

FDA Staff Manual Guides, Volume III – General Administration

Procurement and Supply Management - Procurement

Non-Governmental, Non-User Fee Accounts Receivable Collections Policy

Effective Date: 12/23/2021

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1. Purpose.

This SMG contains the policies and procedures for the Food and Drug Administration (FDA) for the collection of claims owed to the United States Government. These policies and procedures supplement the regulations contained in 45 CFR § 30.

2. Background.

This manual sets forth policies governing the process for the FDA's collection of Accounts Receivables. The FDA Center/Office of Regulatory Affairs (ORA)/Offices and the Division of Accounting (DA) work together to invoice and collect payments from customers. In order to initiate the collection and payment of claims, the FDA Center/ORA/Offices must utilize the Office of Financial Management (OFM) Receivable Request and OFM Payment Submission forms.

3. Reference / Authority.

A. Under the provisions of the Federal Claims Collection Act of 1966, 31 U.S.C. 3701 -3720E, as amended through the Debt Collection Improvement Act of 1996 (Public Law 104-134) the FDA must try to collect claims of the United States for money or property arising out of the activities of or referred to the FDA (<https://fiscal.treasury.gov/files/dms/dmdcia.pdf>).

B. Office of Management and Budget (OMB) Circular A-129 (<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A129/>)

[a-129.pdf](#)).

- C. Federal Claims Collection Standards, 31 CFR 900-904, (<https://www.govinfo.gov/content/pkg/FR-2000-11-22/pdf/00-29284.pdf>).
- D. Department of Health and Human Services (HHS) Delinquent Debt Policy (<https://intranet.hhs.gov/manual/fmdg/volume-ix-chapter-3>).
- E. The Department of Health and Human Services (HHS) regulations relating to the collection of debts owed to HHS are found at 45 CFR § 30 (<https://ecfr.io/Title-45/Part-30>).

4. Definitions.

- A. **Date of Delinquency:** The date the debt becomes past due (i.e., 30 days after the invoice date, the initial notice).

5. Policy.

A. General

Under the provisions of the Federal Claims Collection Act of 1966, 31 U.S.C. 3701 -3720E, as amended through the Debt Collection Improvement Act of 1996 (Public Law 104-134) the FDA must try to collect claims of the United States for money or property arising out of the activities of or referred to the FDA.

B. Billing and Current Collections

- 1. In order to initiate the billing and collection process, the FDA Center/ORR/Offices must complete the required forms and submit them to the Accounts Receivable (AR) Mailbox email.

AR Mailbox: FDA_AccountsReceivables@fda.hhs.gov

- 2. All documentation received to the Accounts Receivable mailbox will be reviewed. If there is no additional information needed, an invoice will be created in UFMS and the mailing of a manual invoice for the transaction to the customer.

C. Reconciliations/Reviews

- 1. On a weekly basis, all past due amounts should be reviewed to identify accounts that have reached Dunning Notice Stages, accounts that should be referred to Program Support Center (PSC), and accounts that should be considered for Write- Off Current not Collectable (CNC) due to age.

D. Accruing Interest, Fees, and Penalties

1. Interest, admin fees, and penalties should be applied to past due balances and to the appropriate invoices in UFMS until the debt is resolved.
2. Interest is a charge assessed under 31 U.S.C. §3717 that compensates the Government for the loss of use of funds when the debt is not paid timely. Interest begins to accrue from the date of delinquency and is assessed every 30 days thereafter until the balance is resolved. Per 31 U.S.C. §3717 the rate of interest charged “is the rate in effect on the date from which interest begins to accrue” and “remains fixed at that rate for the duration of the indebtedness.”

Per 45 C.F.R. § 30, the FDA refers to the interest rate published quarterly by HHS in the Federal Register. The current rate can be obtained from:

<https://www.hhs.gov/about/agencies/asfr/finance/financial-policy-library/interest-rates/index.html>.

Interest is only assessed against the principal of the debt.

3. Per 31 U.S.C §3717, the administrative fee should “cover the cost of processing and handling a delinquent claim” and per 45 C.F.R. § 30, the calculation should be “based on actual costs incurred or a valid estimate” and should “be assessed monthly...throughout the period that the debt is overdue.”

To be consistent with User Fee policy, DA charges an administrative fee of \$20 for non-Governmental, non-User Fee accounts receivable to cover the cost of processing and handling past due accounts. The fee is charged each month the balance is past due from the date of delinquency until the balance is resolved.

4. Penalties of 6% per year are assessed under 31 U.S.C. §3717 on the total amount due (principal, interest, and administrative fees) on a claim that is delinquent for more than 90 days. It is accrued from the date of delinquency until the balance is resolved.

E. Dunning Letters

1. Dunning (collections) letters are sent to past due accounts as they become 30, 60, and 90 days past due. Refer to the Dunning Letter Policy (SMG 2610.15) for specific details.
2. Copies of all communications sent for no less than 6 years per the National Archives Records and Administration (NARA) Records Retention Schedule must be retained by DA.

F. Referral to PSC

All accounts that become more than 90 days past due must be referred to PSC for further collection efforts. If payment is remitted directly to DA after referral to PSC, DA must notify PSC of the account's status.

G. Quarterly Reporting/Allowance for Doubtful Accounts (ADA) Adjustments

1. Each quarter the ADA must be reviewed and adjusted. All User Fee and non-User Fee balances (including interest, admin fees, and penalties) that have become more than 365 days past due should be included in the ADA adjustment.
2. The Treasury Report on Receivables (TROR) must be prepared and submitted to Treasury each quarter. The TROR compiles and reports on the status of User Fee and non-User Fee receivables and collections and requires data from/coordination with the Division of User Fees, the Division of Financial Systems Support, and the Program Support Center (FDA's designated debt collection center).

H. Write-Off

Write-off Non-User Fee accounts receivable are either identified as:

1. Deemed uncollectible (termination/close out); or
2. Become more than 2 years past due (Current Not Collectable).

Depending on the amount of principal and the collection actions taken, Fiscal Service or Department of Justice approval may be required before termination and write-off. If collections are received after a balance is written off, DA must re-enter the invoice/payment in UFMS.

6. Responsibilities.

A. Responsibilities of the Center/ORAs/Offices

1. Complete the OFM Receivables Request/Payment Submission Forms
2. Submit completed OFM Receivables Request/Payment Submission Forms, along with all supporting documentation/details, to the Accounts Receivable (AR) Mailbox email FDA_AccountsReceivables@fda.hhs.gov.

B. Responsibilities of the Over the Counter net (OTCnet) Point of Contact (POC)

1. Deposit payments in OTCnet
2. Submit scanned copies of the payments, supporting documentation submitted with payment, and batch summary sheet to the AR Mailbox email for DA to retrieve/review.

C. Responsibilities of the Office of Financial Management, Division of Accounting

1. Review all past due amounts weekly to identify accounts that have reached Dunning Notice Stages
2. Review the documentation received from the Centers/ORAs/Offices; verifying the total payments per batch tie to the summary sheet and the total of the deposit ticket and following up with the FDA Center's POC for discrepancies; and creating/applying the receipts in UFMS to the appropriate invoice.
3. Review and save the documentation received from OTCnet.
4. Track communications that were sent for each account past due and maintain any relevant supporting documentation as support should the account eventually be reviewed for termination and write-off.
5. Complete several monthly reconciliations/verifications.
 - a. The first is a Treasury deliverable that verifies the General Ledger and Subledger tie and there are no variances.
 - b. The second is an internal deliverable that reconciles the month's principal, interest, admin fees, and late charges transactional activity in the Dunning Letter tool to the Open AR Invoice Report in UFMS.
 - c. Verifications includes:
 - i. Verifying all invoicing data submitted to the AR mailbox ties to the total receivables entered in UFMS for the month.
 - ii. Verifying the deposits entered in OTCNet ties to the payments and support submitted to the AR mailbox to the total receipts entered in UFMS for the month.
 - iii. Confirming Dunning Letters were sent and/or accounts submitted to PSC by the required date for all accounts entering the next stage of collections.

7. Procedures.

A. Collection Activities

1. Once DA receives the OFM Receivable Request Form from FDA's Center/ORAs/Office, the DA Accountant will review the form for any missing information. If there is necessary information missing, the DA Accountant will follow up with the Center's POC.
2. The DA Accountant will query the customer's account number obtained from the OFM Payment Submission form to verify the request is not a duplicate. Once the customer's account is verified, the DA Accountant will create an invoice for the customer in the Unified Financial Management System (UFMS). This invoice will be mailed and emailed to the

customer's addresses for payment collection.

3. Once DA is notified that the OFM Payment Submission Form and payment from the FDA Center/ORAs/Offices were received, the DA Accountant will verify the information on the form in UFMS. The DA Accountant will search the customer and/or invoice number in UFMS to validate their existence.
4. Once the customer/invoice number is validated, the DA Accountant will create a receipt and apply it to the appropriate invoice in UFMS.

8. Effective Date.

This policy is effective as of December 23, 2021 signed by Sahra I. Torres-Rivera, Deputy Chief Financial Officer, OFBA.

9. Document History – SMG 2610.23, “Non-Governmental, Non-User Fee Accounts Receivable Collections Policy”

Status (I, R, C)	Date Approved	Location of Change History	Contact	Approving Official
Initial	12/06/2021	N/A	OO/OFBAP/OFM	Sahra I. Torres-Rivera, Deputy CFO/Director OFM

A. Appendix A - Debt Collection Policy SMG –
<https://www.fda.gov/media/80804/download>.