

**INSTRUCTIONAL WORKBOOK
FOR PREPARING THE
“TREASURY REPORT ON RECEIVABLES
AND DEBT COLLECTION ACTIVITIES”**

**A Supplement to the Treasury Financial Manual
Volume I-Part 2-Chapter 4100**

**Department of the Treasury
Financial Management Service
Debt Management Services
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Purpose

This document presents the form and instructions for the preparation and submission of the Treasury Report on Receivables and Debt Collection Activities (formerly known as the Report on Receivables Due from the Public), as revised effective January 2007. This report is the Department of the Treasury's (Treasury) only comprehensive means for periodically collecting data on the status and condition of the Federal Government's non-tax debt portfolio, in accordance with the requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (DCIA).

The information contained in the Treasury Report on Receivables and Debt Collection Activities (the Receivables Report or TROR) is disseminated to the Congress, the Office of Management and Budget (OMB), agency Chief Financial Officers, other officials and representatives of Federal and state organizations, private sector organizations, and the public.

Background

Treasury has been collecting data on the status of the Government's debt portfolio since the early 1980's. This Instructional Workbook was last revised in September 2004. This version of the Receivables Report is a major revision of the report, which was last fully revised in the second quarter of Fiscal Year (FY) 1999. For the first quarter-FY 2007, FMS has revised the report to make it easier to prepare and provide better information on the status of government-wide receivables and debt collection.

The TROR serves as a management report that informs Federal decision makers of the *gross book value* of the receivables owed to Federal agencies and the status of the Federal Government's debt portfolio. The figures provided in the TROR shall be reconcilable with the agency's financial statements, notwithstanding that the financial statements may reflect net present value in accordance with Credit Reform guidance.¹

¹For additional information, see the Statement of Federal Financial Accounting Standards No. 2, Accounting for Direct Loans and Loan Guarantees.

See the Glossary on page 49 at the end of this document for the definition of the terms used in these instructions.

Authority

Treasury is authorized to require agencies to report the information requested on the TROR pursuant to 31 U.S.C. § 3719. This workbook is a supplement to the Chapter 2-4100 of Volume I of the Treasury Financial Manual (TFM) (Volume I, TFM 2-4100), which implements the statutory authority. The Financial Management Service (FMS) is the bureau of the Treasury with delegated authority to carry out Treasury's government-wide debt collection responsibilities.

Changes to the Report and Instructions

The purpose of this revision of the Receivables Report and the TROR Instructional Workbook is to make changes that will enable Treasury to capture data of greater relevancy to Congress and OMB, while reducing the number of footnotes required.

The following major changes were made to the report:

- a. **Part I, Section A-line 4 - Collections**-Three lines were added in order to provide for additional clarification of the collection information provided and to minimize the number of footnotes.
- b. **Part I, Section A, Line 5 - Adjustments**-Two lines were added in order to provide for additional clarification of the adjustment information provided and to minimize the number of footnotes.
- c. A new **Section B (Additional Receivables Data-Information Only)** in Part I was added to separate the receivables data that was reported in Part I, Section A, lines 7-A and B, lines 8-A and B and line 9. This section was added to differentiate and separate the information in this section from the Ending Balance-line 7. All of these lines are for informational purposes only and are subsets of line 7 in Part I, Section A.

- d. **Part I-Section B-Delinquent Debt by Age** was modified and renamed “**Delinquent Debt (Excluding CNC Debts)**”. This part of the report was divided into 2 sections, one by age and one by category. The section was re-numbered “**Section C**”.
- e. Major changes were made to **Part II, Section B-Debt Eligible to Treasury for Offset and Cross-Servicing**, to make it easier to understand and to prepare. Although the section is longer, the added lines help to clarify what is eligible for referral to the Treasury Offset Program (TOP) and Cross-Servicing.
- f. Part II, Section D was modified and renamed **CNC Debt Status**. The lines reporting the final status of closed-out debts, formerly in Section D, were moved to a new **Section E, Disposition of Closed-Out Debts**.

The Structure of the Report and Reporting Requirements

General

The Receivables Report is governed by Volume I, TFM 2-4100. Those preparing it should be familiar with the provisions of that TFM chapter. The Receivables Report consists of three parts: Part I - Status of Receivables, Part II - Debt Management Tool and Technique Performance Data, and Part III - Footnotes.

The form asks for data in two columns:

- (1) **Number:** The number should represent the actual number of receivables or debts. Examples: (1) if a debtor has several separate receivables or debts, each should be counted individually; or (2) if a receivable has numerous bills/invoices or is being paid in installments, each invoice or installment payment should not be counted individually; the underlying receivable is counted once.
- (2) **Amount:** The dollar amount should represent the sum of the principal, interest and late charges associated with the receivables or debts.

Dollar amounts are reported in whole dollars. Amounts of 49 cents or less should be rounded down to the nearest dollar and amounts of 50 to 99 cents should be rounded up to the next dollar.

Agency programs are required to submit separate reports for direct loans, defaulted guaranteed loans, and administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans). **Tax receivables are not reported in the Treasury Report on Receivables and Debt Collection Activities, nor are receivables owed by other Federal entities. The TROR only captures information on non-tax receivables owed by the public to the Federal government.**

Reporting Frequency

FMS requires all Federal agencies to report quarterly.

Reports are due to FMS by the end of the 30th day of the month following the close of each quarter (for example, 1st quarter FY 2007 reports are due by January 30, 2007). All 4th quarter reports are due by November 15th.

The TROR Reporting Schedule is posted on the DMS Debt Management Governmentwide Reports web page at <http://fms.treas.gov/debt/dmrpts.html>.

Reporting Mechanism

All reports are submitted to FMS via the Internet utilizing the Debt Management Information System (DMIS).

Agency management is responsible for reporting. **Any agency that fails to report may be footnoted as non-reporting in reports published and distributed to Congress and OMB for that quarter and in year-end reports.**

Verification

The Chief Financial Officer (CFO) or its equivalent of each agency must verify all 4th quarter (year-end) reports.

Verification of the Receivables Report means that the agency has reconciled the report to the agency's Audited Financial Statements or, in its absence, to the Federal Agencies Centralized Trial-Balance System (FACTS).

Agencies should submit only one verification.

The verification should state that **the information presented in Part I, Section A, Ending Balance line 7 of the “Report on Receivables Due from the Public” was reviewed and is reconciled to the receivable balances in the agency’s Form and Content-Audited Financial Statements**, i.e., the Balance Sheet and FACTS. If the report is not reconciled to the Balance Sheet and FACTS, the verification should state so, with an explanation as to why verification is not possible. Agencies should also disclose the audit opinion of the Financial Statements or any issues regarding the pertinent accounts.

FMS acknowledges that there will be differences among the balances reported since the Receivables Report presents the gross book value of receivables as opposed to the net present value presented on the Audited Financial Statements.

Note: Agencies report accrued interest on this report the same as they report it in FACTS and the financial statements, up to 180 days of delinquency. If interest is accrued on debts over 180 days delinquent and is included in FACTS submissions and on the audited financial statements, report it in the TROR with a footnote.

Include in the TROR all receivables for programs that are administered by the agency. Receivables are reported with the program that first generated the receivables unless there was a transfer by book entry to another entity.

Questions concerning the verifications should be directed to:

Financial Management Service
Telephone Number: (202) 874-8580
Fax Number: (202) 874-7292

Only one verification **per agency** is to be submitted. The verification form is submitted separately from the Receivables Report itself. **Verifications are due to FMS by November 15.**

To receive access to the DMIS system to view your agency’s reports, contact FMS on (202) 874-7359 to receive a user ID.

Certification

All 4th quarter (year-end) reports must also be certified by the submitting agency's CFO or equivalent. Certification means that the delinquent debt amounts reported on the Receivables Report for cross-servicing and Treasury offset are correct and legally enforceable.

Only one certification per agency is to be submitted. The certification is to be submitted by the agency Chief Financial Officer or equivalent. Certifications are part of the verification process described above. **Certifications are due to FMS by November 15.**

FMS will issue instructions for the combined verification and certification process before 4th quarter reporting.

To receive access to the DMIS system to view your agency's reports, contact FMS on (202) 874-7359 to receive a user ID.

Inquiries

Inquiries pertaining to the form or instructions should be directed to Debt Management Services, FMS:

Telephone Number: (202) 874-8580

Fax Number: (202) 874-7292

FORM IDENTIFICATION & PREPARER INFORMATION

The following pages provide comprehensive instructions on how to complete this form, including how to identify the reporting entity, the type of receivable, the preparer, and the supervisor.

FORM IDENTIFICATION & PREPARER INFORMATION

Treasury Report on Receivables and Debt Collection Activities			
Reporting Entity Code: _____	Fiscal Year: _____	Quarter: _____	
Type of Receivable:	Direct Loans: _____	Defaulted Guaranteed Loans: _____	Administrative: _____

Agency Contact Information	
Preparer's Name: _____	Telephone Number: _____
Preparer's Facsimile No.: _____	E-Mail Address: _____
Supervisor's Name: _____	Telephone Number: _____
Address: _____	E-Mail Address: _____
City: _____ State: _____	Zip Code: _____

Form Identification

To complete the identification of this form:

- (1) Know the Fiscal Year and Quarter for which you are preparing the report.
- (2) Know the nine-digit Reporting Entity Code. This code identifies the entity for which the report is being prepared. It is unique for each reporting entity. The first two digits identify the agency; the next two digits identify the bureau; and the remaining digits identify the entity. You will also need to preface the Reporting Entity Code by an alphabetic character to identify the type of receivable (please see line 3 below).
- (3) The Type of Receivable identifier tells whether the Receivables Report is being prepared for direct loans, defaulted guaranteed loans, or administrative receivables (that is, receivables generated from activities other than direct or defaulted guaranteed loans). For example, the entity "10-09-90000" may consist of both direct loans and administrative receivables; the reporting codes would be "10-09-90000D" and "10-09-90000A" respectively (D = Direct Loan; F = Defaulted Guaranteed Loan; A = Administrative). A **separate** report is required for each type of receivable for each entity.

Preparer Information

Enter the preparer's name, telephone number, facsimile number, and E-mail address; the supervisor's name, telephone number and E-mail address and the preparer's street address.

PART I - STATUS OF RECEIVABLES

Part I of the Receivables Report addresses the status of receivables. This section shows outstanding receivable balances, current fiscal year activities, aging and classification of delinquent debts, and classification of rescheduled debts.

PART I

SECTION A: RECEIVABLES AND COLLECTIONS

Part I - Status of Receivables		
	Number	Dollars
Section A Receivables and Collections		
(1) Beginning FY Balance		
(2) New Receivables (+)		
(3) Accruals (+)		
(4) Collections on Receivables (-)		
(A) At Agency (-)		
(B) At Third Party (-)		
(C) Asset Sales (-)		
(D) Collections by Treasury through Offset and Cross-Servicing (-)		
(E) Collections by Sale After Foreclosure (-)		
(F) Collections by Department of Justice (-)		
(G) Other - must footnote (-)		
(5) Adjustments (+ or -)		
(A) Reclassified/Adjusted Amounts (+ or -)		
(B) Adjustments Due to Sale of Assets (+ or -)		
(C) Consolidations (+ or -)		
(D) Foreclosure Adjustments (+ or -)		
(E) Written-Off Debts Reinstated for Collection (+)		
(6) Amounts Written Off (-)		
(A) Currently Not Collectible (-)		
(B) Written Off and Closed Out (-)		
(7) Ending Balance		

INSTRUCTIONS

General

Section A - Receivables and Collections - shows the current beginning fiscal year balance of all receivables; and the **cumulative activity during the fiscal year** as of the end of the quarterly reporting period for new receivables, accruals, collections, adjustments, amounts written off, and the ending balance at the end of the reporting period.

Information is reported at the entity level. It includes delinquent and non-delinquent receivables, as well as current (due within 12 months from the quarter end date) and non-current (due beyond 12 months from the quarter end date) receivables. *Reminder: Dollar amounts reported are at gross book value.*

By Line

- (1) **Beginning FY Balance:** The number and dollar amount of all receivables outstanding as of the beginning of the fiscal year. These figures are system generated and must agree with the ending balance reported for the previous fiscal year. Typically, these figures will remain unchanged throughout the fiscal year.
- (2) **New Receivables:** The number and dollar amount (principal only) of all new receivables generated during the current fiscal year.
- (3) **Accruals:** The dollar amount of earned interest and late charges accrued during the current fiscal year.
- (4) **Collections on Receivables:** The dollar amount of collections on **all debts**, including delinquent, non-delinquent, restored and written-off debts, during the fiscal year. Enter collections with a minus (-) sign before the figures. Footnote non-cash collections (for example, personal property or services rendered). The total dollar amount equals the sum of lines 4A through 4G of this section and is system generated.

(A) **At Agency:** The dollar amount for both delinquent and non-delinquent debts worked and collected at the agency.

(B) **At Third Party:** The dollar amount for both delinquent and non-delinquent debts collected by a third party other than the Department of Justice or private collection agency, such as a guaranty agency.

(C) **Asset Sales:** The dollar amount of proceeds realized from the sale of a loan or debt. Do not include sales of secured property in this section. Include collections from sales of secured property in line 4E below.

(D) **Collections by Treasury through Offset and Cross-Servicing:** The dollar amount of collections received through the Treasury Offset Program or FMS Cross-Servicing. Collections from FMS Cross-Servicing include collections through the Treasury Offset Program, FMS's private collection agencies, administrative wage garnishments processed by Treasury and any other collections the creditor agency receives while a debt is at cross-servicing at FMS.

(E) **Collections by Sale After Foreclosure:** The dollar amount of proceeds collected after the sale of secured property through foreclosure.

(F) **Collections by Department of Justice:** The dollar amount of collections received by the Department of Justice from enforced collection action.

(G) **Other:** The dollar amount of all other collections, for both delinquent and non-delinquent debts, not recorded in lines 4A through 4F of this section. Other collection tools or techniques include, but are not limited to, wage garnishment orders issued directly by the agency, private collection agencies (other than through FMS Cross-Servicing) and designated debt collection centers. Footnote amounts reported on this line to identify the method of collection.

(5) **Adjustments:** The number and dollar amount of changes to receivables during the fiscal year due to reclassifications or adjustments, acquisition of property, estimated losses on acquired property, or consolidations. The total dollar amount equals the sum of lines 5A through 5E of this section and is system-generated. These lines may be either positive or negative. Enter adjustments with a minus sign (-) before the figure if the number or dollar amount is negative. Line 5E is only a positive (+) value.

(A) **Reclassified/Adjusted Amounts:** The dollar amount reclassified or adjusted and transferred into or out of receivables balances during the fiscal year. The amounts may include, but are not limited to, corrections to a previously reported receivable, refunds of amounts previously reported as collections, adjustments made in a prior reporting period and estimated losses on collateralized debts.

This line item may be either positive or negative. **You must footnote all amounts reported on this line with the reason for the reclassification/adjustment.**

(B) **Adjustments Due to the Sale of Assets:** The dollar amount of the difference between the gross book value of an asset and the proceeds from the sale of the asset as reported as a collection in line 4C of this section.

(C) **Consolidations:** The dollar amount of proceeds received through loan consolidations. Loan consolidations include, but are not limited to, defaulted guaranteed loans that are closed and reestablished as direct loans.

(D) **Foreclosure Adjustments:** The dollar amount of adjustments made as the result of a foreclosure on collateral. This section includes adjustments due to the acquisition of property serving as collateral on a direct or defaulted guaranteed loan.

(E) **Written-Off Debts Reinstated for Collection:** The dollar amount of written-off debts the agency reinstated into total receivables in order to account for collections received. Since the debts are being reinstated, only enter

positive (+) amounts for this line. The written-off debts could have previously been Currently Not Collectible (CNC) debts from Part II, Section D, line 1 that were written off previously in line 6A of this section or debts that had been written off and closed out in line 6B of this section.

- (6) **Amounts Written Off:** The number and dollar amount of all uncollectible debts written off **during the current fiscal year**. Enter amounts written off with a minus (-) sign before the figures. The total dollar amount equals the sum of lines 6A and 6B of this section, and is system generated

Do not include estimated losses on collateralized debts. That figure is to be included on line 5A of this section.

(A) **Currently Not Collectible:** The number and dollar amount of debts where collection action continues and the debt is not closed out. Generally, write off of debts to CNC is mandatory for debts more than 2 years delinquent, but can be done for debts less than 2 years delinquent if the agency determines that the debts have no value for accounting purposes.

(B) **Written Off and Closed Out:** The number and dollar amount of debts for which all collection activity has been terminated.

- (7) **Ending Balance:** The number and dollar amount of receivables outstanding, at the end of the reporting period. The dollar amount is equal to the sum of lines 1, 2, 3, 4, 5, and 6 of this section and is system generated. Lines 4 and 6 are negative figures. Line 5 may be either a positive or negative figure.

PART I

**SECTION B: ADDITIONAL RECEIVABLES DATA-
(INFORMATION ONLY)**

Part I - Status of Receivables		
	Number	Dollars
Section B Additional Receivables Data (Information Only)		
(1) Subsets of Ending Balance		
(A) Foreign/Sovereign Government (+)		
(B) State and Local Government (+)		
(C) Rescheduled Debt - Delinquent (+)		
(D) Rescheduled Debt - Non-Delinquent (+)		
(E) Interest & Late Charges (+)		

General

Section B - Additional Receivables Data

(Information Only) - Captures subsets of total receivables information from Part I, Section A, line 7. The information captured includes receivables information at the end of the quarter classified as foreign sovereign, State and local government, rescheduled-delinquent and non-delinquent debts, and interest and late charges. The information in this section is mutually exclusive and is collected separately in this section for informational purposes only.

By Line

(1) **Subsets of Ending Balance:** Captures various categories of receivables information that are subsets of Part I, Section A, line 7. Each line of information in this section of the report is separate and is not totaled in this part of the report nor; does it necessarily add up to Part I, Section A, line 7.

(A) **Foreign/Sovereign Government:** The number and dollar amount of receivables owed to the U.S. government by foreign sovereign nations. **Do not include receivables owed by private foreign corporations or foreign individuals;** those receivables should be classified as either commercial or consumer, as appropriate.

(B) **State and Local Government:** The number and dollar amount of receivables owed to the U.S. government by State governments and local governments or governmental entities, including public schools, colleges and universities.

(C) **Rescheduled Debt - Delinquent:** The number and dollar amount of rescheduled debts for which payments have **not** been received according to new or modified terms of an agreement to repay the debt.

Note: The amount entered here should be the original amount of the delinquency, unless the terms of the repayment agreement do not provide for reinstating the total amount of the original debt.

(D) **Rescheduled Debt - Non-Delinquent:** The number and dollar amount of rescheduled debt for which payments are being received according to new or modified terms of an agreement to repay the debt.

(E) **Interest & Late Charges:** The dollar amount of interest and late charges associated with the total outstanding receivables due from the public, at the end of the reporting period, i.e., reported in Part I, Section A, line 7, "Ending Balance". This amount includes both the current and previous fiscal years' interest and late charges. See Glossary for the definitions of interest and late charges.

PART I

SECTION C: DELINQUENT DEBT (EXCLUDING CNC DEBTS)

Part I - Status of Receivables		
	Number	Dollars
Section C Delinquent Debt (Excluding CNC Debts)		
(1) Delinquencies by Age		
(A) 1-90 Days (+)		
(B) 91-180 Days (+)		
(C) 181-365 Days (+)		
(D) 1-2 Years (+)		
(E) 2-6 Years (+)		
(F) 6-10 Years (+)		
(G) Over 10 Years (+)		
(H) Total Delinquencies by Age		
(2) Delinquencies by Category		
(A) Commercial (+)		
(B) Consumer (+)		
(C) Foreign/Sovereign Government (+)		
(D) State and Local Government (+)		
(E) Total Delinquencies by Category		

General

Section C - Delinquent Debt (Excluding CNC Debts) - contains an aging schedule and a separate schedule which classifies all delinquent debts by the Commercial, Consumer, Foreign Sovereign Government, and State and Local Government categories. The delinquent debts in this section do not include CNC debts that have been written off in the current year or in previous years.

The following criteria must be used when preparing this section:

A debt is delinquent if it has not been paid by the date specified in the agency's initial written demand for payment or applicable agreement or instrument, unless other satisfactory payment arrangements have been made. If the contract or agreement provides for a "grace" period, then do not report the debt as delinquent, until that period expires without payment. In such cases, however, the date of delinquency is the original due date.

Age delinquent debts from the date of delinquency.

If a debtor is making payments according to the terms of a repayment plan approved by the agency, the debt is not considered to be delinquent.

Report each debt owed by a single debtor with multiple debts as a separate debt.

Report each delinquent debt once, even if your agency tracks delinquent payments on that debt separately. For example, if the debtor has missed two payments, and the agency keeps track of those delinquencies separately, for purposes of this section of the TROR, report them together as one debt.

If any installment is delinquent more than 180 days, report the debt as delinquent more than 180 days. Do not split the reporting between sections A and B.

Report the entire amount of each single debt as delinquent, if any part of it has been delinquent more than 180 days, and the debt has been accelerated.

By Line

- (1) **Delinquencies by Age:** This line includes the dollar amount of debts reported on line 7 (Ending Balance) in Part I, Section A that are delinquent at the end of the quarterly reporting period, grouped by the number of days the debt is past due at the end of the reporting period. Report debts with portions in different aging categories--such as may occur when a debtor becomes delinquent on multiple installment payments--in the most delinquent (oldest) category. The total dollar amount equals the sum of lines A through G of this line. The total dollar amount also equals the sum of line (2) of this section. The total dollar amount of delinquent debts is system generated on line 1H.

Lines (A) through (G) show the dollar amounts of debts that are delinquent for the respective time periods (1-90 days, 91-180 days, 181-365 days, 1-2 years, 2-6 years, 6-10 years, and over 10 years).

- (2) **Delinquencies by Category:** This line includes the number and dollar amount of debts reported on line 7 (Ending Balance) in Part I, Section A that are delinquent at the end of the quarterly reporting period, grouped by the category of debt. All delinquent debts should be placed into one of these categories. The total dollar amount equals the sum of lines A through D of this line. The total dollar amount also equals the sum of line (1) of this section. The total number and dollar amount of delinquent debts is system generated on line 2E.
- (A) **Commercial:** The number and dollar amount of delinquent commercial debts. Report debts as “commercial” if they were originated for a **business** activity, regardless of whether the debtor is an individual or business. See Glossary for examples of commercial debts.
- (B) **Consumer:** The number and dollar amount of delinquent consumer debts. Report debts as “consumer” debts if they

were originated for a **personal** activity. See Glossary for examples of consumer debts.

- (C) **Foreign/Sovereign Debt:** The number and dollar amount of delinquent debts owed to the U.S. government by foreign sovereign nations. **Do not include debts owed by private foreign corporations or foreign individuals.** Report those debts either as commercial or consumer.
- (D) **State and Local Government:** The number and dollar amount of delinquent debts owed to the U.S. government by State and local governments or governmental entities, including public schools, colleges and universities.
- (E) **Total Delinquencies by Category:** The total number and dollar amount of delinquent debts. Total delinquencies are the total of lines 2A through 2D and are system generated.

**PART II - DEBT MANAGEMENT TOOL AND TECHNIQUE
PERFORMANCE DATA**

Part II of the Receivables Report contains management information on the status of delinquent debt (including CNC debt) by collection management tools and techniques, age, eligibility for referrals, collections, and debt disposition.

PART II

SECTION A: DELINQUENT DEBT 180 DAYS OR LESS

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section A Delinquent Debt 180 Days or Less		
(1) Delinquencies 1-180 Days		
(A) In Bankruptcy (+)		
(B) In Forbearance or In Formal Appeals Process (+)		
(C) In Foreclosure (+)		
(D) At Private Collection Agencies (+)		
(E) In Litigation (At DOJ or Agency Counsel) (+)		
(F) In the Process of Internal Offset (+)		
(G) In Wage Garnishment (+)		
(H) At Treasury for Cross-Servicing (+)		
(I) At Treasury for Offset (+)		
(J) At Agency (+)		
(K) Other - must footnote (+)		
(L) Total Delinquencies 1-180 Days		

General

Section A - Delinquent Debt 180 Days or Less -

captures delinquent debt information on the status of the debts and collection tools and techniques being used to collect delinquent debts that are 1-180 days delinquent: in bankruptcy, in forbearance or in formal appeals, in foreclosure, at a private collection agency, in litigation, in the process of internal offset, in wage garnishment, at Treasury for cross-servicing or offset and collected at the agency. This section is designed to provide specific information on the actions an agency is taking to collect its debts between 1 and 180 days delinquent.

Use the following criteria when preparing this section:

(A) Categories are not necessarily mutually exclusive. For example, an agency may refer a debt to a private collection agency and to Treasury for offset at the same time. Report such a debt in both places.

(B) However, do not report debts at FMS or a Designated Debt Collection Center for cross-servicing, at another third party, or at the Department of Justice for litigation in any other category, even though the entity working the debt may have referred it to a private collection agency or to FMS for offset.

By Line

(1) **Delinquencies 1 - 180 Days:** The cumulative dollar amount of delinquent debts outstanding 180 days or less as of the end of the quarterly reporting period. The total for this section is line 1L.

(A) In Bankruptcy: The number and dollar amount of delinquent collateralized or uncollateralized debts in bankruptcy.

(B) In Forbearance or In Formal Appeals Process: The number and dollar amount of delinquent debts that the agency has placed in forbearance (i.e., agreed not to enforce collection for a period of time) and debts in a

formal appeals process that precludes collection. This category only includes appeals programs that both determine the validity and legal enforceability of the debt and that require collection action to be suspended while the appeal is pending. If a debt is in an appeals process that does not require suspension of collection, that should not be reported in this line. Agencies should consult with their counsel if there is any question as to whether a debt may be collected while in a particular appeals process.

(C) **In Foreclosure:** The number and dollar amount of delinquent debts which are in foreclosure. To be “in foreclosure”, the agency must have filed a notice of default.

(D) **At Private Collection Agencies:** The number and dollar amount of delinquent debts currently at private collection agencies (PCAs) under contract with your agency. Do not include debts that are with PCAs as a part of FMS’s Cross-Servicing Program. These actions should be reported in “At Treasury for Cross-Servicing” on line 1H of this section.

(E) **In Litigation (At DOJ or Agency Counsel):** The number and dollar amount of delinquent debts that the Department of Justice is litigating. If your agency has statutory authority to litigate, include debts that are being litigated by your agency in this line. Being litigated means that the agency’s attorneys have taken some action towards litigation. It does not include debts that are merely under review in the agency counsel’s office.

(F) **In the Process of Internal Offset:** The number and dollar amount of delinquent debts that are in the process of being collected by internal agency offset. Internal offset occurs when an agency collects a delinquent debt by offsetting payments made or due to the delinquent debtor by that agency.

(G) **In Wage Garnishment:** The number and dollar amount of delinquent debts for which the agency has issued administrative wage garnishment orders. Do not include garnishment actions brought by the Department of Justice or FMS; report these actions as “In Litigation (At DOJ or

Agency Counsel)” on line 1E of this section or “At Treasury for Cross-Servicing” on line 1H of this section, respectively.

Do not include Federal employee salary offset referrals on this line; Federal employee salary offsets are collected through the Treasury Offset Program. These referrals should be reported in line 1I of this section.

(H) **At Treasury for Cross-Servicing:** The number and dollar amount of delinquent debts at the Department of the Treasury-FMS for cross-servicing.

(I) **At Treasury for Offset:** The number and dollar amount of delinquent debts referred to the Department of the Treasury-FMS for collection through the Treasury Offset Program.

(J) **At Agency:** The number and dollar amount of delinquent debts that are being worked at the agency. Debt being worked at the agency includes, but is not limited to, in counsel, Federal salary offset initiated by the agency, or pending referral to the Department of Justice for litigation.

(K) **Other:** The number and dollar amount of delinquent debts that are being worked by management tools or techniques not represented in lines 1A through 1J of this section. Other tools and techniques include, but are not limited to, debts at third parties - such as a guaranty agency or financial institution, and debts at a designated debt collection center. **All amounts reported on this line are to be footnoted to identify the tool or technique utilized.**

(L) **Total Delinquencies 1 - 180 Days:** The dollar amount of “Total Delinquencies 1 - 180 Days” is system generated and will equal the sum of Part I, Section C, lines 1A and 1B. **Because the categories are not mutually exclusive, the sum of lines 1A thru 1K of this section may not equal the total in line 1L, Total Delinquencies 1-180 Days.**

PART II

SECTION B: DELINQUENT DEBT (OVER 180 DAYS DELINQUENT) ELIGIBLE FOR REFERRAL TO TREASURY FOR OFFSET AND CROSS-SERVICING

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section B Delinquent Debt (Over 180 Days Delinquent) Eligible for Referral to Treasury for Offset and Cross-Servicing		
(1) Debt Eligible for Referral to Treasury for Collection		
(A) Delinquent Debt Over 180 Days (+)		
(B) Currently Not Collectible Debt (+)		
(C) Total Delinquent Debt Over 180 Days and CNC Debts		
Debts Ineligible for Treasury Offset Program (TOP) and Cross-Servicing (lines D through G)		
(D) In Bankruptcy (-)		
(E) In Forbearance or Formal Appeals Process (including Litigation) (-)		
(F) In Foreclosure (-)		
(G) Other - must footnote (+ or -)		
(H) Balance of Debt Eligible for Referral to Treasury for Collection		
(2) Debt Eligible for Referral to Treasury Offset Program		
(A) Debt Eligible for Referral to Treasury for Collection (from 1H)		
(B) Foreign/Sovereign Debt (-)		
(C) Debt in Litigation for Enforced Collection (-)		
(D) Other - must footnote (+ or -)		
(E) Debt Required to be Referred to Treasury Offset Program by Agency		
(F) Debt Referred to Treasury Offset Program (-)		
(G) Debt Referred to Treasury Offset Program through Cross-Servicing (-)		
(H) Balance Remaining to be Referred		
(3) Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing		
(A) Debt Eligible for Referral to Treasury for Collection (from 1H)		
(B) Foreign/Sovereign Debt (-)		
(C) Debt in Litigation for Enforced Collection (-)		
(D) At Private Collection Agencies (-)		
(E) In the Process of Internal Offset (-)		
(F) Debt Exempted by Treasury from Cross-Servicing (-)		
(G) Debt Returned from Cross-Servicing (-)		
(H) Other - must footnote (+ or -)		
(I) Debt Required to be Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing		
(J) Debt Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing (-)		
(K) Balance Remaining to be Referred		

General

Section B - Delinquent Debt (Over 180 Days Delinquent) Eligible for Referral to Treasury for Offset and Cross-Servicing - captures delinquent debt information according to eligibility for referral to Treasury for offset and cross-servicing. Debts that are not legally enforceable are ineligible for referral to Treasury for offset and cross-servicing. Ineligible debts include, but are not limited in the following debt states: bankruptcy, forbearance, formal appeals, and foreclosure.

Of eligible debts, there are two exceptions to the statutory requirement to refer the debts to FMS for offset once it is 180 days delinquent--debts owed by foreign sovereign nations and debts in litigation at DOJ for enforced collection. Exceptions for debt referrals to Treasury for cross-servicing include the offset exception categories, plus the following: debts at private collection agencies; in the process of internal offset; exempted by Treasury from cross-servicing; and debts returned from cross-servicing as uncollectible.

Note: Debts that are more than 10 years delinquent are ineligible for offset, unless the offset of such debts is authorized by Federal law. For example, there is no time limit on collecting the Department of Education's student loans.

This information is requested to assist in identifying what actions agencies are taking to collect seriously delinquent debt, relative to compliance with the requirements of the DCIA. The DCIA requires agencies to (1) notify Treasury of all debts delinquent more than 180 days for offset and (2) refer to Treasury, with the aforementioned exceptions, all debts delinquent more than 180 days for cross-servicing debt collection.

The "Other" category (lines 1G, 2D and 3H) is to be used for unique exemptions from both cross-servicing and Treasury offset. **It should be used sparingly and only when the debt truly cannot be placed in one of the given categories.** The report contains pop-up screens that will appear when filling in the "Other" category line item. The pop-up screens will explain to the preparer what goes in this category.

In preparing this section, consider the following:

Compromise Debt: The amount of a debt remaining after the agency has compromised with the debtor and has received the agreed amount, generally is not legally enforceable. The agency should remove the compromised amount from its books and determine whether to report that amount to the Internal Revenue Service (IRS) on a Form 1099-C.

Repatriation Loans Over 10 Years Delinquent: These debts are essentially written off as uncollectible. They remain on the agency's books for the sole purpose of preventing a debtor from obtaining a new passport until the debt is paid off.

Repayment Agreements or Installments: If the agency and the debtor have entered into either an installment or repayment agreement, and the debtor is in compliance with the terms of that agreement, this debt is no longer delinquent. It should be reclassified as a "Current Receivable" and be taken out of the over 180 days delinquent category of reporting.

By Line

(1) **Debt Eligible for Referral to Treasury for Collection.**

(A) **Delinquent Debt Over 180 Days:** The dollar amount of debts that are over 180 days delinquent. The dollar amount on this line equals the sum of lines 1C through 1G of Part I, Section C.

(B) **Currently Not Collectible Debt:** The dollar amount of debt that have been written off and categorized as "Currently Not Collectible", but have not been closed out by the agency. The dollar amount on this line should equal the amount reported in Part II, Section D, line 1E.

(C) **Total Delinquent Debt Over 180 Days and CNC Debts:** The dollar amount is the sum of lines 1A and 1B of this section and is system generated.

Debts Ineligible for Treasury Offset Program (TOP) and Cross-Servicing (Lines D through G). Debts

reported in lines D through G are ineligible for both TOP and Cross-Servicing.

(D) **In Bankruptcy:** The number and dollar amount of delinquent collateralized or uncollateralized debts in bankruptcy. Enter the number and dollar amount with a minus (-) sign before the figures.

(E) **In Forbearance or Formal Appeals Process (including Litigation):** The number and dollar amount of delinquent debts that are deferred because of a formal forbearance program or appeals process. Include debts here only if the results of an appeal determine whether a debt is considered valid and legally enforceable and/or the dollar amount to be collected. Enter the number and dollar amount with a minus (-) sign before the figures.

If the debt is no longer in a forbearance program or formal appeals process and is currently in litigation for enforced collection, it may be reported in lines 2C and 3C of this section.

(F) **In Foreclosure:** The number and dollar amount of delinquent collateralized debts in foreclosure. For a debt to be “in foreclosure”, the agency must have filed a notice of default. Enter the number and dollar amount with a minus (-) sign before the figures.

If an ongoing foreclosure proceeding is taking place, the debt should be classified as “In Foreclosure”. If a legally enforceable deficiency remains after foreclosure, the deficiency debt is not in foreclosure, and it is eligible for referral to Treasury.

(G) **Other:** The number and dollar amount of delinquent debts that are exempt from referral to Treasury for reasons other than those listed in lines 1D through 1F of this section. Amounts entered on this line must be footnoted with the reason for exempting the debt from referral. The number and dollar amount may be positive or negative. When entering negative amounts, use a minus (-) sign before the figures.

Note on Debts That Are Not Legally Enforceable: Debts that are classified as in suspense, that are deemed not valid or for which no final determination that the debts are due and valid, should be included in the “Other” category since they are not legally enforceable.

Note on Debts Scheduled for Sale: The DCIA excludes debts for referral to Treasury for cross-servicing, if they will be disposed of under an asset sales program within one year of becoming eligible for sale, or later than one year if consistent with an asset sales program and a schedule established by the agency and approved by the Director of the Office of Management and Budget. These debts should be included in the “Other” category. Such debts are not exempt from offset, and agencies should refer those debts to the Treasury Offset Program.

(H) Balance of Debt Eligible for Referral to Treasury for Collection: Enter the appropriate number of accounts for this line manually. The dollar amount line is system generated and is the sum of lines 1C through 1G. The system will transfer data in this line to lines 2A and 3A of this section, respectively.

(2) **Debt Eligible for Referral to the Treasury Offset Program.**

(A) Debt Eligible for Referral to Treasury for Collection: The number and dollar amount of debts that are over 180 days delinquent, and are otherwise eligible for offset. It may also include debts classified for accounting purposes as CNC. The number and dollar amount on this line equals the number and dollar amount on line 1H of this section and are system generated.

(B) Foreign/Sovereign Debt: The number and dollar amount of delinquent debts owed to the U.S. government by foreign sovereign nations. **Do not include debts owed by private foreign corporations or foreign individuals;** agencies should classify those debts as either commercial or consumer debts. Enter the number and dollar amount with a minus (-) sign before the figures.

(C) Debt in Litigation for Enforced Collection: The number and dollar amount of delinquent debts over 180 days that have been referred for litigation and are in the process of enforced collection; this may include DOJ referrals or internal referrals at agencies with statutory authority to litigate. This does not include debts that are merely under review in the agency counsel's office. Enter the number and dollar amount with a minus (-) sign before the figures.

If the debt is in a forbearance program or formal appeals process, it should be reported in line 1E of this section.

Note on Debts in Litigation at the Agency: If a debt is not being handled by DOJ, it can still be considered "In Litigation" if an actual court proceeding has been commenced. If the debt is with the agency counsel who is considering, but has not actually started litigation, then the debt should be "Referred to Treasury" and not reported as an exemption.

Note on Estate debt: If the agency is proceeding against the estate of a deceased debtor, it should be categorized as "Debt in Litigation for Enforced Collection".

(D) Other: The number and dollar amount of delinquent debts that are exempt from mandatory referral to the Treasury Offset Program for reasons other than those listed in lines 2B and 2C of this section. Agencies must footnote amounts entered on this line with the reason for exempting the debt referral balance. The number and dollar amount may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

Note on debts over 10 years old: If a debt that has been delinquent longer than 10 years is on an agency's books, it is ineligible for "Offset", but eligible for "Cross-Servicing" because TOP is subject to a 10-year statute of limitations, **unless otherwise provided by law. These debts should be deducted in line 2D with a minus sign (-) before the figures**, because they are not eligible for collection through TOP, but will be included in line 3 of this section for

referral to cross-servicing.

(E) Debt Required to be Referred to the Treasury Offset Program by Agency: The number and dollar amount of delinquent debts over 180 days and otherwise eligible for offset (including CNC debts) that agencies must refer to Treasury for offset. The number and dollar amount on this line are the sums of lines 2A through 2D of this section and are system generated.

(F) Debt Referred to Treasury Offset Program: Of the amount eligible, the number and dollar amount of delinquent debts over 180 days that have been referred directly to the Department of the Treasury-FMS for submission to the Treasury Offset Program and are currently eligible for collection in TOP. Enter the number and dollar amount with a minus (-) sign before the figures.

(G) Debt Referred to Treasury Offset Program through Cross-Servicing: The number and dollar amount of delinquent debts over 180 days that have been referred to the Treasury Cross-Servicing Program and have subsequently been submitted to the Treasury Offset Program by Treasury and that are currently eligible for collection in TOP. Enter the number and dollar amount with a minus (-) sign before the figures.

(H) Balance Remaining to be Referred: The number and dollar amount of delinquent debts over 180 days and otherwise eligible for offset (including CNC debts) that remain to be referred to Treasury for offset. Please provide an explanation in the footnote section why any remaining eligible debts are not referred to Treasury or a Debt Collection Center for offset. The number and dollar amount on this line is the sum of lines 2E through 2G of this section and are system generated.

(3) **Debt Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-Servicing.**

(A) **Debt Eligible for Referral to Treasury for**

Collection: The number and dollar amount of debts that are over 180 days delinquent (including debts classified as CNC). The number and dollar amount on this line equal the number and dollar amount of line 1H of this section and are system-generated.

(B) **Foreign/Sovereign Debt:** The number and dollar amount of delinquent debts owed to the Government by foreign sovereign nations. **Do not include debts owed by private foreign corporations or individuals;** agencies should classify those debts as either commercial or consumer debts. Enter the number and dollar amount with a minus (-) sign before the figures.

(C) **Debt in Litigation for Enforced Collection:** The number and dollar amount of delinquent debts over 180 days that the agency has referred for litigation and are in the process of enforced collection; this may include DOJ referrals or internal referrals at agencies with statutory authority to litigate. This does not include debts that are merely under review in the agency counsel's office. Enter number and dollar amount with a minus (-) sign before the figures.

If the debt is in a forbearance program or formal appeals process, it should be reported in line 1E of this section.

Note on Debts in Litigation at the Agency: If a debt is not being handled by DOJ, it can still be considered "In Litigation" if an actual court proceeding has been commenced. If the debt is with the agency counsel who is considering, but has not actually started litigation, then the debt should be "Referred to Treasury" and not reported as an exemption.

Note on Estate debt: If the agency is proceeding against the estate of a deceased debtor, it should be categorized as "Debt in Litigation for Enforced Collection".

(D) **At Private Collection Agencies (PCAs):** The number and dollar amount of delinquent debts currently at private collection agencies. Enter the number and dollar amount with a minus (-) sign before the figures.

(E) **In the Process of Internal Offset:** The number and dollar amount of delinquent debts that the agency is currently collecting through internal offset. A debt is being collected by internal offset if a creditor agency expects the debt to be collected in full within three (3) years from the date of delinquency by withholding funds payable by the creditor agency by the debtor to satisfy, in whole or in part, the debt of the debtor to the creditor agency. Enter the number and dollar amount with a minus (-) sign before the figures.

(F) **Debt Exempted by Treasury from Cross-Servicing:** The number and dollar amount of delinquent debts that the Secretary of the Treasury has formally exempted from cross-servicing. Enter the number and dollar amount with a minus (-) sign before the figures.

Examples of debts exempted by Treasury include: (1) debts being serviced by third parties (including state-managed debts); and (2) classes of debts exempted by Treasury upon formal request of an agency or upon Treasury's own initiative.

(G) **Debt Returned from Cross-Servicing:** The number and dollar amount of delinquent debts returned from cross-servicing as uncollectible and which the agency is preparing for close-out. Enter the number and dollar amount with a minus (-) sign before the figures.

(H) **Other:** The number and dollar amount of delinquent debts that are exempt from mandatory referral to Treasury or a Designated Debt Collection Center for cross-servicing for reasons other than those listed in lines 3B through 3G of this section.

Other exempt categories include debts scheduled for sale.

Footnote amounts entered on this line, with the reason for exempting or adjusting the debt referral. The number and dollar amount may be positive or negative. Enter negative amounts with a minus (-) sign before the figures.

Note on Debts Scheduled for Sale: The DCIA exempts from cross-servicing debts that will be disposed of under an asset sales program within one year of becoming eligible for sale, or later than one year if consistent with an asset sales program and a schedule established by the agency and approved by the Director of the Office of Management and Budget. Report this on the “Other” line.

(I) Debt Required to be Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing: The number and dollar amount of delinquent debts over 180 days (including CNC debt) that must be referred to Treasury or a Designated Debt Collection Center for cross-servicing. This line equals the sum of lines 3A through 3H of this section and is system generated.

(J) Debt Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing: Of the amount eligible, the number and dollar amount of delinquent debts over 180 days (including CNC debt) that have been referred to Treasury or a Designated Debt Collection Center for cross-servicing. Enter number and dollar amount with a minus (-) sign before the figures.

(K) Balance Remaining to be Referred: The number and dollar amount of delinquent debts over 180 days (including CNC debt) that remain to be referred to Treasury or a Designated Debt Collection Center for cross-servicing. Please provide an explanation in the footnote section why any remaining eligible debts are not referred to Treasury or a Designated Debt Collection Center for cross-servicing. The number and dollar amount on this line equal line 3I minus line 3J of this section and are system generated.

PART II

SECTION C: COLLECTIONS ON DELINQUENT DEBT

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section C Collections on Delinquent Debt		
(1) Collections on Delinquent Debt		
(A) By Private Collection Agencies (+)		
(B) By Litigation (+)		
(C) By Internal Offset (+)		
(D) By Third Party (+)		
(E) By Asset Sales (+)		
(F) By Wage Garnishment (+)		
(G) By Treasury/Designated Debt Collection Center Cross-Servicing (+)		
(H) By Treasury Offset (+)		
(I) By Agency (+)		
(J) Other - must footnote (+)		
(K) Total Collections on Delinquent Debt		

General

Section C - Collections on Delinquent Debt -

captures information on all collections of **delinquent** accounts by management tool and technique. Collections are not always mutually exclusive. The number and dollar amount of collections are recorded for each tool or technique that is used to collect funds.

The purpose for requesting this information is to assist agencies in assessing the effectiveness of their current debt collection strategies. This information allows agencies to compare the number of cases and dollar amounts collected from each tool to the number and dollar amount of debts applied to each tool.

The following criteria must be used when preparing this section:

Categories are not always mutually exclusive. An agency may collect a debt from a private collection agency and from the Treasury Offset Program at the same time. The collections should be reported in both places.

However, collections by Treasury's Cross-Servicing Program or a designated debt collection center, third party, or the Department of Justice (by litigation) will not be reported in any other category, even though the entity working the debt may have received funds from a private collection agency or from the Treasury Offset Program.

The actual number of debts for which collections were received is to be reported. If amounts were received for the same debt by more than one tool or technique, the debt is to be counted once for each tool or technique that was successful in collection.

By Line

- (1) **Collections on Delinquent Debt:** The cumulative dollar amount of collections on delinquent debts (including CNC debts) for the current fiscal year is reported in this section. Include collections of delinquent debts that were written off and subsequently restored during the fiscal year. Non-cash collections (for example, personal property or services rendered) are to be footnoted.

Collections on delinquent debts will be itemized in the following categories:

(A) **By Private Collection Agencies:** The number and dollar amount of delinquent debts collected by private collection agencies under contract with the agency. Do not include collections by private collection agencies under contract with FMS or a Designated Debt Collection Center--report these collections in line 1G of this section.

(B) **By Litigation:** The number and dollar amount of delinquent debts collected through litigation. Include judicial foreclosure, bankruptcy, cash and non-monetary settlements.

(C) **By Internal Offset:** The number and dollar amount of delinquent debts collected through internal offset. An internal offset occurs when an agency collects by offsetting payments made or due to the delinquent debtor by that same agency.

(D) **By Third Party:** The number and dollar amount of delinquent debts collected by a third party, other than the Department of Justice or a private collection agency, such as a guaranty agency.

(E) **By Asset Sales:** The number and dollar amount of proceeds realized from the sale of delinquent loans or debts. This does not include liquidation of collateral.

(F) **By Wage Garnishment:** The number and dollar amount of delinquent debts collected from garnishment of non-Federal wages.

Do not include Federal employee salary offsets collections on this line; Federal employee salary offsets are collected through the Treasury Offset Program. These collections should be reported in line 1H of this section.

(G) By Treasury/Designated Debt Collection Center Cross-Servicing: The number and dollar amount of delinquent debts collected by FMS or other Designated Debt Collection Center Cross-Servicing Programs. **Report total collections** received through cross-servicing, regardless of the collection tool utilized.

(H) By Treasury Offset: The number and dollar amount of delinquent debts collected through the Treasury Offset Program for those debts referred directly to TOP by the agency.

(I) By Agency: The number and dollar amount of delinquent debts worked and collected at the agency.

(J) Other: The number and dollar amount of delinquent debts collected by management tools or techniques not represented in lines 1A through 1I of this section. Footnote all amounts reported on this line to identify the collection method used.

(K) Total Collections on Delinquent Debt: The cumulative dollar amount of “Total Collections on Delinquent Debt” on this line equals the sum of lines 1A through 1J of this section and is system generated.

PART II

SECTION D: CNC DEBT STATUS

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section D CNC Debt Status		
(1) Currently Not Collectible Debts (Written Off and Not Closed Out)		
(A) At Private Collection Agencies (+)		
(B) At Treasury or a Designated Debt Collection Center for Cross-Servicing (+)		
(C) At Treasury for Offset (+)		
(D) Other - must footnote (+)		
(E) Total-Currently Not Collectible Debts (1A thru 1D not mutually exclusive)		
(2) CNC Debts Closed Out During the Current FY (+)		

General

Section D - CNC Debt Status - captures information on the number and dollar amount of selected categories of Currently Not Collectible (CNC) delinquent debt. The purpose of this section is to collect information on the status of CNC debts and to identify the collection tools that agencies are using to collect such debts. Section D also captures information on the final close-out of CNC debts.

By Line

- (1) **Currently Not Collectible Debts (Written Off and Not Closed Out):** The number and dollar amount of debts that have been written off (removed from agency accounting records) but not closed out. The number and dollar amount for line 1E of this section shall be a cumulative number, representing all written-off debt from the **current** and **preceding** fiscal years which the agency is continuing to pursue collection action. Debts reported in this section can be reported in more than one line, except debts that have been referred to Treasury or a Designated Debt Collection Center for cross-servicing.
 - (A) **At Private Collection Agencies:** The number and dollar amount of CNC debts that are still being pursued for collection by a private collection agency.
 - (B) **At Treasury or a Designated Debt Collection Center for Cross-Servicing:** The number and dollar amount of CNC debts being pursued by Treasury or a Designated Debt Collection Center for cross-servicing. Do not report debts referred to cross-servicing in lines 1A, 1C and 1D of this section.
 - (C) **At Treasury for Offset:** The number and dollar amount of CNC debts referred to the Treasury Offset Program.
 - (D) **Other:** The number and dollar amount of CNC debts that have been written off and not included in lines 1A through 1C of this section. Amounts reported on this line

should be footnoted to explain why they were not reported on lines 1A through 1C and what type of passive collection action the agency is taking.

(E) **Total-Currently Not Collectible Debts:** The total number and dollar amount of CNC debts, from both the current year and previous fiscal years, which have not been closed out. **The agency manually enters this line-- the total is not system generated.** The amount of this line may be different than the sum of lines 1A-1D of this section, because the debts may be reported in more than one line of this section. The number and amount reported on this line should never be greater than the total of lines 1A-1D of this section.

(2) **CNC Debts Closed Out During the Current FY:** The cumulative number and dollar amount of CNC debts for which collection action has been terminated. These debts have been removed from the CNC category and closed out during the **current fiscal year.**

PART II

SECTION E: DISPOSITION OF CLOSED-OUT DEBTS

Part II - Debt Management Tool and Technique Performance Data		
	Number	Dollars
Section E Disposition of Closed-Out Debts		
(1) Debts Closed Out During the Previous Calendar Year (CNC and Non-CNC Debts) (+)		
(A) Reported to IRS on Form 1099-C (+)		
(B) Not Reported to IRS on Form 1099-C - (must footnote) (1-1A)		

General

Section E - Disposition of Closed-Out Debts -

captures information on the number and dollar amount of closed-out delinquent debts. Section E captures information on the final close out of delinquent debt and reporting of debts to IRS as potential income on IRS Form 1099-C (Cancellation of Debt), once the agency determines that no further collection action will be taken. Section E also collects information on debts closed out during the previous calendar year where the debt was not reported to the IRS. This section reports on the close out of **all** delinquent debts, including both CNC and Non-CNC debts. (Non-CNC debts are delinquent debts that were never re-classified as Currently Not Collectible).

By Line

(1) **Debts Closed Out During Previous CY:** The cumulative number and dollar amount of all debts (both CNC and Non-CNC debt) for which the agency terminated collection action and that were closed out in the previous calendar year.

(A) **Reported to IRS on Form 1099-C:** The number and dollar amount of debts that the agency reported to the IRS on IRS Form 1099-C as potential income to a debtor or debtors during the most recent tax year (**previous calendar year**).

Debts reported on this line have been written off and closed out and all collection actions have ceased.

Important

Agencies must submit a Form 1099-C for all closed-out debts in a given calendar year no later than the end of February of the subsequent calendar year. For example, if a debt is written off in March 2004, and the agency decides to terminate all collection efforts in June 2005, the debt amount could be reported to IRS any time after termination of collection but before the end of February 2006. Most agencies wait to file 1099-Cs until after the close of the tax year. Assuming this is the agency's practice, in this example, the agency would report on this

line in the 2nd quarter, FY 2006 TROR, and that number would not change over the next three quarters.

(B) Not Reported to IRS on 1099-C (must footnote):

The cumulative number and dollar amount of debts for which all collection actions have ceased **for the previous calendar year**, but have not been reported to the IRS as potential income on IRS Form 1099-C. All closed-out debts should be reported to the IRS on IRS Form 1099-C, unless they meet a legal exception that bars them from reporting the closed-out debt, or they do not meet the appropriate IRS requirements set forth in the instructions to IRS Form 1099-C. **Explain in the footnote section the reason(s) that these debts are not reported to the IRS.** The number and dollar amount on this line are system generated from the difference of lines 1 and 1A of this section.

**PART III
FOOTNOTES**

When footnotes are either required in the instructions or necessary for clarification, prepare and submit them via the DMIS Internet-based application along with Parts I and II of the TROR. Footnotes are required whenever agencies' criterion is inconsistent with Treasury's definition of data requirements. Footnotes are required to explain agency exceptions to the TROR data requirements. Enter footnotes in the designated area and reference them to the appropriate line item.

GLOSSARY

Administrative Receivable	Any receivable other than a direct loan or a defaulted guaranteed loan, such as, but not limited to: fines, penalties, sales of goods and services, overpayments of salaries and benefits, and travel advances. For the purposes of this report, tax receivables are not included in this definition and not reported on the Receivables Report.
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 agency that issued the order.
Agency Counsel	An attorney within a government organization authorized to handle its legal matters.
Appeal	An administrative or judicial proceeding in which the debtor resorts to a higher authority for the purpose of obtaining a review and reversal of the determination that the debtor owes all or part of the debt or that the particular debt collection is authorized or appropriate.
Bankruptcy	A legal procedure established under one of the chapters of title 11 of the United States Code (Bankruptcy Code) whereby a debtor may seek relief from the claims of a creditor.
Centralized Offset	Is the offset of Federal payments through the Treasury Offset Program (TOP).
Close-out	A category of written-off debt. An event that occurs concurrently with, or subsequent to, an agency decision to write off a debt for which the agency has determined that future additional collection attempts would be futile. At close-out, an agency may be required to report to the IRS the amount of the closed-out debt as potential income to the debtor on IRS Form 1099-C, in accordance with IRS requirements. No additional collection action may be taken by the agency after issuing the IRS Form 1099-C.

GLOSSARY

Collateral	Any property pledged as security for a loan.
Commercial	Relating to a business activity, regardless of whether that activity has been undertaken by an individual or business (for example, a loan to a farmer to purchase additional land for farming; a loan for multi-family housing; a fine against a business or an organization; or assessment against a business/corporation).
Consumer	Relating to a personal activity (for example, a loan made to an individual to purchase a residence; a loan made to an individual to attend an educational institution; a travel advance; or assessment against an individual).
Cross-Servicing	Collections of debt by one agency on behalf of another agency in accordance with 31 U.S.C. 3711 (g).
Currently Not Collectible	A category of debt that has been written off on the agency's financial statements. If, after a debt is written off, an agency determines that cost effective collection efforts should continue, then the debt should be classified as Currently Not Collectible (CNC). All available and appropriate collection tools should be used until the agency decides to terminate collection action.
Debt	For the purposes of this document, a debt has the meaning set forth in 31 U.S.C. § 3701 (b) (1) and means any amount of funds or property that has been determined by an appropriate official of the Federal Government to be due to the United States by a person, organization, or entity other than another Federal agency, and which the Federal Government is entitled to receive immediately. The definition of debt does not include tax debts.
Debt Collection	The effort to recover amounts due after the debtor fails to make the payment. This activity includes the assessment of the debtor's ability to pay, the exploration of a possible alternative arrangement to increase the debtor's ability to pay, and other efforts to secure payment.
Debt Management Information System (DMIS)	The FMS Internet-based application used by Federal agencies to report the Treasury Report on Receivables and

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Debt Collection Activities.

Defaulted Guaranteed Loan

A receivable created when the Government acquires a guaranteed or insured loan in satisfaction of a default or for other reasons.

Deficiency

The portion of a loan which remains outstanding after collateral property has been liquidated (converted to cash) and applied to the outstanding balance.

Delinquency Date

The payment due date as set forth in an agreement or other instrument, or the date specified in the agency's initial written demand for payment or applicable agreement or instrument.

Delinquent

A debt is delinquent if it has not been paid by the date specified in the agency's initial written demand for payment or applicable agreement or instrument, unless other satisfactory payment arrangements have been made. If the contract or agreement provides for a "grace" period, then do not report the debt as delinquent, until that period expires without payment. In such cases, however, the date of delinquency is the original due date.

Delinquent debts are aged from the date of delinquency.

If a debtor is making payments according to the terms of a repayment plan approved by the agency, the debt is not considered to be delinquent.

On the TROR, report each debt owed by a single debtor with multiple debts as a separate debt.

On the TROR, report each delinquent debt once, even if your agency tracks delinquent payments on that debt separately. For example, if the debtor has missed two payments, and the agency keeps track of those delinquencies separately, report them together as one debt.

If any installment is delinquent more than 180 days, report the debt on the TROR as delinquent more than 180 days.

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Agencies should report the entire amount of each single debt as delinquent, if any part of it has been delinquent more than 180 days, and the debt has been accelerated.

Direct Loan

A receivable created when the Government disburses funds and contracts with the debtor for repayment, with or without interest.

Forbearance

An intentional delay in collecting or enforcing a debt, usually for a specific period of time. Forbearance is often consideration for a promise by the debtor to pay an added amount.

Foreclosure

A legal proceeding to terminate a mortgagor's interest in property, instituted by the creditor (the debtor's) either to gain title or to force a sale in order to satisfy the unpaid debt secured by the property.

Gross Book Value

The gross amount at which the receivable asset appears on the books of account. The gross book value is the amount appearing in a receivable account prior to applying the applicable valuation allowances for doubtful accounts.

Interest

The charge assessed as a cost of extending credit in accordance with a contractual agreement, legislation or regulation.

IRS Form 1099-C / Cancellation of Debt

A form used by a creditor to report to the Internal Revenue Service a discharge of indebtedness.

Late Charges

The amounts accrued and assessed on a delinquent debt. Late charges include the following:

Administrative costs: costs incurred in processing and handling a delinquent debt. Costs should be based on actual costs incurred or cost analyses which estimate the average of actual additional costs incurred for particular types of debt at similar stages of delinquency. Administrative costs should be accrued and assessed from the date of delinquency.

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Penalties: a punitive charge assessed for delinquent debts. Unless provided otherwise by statute, the rate to be assessed is set by law at no more than 6% per year and is assessed on the portion of a debt remaining delinquent more than 90 days, although the charge will accrue and be assessed from the date of delinquency. Penalties should be assessed unless otherwise provided in legislation or a contractual agreement.

Late payment interest: the charge assessed on delinquent debts based on the time value of money owed and not paid when due. As established by the Debt Collection Act of 1982, the minimum annual rate to be assessed is the Department of the Treasury's Current Value of Funds Rate. A higher rate may be used if judged by the agency as necessary to protect the Government's interests. Late payment interest is accrued and assessed from the date of delinquency, and should be assessed unless interest is otherwise provided in legislation or a contractual agreement. Additionally, late payment interest may be waived by the agency at any time (must then be written off) or it may accrue indefinitely.

Litigation	A legal action or process taken in a court of competent jurisdiction for full or partial debt recovery.
Net Present Value	Current worth of dollars of an investment's future cash flow.
Offset	Withholding funds payable by the U.S. government to, or held by the Government for, a person or entity to satisfy a debt that the person or entity owes the U.S. government.
Present Value	The value now of a future sum or sums discounted, assuming compound interest.
Principal	The amount owed by the debtor to the U.S. government, excluding interest, penalties, administrative costs, fees, and prepaid charges.

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Private Collection Agency	A private-sector entity whose primary business is the collection of delinquent debts.
Receivable	For the purposes of this document, a receivable means any amount of funds or property that has been determined by an appropriate official of the U.S. government to be owed to the United States by a person, organization, or entity other than another Federal agency. The definition of a receivable does not include tax receivables.
Rescheduled	Modifying terms and conditions to facilitate repayment of a debt, which includes establishing new terms as a result of changes in authorizing legislation. An example is Congressional action allowing farmers to have an additional five years to pay off their loans. Rescheduling is also called restructuring, refinancing, and reamortizing. Rescheduled debts are not considered delinquent unless the debtor fails to pay under the rescheduled terms.
Salary Offset	The process of collecting a delinquent Federal non-tax debt from a Federal employee's current pay.
Treasury Offset Program (TOP)	A process that allows agencies to submit delinquent debts to one centralized location, the Financial Management Service, for collection through the offset of all eligible Federal payments.
Wage Garnishment	The process of withholding amounts from a debtor's non-Federal disposable pay to collect a delinquent debt.
Write-Off	<p>An accounting action that results in reporting the debt/receivable as having no value on the agency's financial and management reports. The agency does not need DOJ approval to write off a debt since the agency is only adjusting its accounting records.</p> <p>The written-off amount is removed from an entity's receivables; however, collection attempts should continue until the agency decides to close out the debt. If a debt is compromised, the amount no longer due should be reported as written off, unless there is significant doubt concerning</p>

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the Government's ability to prove its case in court. The latter should appear as an adjustment on the TROR, not as a write-off.

The following corrections were made in May 2006 in the TROR Instructional Workbook that was originally issued in September 2005:

1. In the sections on pages 5-6 entitled Verification and Certification respectively, the due date was changed from December 15th to November 15th for the annual TROR Verification/Certification.
2. In Part I, Section A, line 5E, the line description was changed from “Written-Off Debts Reinstated for Collections (+)” to “Written-Off Debts Reinstated for Collection (+)”.
3. In Part II, Section B, line 1B, the line description was changed from “Currently Not Collectible Debts (+)” to “Currently Not Collectible Debt (+)”.
4. In Part II, Section B, line 2H, the instructions have been revised to ask for a written explanation when eligible debts are not referred for offset.
5. In Part II, Section B, line 3G, the line description was changed from “Debts Returned from Cross-Servicing (-)” to “Debt Returned from Cross-Servicing (-)”.
6. In Part II, Section B, line 3I, the line description was changed from “Debt Required **To Be** Referred **To** Treasury or a Designated Debt Collection Center for Cross-Servicing” to “Debt Required **to be** Referred **to** Treasury or a Designated Debt Collection Center for Cross-Servicing”.
7. In Part II, Section B, line 3K, the instructions have been revised to ask for a written explanation in the footnotes when eligible debts are not referred for to Treasury or a Designated Debt Collection Center for cross-servicing.
8. In Part II, Section C, line 1H, the line description was changed from “By Treasury **for** Offset (+)” to “By Treasury Offset (+)”.
9. In the Workbook instructions for Part II, Section D, line 1E, on page 44 the last line of the instructions was changed from “The number and amount reported on this line should never be **less** than the total of lines 1A-1D of this section” to “The number and amount reported on this line should never be **greater** than the total of lines 1A-1D of this section.”
10. In June 2008, the phone numbers for the DMIS/TROR Administrator/Facilitators were updated.