

Internal Control Assessment Deceased Debtors

Purpose

To ensure that FSA's internal control policies and standards regarding recovery of receivables from deceased debtors complies with the Treasury Financial Manual.

Background

The mechanism for collecting a debt from a deceased debtor's estate is to file a proof of claim with the fiduciary of the estate or as otherwise provided by law. It is FSA's responsibility to pursue the matter with the debtor's estate if they seek to recoup the outstanding debt. Treasury/FMS does not provide this Service, even if the debt is 180 days outstanding. Debts for deceased debtors may not be referred to Treasury/FMS for cross servicing. If Treasury/FMS determines that a debtor is deceased, the debt will be returned to FSA.

Internal Control Standard

In the event of debtor death, FSA must file a proof of claim with the fiduciary of the deceased debtor's estate.

Assessment of FSA's Compliance*

We interviewed members of the FSA staff and determined that approximately X delinquent loans are still outstanding due to the death of the debtor. Pursuit of the debt was halted when it was discovered that the debtor had passed away. To this point, such loans have not been pursued in full from the debtor's estate.

* 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.