

FDA STAFF MANUAL GUIDES, VOLUME III - GENERAL ADMINISTRATION

PROCUREMENT AND SUPPLY MANAGEMENT

PROCUREMENT

DEBT COLLECTION POLICY

Effective Date: 10/14/2008

Change: 04/15/2014

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**1. PURPOSE.**

To ensure adherence to the Debt Collection Improvement Act of 1996.

**2. POLICY.**

All debt collection actions taken by the FDA must comply with the Debt Collection Improvement Act of 1996. According to [The Debt Collection Improvement Act of 1996](#) and [The Code Of Federal Regulations \(45 CFR Part 30\)](#), the following requirements exist when collecting a delinquent debt:

- 1) Finance charges begin accruing once a debt becomes past due. The interest rates for finance charges are determined based on the following chart:  
<https://www.hhs.gov/about/agencies/asfr/finance/financial-policy-library/interest-rates/index.html>
- 2) Dunning letters are sent to customers with delinquent debt according to the following schedule:

Location	1st Letter	2nd Letter	3rd Letter
Domestic	30 days after due date	60 days after due date	90 days after due date
International	45 days after due date	60 days after due date	90 days after due date

The 1st dunning letter alerts the customer that their account is overdue. The 2nd dunning letter indicates that the debt will be sent to collections if payment is not received within 90 days of the due date. The 3rd dunning letter informs the customer that the debt has been sent to collections. A copy of the invoice is sent with the 1st and 2nd dunning letters.

- 3) Administrative charges are added after a debt is 30 days past due. Administrative charges can be negotiated by the Chief Financial Officer (CFO) with permission from DHHS.
- 4) Late payment penalties are added after a debt is 90 days past due.
- 5) Debts that are delinquent more than 90 days past the due date may be sent to PSC for debt collection. PSC utilizes the Treasury Offset Program and the Department of Justice to collect the debt.
- 6) PSC issues a monthly report to the FDA indicating which debts have been collected and which need to be written off.

### 3. RESPONSIBILITIES.

#### Individual A/R Offices

Individual A/R Offices who initially create the invoice in the Accounting System are responsible for creating and sending dunning letters.

#### Director of Accounting, OFM

OFM and ultimately the Director of Accounting, OFM oversees the process of sending dunning letters and reporting on delinquent debts.

### 4. EFFECTIVE DATE.

This policy was signed by John P. Gentile, Associate Commissioner for Operations, effective October 14, 2008.

### 5. Document History – SMG 2610.15, Debt Collection Policy

STATUS (I, R, C)	DATE APPROVED	LOCATION OF CHANGE HISTORY	CONTACT	APPROVING OFFICIAL
Initial	10/14/2008	N/a	OC/OO/ OM/OFM	John P. Gentile, Associate Commissioner for Operations

STATUS (I, R, C)	DATE APPROVED	LOCATION OF CHANGE HISTORY	CONTACT	APPROVING OFFICIAL
Change	04/15/2014	2. POLICY, paragraph 1)	OO/OFBA/ OFO/OFM	William Collinson, Financial Advisor, OC