**VBA Accounts Receivable**

**Webinar**

**Question & Answer**

**Resource Guide**

**November 2019**

**Sponsored by:**

* Veterans Benefits Administration (VBA)
* Office of Financial Management (OFM)
* VBA Administrative and Loan Accounting Center (ALAC)

This resource guide provides answers to questions asked during the VBA Accounts Receivable webinar delivered by VBA Administrative Loan and Accounting Center (ALAC) on November 29, 2018. The questions are listed in the order they were asked during the training.

| **Accounts Receivable**  **Questions** | **Accounts Receivable**  **Responses** |
| --- | --- |
| How often should you add the interest and administrative fees? How is it added if you refer the debt to TOP?  ­­\_\_\_­­­­­­­­­­­­­­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  How often are fees and admin fees added in CAATS?  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Is there a checklist or flow chart for establishing interest and penalty costs on station debts? | Interest and admin costs are accessed after initial debt suspense is not met. These costs are added to each full and partial balance greater than any 30-day period the debt is delinquent. *Delinquency occurs when a payment is not made by the due date specified in the initial and subsequent notices of indebtedness (debt letters).* See [Per VAFP Volume XII – Chapter 9](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter09.pdf) Appendix A for explanation.  Interest and penalties amounts must be added to the established BD/accounts receivable. Using the CAATS/ Accounts Receivable module / Modify Receivable submodule, modify (increase) the debt to add interest, admin costs and/or penalties.   * Add Line 001 for the Interest charge * Add Line 002 for the Administrative fee |
| Do we still add fees when the debt has gone to TOP? | Interest, admin costs and penalties are no longer added to the debt, after it is referred to TOP. |
| Do we add fees and interest to employee debts (FEHBLWOP)? | Yes. [Per VAFP Volume XII – Chapter 9](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter09.pdf), interest, and admin costs and penalties may be added to delinquent non-benefit debts, including employee debts. |
| Since, Interest and Admin Fees are added/accrued every 30 days, does that compound? | Interest charged is simple interest at the rate in effect at the time the debt becomes overdue. The interest rate remains fixed for the duration of the indebtedness. |
| When you did the modification of the debt, what debts do you do that with? | Delinquent debts, after 30 days with no payment remittance by the debtor, should be modified in CAATS to include the first month’s interest fee (1% or .01 multiplied by the debt amount) and the monthly administrative fee (flat fee of $4.17).  These lines should be modified for each full and partial 30-day period that the debt is delinquent. After 90 days, (day 121, assessed after the initial 30-day period), penalty fees (6% or .06 multiplied by the debt amount) are also added to the debt in CAATS. |
| Any reports such as the F853 or F842 to check if the BD has been referred to TOP? | No. A report to confirm whether debts have been referred to TOP does not exist. However, ALAC maintains a listing of all debts referred to TOP; this listing is unpublished as it contains PII and other sensitive data. Submit an email to the [VBA ALAC Admin Accounting](mailto:ADMINACCTG.VBAMLA@va.gov) mailbox to inquire whether a debt is referred to TOP. |
| Is there a plug and play formula for adding interest and fees and deducting payments? | ALAC re-designed an excel spreadsheet that automatically calculates the interest, admin costs and penalties per the principal debt amount. This spreadsheet was included with the webinar attachments. |
| What should you do if a debt is really old like 8 years?  What is the best policy if a debt was just noticed but goes back several years? | Per [VA Policy, Volume XII, Chapter 1, 010202](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter01.pdf) the station will aggressively pursue the collection of all debts while ensuring that debtor is advised of his or her due process rights regarding the nature and amount of the debt through the issuance of the proper NOI. You must assess interest, administrative costs, and penalty charges, as applicable for benefits and non-benefit debts.  If debtor fails to respond to the demand letters – refer debt to TOP for collection. |
| What two accounts were the Treasury accounts? | The two (2) treasury funds discussed in the webinar are 36 1435 – Proprietary Interest Not Class and 36 3220 – Proprietary Receipts. |
| Why would we wait until 30 days after we establish the debt to send the first notification?  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  The time line shown for sending initial notice of indebtedness 30 days after the debt is created.  Is this correct?  It seems like a long time to wait to send the notice. | The Initial Notice of Indebtedness should be sent when the BD/debt is established. A revised timeline has been added to the Webinar PPT, found on our [ALAC Training Webinar site](https://vbaw.vba.va.gov/VBAORM/alac/training.asp) and at the end of this FAQ. |
| What is the correct module to use in CAATS to record the payment of a debt for over payments of salary? | CAATS 🡪 Cost/Revenue -Suspense Transfer Module, Suspense Offsetting Receivables sub-module may be used to record salary debt offsets payments of a *former* employee’s salary debts. |
| So when we receive Interest and Admin fee payments we should change the BOC to 3220 from 4210? And, can we be sent the changes in Admin fees as soon as they change? | **Budget Object Code (BOC) 3220 is related to ‘*Buildings*’ and would not be appropriate for charging interest, admin costs, and penalties. (This answer is under review)**  All interest payments should be deposited into Treasury Fund 1435, and all admin costs and penalties should be deposited into Treasury Fund 3220. |
| What if we don’t have the employee address to send the BD debt letter? Where can we locate his or her address? | The collection letters may be sent to the last known address of the debtor. |
| Are “MTF” the best way to remove items on the F853 report?  Do BDs ever fall off our monthly reconciliations, even when written off? | Items in the F853 RSD reports (Accounts Receivables) may be cleared using either the following methods:   1. Payment Offsets from DMC or the debtor: CAATS 🡪 Cost/Revenue Suspense Transfer module – Suspense Offsetting Receivable submodule 2. FEHB LWOP Payment Offsets: Miscellaneous Transfer Form (MTF), only if FEHBLWOP debts. 3. Write-offs – Submit Memo with appropriate legal source of authority and signature to ALAC. |
| How are military furloughs written off? What is the process? | Federal employees called or ordered to active duty for more than 30 days, can keep their FEHB coverage for up to 24 months. FEHB law allows employees called to active duty to continue their enrollment for up to 365 days while on military duty.  *Per the OF Bulletin 03GA2.02 Section 8906 (e)(1)(B)(ii) and 5542a(c) of the Title 5 US Code; grants agencies the authority to waive collection of all or any part of the requirement that employees pay their share of advanced FEHB premiums. The Office of Finance Management (OFM) has recommended that Federal agencies pay both the employee and government share of FEHB premiums for employees who are in a leave without pay status and called to active military duty, in excess of 30 days under certain conditions.*  The Regional Office should submit a Write-off Request Memorandum, include the above legal source of authority reference as justification for the write-off, and submit with appropriate signature to ALAC for processing. |
| How do we clear disability retirement BDs? We have quite a few A/R’s on FEHB where employees were separated with approved disability retirement.  We are unable to send an MTF because HRC don’t have the disability approval letter for the employee so we can request reversal of the FEHB advances through DFAS.  What do we do if HRC doesn’t have the disability approval letter on file?  Our RO is recommending to create a debt for the employees, and request for the letter.  Once we receive a reply with the letter, we can process the reversal through DFAS Remedy ticket.  If we don’t get a response, we will send it to TOPS.  If it has been sent to TOPS over 2 years, can we write that off if we don’t hear back from them? | [VA Policy, Volume XII, Chapter 1, 010202](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter01.pdf) - the station will aggressively pursue the collection of all debts while ensuring that debtor is advised of his or her due process rights regarding the nature and amount of the debt through the issuance of the proper NOI. If debtor fails to respond to the demand letters – refer debt to TOP for collection.  Once an employee has been approved for disability retirement – DFAS will not be able to collect from the employee payroll. A Remedy Ticket is not necessary, since DFAS does not manage this receivable. The station is responsible to manage the debt and inform the employee of any debt owed to the government prior to the employee’s approved disability retirement.  However, if a Disability / retirement approval is not on file, the Regional Office should establish the Billing Document in CAATS 🡪 Accounts Receivable Module 🡪 Employee Payroll Debt, and proceed with collection efforts.  Depending on the amount of the debt, debts may be terminated for several reasons. See [VAFP Volume XII Chapter 01I, Termination of Collection Action and Close Out of Debt](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter01I.pdf). |
| Can you write off debt as a CNC Debt and keep it active in TOPS, and what is the accounting action if we received payments after the fact? | DMC will continue collection efforts until the station suspends or terminates collection activity.   * If a payment is received via TOP, DMC will return funds to the station’s suspense and provide instructions to properly offset the debt. * If the funds were remitted by debtor directly to the station, suspend collection activity at TOP first. Then, perform offset in CAATS 🡪 Cost/Revenue Suspense Transfer Module 🡪 Suspense Offsetting Receivable submodule. The TOPS referral spreadsheet will need to be amended by the station and submitted to ALAC for review and submitted to TOPs. This updates the receivables in TOPs, so they are aware the collection amount has changed. * After 1 year of the debt being referred to TOPs and no payments have been received, the station can request the receivable to be written-off per Office of Financial Policy – Volume XII – Chapter 1I – Termination of Collection Action and Close Out of Debt, as the debt has not been collected by TOPs one year after referral. |
| Can we find the SSN date in Clear? | According to the Thomson Reuters CLEAR website, this is a legal investigation software solution, providing public and proprietary records on individuals. ALAC is not familiar with the stations' use of Clear, therefore any questions should be submitted to the customer support for Thomson Reuters CLEAR. |
| The ROs should be notified of any changes with cost. | [VAFP Volume XII – Chapter 9](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter09.pdf) is annually updated with new rates for interest, administrative charges, litigation referral fees, and penalty charges. Administrative costs are broken down into a monthly cost-of collection charge and a litigation referral charge. ALAC regularly reviews new and revised VA Financial Policies. The Regional Offices are responsible to regularly and consistently review new and revised policies and procedures. The VA Office of Finance has created an RSS Feed to alert subscribers when a policy has been added or revised. They also developed [OFP RSS Feed Setup instructions](https://www.va.gov/finance/docs/guideOfpRssSetup.PDF) to subscribe to the RSS for regular policy updates. |
| Should we be receiving the jury fees back into our 0151A1 account? Currently, when someone is on jury duty, they bring the jury fees (minus mileage reimbursement) to our agent cashier. They fees are deposited in 0151A1, 000030000, and the applicable CC.    Should we be creating a BD to offset the funds against instead of depositing them directly? | Yes. You may establish the jury fee debt / BD transaction, in CAATS 🡪 Accounts Receivable Module 🡪 Jury Fees sub-module to collect jury fees owed by an employee. The debt must be established with the employee’s payroll line of accounting (Fund 0151A1 / FCP 000030000).  After the jury fee is collected, the Agent Cashiers records the payment to offset the BD transaction, the funds are then, transferred from Fund 0151A1 to Fund 3220 in CAATS 🡪 Cost/Revenue-Suspense Transfer 🡪 Within Station.  Jury fees are submitted to the Treasury, as they are not funds generated by the VA. |
| If we are not a Fiduciary hub, but we are establishing a debt on Fiduciary, we do not check “yes”? | ROs may use the Benefit Debt module to establish non-fiduciary benefit debts. However, [Fiduciary Hubs](https://vbaw.vba.va.gov/bl/20/cfo/Fin/Fin241C/MP4%20PartIV/Chapter%2013%20-%20Fiduciary%20Misuse%20Debt%20December%202016.docx) provide oversight of fiduciary conduct. Upon a misuse of funds determination, the Fiduciary Hub’s Station Finance will initiate collection and establish the debt in CAATS. |
| Is DFAS the one that lets us know how much as employee owe for being absent for an extended period of time? | DFAS establishes refund receivables (BD transaction in FMS) due from the employee for FEHBLWOP. These receivables increase bi-weekly for the duration of time the employee is on LWOP. These amounts appear as Advanced Premiums on FMS RSD payroll report, Prepaid FEHB Premium Collections Report from DFAS/DCPS (FEPH). See RSD report examples provided in webinar attachments. |
| In FMS, is it possible to tell if the BD was already referred to TOP? | TOP is a centralized offset program externally administered by the US Treasury’ Debt Management Center, used by all federal and some state agencies to collect delinquent debts. There is no interface relationship between FMS and the DMC.  It is the RO’s responsibility to maintain a debt log that tracks the age, current status, debt letter submissions and/or Treasury Offset disposition for all outstanding debt. |
| How can we know if the BD has been sent to TOPS? | The RO should utilize a debt log to tracking the age, status and disposition of all outstanding debt, and determine when debt letters should be sent to the debtor or referred to TOP. TOP pursues collection action debt if the debtor receives a payment through the Treasury that may be eligible for offset. |
| For an Updated Top Referral where a Debt has been repaid. Are we just updating the Current A/R column? | Correct. In such instances, update only the Current A/R field on the TOP Referral spreadsheet if the debtor has repaid part or all their debt. Submit the updated TOP Referral Spreadsheet to your ALAC Accountant; ALAC will notify DMC of the change. |
| Per the EOM Recon Report, if I have established that an obligation has been referred to TOP, why is still on my EOM Report or better yet how do i get it resolved. | Referring a debt to TOP does not clear it from FMS or remove from the list of outstanding items on the CAATS EOM Reconciliation. Debts referred to TOP are still in active collection status and remain in FMS and on the EOM Reconciliation until completely collected or written off. |
| Where can we see a listing of TOPS referred cases? | ALAC does not maintain a published listing of all debts referred to TOP, because of PII and other sensitive data. Submit an email to the [VBA ALAC Admin Accounting](mailto:ADMINACCTG.VBAMLA@va.gov) mailbox to inquire whether debt was previously referred to TOP. Include the debtor’s name, SSN/TIN, and BD Number and we will coordinate research with DMC. |
| Who generates the FEHB debts? | FEHB debts are established by DFAS. |
| Is it up to the Station to decide whether to grant a waiver or payment plan?  Does a waiver request need to be sent to the Waivers Committee or can it be decided locally?   How long does the debtor have to return the Financial Status form? | [IAW VA Policy Volume XII, Chapter 1B, 0102](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter01B.pdf) – VA will ensure the request is reviewed by the proper official and advise the debtor of the acceptance or rejection of the request. The COWC is the authority to accept or reject a waiver. Forward request for waiver to the regional COWC. If the COWC deny the waiver request, ensure debtor informed of COWC decision and establish payment plan. The Financial Status Form is included in the initial NOI, therefore the Debtor has 30 days to return the Financial Status Form with the request for Waiver. |
| Do I need to record an account receivable for an overpayment to a vendor when our station agrees to have the vendor apply the overpayment to the next vendor invoice? | Yes. VA financial policy requires:  A receivable to be recorded in the accounting period when the debt to the VA is determined (e.g., overpayment).   1. Implement standard collection procedures to resolve the debt, including promptly notifying vendors of any debts owed and advise them of their due process rights and remedies relating to the debt. 2. A timely recorded account receivable for erroneous and improper payments to serve as an audit trail to demonstrate the improper payment was recovered.   Without an accounts receivable in the accounting records, the VA may not be able to demonstrate to auditors, the Congress, and other interested parties, compliance with VA finance policy and the effectiveness of the VA Improper Payment Recovery Program. |
| How long does the debt stay on the station’s receivables report after being referred to TOP? | Debts will remain open until they are offset, cancelled, or written off and removed from TOPS. |
| On the monthly reconciliation do we just make a note that the debt is referred to TOP? | Comments on the CAATS EOM Reconciliation regarding receivables should be concise and specific, with detailed timeframes for tracking all outstanding debts, resolution and/or correction. |
| Who will ensure that we are adding the correct amount of interest/admin fees each month to the bill? | Per [VAFP Volume XII – Chapter 9](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter09.pdf), **Under Secretaries, Assistant Secretaries, Chief Financial Officers**, **Fiscal Officers**, **Chiefs of Finance Activities**, **Chief Accountants**, and **Other Key Officials** are responsible for ensuring compliance with the policies and procedures set forth in this chapter. |
| After you have received a payment for a debt, and you are charging them interest and admin fees.  How do you process interest and admin fees in CAATS?  It says to put the collection for interest into Fund 1435, (1435 is not in CAATS). | When interest, administrative costs and penalty charges are accrued, they should be added to the debt. Once the funds are paid back, collected via TOPs, etc., they should be used to offset the debt. When the debt is offset the collected funds are applied to the appropriation that the debt was set up for. An expenditure transfer (EW) should be processed to move the funds to the appropriate fund (1435 or 3220) based on the amount of interest, admin costs and penalty fees that were accrued.  ALAC Accountants can provide additional information on transferring the portion of the collections into Fund 1435/3220 for interest/admin costs/penalties. |
| Please explain Option vs. Non-Option Letter. | The Initial Notice of Indebtedness should be sent when the BD/debt is established. For debts not resulting from default of a guaranteed or direct home loan, the NOI, at a minimum, will be sent via regular postal service. A revised timeline has been added to the Webinar PPT, found on our [ALAC Training Webinar site](https://vbaw.vba.va.gov/VBAORM/alac/training.asp) and at the end of this FAQ. |
| Step by Step process on what to do after debt is sent to TOPS, how to add admin fees properly, and who to contact if there are any LWOP premium errors on the bill. | The stations are still responsible to track and apply interest, admin and penalty charges. These costs will continue to accrue until the debt is paid in full, or resolved through compromise, termination, or waiver of the charges.  Interest and admin costs are applied for each full or partial 30-day period the debt is delinquent, basically every 30 days. When the debt has been delinquent for 90 days, penalty charges are applied annually, and is accrued based on the first date of delinquency (after 31 days).  ALAC re-designed an excel spreadsheet that automatically calculate the interest, admin costs and penalties per the principal debt amount. This spreadsheet was included with the webinar attachments and can also be found [TOP Referral Spreadsheet](https://vbaw.vba.va.gov/VBAORM/alac/docs/TOP_Referral_Spreadsheet.xls) . |
| Where is the letter sent when the station establishes a debt? How many letters does the station send? Is there a 30 day wait? | Per [VA Policy, Volume XII, Chapter 1, 010202](https://www.va.gov/finance/docs/VA-FinancialPolicyVolumeXIIChapter01.pdf) the station will aggressively pursue the collection of all debts while ensuring that debtor is advised of their due process rights regarding the nature and amount of the debt through the issuance of the proper NOI.  For all debts, the Chief of the Finance Activity will send the initial NOI to the debtor as soon as practical after the debt is established and discovered.  The Chief of the Finance Activity will send subsequent letters at no more than 30-day intervals when no response is received from the debtor. |
| Are there examples of calculations with using Journal Vouchers? | TBD |
| What is the step by step process for the station to submit TOPs referrals? Is there standard verbiage I should use? What information do I redact on the letters? | Step 1. Station gives due process to the debtors by sending debt letters. The first letter notifies the debtor of the debt and how to pay the debt. Sample [1st NOI Letter](https://vbaw.vba.va.gov/VBAORM/alac/docs/1st_NOI_Letter.pdf). The second letter (after no response from the first letter) notifies the debtor that the debt will be referred to TOPs. Sample [2nd NOI Letter TOP Referral](https://vbaw.vba.va.gov/VBAORM/alac/docs/2nd_NOI_Letter_TOP_REFERRAL.pdf).  Step 2. Station redacts both debt letters as they will contain PII. Please ensure amounts in FMS matches (BD).  Step 3. Station prepares excel spreadsheet ensuring debt letters and FMS matches. Please send unredacted information on the excel TOPs spreadsheet for TOPS to do their part in collecting the debt. Please be sure to encrypt e-mails when sending TOPs information since the spreadsheet will contain PII.  Step 4. Station attaches debt letters and excel spreadsheet in an email and send to their station accountant.  As for standardized verbiage when sending debts you want us to refer to TOPs, here’s what teams can use in the body of the e-mail.  *Station XXX is submitting the attached TOPs referral spreadsheet and Redacted NOIs for referral to TOPs.* |
| What are the updated guidelines to process Jury Duty fees as of 2020? | 1. The Agent Cashier prepares the VA Form 1027, Field Service Receipt - General – Accountable, for jury duty fees and provides the employee a copy. Also see section D-1 II.3. above.   1. In accordance with [OPM policies](https://www.opm.gov/policy-data-oversight/pay-leave/leave-administration/fact-sheets/court-leave/) (5 USC sections 6322, 5537 and 5515), jury duty fee which is for compensating an employee’s expenses, such as transportation, parking, or lodging expenses, does not have to be remitted to VA.  if the jury fee is remitted to VA for any reasons, the Agent Cashier deposits it to the current year General Fund Receipts 36X3220, Proprietary Receipts, not otherwise classified. 2. Jury duty fee received from any Federal, State, or local government compensating an employee, who was in a pay status during all or part of the period of jury service, for service rendered as a juror or witness must be remitted to VA.  The employee endorses the check to VA.  The Agent Cashier deposits the funds in the suspense X3875 and ALAC applies the funds to the GOE, the fund from which the employee is paid.  *Note:  Jury duty fees should be recorded as a reduction in expense, not as a reimbursement, a CR 20 using the funding that the employee is regularly paid from, with BOC 1101 in FMS.* 3. The Agent Cashier forwards a copy of the VA Form 1027 to the Regional Office Accounting Section for processing in VA’s financial accounting system.   *Note:  Government employees serving as jurors for Federal courts do not receive juror fees, unless they are in a non-pay status during all or part of the period of jury service, but they do receive transportation, parking, and lodging expenses.  These expenses do not have to be remitted to the employee's agency.* |



