

**Internal Control Assessment  
FSA's Report on Receivable Due from the Public**

**Purpose**

To ensure that proper internal controls exist regarding FSA's timely preparation and submission of the Report on Receivable Due from the Public.

**Background**

In accordance with the requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (DCIA), FSA is required to submit to Treasury on a quarterly basis, the Report on Receivable Due from the Public, hereafter referred to as the Receivables Report. This report is the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's non-tax debt portfolio. Reporting entities with \$50 million in total receivables, as reported in the previous fiscal year, must report quarterly for the following fiscal year. Total receivables include principal, interest, and late charges. Reports are due to FMS by the end of the 30th day of the month following the close of each of the first three quarters (for example, 2nd quarter FY 2001 reports are due by April 30, 2001). All fourth quarter reports are due by November 15, 2001.

The Receivables Report consists of three parts: I - Status of Receivables, II - Debt Management Tool and Technique Performance Data, and III - Footnotes. The Report on Receivable Due from the Public includes all receivables for programs that are administered by the agency. The dollar amount of receivables should represent the sum of the principal, interest and late charges associated with the receivables. Separate reports must be submitted for direct loans, defaulted guaranteed loans, and administrative receivables i.e., that is, receivables generated from activities other than direct or defaulted guaranteed loans. The Receivables Report must be reconciled with the receivables data reported on FSA's financial statements. Because there is a difference between the timing of the submission of the

fourth quarter Receivables Report and the publication of audited Financial Statements, differences in receivable amounts may occur. The fiscal year end Receivables Reports are due in November, and FSA's financial statements are not due until February/March of the next year. The timing disparity continues to add complexity to timely reconciliation. FSA is required to verify the Receivables Report by using the Data Verification Application available on the Internet. Verifications are due to FMS by March 31st of each year for the preceding Fiscal Year.

**Note:** The Treasury Report on Receivables is transmitted by Federal Agencies via the Internet using the Debt Management Information System (DMIS) based on the following schedule.

| <b>Status</b> | <b>Fiscal Year</b> | <b>Quarter*</b> | <b>Open Date</b>    | <b>Close Date</b>    |
|---------------|--------------------|-----------------|---------------------|----------------------|
| <b>Open</b>   | <b>FY 2002</b>     | <b>1st</b>      | <b>Jan 15, 2002</b> | <b>Jan 31, 2002</b>  |
| <b>Closed</b> | <b>FY 2002</b>     | <b>2nd</b>      | <b>Apr 15, 2002</b> | <b>Apr 30, 2002</b>  |
| <b>Closed</b> | <b>FY 2002</b>     | <b>3rd</b>      | <b>Jul 15, 2002</b> | <b>July 31, 2002</b> |
| <b>Closed</b> | <b>FY 2002</b>     | <b>4th*</b>     | <b>Oct 15, 2002</b> | <b>Nov 15, 2002</b>  |

### **Internal Control Standard**

FSA is required to submit a Report on Receivables Due from the Public, at a minimum once per year.

### **Assessment of FSA's Compliance\***

We reviewed FSA's Reports on Receivables Due from the Public for FY 2001, and determined that FSA's reports were reviewed and submitted timely to Treasury. The Receivables Reports were reconciled with the receivables data reported on the financial statements. We noted some timing differences between the submission of fiscal year end data for the Receivables Reports and that used for the financial statements.

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\*The actual testing phase including interviews and examination of sampled records has not yet occurred. This write up is only a sample of what may be discovered during the testing phase of the FMFIA process.