NASA Procedural Requirements

COMPLIANCE IS MANDATORY

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Subject: Billings and Collections

Responsible Office: Office of the Chief Financial Officer

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Chapter 1. Billings and Collections

1.1 Overview

1.1.1 This chapter establishes requirements for the billing and collection of amounts due to NASA from others. The terms invoice and bill are used synonymously in this chapter. Whenever possible, NASA should use electronic billing and collection mechanisms documented in the Department of Treasury's (Treasury) Financial Manual (TFM).

1.2 Agency Requirements

1.2.1 Collections.

1.2.1.1 Accounting for Collections. NASA debt collections are processed through Treasury and will be sent to NASA on a bi-weekly basis via the Intragovernmental Payment and Collection (IPAC) system to the appropriate Agency Location Code. Upon receipt of reports from Treasury, collections should be accounted for in the following manner:

a. Principal should be credited to the appropriate accounts receivable general ledger account.

b. Interest should be credited to General Fund Proprietary Interest, Not Otherwise Classified fund (801435).

c. Penalty charges should be credited to Fines, Penalties, and Forfeitures, Not Otherwise Classified fund (801099).

1.2.1.2 Collections must be promptly recorded in the system and subsequently reconciled. The NASA Shared Services Center (NSSC) shall use the Integrated Enterprise Financial Management (IEFM)/Core Financial (CF) system to support the identification and compromise of delinquent debts by:

a. Recording all financial data related to the debts in a timely and accurate manner.

b. Tracking the status of requests for compromise, suspension, or close-out of debts. c. Generating the Internal Revenue Service (IRS) Form 1099-C "Cancellation of Debt."

1.2.1.3 Communication from Debtor. NASA collection agents shall respond promptly to communications from the debtor, within 30 days, whenever feasible, and will advise any debtors, who dispute the debt, to furnish available evidence to support their contentions.

1.2.1.4 Installment Payments.

1.2.1.4.1 Whenever feasible and except as otherwise provided by law, debts owed to NASA together with interest, penalties, and administrative costs, as required, should be collected in full in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. The NASA collection officer should obtain financial statements from debtors who represent that they are unable to pay in one lump sum and independently verify such representations, whenever possible (31 CFR 901.8.a). If NASA agrees to accept payment in regular installments, the NASA collection officer will obtain a legally

enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government's claim in not more than 3 years and should be no less than $50 per month.

1.2.1.4.2 If the debtor owes more than one debt and designates how a voluntary installment payment is to be applied to those debts, that designation must be followed. If the debtor does not designate the application of the payment, the collection agent should have payments applied to the various debts in accordance with the best interests of the United States, as determined by the facts and circumstances of the particular case, paying special attention to applicable statutes of limitations (14 CFR 1261.411).

1.2.1.5 Interest, Penalties, and Administrative Charges. Debtors are expected to adhere to payment terms stated in a contract, debt instrument, or notice of indebtedness (demand letter). Interest, administrative charges, and penalties will be assessed on all overdue payments, unless a waiver is granted or except as otherwise provided in 14 CFR 1261.412(g), (h), and (i) or a specific statute. Refer to Appendix C for additional information on interest, penalties, and administrative charges.

1.2.1.6 Waiver for Late Charges. NSSC shall assess late charges, unless a waiver has been received from Treasury. Any request for such waiver shall be sent to the Director, Financial Management Division, NASA Headquarters, for submission to Treasury.

1.2.1.7 Delinquent Debt.

1.2.1.7.1 Enforcement of Collection. Generally, a debt is considered "delinquent" when not paid by the date specified in the initial written notification or applicable contractual agreement (unless other satisfactory payment arrangements have been made by that date) or if, at any time thereafter, the debtor fails to satisfy obligations under a payment agreement. Contract overpayments, fines, penalties, and other debts are delinquent when the debtor does not repay or resolve the debt within 30 days after the day notification of the debt is mailed to the debtor (within 30 days of the payment due date for contractual agreements). A debt is not delinquent if the debtor has entered into a repayment agreement and all payments are current in accordance with the new agreement.

1.2.1.7.2 Collection Follow-up. NSSC shall take aggressive action on a timely basis, with effective follow-up, to collect all claims of the United States for monies or property arising out of NASA activities, and to cooperate with the other Federal agencies in debt collection activities. Details for NASA collections are codified in 14 CFR 1261.4.

1.2.1.7.3 Demand Letters. Appropriate written demands shall be made promptly to a debtor of the United States in terms that inform the debtor of the consequences of failure to cooperate. NSSC shall follow the procedures established in 12 CFR 1261.407 in making demands for payment. Appendix B contains additional information on debt collections and demand letters.

1.2.1.7.4 Aging Delinquent Collections. Accounts receivable will be aged at 30-day intervals from the due date until collected or determined to be uncollectible. NSSC must maintain information on the number, amount, age, and collection status of accounts receivable and on uncollectible accounts, which, have been written off. When collection efforts are delayed or not successful, functional offices should be notified in order to avoid generating new receivables with debtors who have a history of delinquency or are unwilling or unable to pay.

1.2.1.7.5 Referring Public Debt to Treasury. The Debt Collection Improvement Act (DCIA) of 1996 authorized Treasury to provide delinquent debt collection services for all Government agencies. Additionally, the DCIA requires Federal agencies to refer debts that are over 180 days delinquent to Treasury for cross servicing. Appendix D provides additional information on referring public debt to Treasury and list exceptions in which debt is not required to be referred to Treasury.

1.2.1.7.6 Write-off of Public Delinquent Debt. The write-off of public delinquent debt will occur when it has been determined that the debt has no value for accounting purposes, reasonable collection efforts have been exhausted, there is less than 50 percent likelihood that the debt will be collected, and the cost of further collection action will probably exceed the amount that could be collected. NASA may write-off public debt when the debt is referred to Treasury and the determinations above are met. Refer to NPR 9610_1, Accounts Receivable, for more information concerning debt write-off.

1.2.1.7.7 Generally, write-off is mandatory for delinquent public debts older than two years, unless material collections can be documented to occur after two years and NASA can justify to OMB and Treasury. When estimated collections become immaterial for debt over two years old, the debt can be written-off. The requirements in section 1.2.1.7.6 permit NASA to write-off debt sooner than two years old.

1.2.1.7.8 Written-off debt shall be classified as currently not collectible (CNC) or close-out. Debt that is referred to Treasury shall be classified as CNC until Treasury has notified NASA that collection activity is being terminated. Once collection activity is terminated, NASA shall classify the debt as close-out. NASA can also classify the debt as close-out if determined that the collection activity is legally barred or is no longer cost effective to pursue debt

collection.

1.2.1.8 Suspension or Revocation of License or Eligibility; Liquidation of Collateral. In seeking the collection of statutory penalties, forfeitures, or debts provided for as an enforcement aid or for compelling compliance, NASA will give serious consideration to the suspension or revocation of licenses or other privileges for any inexcusable, prolonged, or repeated failure of a debtor to pay such a claim (14 CFR 1261.410).

1.2.1.9 NASA Internal Administrative Offset.

1.2.1.9.1 Salary Offset. It is NASA's policy that NSSC must aggressively collect all debts owed to NASA. If a debt owed by a NASA employee becomes delinquent, the initial demand letter must include a statement that if payment is not received within 30 days, NASA will take action to collect the debt by offset of the employee's salary. In such a situation, NSSC must comply with the requirements of 14 CFR 1261.6.

1.2.1.9.2 Administrative Offset (Internal Offset). NSSC should, unless specifically prohibited, offset future NASA payments to the delinquent debtors, until the debt has been paid in full. The Code of Federal Regulations, 14 CFR 1261.5, sets out the requirements for administrative offset of claims. NSSC must determine whether collection by administrative offset is feasible and legal. The determination must be made on a case-by-case basis, in the exercise of sound discretion. NSSC should consider not only whether administrative offset can be accomplished, both practically and legally, but also whether offset is best suited to further and protect all of the Government's interests. In appropriate circumstances, NSSC may give due consideration to the debtor's financial condition and is not required to use offset in every instance in which there is an available source of funds. NSSC may also consider whether offset would tend to substantially interfere with or defeat the purposes of the program authorizing the payments against which offset is contemplated.

1.2.1.10 Other Available Collection Methods. The following collection methods are available to Federal agencies; however, it is NASA's policy to make use of the Treasury's cross servicing program for debt collection. If NSSC believes that use of one of the following methods is appropriate, NSSC must contact the OCFO Financial Management Division for prior approval.

a. Use of a Consumer Reporting Agency. NASA has authority to turn over information about the debtor to a Consumer Reporting Agency. The terms and conditions for this are in 14 CFR 1261.408.

b. Use of Collection Agency. NASA has authority to turn over collection of debt to a collection agency. The terms and conditions in which this authority can be used are in 14 CFR 1261.409.

c. Garnishment. Notwithstanding any provision of state law, the head of an executive, judicial, or legislative agency that administers a program that gives rise to a delinquent non-tax debt owed to the United States by an individual may in accordance with 31 U.S.C. § 3720 D garnish the disposable pay of the individual to collect the amount owed, if the individual is not currently making required repayment in accordance with any agreement between the agency head and the individual. NASA officials shall coordinate with the Office of the General Counsel to determine the legality of garnishment. NASA officials shall obtain a wage garnishment order through Treasury. The Department of Interior (DOI) in Denver, CO is the payroll processing office for NASA. Court orders and other documents effecting garnishment must be processed in the Denver office.

d. NASA Office of the Inspector General (OIG) Investigations. At the request of the Agency Deputy Chief Financial Officer (DCFO), the OIG will, where practicable, conduct such investigations as may assist in the collection, compromise, or referral of claims of the United States, including investigations to determine the location and financial resources of the debtors. Any claim which may indicate fraud, presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim, shall be referred to the Inspector General (IG), NASA Headquarters, or to the nearest office of the NASA IG. After conducting an investigation, the IG will notify the official as to the findings and disposition of the claim. Claims with evidence of such wrong doing will be referred to the Department of Justice (DOJ). If the IG found that there is no indication of such wrong doing, the IG will return the claim to the official from whom it was received as described in 14 CFR 1261.404.

1.2.1.11 Release of Indebtedness. Upon receipt of full payment of a claim or the amount in compromise of a claim, the NASA collection agent will prepare and execute, on behalf of the United States, an appropriate release, which shall include the provision that the claim release shall be void if procured by fraud, misrepresentation, the presentation of a false claim, or mutual mistake of fact.

1.2.1.12 Authority to Compromise, Suspend, or Terminate Collection of Public Debt Other than Recoupment of Employment Related Over Payments. Authority to compromise, suspend, or terminate collection of public receivables within NASA's jurisdiction with a principal balance less than $100,000 is identified in 31 U.S.C. § 3711, OMB Circular No. A-129, and 14 CFR 1261.4. See Appendix F for more detailed procedures. The authority to terminate collection of debts having principle balance greater than $100,000 rests with the U.S. Attorney General.

1.2.1.13 Waive Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances. As previously stated, NASA's policy is to aggressively pursue the collection of all delinquent debts. The authority granted in this section may only be used when the situation meets the criteria

established in 5 U.S.C. § 5584(a) that reads, "The collection of which would be against equity and good conscience and not in the best interest of the United States." NPD 9645.2 delegates authority for the waiver of claims resulting from erroneous payments of pay and allowances, travel, transportation, and relocation expenses and allowances made to or on behalf of NASA employees. The NPD identifies the officials authorized to grant waivers, the amounts they may approve as well as the offices that should review and coordinate on each proposed waiver.

1.2.1.14 Debt Close-out. Close-out of a debt is the process of terminating collection efforts. Despite write-off, it may be appropriate to maintain subsidiary records of individual accounts so that debts may be collected by offset against future benefit claims. Debts shall be closed out (collection actions terminated) when one or more of the following apply:

a. The debtor cannot be located; no assets that can be liquidated to pay the debt can be found; or the Federal statute of limitations has expired for litigation (six years) and administrative offset (10 years) and the statutes of the State in which the debtor resides preclude further collection.

b. The debt cannot be substantiated because of a lack of evidence or witnesses to validate a claim (such debt cannot be referred to IRS as taxable income).

c. The debt is considered to be legally without merit upon a determination that the debt was never owed and was erroneously classified as a debt.

d. Any substantial amount of the debt cannot be collected because:

(1) A judgment has been obtained and the application of all collection techniques failed to produce full collection.

(2) A collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate the debt is uncollectible.

(3) The borrower has been declared bankrupt and no further prospects for worthwhile recovery is available.

e. Estimated collection costs exceed the estimated recoverable amount.

f. The Center or NSSC has been advised by Treasury Financial Management Services (FMS) that all reasonable efforts to enforce collection have been exhausted and the balance of the debt should be written off.

1.2.1.15 Reinstituted Collection Action. Collection action on closed-out accounts should only be reinstituted if evidence subsequently obtained indicates that a debtor has the ability to repay a substantial portion of the debt (25 percent or more) and the statute of limitations has not yet expired.

1.2.1.16 Loss of Checks Prior to Deposit. When a check submitted to NSSC to cover an indebtedness (Accounts Receivable) is lost, destroyed or mutilated, NSSC will immediately request the drawer to stop payment on the original check and to submit or replace the check without the execution of an agreement of indemnity (see 1 TFM 5-5030). If a replacement check cannot be obtained without giving an agreement of indemnity, NSSC will transmit the case promptly to the following address:

Department of the Treasury
Bureau of the Public Debt
Division of Financial Management
P.O. Box 1328 Parkersburg, WV 26106-1328
(Telephone 304-480-8200)

1.2.2 Billing.

1.2.2.1 Invoice preparation and the mandatory letters of notification are automated in the Integrated Enterprise Management Program/Core Financial (IEMP/CF) system. Invoices shall be printed from IEMP/CF and mailed promptly to the debtor by the due dates.

1.2.2.2 IEMP/CF shall provide analytical capability to assist in determining delinquent debts including; aging of accounts receivable, tracking of delinquent accounts, with printed and on-line report capability.

1.2.2.3 Interest penalties, other penalties, and administrative cost shall be calculated by the Center/NSSC and recorded in IEMP/CF.

1.2.3 Billing and Collection Mechanisms. To the maximum extent possible and consistent with statutory authority, NASA shall use the electronic mechanisms available through Treasury FMS for billing and collection activity. NASA will use other processes only when absolutely necessary due to system malfunction, or as required by statute or contractual or other legal agreements. Users should refer to Treasury's web site for detailed information on billing and collection mechanisms.

1.2.4 Manual Billing. When manual billing is required, users should use the following forms for billing. Manual billing shall be posted in IEMP/CF before mailing.

a. Optional Form 1114, Bill for Collection, should be used to bill debtors other than other Federal agencies. Letters and other supportive documents, when necessary, should be used to transmit and explain the billing.

b. Standard Form 1080, Voucher for Transfer between Appropriations and/or Funds, should be used to bill other Government agencies when either the billing or the paying agency is not serviced by a Treasury financial center or the IPAC system can not be used.

c. Standard Form 1081, Voucher and Schedule of Withdrawals and Credits, should be used to bill other Government agencies when both the billing and the paying agency are serviced by a Treasury financial center. Before using a Standard Form 1081, the agency must be contacted to ensure that it cannot accept IPAC charges.

1.3 Roles and Responsibilities

1.3.1 Collection Agents.

1.3.1.1 Collection agents are NASA employees who are appointed to manage NASA collection process. Appropriate written notification to each selected employee will be prepared to document the designation and outline the responsibilities of the position. A copy of the notification must be retained.

1.3.1.2 Collection agents are to receive detailed notification of billings for collection and ensure the requirements in this chapter are followed. Collection agents should regularly review and ensure that the most effective and appropriate collection and debt collection mechanisms are being applied to NASA receivables.

1.3.1.3 Collection agents are responsible for the following:

a. Collecting all monies due the Center pursuant to properly prepared billing documentation.

b. The prompt and proper disposition of all monies received in accordance with NPR 9635.1, "Billings and Collections", Chapter 2 for Deposits.

c. Safeguarding against physical loss of funds by performing the responsibilities outlined in NPR 9050.4, "Cash Management", Chapter 3, "Improper Payments and Loss of Funds."

d. Providing appropriate internal controls. Collection agents will not be responsible for maintaining accounting records that serve as the basis for billing. Nonetheless, collection agents shall be fully apprised of and be able to report on the status of all collections for which they are responsible.

e. Ensuring that collections are recorded accurately and timely in NASA's accounting system. This includes performing or overseeing the reconciliation of system reports on collections and billings.

f. Responding promptly to communications from the debtor within 30 days, whenever feasible, and advising debtors who dispute the debt to furnish available evidence to support their contentions.

g. Serving as NASA's representatives for compromise of debt.

h. Maintaining reports on the need for compromise of debt and the status of debt compromise.

i. Any debt compromise or termination of collection actions must be approved by the Center Director or designee in accordance with 14 CFR 1261.400-600.

1.3.2 Center Directors shall serve as the deciding official in the case of proposals to compromise or terminate collection action on debts up to $100,000 that do not require referral to DOJ.

1.3.3 Center CFOs and Deputy CFOs shall:

a. Review all proposed compromise or termination of collection actions prior to submission to the Center Director (or designee) for approval.

b. Centers must maintain a close liaison with NSSC to ensure that the receivables for which they are responsible are appropriately serviced and accounted for.

1.3.4 The NSSC shall:

a. Provide billing and collection services including assembling, reviewing, processing, recording, reporting, and reconciling commercial and government bills and collections.

b. Use the Core Financial software to perform the financial management activities and use the Business Warehouse (BW) for reporting, query and reconciliation activity.

c. Adhere to the Financial Management NPRs, NASA's Enterprise Performance Support System (EPSS), and other applicable Federal regulations and NASA policies and procedures.

d. Process receivables from the receipt of the initial notice of indebtedness to the final collection based on

acceptance by NASA.

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