DEPARTMENTAL REGULATION	Number: 2130-001
SUBJECT: Requirements for the Establishment and Management of Accounts Receivable Arising from Audits	DATE: June 16, 1983
	OPI: Office of Finance and Management

1   PURPOSE

    This regulation provides agencies and staff offices with Departmental policy and guidance in the establishment and management of accounts receivable arising from audits.

2   POLICY

    It is the Department's policy that agencies (1) promptly establish the amount of any account receivable arising from an audit, (2) maintain accurate accounting records, (3) take aggressive collection action on overdue amounts, and (4) charge interest on overdue amounts, except where prohibited by law.

3   REFERENCES

    The following Acts, regulations, and directives define authorities and responsibilities, and establish deadlines and other requirements for establishment of accounts receivable and collection of claims arising from audits:

  a   Federal Claims Collection Act, 31 U.S.C. 3701, 3711-3719.

  b   Federal Claims Collection Standards, 4 CFR 101-105.

  c   Treasury Fiscal Requirements Manual (TFRM) Bulletin No. 82-18, to be codified in I TFRM 2-4100.

  d   Departmental Regulation 1720-1, "Audit Followup, Resolution, and Closure, and Establishment and Collection of Claims Arising from Audits."

  e   Departmental Regulation 2215-1, "Revised Reporting Requirements on Accounts and Loans Receivable Due the Government from the Public," which sets forth the method and frequency of reporting accounts receivable arising from audits to the Office of Finance and Management.

4   SPECIAL INSTRUCTIONS

        This regulation does not supersede or eliminate any other Departmental or external reporting requirements related to audit findings.

5   DEFINITIONS

      a   Letter of Determination - A document issued to an auditee by an agency s program operating unit after negotiations to resolve audit findings, and informing the auditee of corrective action needed. If the auditee owes the Government money, the letter must contain a request for repayment, the repayment due date, and a notification that interest will be charged on late payments (I TFRM 6-8020.20b). The Letter of Determination may also serve as the authorizing document for the agency's fiscal officer to establish an account receivable arising from an audit.

      b   Account Receivable Arising from an Audit - An amount determined to be owed to the Government as agreed upon between an agency's program operating unit, the Office of the Inspector General, and appropriate parties. In this regulation, the terms "account receivable" and "claim" are used interchangeably.

6   RESPONSIBILITIES

      a   Agency program operating units will:

           (1)   give the agency's fiscal officer documentation justifying and authorizing the establishment of an account receivable arising from an audit whenever a Letter of Determination is issued requesting repayment of an amount due.

      b   Agency fiscal officers will:

           (1)   promptly and accurately record the claim on the accounting records of the agency.

                 (a)   Audit recommendations that are subject to management concurrence must be recorded as accounts receivable within 30 days after a Letter of Determination is issued to the auditee.

                 (b)   A claim must be recorded and interest assessed even though the decision to collect is subject to administrative appeal or litigation.

      c   Agencies and staff offices which prepare Standard Form 220 will:

(1)   ensure that receivables arising from audits are accounted for in such a way as to distinguish them from other types of receivables.

(2)   take aggressive collection action on accounts receivable arising from audits in accordance with the Federal Claims Collection Standards, which include written demands for payment at 30-day intervals, offsetting the debt against amounts due from other Federal programs, and suspension or termination of funding.

(3)   monitor receivable reports and follow up promptly on delinquent accounts.

7   INQUIRIES

Inquiries regarding this regulation should be directed to Larry Wilson, Deputy Director, Office of Finance and Management.