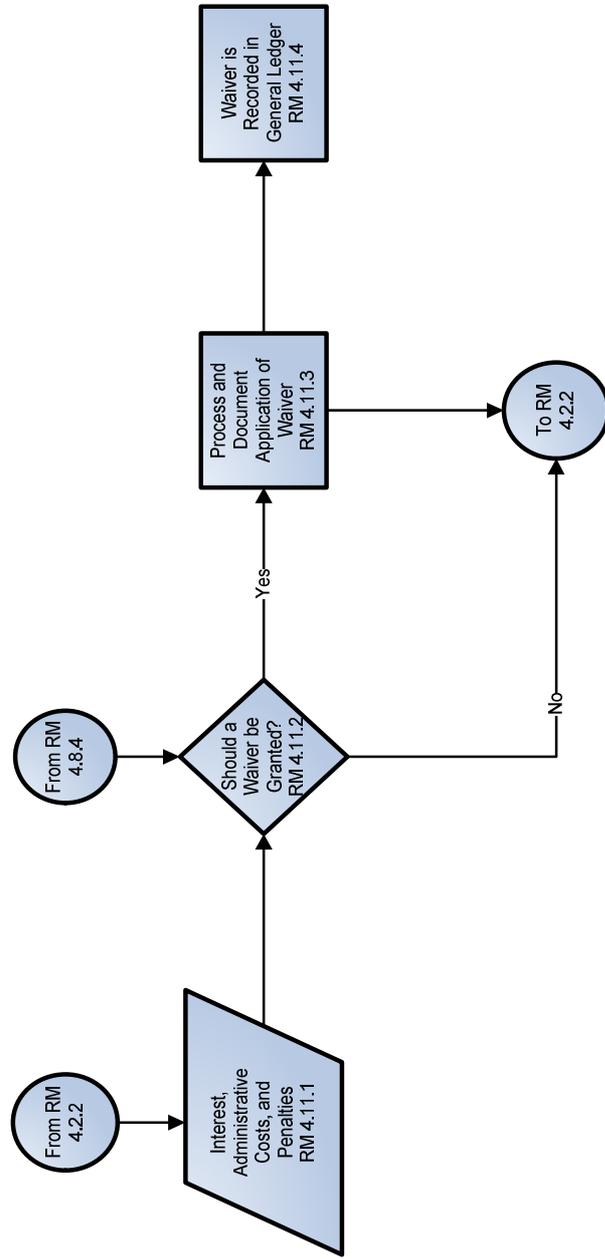
Customer/ Debtor



RM 4.10 Return of a Financial Instrument

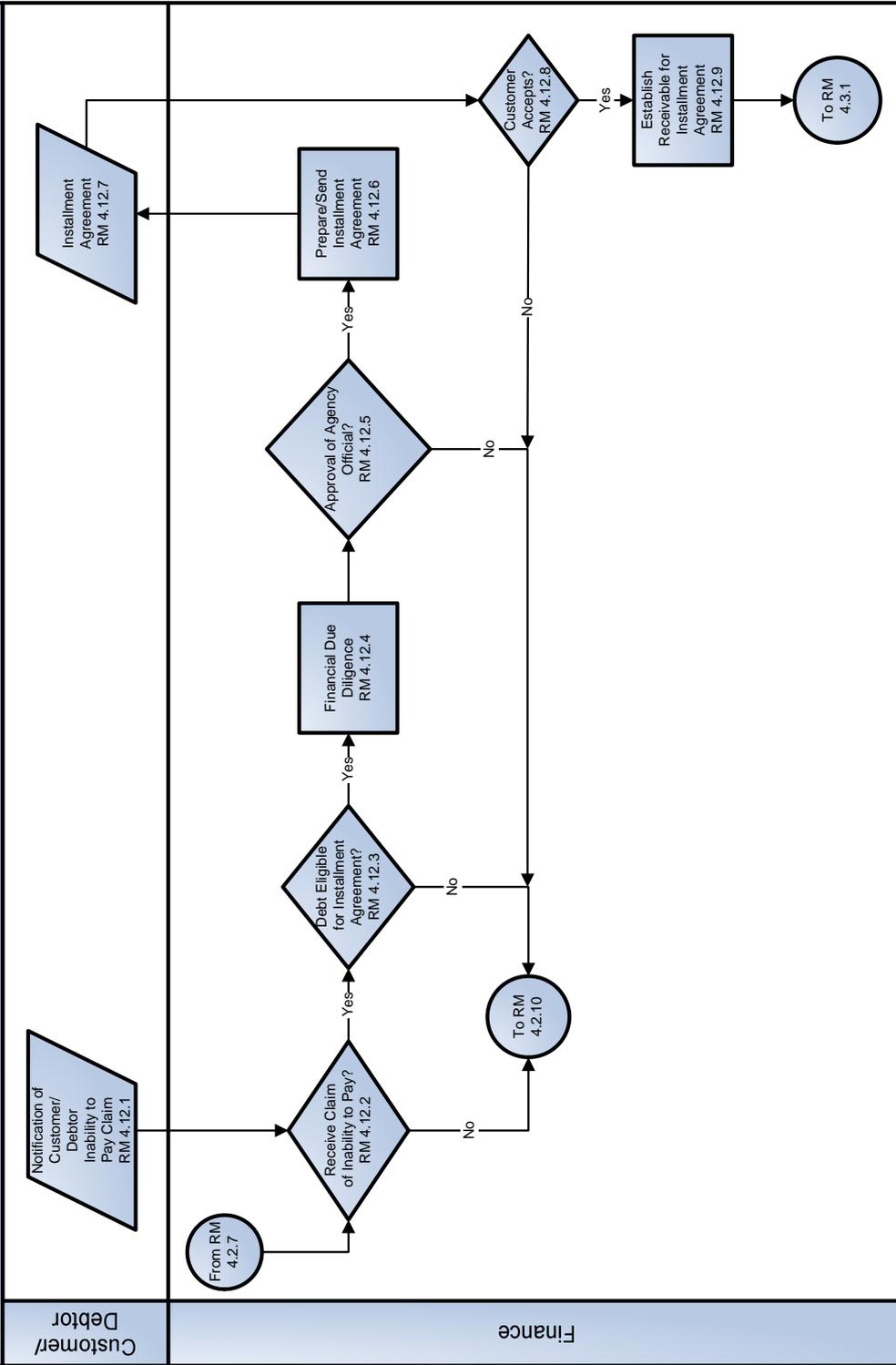


# RM 4.11 Waiver of Interest, Administrative Costs, and Penalties



Finance

RM 4.12 Installment Plans



## Appendix D – Table of Core Financial System Requirements

Requirement Number	Title	RM 4.1 Establish Non-Federal Accounts Receivable	RM 4.2 Analyze Accounts Receivable	RM 4.3 Billing	RM 4.4 Collection of Receipts	RM 4.5 Application of Receipts	RM 4.6 Dunning	RM 4.7 Allowance for Loss on Accounts Receivable	RM 4.8 Write-off of Accounts Receivable	RM 4.9 Returned Items	RM 4.10 Non Sufficient Funds	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.12 Installment Agreements
RMA - 01	Customer Information	X											
RMA - 02	Validate Customer TINs	X											
RMA - 03	Customer Query	X											
RMA - 04	Customer File History	X											
RMA - 05	Customer History Query	X											
RMA - 06	Criteria for Deactivating Customers	X											
RMA - 07	Customer Deactivation Edit	X											
RMB - 01	Record Receivables	X											
RMB - 02	Receivable Adjustments			X									
RMB - 03	Receivable Type	X											
RMB - 04	Receivable Document Data	X											
RMB - 06	Non-Reimbursable Billings				X								
RMB - 09	Scheduled Billings				X								
RMB - 10	Billings to third-party payers				X								
RMB - 11	Bill Types				X								
RMB - 12	Bill Data				X								
RMB - 13	Additional Bill Data				X								
RMB - 14	Bill Forms				X								
RMB - 15	Derive Bill Data				X								
RMB - 16	Bill Number and Date				X								
RMB - 17	Consolidating Receivables				X								
RMB - 20	Returned Checks							X			X		
RMB - 21	Reschedule Receivables												X
RMB - 22	Multiple Rescheduling												X
RMB - 23	Amortization Schedule			X									
RMB - 24	Customer Account Statements				X								
RMC - 01	Assessing Interest			X				X					
RMC - 02	Interest Assessment Rate			X				X					
RMC - 03	Penalties and Administrative Charges			X				X					
RMC - 04	Accounting Classification of Receivables			X									
RMC - 05	Interest on Referred Debt			X									
RMC - 06	Dunning Notices							X					
RMC - 07	Dunning Notice Text							X					
RMC - 08	Accounts Receivable Aging Report			X									
RMC - 09	Accounts Receivable Aging Query			X									
RMC - 10	Receivables Eligible for Write-off									X			
RMC - 11	Waivers and Write-offs									X		X	
RMC - 12	Classify Write-offs									X			
RMC - 13	Waived and Written-off Receivables									X		X	
RMC - 15	Delinquent Debt Referral File			X									
RMC - 16	Receivable Updates			X									
RMC - 18	Delinquent Debt Categories			X									
RMC - 20	Customer Receivables Query			X									
RMC - 21	IRS Form 1099-C									X			

Requirement Number	Title	RM 4.12 Installment Agreements	RM 4.11 Waiver of Interest, Administrative Costs, and Penalties	RM 4.10 Non Sufficient Funds	RM 4.9 Returned Items	RM 4.8 Write-off of Accounts Receivable	RM 4.7 Allowance for Loss on Accounts Receivable	RM 4.6 Dunning	RM 4.5 Application of Receipts	RM 4.4 Collection of Receipts	RM 4.3 Billing	RM 4.2 Analyze Accounts Receivable	RM 4.1 Establish Non-Federal Accounts Receivable
RMD - 01	Collection Data								X	X		X	
RMD - 02	Collections Against Receivables									X			
RMD - 03	Collections Without Receivables									X			
RMD - 04	Order for Applying Collections									X			
RMD - 06	Collections of Overpayments									X			
RMD - 07	Collections of Advance Payments									X			
RMD - 11	Collections Query									X			
SMB-06	Duplicate Documents												
TLD - 01	Application Program Interface												
TLD - 02	API Record Layouts												
TLD - 03	API Transaction Validation												
TLD - 04	API Transaction Suspension												
TLD - 05	API Processing Controls												
TLD - 06	API Generated Error Notices												
<b>Legend</b>													
<b>Requirement Type ID</b>													
RMA	Customer Information Maintenance Process												
RMB	Receivables and Billing Process												
RMC	Debt Management Process												
RMD	Collections and Offsets Process												
SMB	Document and Transfer Control Process												
TLD	Interoperability												

# **Appendix E – Financial Management Laws and Regulations**

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## **Federal Statutes:**

### *Appropriations Law*

Fundamental, long-standing statutes deal with the appropriation of monies to agencies from Congress, including the appropriate use and control of these monies. These statutes deal with the purpose, amount, and time of appropriations, as well as the availability of the associated monies. The following summary provides specific citations to these statutes, their common names, and their requirements.

### *Federal Managers' Financial Integrity Act of 1982*

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 amended the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency. FMFIA is comprised of two parts. OMB Circular A-123, *Management's Responsibility for Internal Control* (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004), is the primary vehicle for implementing FMFIA in the executive branch and describes internal control requirements. Agencies are also required to report annually on whether the agency accounting system complies with OMB A-127.

The FMFIA requires agency heads to establish controls that reasonably ensure:

- Obligations and costs are in compliance with applicable law
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation
- Revenues and expenditures are properly recorded and accounted for.

(OMB revised Circular A-123 in 1995 to incorporate ideas from subsequent management legislation, such as the Chief Financial Officers Act.) The circular provides guidance on improving the accountability and effectiveness of Federal programs and operations by establishing and reporting on management controls.

### *Chief Financial Officers Act of 1990 and Government Management Reform Act of 1994*

The Chief Financial Officers (CFO) Act of 1990 laid the foundation for significant financial management reform in the Federal Government. The Act emphasizes strong financial leadership, improved systems of accounting, financial management and internal control, and reliable financial information. A key element of the Act is the requirement for Federal agencies to produce audited financial statements. The Government Management Reform Act (GMRA) expanded financial statement audit coverage to include department-wide and Government-wide audited financial statements.

The CFO Act mandates three actions:

- Strong financial management leadership: The CFO Act established, in OMB, the Deputy Director for Management and the Office of Federal Financial Management, and created chief financial officer positions in major agencies to provide financial management direction.
  - Enhanced financial management systems: The CFO Act mandates that agency CFOs develop and maintain agency financial management systems that comply with applicable accounting principles, standards, and requirements; internal control standards; and requirements of OMB and Treasury; and
-

- Improved financial information: by requiring agency CFOs to maintain systems that report cost information, integrate accounting and budgeting, and systematically measure performance, the CFO Act emphasizes improved reliability and usefulness of agency financial information. Most importantly, the CFO Act requires that financial statements be prepared and audited.

#### *Government Performance and Results Act of 1993*

The Government Performance and Results Act (GPRA) of 1993 holds Federal agencies accountable for achieving program results and requires them to identify missions, set goals, measure performance, and report on their accomplishments.

Under GPRA, each Federal agency must develop and submit a multiyear strategic plan, which contains the agency's mission statements and long-term strategic goals. Agencies must also submit annual performance plans, which include performance goals linked to the budget and indicators of how performance will be measured. Annual performance reports, also required under the Act, provide information on the extent to which the agency met its annual performance goals.

#### *Federal Financial Management Improvement Act of 1996*

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires agencies to implement and maintain systems that substantially comply with (1) Federal accounting standards, (2) the United States Government Standard General Ledger (USSGL) at the transaction level, and (3) Federal financial management systems requirements. In addition, the FFMIA requires agencies' auditors to report whether agency systems comply with FFMIA's systems requirements. Agencies that determine their systems do not substantially comply must develop and submit remediation plans to OMB.

To comply with Federal financial management system requirements, OMB implementation guidance requires that systems meet the Circular A-127 requirements, JFMIP's Federal Financial Management Systems Requirements, and Circular A-130, Appendix III.

#### *Debt Collection Act of 1982 and Debt Collection Improvement Act of 1996*

The Debt Collection Improvement Act (DCIA) is an extension of the Debt Collection Act. The purpose of these Acts is to require proper collection of debts, to authorize the compromise or suspension of some debts, and to authorize the use of certain collection tools that are available in the private sector. The use of electronic payment and offset methods is required.

#### *Federal Information Security Management Act (FISMA) of 2002 (Public Law 107-347, Title III)*

The FISMA reiterates security requirements contained in existing OMB policies and in Federal laws such as the Computer Security Act of 1987, the Paper Reduction Act of 1995, and Clinger-Cohen Act of 1996. The Act mandates that Federal agencies implement an information security program and designate a senior information security officer. FISMA also established evaluation and reporting requirements that requires each agency to report any significant deficiencies and an information security policy, procedure, or practice. If relating to financial management systems as a lack of substantial compliance with FFMIA.

#### *Reports Consolidation Act of 2000*

This Act gives OMB the authority to combine financial reports to the President and Congress that contains performance and accountability information.

*Clinger-Cohen Act (CCA) – The Information Technology Management Reform Act of 1996*

This Act provides that the Government information technology shop be operated exactly as an efficient and profitable business would be operated. Acquisition, planning, and management of technology must be treated as a “capital investment.” While the law is complex, all consumers of hardware and software in the Department should be aware of the Chief Information Officer’s leadership in implementing this statute.

**Regulatory Guidance:**

*OMB Circular A-11, Preparation, Submission and Execution of the Budget (6/30/06), Preparation, Submission and Execution of the Budget (6/30/06), Preparing, Submitting, and Executing the Budget (Revised 7/25/2003)*

OMB made major revisions to A-11 that merged the budget formulation and execution guidance to reinforce the requirement for agencies to integrate budget and performance and to improve the quality of their financial information. In addition, A-11 contains new guidance on managing physical and financial assets.

*OMB Circular A-25, User Charges*

The Circular:

- Establishes Federal policy regarding fees assessed for Government services and for sale or use of Government goods or resources
- Provides information on the scope and types of activities subject to user charges and on the basis upon which user charges are to be set
- Provides guidance for agency implementation of charges and the disposition of collections.

*OMB Circular A-123, Management’s Responsibility for Internal Control (Effective beginning with Fiscal Year 2006) (Revised 12/21/2004), Management Accountability and Control (or Successor Documents) (6/21/1995)*

This Circular, which is the primary OMB guidance for FMFIA, is described in the section that relates to that act.

*Prompt Payment Final Rule (Formerly OMB Circular A-125, Prompt Payment) (9/29/1999)*

The Final Rule, the primary OMB guidance for PPA, is described in the section related to the specific act.

*OMB Circular A-127, Financial Management Systems (07/23/1993), Financial Management Systems (or Successor Documents) (7/23/1993)*

This circular augments FFMIA by specifically mandating that Federal Agencies implement integrated core accounting and financial management systems. To be fully integrated, the system must address:

- Standard data classification (both data and format)
- Common processes for handling similar accounting events
- Consistent internal control mechanisms
- Elimination of duplicate transaction entry.

Circular A-127 also prescribes policies and standards for agencies to follow in developing, operating, evaluating, and reporting on financial management systems generally. It incorporates, by reference,

Circulars A-123 and A-130, as well as all federal financial management systems requirements published by JFMIP.

*OMB Circular A-129, Managing Federal Credit Programs (11/2000)*

This Circular prescribes policies and procedures for justifying, designing, and managing Federal credit programs, and for collecting non-tax receivables. It sets principles for designing credit programs, including:

- Preparation and review of legislation and regulations
- Budgeting for the costs of credit programs and minimizing unintended costs to the Government
- Improving the efficiency and effectiveness of Federal credit programs.

Circular A-129 also sets standards for extending credit, managing lenders participating in Government guaranteed loan programs, servicing credit and non-tax receivables, and collecting delinquent debt.

*OMB Circular A-130, Management of Federal Information Resources (11/28/2000)*

OMB re-issued Circular A-130 in revised form in December 2000 as Transmittal Memorandum No. 4. The expanded version of A-130 provides guidance on the Paperwork Reduction Act, the Clinger-Cohen Act, the CFO Act, and others. This includes the requirement for all electronic systems, including financial management systems, to have a defined association with the agency's enterprise architecture.

The Circular provides specific guidance on collecting and managing information and records management, including:

- Electronic information collection
- Provision of information to the public
- Information dissemination systems
- Information safeguards.

It further mandates agencies to establish a capital planning and investment control process (CPIC) that links information technology investments to improved mission performance. The CPIC also establishes the links among agency processes including strategic planning, IT planning, enterprise architecture integration, performance planning, financial management planning pursuant to the Chief Financial Officers Act of 1990, and budget formulation and execution. Specifically, sections of A-130 cover these four areas:

- **Capital planning and investment control** processes must be followed and documented by all agencies. These processes, stemming from Clinger-Cohen, must integrate IRM strategic and performance plans, financial management plans, the agency's IT enterprise architecture, and its budget. The agency's process for capital planning and investment control should include an IRM strategic plan, an IT capital plan, and an IT investment portfolio as described in OMB Circular A-11, *Preparation, Submission and Execution of the Budget (6/30/06)*, *Preparation, Submission and Execution of the Budget (6/30/06)*, the annual budget circular.
- **Enterprise architecture** framework and planning processes require an agency to document (and submit to OMB its current and target IT architecture and related support strategies, transition roadmaps, and IT and security standards, as well as a summary of the information services used throughout the Agency. The enterprise architecture framework anticipated by A-130 is driven by the business needs of the agency and is

composed of layers complying with the Federal Enterprise Architecture Framework (FEAF) developed by the CIO Council.<sup>2</sup>

- ***Ensuring security in information systems*** is accomplished by explicitly incorporating security into the enterprise architecture and life-cycle planning for systems, and ensuring that security supports the agency's business operations. The agency's security plan must comply with the procedures and policies outlined in Appendix III to A-130, *Security of Federal Automated Information Resources*; the Federal Information Security Management Act (Public Law 107-347); Title III; and guidance provided by the National Institute of Standards and Technology (NIST). Independent advice and comment on the security plan must be solicited prior to the plan's implementation.
- ***Information technology acquisition*** requires the use of adequate competition in contracting, allocating risk between the government and the contractor, and maximizing the return on investment. Major information systems should be structured into useful segments with narrow scope and brief duration. Off-the-shelf software should be used unless analysis clearly documents other approaches are more effective.

#### *Statements of Federal Financial Accounting Standards*

The FASAB was created in 1990 to develop and recommend Statements of Federal Financial Accounting Standards (SFFASs) for use by the Federal Government. The growing body of SFFAS issued by FASAB is considered to be generally accepted accounting principles for Federal Government entities.

The accounting standards that have resulted from FASAB's work are central to effectively meeting financial management improvement goals of the CFO Act and other legislation. In particular, FASAB's standards for managerial cost accounting, as described in SFFAS 4, are a primary source of guidance. This and other FASAB standards foster financial information and reporting that is understandable, relevant, and reliable concerning the financial position, activities, and results of operations for the Federal Government and its departments and agencies. Furthermore, the standards prescribe accounting systems and internal control that help demonstrate that Federal programs are conducted in compliance with laws and regulations.

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<sup>2</sup> The FEAF layers describe and link business processes, information flows, applications, data descriptions and relationships, and technology infrastructure.

## Appendix F - Contributors

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Table F-1 lists the individuals who contributed to development of the Receivables Management Standard Business Process.

*Table F-1. Contributors*

Organization	Name
Office of Management and Budget	Joanne Choi Kim Farrington Adam Goldberg
Department of Commerce	Karen McBride
Department of Defense	William Chip (Defense Finance and Accounting Service) Greg Gayer (Defense Finance and Accounting Service) Nello Lavorini (Business Transformation Agency)
Department of Education	Sylvester Osineme
Department of Housing and Urban Development	Rhea Riso
Department of Transportation	Jamie Cottrell (Federal Aviation Administration) Ed Ramos (Department of Transportation)
Department of the Treasury	Yvette Dunbar (Bureau of Public Debt) Holden Hogue (Financial Management Service) Thomas Kobielus (Financial Management Service) Debbie Schiller (Bureau of Public Debt) Greg Till (Financial Management Service)
Department of Veterans Affairs	Eric Teal
Environmental Protection Agency	Valerie Chun Anita Jones
Federal Communications Commission	Regina Dorsey
General Services Administration	Susan Fischer Terry Gricher
Social Security Administration	Mark Graham Ron Hallameyer Lynn Spruill
Financial Systems Integration Office (formerly JFMIP)	Dianne Copeland Dale Miller
Program Office Support (KPMG)	Constance Herron David Fitz Robert Frank Ryan Patalune