

**CHANGE**

U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL AVIATION ADMINISTRATION

2700.31 CHG 1

7/16/87

SUBJ: UNIFORM ACCOUNTING SYSTEM OPERATIONS MANUAL

1. PURPOSE. This change incorporates the Debt Collection Act of 1982 and the Prompt Payment Act requirements which have been implemented in the Uniform Accounting System (UAS).
2. DISTRIBUTION. This order is distributed to a selected audience which is directly concerned with accounting operations. This audience is addressed by Special Distribution List ZAA-387.
3. CANCELLATION. This order cancels:
  - a. FAA Order 2700.24B, Cash Management, dated March 12, 1986, and
  - b. FAA Order 2700.27, Interest Penalties for Late Payment of Federal Government Liabilities, dated February 3, 1983.
4. EXPLANATION OF CHANGES.
  - a. Adds new paragraphs 611-1, 611-2, and 612-1 to incorporate Debt Collection Act of 1982 requirements.
  - b. Changes paragraphs to incorporate Debt Collection Act of 1982 requirements.
  - c. Changes other paragraphs to incorporate the Cash Management/Prompt Payment and Accounts Receivable modules enhancements, Office of Accounting reorganization, and other miscellaneous items.
  - d. Redefines the Delegation of Authority in paragraphs 153-155.
  - e. Adds an alphabetical index as appendix 1.

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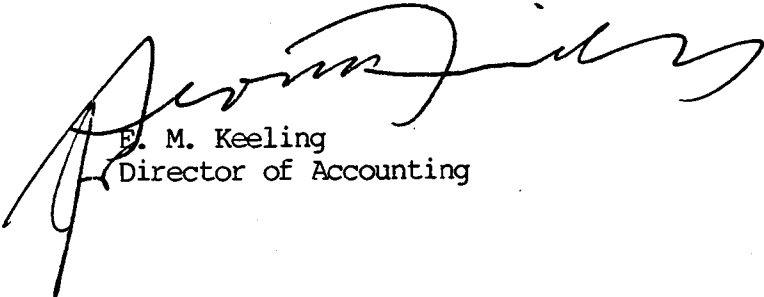
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 E. M. Keeling  
 Director of Accounting





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1 \*



g. Foreclosure. Property acquired by foreclosure processes is capitalized at the lesser of (1) the appraised (or fair market) value, or (2) the amount owed by the borrower, plus any other costs incurred by the FAA.

h. Donation, Devise, Forfeiture, or Confiscation. Property acquired by donation, devise, forfeiture, or confiscation is carried in FAA accounts at an estimated amount representing what the Government would have been willing to pay for it giving due consideration to usefulness to the FAA, condition, and estimated market value.

i. Interagency Transfers of Property.

(1) Property received from another agency is accounted for at the transfer price as determined by agreement, application of appropriate statutory requirements, or estimated value in accordance with administration regulations. Property transferred on a nonreimbursable basis is accounted for by the receiving agency on the basis of its estimated useful value for operations.

(2) Transportation, installation, and related costs incurred are to be added to the accounting basis.

(3) Original cost information on transferred property needed for report purposes should be a matter of record in the accounting system.

j. Accounting for Property of Others.

(1) Adequate records are maintained for seized property or other property held in custody but not owned. The system of procedures employed provides adequate records of accountability for such property, including its receipt, custody, and disposition, in accordance with assigned responsibility.

(2) The system of records used to account for such property may be integrated into the financial accounting system in conformity with the principles prescribed for owned property.

k. Capitalization of Fixed Assets.

(1) Fixed assets owned or acquired are capitalized in the accounts in accordance with the capitalization criteria established as follows:

\*

(a) Length of useful service life exceeds 2 years;

\*

(b) Repetitive use;

(c) Frequency of replacement;

(d) Retention of identity when placed in use;

(e) Cost or estimated value; and

(f) Unit cost or item cost exceeds \$1,000.

(2) Capitalization Policy. Generally, for an item to be capitalized it must have a unit cost of \$1,000 or more when it is initially acquired. All subsequent acquisitions of an identical item (same National Stock Number (NSN)) shall be capitalized regardless of its unit cost. Once capitalized, an item will remain in a capitalized status until disposal regardless of changes in the established unit cost criterion necessitated by inflationary or deflationary conditions in the market place.

(3) Capitalization costs include all direct and indirect expenditures applicable to the asset involved. Such costs include:

(a) Engineering, architectural, and other outside services for designs, plans, specifications, and surveys;

(b) Acquisition of land, buildings, and other facilities;

(c) Labor, materiel and supplies, and other direct charges;

(d) An appropriate share of the equipment and facilities used in construction work;

(e) Applicable indirect costs;

(f) Fixed and severable collateral equipment and the installation thereof to complete the facility for the use for which it is intended;

(g) Inspection, supervision, and administration of construction contracts and construction work;

(h) Legal fees and damage claims;

(i) Fair value of contributed or donated land, facilities, utilities, labor, materiels, supplies, services, and equipment; and

(j) Appropriate interest charges.

(4) Cost incurred should be accumulated as part of the cost of each project so that reliable information on total cost will be available for management and financial reporting purposes.

#### 1. Accounting for Changes in Fixed Assets.

(1) Fixed assets may be changed by additions, alterations, betterments, rehabilitations, or replacements. The basic principle observed in accounting for such changes is to capitalize the costs incurred in making such changes where they significantly extend the useful life of property or increase its capacity to render service and to remove from the property accounts the cost of features superseded or destroyed in the process.

(2) Repair and maintenance costs incurred to keep property in satisfactory operating condition are accounted for as current operating costs.



(3) Costs of improvements (including such improvements as carpeting, space partitions, soundproofing of ceilings or walls, and alterations), which have an estimated useful life longer than 1 year and are made to leased properties or to properties occupied by FAA and owned by another Government agency, are capitalized as leasehold improvements.

\* m. Property Retirements and Transfers.

(1) The cost or other basis of nondepreciated property, plant, and equipment retired from service, whether by sale, transfer to another agency, dismantlement, destruction, or other means shall be removed from the property account and an equal amount removed from the Invested Capital account. Unless otherwise specified by law, any proceeds received shall be accounted for as Cash and Miscellaneous Receipts Due Treasury (a liability) or used to replace similar assets when permitted by law. Also, contracts may authorize the proceeds from the sale of property in a contractor's or subcontractor's custody to be credited to the cost of work, in accordance with the contract or subcontract. When the proceeds are deposited with the Treasury, agencies shall remove the amounts from the Cash and Miscellaneous Receipts Due Treasury accounts.

(2) When depreciated property, plant, and equipment are retired, gains or losses on retirement shall be recognized if the assets were disposed of outside of the Federal Government.

(3) When depreciated property, plant, and equipment are retired, the net book value (difference between the amount at which the asset is recorded and its related accumulated depreciation) shall be removed from the Invested Capital account, the related depreciation removed from the Accumulated Depreciation account, and the amount of the assets removed from the property account upon retirement. Any proceeds received shall be accounted for as in item (1) above. The difference between the proceeds received and the net book value of the assets shall be accounted for as gains or losses on the retirement of property, plant, and equipment.

(4) The gains or losses shall be recognized in the accounts as a financing source or an expense as applicable and as a charge to the Cumulative Results of Operations account. In addition, the gains or losses shall be shown on the financial statements as an adjustment to the accumulated results of operations at the beginning of the year.

(5) Status of property retired from service but not immediately disposed of is classified separately for full disclosure.

\*

n. Property Acquired Under Installment Contracts. The property should be capitalized at the time of receipt or acceptance by the Government rather than periodically as payments are made or when title passes to the Government. The amount capitalized includes the purchase price, plus related costs. For example, costs incurred for site preparation, installation, and similar costs related to making the equipment ready for use, incurred separately from the installment purchase contract or separately identified for payment in the contract, are capitalized when incurred.

o. Property Acquired Under Lease Purchase Contracts. Property acquired under lease purchase contracts is capitalized at the time the option to purchase is exercised. The amount capitalized is normally the purchase price stipulated in the contract less any cumulative allowances. Property acquired under lease purchase contracts which are in fact installment contracts (the decision to purchase having already been made) shall be treated for capitalization purpose as installment purchases.

p. Depreciation.

(1) Basic Responsibility. A basic responsibility of management is to fully and fairly account for resources entrusted to or acquired by the FAA. This responsibility extends to the consumption of those resources through use in carrying out operations and is just as applicable to long-lived physical facilities as it is to expendable materials.

(2) Basic Principles.

(a) Depreciation as an element of cost is an estimate of the portion of the total cost of a long-lived capital asset consumed through use, approaching obsolescence, or other reason to be assigned as a cost of operation or performance over its estimated useful life.

(b) The purpose of accounting for depreciation (or amortization of cost) of long-lived capital assets is to systematically allocate their cost over the period of their estimated usefulness or capacity to render service so that all significant cost will be included in total costs of performance reported for the information and use of management officials, the Congress, and the public.

(c) Depreciation may not be represented by current expenditures of funds. Although there is no precise way to arrive at an accurate measure of depreciation as a current cost, it is nonetheless a real cost of carrying out operations. Accounting for depreciation as a cost is an integral part of the accrual method of accounting.

(d) Procedures shall be adopted to account for depreciation (or amortization of cost) of capital assets whenever a periodic determination of the cost of all resources consumed in performing services is needed. The principal circumstances in which such information is needed include the following:

1. The financial results of operations in terms of costs of performance in relation to revenues earned, if any, are to be fully disclosed in financial reports.

2. Amounts to be collected in reimbursement for services performed are to be determined on the basis of the full cost of performance pursuant to legal requirements or administrative policy.

(e) No specific method of estimating depreciation is prescribed. Undue precision and detail in maintaining depreciation accounting records are to be avoided. Simple procedures are to be devised to provide periodic estimates of depreciation cost for accounting and financial reporting purposes.

(3) Estimates of Useful Life. The period selected for writing off costs of capital assets should be estimated with due regard to available information on physical life; technological, social, and economic forces; and any other factors having a bearing on the probable period over which the facilities can reasonably be expected to render service. Provision should be made to review the periods selected from time to time and appropriate changes made to give effect to improved estimates that become possible with experience and the passage of time.

(4) Costs to be Written Off. Where depreciation is accounted for, provision is made to write off the costs of all capitalized assets acquired and used in performing services over the estimated period of their usefulness. The amounts written off are reduced by reasonable estimates of realizable salvage values at the end of the projected period of usefulness. Costs of leasehold improvements shall not be amortized, but shall be written off in their entirety when the lease terminates.

q. Physical Inventories.

(1) Physical inventories at regular intervals of expendable materials, supplies, and fixed assets shall be taken.

(2) The frequency of physical inventories, which may be taken on a cycle basis over a period of time, is to be determined on the basis of such factors as nature and value of property; physical security and control procedures relating to receipt, issuance, and custody; turnover; and results of previous inventories.

(3) Differences between quantities determined by physical inspection and those shown in the accounting records shall be investigated to determine the causes of difference and identify necessary improvements in procedures to prevent errors, losses, or irregularities. Accounting records are brought into agreement with the results of physical inventories.



104. LIABILITIES. Liabilities represent amounts payable to others usually as a result of the receipt of funds, property, or services.

a. Specific Principles and Standards. Specific principles and standards to be observed in accounting for liabilities follow:

(1) All liabilities relating to programs are measured and recorded in the general ledger accounts in the period incurred and are removed from the accounts in the period in which they are liquidated so that the financial position may be fully and properly disclosed in FAA reports.

(2) Amounts recorded as liabilities represent the amounts actually owed under contractual or other arrangements governing the transactions which give rise to liabilities to make payments or render services.

(3) Incurred liabilities are accounted for and reported irrespective of whether funds are available or authorized for their payment.

(4) Separate accounts for major categories of liabilities is maintained.

(5) Separate identification of funded and unfunded liabilities is maintained.

b. Contingent Liabilities. A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to the FAA that will ultimately be resolved when one or more future events occur or fail to occur. Examples of loss contingencies are (1) collectibility of receivables, (2) pending or threatened litigation, (3) actual or possible claims and assessments, (4) guarantees of indebtedness of others, and (5) agreements to repurchase receivables or the related property that has been sold. A loss contingency may be recognized by either recording the accrual in the accounts or by disclosing the contingency in a footnote to the financial statements.

(1) An estimated loss contingency shall be accrued as an expense if both of the following conditions are met:

(a) Information available prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a

liability has been incurred as of the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.

(b) The amount of the loss can be reasonably estimated.

(2) If no accrual is made for a contingency because one or both of the conditions are not met, or if an exposure to loss exists in excess of the amount accrued, disclosure of the contingency shall be made when there is at least a reasonable possibility that a loss may be incurred. The disclosure shall indicate the nature of the contingency and shall give an estimate of the possible loss, or range of loss, or state that such an estimate cannot be made.

(3) Appropriate records of contingent liabilities are maintained as part of the UAS. Material amounts of such liabilities are fully disclosed and explained in financial reports.

c. Liabilities Under Installment or Lease Purchase Contracts. The purchase price included in installment or lease purchase contracts, which are in substance installment purchases, shall be recorded as a liability when the property is received or accepted from the contractor. For lease purchase contracts, the purchase price is recorded as a liability when the option to purchase is exercised.

d. Liabilities Under Contract Work.

(1) Under some contracts, such as where a contractor builds facilities or manufactures goods or equipment to the Government's specifications, the liability to pay for work is incurred as it is performed by the contractors rather than when deliveries are made. Under these circumstances, materiel or services being acquired are recorded as accrued expenditures on the basis of reported performance of work, rather than as invoices are received or disbursements are made, and a related liability is recognized.

(2) Payments in the form of advances to contractors not directly related to performance are accounted for as advances for materiel and services received.

e. Liabilities Under Working Fund Advances. When materiel or services are sold to other Federal agencies and financed through the use of working fund advances, the advances are accounted for as liabilities until performance has been completed. Correspondingly, the advancing Federal agency shall account for the amounts advanced as assets until the materiel or services ordered are received.

105. INVESTMENT OF THE U.S. GOVERNMENT. The investment of the United States in assets controlled and utilized by the FAA consists of the excess of such assets over total FAA liabilities.

a. Accounting for Investment. Separate accounts are maintained to disclose all transactions pertaining to all major elements of the

includes operation of the accounting system in conformity with the prescribed principles, standards, and procedures and making a significant contribution to management in the conduct of the operations of the FAA in an economical and efficient manner by the use of business-type financial management information systems.

142. SPECIFIC CONSIDERATIONS TO MEET RESPONSIBILITIES. The managers of all accounting offices are responsible for advancing the above objectives through the development of professional personnel under their supervision. They also should understand these objectives and principles and work toward their attainment in a professional manner. The following are some of the factors and essentials required in carrying out the assigned responsibilities to meet these objectives.

a. The function of accounting fulfills its highest purpose when it is making a positive contribution to efficient and economical operations by providing responsible management officials with financial information and advice on which intelligent decisions can be made and actions taken. To effectively carry out this function, accounting officials should have an understanding of the financial problems facing operating management officials. Through such an understanding, analysis and interpretation of financial information can be made which are responsive to management needs and serve as a sound basis for action. In addition, accounting officials should serve as professional advisors to operating management officials with regard to financial matters and to the financial implications of proposed courses of action. In the capacity of a financial advisor, accounting officials can perform a valuable function by advising on proposed provisions of agreements and other proposals which relate to financial matters. Providing advice on such matters may result in the avoidance of pitfalls and cumbersome financial arrangements and assist in applying the most efficient management and operating techniques.

b. The accounting records must be reliably maintained to accurately disclose the financial condition and results of operations in accordance with prescribed requirements if they are to serve as a satisfactory basis for providing financial information to management officials on which they can rely. Financial reports shall not be released by the accounting office if there is any doubt as to their reliability and clarity for the purposes intended.

c. Information which forms the basis for entries to the accounting records is generated by all organizations served by an accounting office. While the cooperation of all such organizations is essential to effective performance by the accounting offices, the primary responsibility for the completeness and accuracy of the accounting records rests with the accounting offices. Fulfilling this responsibility means that the accounting offices have to take such action as is necessary, including the making of independent verifications and exercise of independent judgment, to assure the completeness and accuracy of the information recorded in the accounting records. When accounting offices merely serve in the role of a recorder of information furnished to them without taking the necessary steps to be satisfied as to its completeness and accuracy this objective will not be accomplished.

d. Each accounting office manager is responsible for assuring that control and verification operations are performed as prescribed.

143. THE ACCOUNTING OFFICES perform the following functions:

- a. Participate in the development of the FAA accounting and financial reporting system.
- b. Install and maintain the FAA accounting system to provide effective services and accounting control relating to funds, property and other assets, liabilities, costs, and revenues. Within the design and specifications of the FAA system, provide for amplification to meet special region needs.
- c. Operate the accounting and financial reporting system, interpreting FAA accounting and travel policies and regulations, determining entitlement to payment by, and indebtedness to, the United States (including the examination and certification of vouchers and payrolls), providing accounting services, maintaining controls, and producing timely financial reports and related information to meet FAA requirements at all levels.
- d. Analyze and present accounting data to management officials for management attention. Provide historical, financial information support capability throughout their client regions.
- e. Provide emergency accounting support capability.
- f. Advise on proposed contracts, agreements, and other proposals to assure adequate recognition of requirements for FAA accounting needs and proper flow of financial documents, including those reflecting custodianship of Government property.

144.-150. RESERVED.

#### SECTION 7. DELEGATION OF AUTHORITY

151. PURPOSE. This section delegates to FAA accounting managers authority to perform certain acts for and in behalf of the Administrator. These delegations of authority provided may not be redelegated to other officers or employees of the FAA.

152. ACCOUNTING OFFICERS. The incumbents of the following positions, including those in an acting capacity, are designated as FAA accounting officers:

- a. Manager, Accounting Systems Division, Office of Accounting.
- b. Manager, Accounting Operations Division, Office of Accounting.



- c. Manager, Accounting Division, Mike Monroney Aeronautical Center.
- \* d. Manager, Accounting Branch, Financial Management Division, FAA Technical Center. \*
- e. Manager, Accounting Division, all regions (except Alaskan, Western-Pacific, and Southwest Regions).
- f. Manager, Financial Management Division, Alaskan Region.
- g. Manager, Accounting Branch, Resource Management Division, Southwest Region.
- h. Manager, Accounting Operations Branch, Administrative Services Division, Washington Metropolitan Airports (AMA).
- \* i. Manager, Accounting Branch, Financial and Management Resources Division, Western-Pacific Region. \*
- j. Manager, Payroll and Travel Systems Division, Office of Accounting.
- \* k. Manager, Financial Information Division, Office of Accounting.

153. DELEGATIONS OF AUTHORITY. Accounting managers are delegated authority to perform the following designations and certifications as part of their functional responsibilities. The Administrator delegation and redelegation authority is from the Administrator, AOA-1, to the Director of Accounting, AAA-1, via the Associate Administrator for Administration, AAD-1. The Director of Accounting, AAA-1, delegation and redelegation authority is to the accounting manager, via the Manager, Accounting Systems Division, AAA-400. Accounting managers, listed in paragraphs b, c, d, e, f, g, h, and i of paragraph 152 above, have the functional responsibility to designate local certifying officers and cashiers. Accounting managers prepare U.S. Department of the Treasury form TFS 2958, Delegation of Authority, and SF 210, Signature Card for Certifying Officer, for the certifying officer and cashier designations indicated in paragraphs b and c below. Accounting managers submit the TFS 2958 and SF 210 to the local Treasury disbursing office.

a. Certification of Annual Reports of Obligations. The Manager of the Financial Information Division, AAA-500, certifies prescribed reports of obligations, as of September 30 each fiscal year, pursuant to Public Law 83-663 (31 U.S.C. 200), section 1311(c). \*



\* b. Designation of Certifying Officers. Designates certifying officers to certify vouchers for payment and letters of credit following I-TFRM 4-2040.

c. Designation of Cashiers and Establishment of Imprest Funds. Designates cashiers and requests establishment and changes in imprest funds following I-TFRM 4-3025 and 3035.

d. Uncollectible Accounts Receivable. See FAA Orders 1100.2B, Organization - FAA Headquarters, paragraph 401b, and 1100.5B, FAA Organization - Field, paragraph 222c(7), for authority to compromise, terminate, or suspend collection action on claims.

e. Certification of Annual Summary Retirement Fund Transactions SF 2807-2. FPM Supplement 831-1, subchapter S25, requires the agency retirement officer's certification on the SF 2807-2. The agency retirement officer is in the DOT. FAA certifies the SF 2807-2's as support for the Departmentwide report. The Manager of the Payroll and Travel Systems Division, AAA-300, and UPSOM are responsible for this function. \*

f. The accounting manager makes recommendations to the regional directors, or in FAA headquarters, to the Director of Accounting to:

(1) Compromise, terminate, or suspend collection action on claims due the FAA of less than \$20,000. Uncollectible claims in excess of \$20,000 will be forwarded to the Office of Accounting for referral to the General Accounting Office or the Department of Justice for litigation. The regional directors' authority with respect to claims may be redelegated to the executive officer. This subparagraph does not extend to claims arising out of civil penalty actions.

(2) Waive a claim in whole or in part resulting from the erroneous payment of pay made to an employee for claims of \$500 or less. Claims in excess of \$500 can only be waived by the Comptroller General of the United States. Excluded are claims which are the subject of a General Accounting Office exception, transmitted to the General Accounting Office for collection, or to the Attorney General for litigation, regardless of the amount of the claim.

(3) Grant relief to disbursing officers, cashiers, or other accountable officers for losses or deficiencies of less than \$500 in accordance with 31 U.S.C. 3521. The regional director determines the cause of such losses or deficiencies for those \$500 or more and may recommend to the Comptroller General that relief be granted. The authority of the regional director to grant relief, except where exceptions or charges have been raised by the General Accounting Office, to disbursing officers, cashiers, or other accountable officers for losses or deficiencies of less than \$500 may not be redelegated.

\* 154. ACCOUNTING MANAGER ACTIONS. A local accounting manager, upon assuming a position listed in paragraphs b, c, d, e, f, g, h, and i of paragraph 152 above, prepares a TFS 2958, Delegation of Authority, for the local accounting manager delegation. The local accounting manager submits the TFS 2958 cited above to the Manager, Accounting Systems Division, AAA-400, for signature validation and Department of the Treasury notification. The TFS 2958 notification includes the name and exact title of the individual, as well as the individual's signature (as the individual will sign on designations made), authenticated by the Manager, Accounting Systems Division, AAA-400. A person, upon assuming the AAA-400 position, notifies the Department of the Treasury, Bureau of Government Financial Operations, Washington, D.C. 20224, of the delegation of authority to designate certifying officers. The TFS 2958 for the Manager, Accounting Systems Division, AAA-400, is signed by the Director of Accounting. Notification to the Department of the Treasury is an inherent responsibility of the delegation of authority and is to be accomplished immediately upon assumption of office.

155. DESIGNATION OF ACCOUNTING MANAGERS AS CERTIFYING OFFICERS. Accounting managers occupying positions listed in paragraphs b, c, d, e, f, g, h, and i of paragraph 152 above are designated as certifying officers to certify voucher schedules. Prior to exercising this authority, each accounting manager completes an SF 210, Signature Card for Certifying Officer, for each type of document to be certified (e.g., voucher schedules) and submits the SF 210 to the Accounting Systems Division, AAA-400. The Manager, Accounting Systems Division, AAA-400, certifies and forwards the Accounting Managers' SF 210 to the Department of the Treasury. Authority to certify Letters of Credit-TFCS System items is limited to the Manager, Accounting Operations Division, AAA-200, and designees in Washington headquarters office. The SF 210 for Letters of Credit-TFCS System is forwarded to the Special Financing Staff, following I-TFM 6-2050.10. The SF 210 for the Manager, Accounting Systems Division, AAA-400, is signed by the Director of Accounting. \*

156.-160. RESERVED.

#### SECTION 8. ORGANIZATIONS OUTSIDE THE CONUS

161. OVERSEAS ORGANIZATIONS. This section explains the location and accounting services for FAA's overseas organizations.

receipt of a large volume of data simply because it is "available". Managers are thus encouraged to evaluate their report requirements on a recurring basis.

267. STANDARD INQUIRIES. Specific inquiries that are programmed because of the repeated need to acquire the data.

268. AD HOC REPORTS. These reports are responses from the data base to specific inquiries using NATURAL. The capability to directly access the data base will allow the system to accommodate currently undefined information requests.

269. FILE ESTABLISHMENT. RESERVED.

270. ERROR CORRECTION. This paragraph describes the error correction procedures for those errors detected by system edits. It explains the method used for correcting data elements on the error transaction file and system files. Transactions with errors are rejected and these transactions will appear on the error suspense file without affecting other system files.

a. On-Line Corrections at Terminal CRT. Transactions are keyed for input on the CRT and are subject to field and relational edits. Field edit errors are flagged immediately to the operator for correction. Relational edit errors are identified on the CRT after all transaction fields have been keyed for input. The operator has the option to either reenter only data elements in error or reenter the complete transaction.

b. Corrections to Batches with Errors. Updated errors identified as such on the batch proof lists are received at the accounting office daily. The erroneous transactions can be called up to the accounting office terminal and the proper correction made. After the erroneous transaction has been recalled, the correct data for the data fields in error are input. Valid data fields are not reentered. When all transactions have been corrected with replacement data, the corrected transactions will be transmitted to the host for update.

c. Changes to Data Elements. The need to change data elements occurs when code reorganizations result in differences between data element codes already in the open document file and new data element codes; transaction codes are erroneously charged to the wrong data elements processed to the open document file; or the incorrect amount was entered on the original transaction. The procedure to correct these errors is to reverse the original data record from the system files and reenter the revised record reflecting the changed data conditions. Document ID's that have been closed on the open document file must be reopened in the open document file before corrective adjustments can be made. Use the mass data element change program for high volume data changes resulting from code reorganizations.

271-274. RESERVED.

275. FILE MAINTENANCE. This term refers to deletion, change, or addition of a code(s) in a group of files in the data base. The need for group file maintenance may arise from an organizational change, necessitating a change in cost center codes, if the change is to be made retroactive to a prior date. Any revision, correction, or consolidation of data element(s) (code), whether it occurs at the end of a fiscal year or during the fiscal year may require change of many files records. Whatever data base management system is available at the host will be utilized to make these types of file changes. Instructions for such changes will be fed into the system in an interactive mode. This procedure will require specific delineation of codes/files to be changed, and include a provision for a listing of records prior to and subsequent to the change. Access to this file maintenance procedure will be limited with all such changes to be accomplished under the supervision of the data base manager.

276. RECURRING CHARGE. The recurring charge subsystem will, as a monthly process, generate accrual transactions for fixed and variable charges and will generate disbursement transactions for fixed charges.

277. END-OF-MONTH (EXCLUSIVE OF YEAR).

a. Each monthly accounting and reporting period extends from the close of business (COB) on the last day of the month through the COB on the last day of  
\* the next month. \*

b. The accounting office assures that all documents on hand are processed and that corrections and adjustments have been input to the system by COB on the  
\* last day of the month. Particular attention is directed toward the review and correction of edit errors and review of the following accounting control reports:

- (1) WITHDRAWN--CHG 1.
- (2) Allotment Control Journal, RIS: II-B.
- (3) WITHDRAWN--CHG 1.
- (4) General Ledger Trial Balance, RIS: I-N. \*

c. WITHDRAWN--CHG 1.

d. The accounting office performs an audit of the monthly reports to  
assure that:

- (1) The accounts balance with files, supporting records, and reports.
- (2) The subsidiary accounts balance to control accounts.

FIGURE 4-200. RIS: 2710-11, REPORT OF OBLIGATIONS, (BY FC-L, MAJOR  
COST CENTER, FISCAL PROGRAM SUBCLASS, AND OBJECT CLASS)

PURPOSE: This report shows year-to-date obligations and year-to-date expenditures for each region with a logical breakout down to object class.

METHOD OF PREPARATION: Computer generated.

CONTENT: Appropriation data showing obligations and expenditures on a year-to-date basis for each fund code/limitation, major cost center, fiscal program subclass, and object class.

SOURCE OF DATA: Computer files.

FREQUENCY OF PREPARATION: Monthly.

RESPONSIBLE OFFICE: Inputting accounting offices.

DISTRIBUTION AND FILING: All cost center managers and accounting offices.

FIGURE 4-200. RIS: 2710-11, REPORT OF OBLIGATIONS (BY FC-L, MAJOR COST CENTER, FISCAL PROGRAM SUBCLASS AND OBJECT CLASS) (CONT'D)

GRID 005 FEDERAL AVIATION ADMINISTRATION REPORT OF OBLIGATIONS (BY FC-L, MAJOR COST CENTER, FISCAL PROGRAM SUBCLASS, AND OBJECT CLASS) AS OF 05/31/85										RIS NUMBER: BU 2710-11	PAGE NUMBER: 73
REGION: W	FUND CODE	LIM	COST CENTER	FISCAL PROGRAM	OBJECT CLASS	YTD OBLIGATIONS	YTD EXPENDITURES				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450	2132	802.93	802.93				
	501	0	4600	450	21	14,828.48	10,188.12				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450	2211	278.00	278.00				
	501	0	4600	450	22	278.00	278.00				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450	2572	1,162.25	1,162.25				
	501	0	4600	450	2591	1,950.00	1,950.00				
	501	0	4600	450	25	3,112.25	3,112.25				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450	2637	4,165.00	4,165.00				
	501	0	4600	450	2639	312.00	312.00				
	501	0	4600	450	26	4,477.00	4,477.00				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450	3111	125.88	125.88				
	501	0	4600	450	31	125.88	125.88				
TOTAL MAJOR OBJECT CLASS	501	0	4600	450		290,030.33	238,694.96				
TOTAL PROGRAM ELEMENT	501	0	4600	45		290,030.33	238,694.96				
TOTAL PROGRAM SUBACTIVITY	501	0	4600	4		290,030.33	238,694.96				
TOTAL PROGRAM ACTIVITY	501	0	4600			290,030.33	238,694.96				
TOTAL MAJOR COST CENTER	501	0	4600			1,458,919.01	1,329,984.10				
	501	0	4700	410	1111	7,417.31	7,417.31				
	501	0	4700	410	1112	6,893.94	3,787.14				
	501	0	4700	410	1131	2,346.01	2,267.59				
	501	0	4700	410	1151	53.52	53.52				
	501	0	4700	410	1153	3,000.00	3,000.00				
	501	0	4700	410	1161						
ALL FUND CODES INCURRING OBLIGATIONS										CY + PY EXPND	
										CY + PY EXPND	



\* FIGURE 4-201. RIS: MGT-1, CASH MANAGEMENT REPORT (BY REGION, FC-L)

PURPOSE:	This report shows year-to-date interest penalties data for each region with logical breakout by quarter for use in cash management analysis.
METHOD OF PREPARATION:	Computer generated.
CONTENT:	Data showing the reasons for interest penalties paid with logical breakout by region and fund code/limitation.
SOURCE OF DATA:	Computer files.
FREQUENCY OF PREPARATION:	As needed by accounting office.
RESPONSIBLE OFFICE:	Inputting accounting office.
DISTRIBUTION AND FILING:	Inputting accounting office.

\*

\* FIGURE 4-201. RIS: MGT-1, CASH MANAGEMENT REPORT (BY REGION, FC-L)  
(CONF'D)

REGION: X		FEDERAL AVIATION ADMINISTRATION CASH MANAGEMENT REPORT AS OF 06/25/86										RIS NUMBER: MGT-1 PAGE NUMBER: 1	
INTEREST PENALTY:		QTR1		QTR2		QTR3		QTR4		FYTD			
R	FC-L C	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT	COUNT	AMOUNT	COUNT		
4320 K		249.62	3	.00	0	.00	0	.00	0	249.62	3		
TOTAL 432		249.62	3	.00	0	.00	0	.00	0	249.62	3		
5320 B		.00	0	7.53	2	3.25	2	.00	0	10.78	4		
5320 C		.00	0	29.95	4	29.68	1	.00	0	59.63	5		
5320 K		612.64	53	730.72	39	.00	0	.00	0	1,343.36	92		
TOTAL 532		612.64	53	768.20	45	32.93	3	.00	0	1,413.77	101		
6320 F		.00	0	1.94	1	.00	0	.00	0	1.94	1		
6320 B		.00	0	55.96	3	3.09	2	.00	0	59.05	5		
6320 C		.00	0	71.68	16	7.97	5	.00	0	79.65	21		
6320 K		13.89	9	180.35	15	75.41	12	.00	0	269.65	36		
TOTAL 632		13.89	9	309.93	35	86.47	19	.00	0	410.29	63		
TOTAL		876.15	65	1,078.13	80	119.40	22	.00	0	2,073.68	167		
TOTAL INT-PENALTY													

\*\* END OF REPORT \*\*

\*

FIGURE 5-1. GENERAL LEDGER CONTROL ACCOUNTS AND SUBSIDIARY RECORDS

ACCOUNT NO.	ACCOUNT TITLE	DEBIT (DR) CREDIT (CR)	SUBSIDIARY ACCOUNT/RECORD DESCRIPTION
<u>ASSET (1000-1999)</u>			
<u>CASH AND FUND BALANCES (1000-1099)</u>			
1010	Fund Balances with U.S. Treasury	DR	No subsidiary accounts required. Separate accounts are maintained by appropriation and fund symbols.
1081	Undeposited Collections	DR	No subsidiary accounts required.
<u>INVESTMENTS (1100-1199)</u>			
1110	Investments	DR	Manual document file containing records for each investment identified by TFS 1081 number and maturity date. Maintained in chronological order by fiscal year. Permanent file.
<u>ADVANCES (1200-1299)</u>			
1210	Advances to Government Agencies and Funds	DR	Computer-maintained record in the open document file for each agency, identified by agency name, fund code, and agreement number. A listing is produced monthly (Open Document Listing by Document Type, RIS: I-H) showing outstanding advances for each agency.
1215	SIBAC Clearing Account	DR	Manual files of TFS 7306's outstanding. Identified by each SIBAC agency.
1220	Travel Advances to Employees	DR	Computer-maintained record for each employee by name and social security number indicating advances, repayments, and outstanding balance. A listing in alphabetical order by organization is produced monthly.

FIGURE 5-1. GENERAL LEDGER CONTROL ACCOUNTS AND SUBSIDIARY RECORDS (CONT'D)

ACCOUNT NO.	ACCOUNT TITLE	DEBIT (DR) CREDIT (CR)	SUBSIDIARY ACCOUNT/RECORD DESCRIPTION
1225	Foreign Disbursement Clearing Account	DR/CR	Manual files of SF-1221's filed by FDO code.
1230	Advances to Grantees	DR	Computer-maintained record for each grantee identified by State and sponsor name and grant agreement number. Monthly listing (RIS: I-H) is produced showing outstanding balances for each grantee.
* 1235	Salary Advances to Employees	DR	Computer-maintained record for each employee by name and Social Security number indicating amount of advance, amount repaid, and outstanding balance. *
1240	Contract Advances	DR	Computer-maintained record for each contractor identified by contract number and organization name. Monthly listing (RIS: I-H) is produced showing outstanding balances for each contractor.
1250	Advances to Imprest Fund Cashier	DR	Computer-maintained record of each imprest fund cashier by name and social security number. Monthly listing (RIS: I-H) is produced showing outstanding balances for each imprest fund cashier.
1290	Advances to Others	DR	Same as above.
1295	Undistributed Advances	DR	No subsidiary accounts required.
1299	Advances - Clearing	DR	No subsidiary accounts required.
<u>ACCOUNTS RECEIVABLE (1300-1399)</u>			
1301	Accounts Receivable - Unbilled Reimbursements, Government	DR	Automated records in the open document file for reimbursable charges incurred identified by agreement number, fund code, customer name and address, and other relevant data. The Listing of Unbilled Accounts Receivable (RIS: I-G) is produced monthly.
1302	Accounts Receivable - Unbilled Reimbursements, Public	DR	Same as above.
1310	Accounts Receivable - Billed Reimbursements, Government	DR	All accounts receivable (1310 through 1380) are supported by detailed records in the open document file maintained by the computer. The record contains such data as debtor name, agreement/contract number, fund code, amounts billed and collected for each customer account. A listing is produced monthly (Accounts Receivable and Advances Received, RIS: I-J) which lists and ages all outstanding accounts.
Records applicable to the Metropolitan Washington Airports' accounts receivable are contained in the AMA contract status file maintained by the computer.			

FIGURE 5-2. ACCOUNT DESCRIPTIONS (CONT'D)\*1235 Salary Advances to Employees.

Debit Balance. Represents the outstanding balance of advances provided to employees assigned to a post in a foreign area. Account is supported by a manual file of Form JF-55, Request and Voucher for Advance Pay, and the open document files of Salary Advances outstanding. Account is maintained by appropriation. \*

1240 Contract Advances.

Debit Balance. Represents outstanding balance of amounts advanced to firms or individuals outside the Federal Government under contracts for option payments, deposits for land acquisitions, and goods and services to be rendered. Account is supported by manual contract files and by the open document files which reflects the balance of advances for each contract. Account is maintained by appropriation.

1250 Advances to Imprest Fund Cashiers.

Debit Balance. Represents outstanding balance of amounts advanced to imprest fund cashiers. This account is supported by manual document files and by the open document files which show the advance to each imprest fund cashier. Account is maintained by appropriation.

1290 Advances to Others.

Debit Balance. Represents outstanding balance of amounts advanced to the public, excluding advances on grants and contracts. This account is supported by manual document files and by the open document files which show the status of each advance to others. Account is maintained by appropriation.

1295 Undistributed Advances.

Debit Balance. Represents the value of undistributed advances transferred from other accounting offices. The account is charged by an automatically generated transaction when the transferor initiates and interoffice transfer transaction. The transferee must clear the balance in this account before the end of the month by either charging another advance account or transferring back to the transferor in case of an erroneous transfer. Account is maintained by appropriation.



FIGURE 5-2. ACCOUNT DESCRIPTIONS (CONT'D)1299 Advances - Clearing.

Debit Balance. This account is used to clear outstanding advances when expenditures are recorded. The account is credited when an asset or expense account is debited and, by a separate transaction, is debited when the advance account to be reduced is credited. These two transactions must be input concurrently and this account should always show a zero balance. Account is maintained by appropriation.

1301 Accounts Receivable - Unbilled Reimbursements, Government.

Debit Balance. Represents amounts earned and not billed arising from charges to Government agencies or funds for delivery of goods or services. Account is credited when the Government agency is billed. Account is supported by the open document files. Account is maintained by appropriation and revolving fund.

1302 Accounts Receivable - Unbilled Reimbursements, Public.

Debit Balance. Represents amounts earned and not billed arising from charges to public entities for delivery of goods or services. Account is credited when the public entity is billed. Account is supported by the open document files. Account is maintained by appropriation.

1310 Accounts Receivable - Billed Reimbursements, Government.

Debit Balance. Represents amounts earned and billed arising from charges to Government agencies or funds for materials or services which are reimbursable. The account is supported by manual files of billing documents and by the open document files. Account is maintained by appropriation and revolving fund.

1320 Account Receivable - Billed Reimbursements, Public.

Debit Balance. Represents amounts earned and billed arising from charges to states, municipalities, or other public sources for materials or services which are reimbursable. The account is supported by manual files of billing documents and by the open document files. Account is maintained by appropriation.

FIGURE 5-2. ACCOUNT DESCRIPTIONS (CONT'D)1330 Accounts Receivable - Billed Refunds, Government.

Debit Balance. Represents amounts billed and due from Government agencies or funds resulting from payments made in error, overpayments, or adjustments of amounts previously disbursed, including refunds or advances. The account is supported by the open document files and manual file of SF 1080's and 1081's. Account is maintained by appropriation and revolving fund.

1340 Accounts Receivable - Billed Refunds, Public.

Debit Balance. Represents amounts billed and due from public sources resulting from payment made in error, overpayments, or adjustments of amounts previously disbursed, including refunds or advances. The account is supported by the open document files and manual file of SF 1114's. Account is maintained by appropriation and revolving fund.



596. BILLING. Generally, billing and recording of revenue earned under agreements covering materiel/services provided to others on a billable basis is done by the accounting office serving the organization designated to perform the work, provide the services, or furnish the materiel directly to the second party of the agreement. Where several regions or centers are involved in an agreement, but a single billing office has been specifically requested by the \* customer, an automated process transfers the receivable to the designated billing office as indicated on the Accounts Receivable Master Record. This transfer occurs on a daily basis as charges are incurred. The automated accounts receivable processes generate billings on the date and format specified in the receivable master record. Mechanized bills are in two different formats: one for SF 1081, Voucher and Schedule of Withdrawals and Credits; and the other, in lieu of SF 1080, Voucher for Transfers Between Appropriations and/or Funds, and SF 1114, Bill for Collection. Subparagraphs a, b, c, and d of paragraph 598 apply for the manual preparation of these forms should one be required.

a. WITHDRAWN--CHG 1.

b. WITHDRAWN--CHG 1. \*

597. BILLING CRITERIA. Bills for collection are issued promptly and prepared in such a manner as to permit ready identification by the debtor as to purpose and amount billed. When monthly or quarterly bills are provided for in an agreement, bills are issued promptly after the close of the period. Amounts billed include all applicable costs for labor, materiel, and overhead, unless otherwise provided in laws, regulations, or agreements. Upon completion of the action required by the agreement or contract, action is initiated to assure that all costs are recorded and included in the final bill.

\* 597-1. ADVANCE BILLING CRITERIA. Advances made to the FAA in connection with an agreement to provide goods or services are shown in financial statements in the total amount of the advance and the remaining outstanding balance. In the absence of specific instructions in the agreement, bills are prepared monthly and immediately upon completion and recording of final costs. All billings include reference to the agreement, order, or statutory authority which authorized the billing. Billings to foreign governments normally are sent to the American Embassy within the foreign country unless otherwise specified in the agreement. The American Embassy forwards these bills to the foreign govern- \*

#### 598. GENERAL BILLING INSTRUCTIONS.

a. General Information for All Types of Billings.

(1) Numbering of Bills. Number each bill, starting with a new series at the beginning of each fiscal year.

(2) Preparation of Copies. The minimum number of copies which must be prepared is indicated in the applicable instructions below. Additional copies are prepared to meet the particular demands of the accounting office and the finance officer. Confirmation copies returned to FAA by the finance office should be noted "Return to FAA (Address) " if the form does not otherwise request the return address.

(3) Signatures. Bills, schedules, or related documents which contain a space for signature are signed by the accounting office manager or his designee. Signatures are in ink and need to appear on the original only. All other copies have the signature indicated by stamp or otherwise. Prior to signing, the supporting documentation is accumulated and available for review by the individual authorized to sign the bill.

b. SF 1080, Voucher for Transfers Between Appropriations and/or Funds.

(1) Agencies Using SF 1080. Use this form, in lieu of SF 1081, to bill the following agencies which have their own disbursing functions and pay by check:

- (a) Department of Defense.
- (b) Government Printing Office.
- (c) U. S. Postal Service.
- (d) All Government Corporations.
- (e) The District of Columbia Government.

(2) Preparation. The accounting office responsible for servicing the agreement or contract prepares the bill identifying briefly and accurately in the "Articles or Services" block of the SF 1080 the services and/or materiel furnished. The office billed completes the certification and the appropriation and/or funds to be charged.

(3) Copies. An original and three copies of the SF 1080 are usually prepared. Forward the original and two copies to the office billed. File the remaining copy in alphabetical sequence by debtor or in numeric sequence by bill number pending receipt of the check and certified copy of the SF 1080. File supporting documents in the agreement folder.

(4) Accounting Control. Copies of SF 1080 support General Ledger Account 1310, Accounts Receivable - Billed Reimbursements, Government; Account 1330, Accounts Receivable - Billed Refunds, Government; and Account 1351, Accounts Receivable Billed - General Fund, Government.

c. SF 1081, Voucher and Schedule of Withdrawal and Credits.

(1) Usage. Prepare SF 1081 to bill other agencies (except those agencies identified in subparagraph b above). Following are typical transactions requiring use of the SF 1081:

(2) Interagency Transactions.

(a) Reimbursable billings for goods and services furnished by FAA to another civilian agency.

(b) Advances to consolidated working fund accounts where arrangements or agreements for current billings and reimbursement are impractical.

(c) Advance payments required by law whereby a specific amount is transferred and merged with a specific account of another agency for goods and services furnished for the benefit of and to carry out the general purpose of the appropriation from which the transfer is made.

(d) Advance payments authorized by law in advance of delivery to certain revolving and working capital funds.

(e) Reimbursable billings for transportation, subsistence, and related costs of investigations of discrimination complaints conducted for other DOT administrations by DOT field investigators employed by FAA. SF 1081's are submitted to the DOT Office of Civil Rights, U.S. Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, which in turn forwards them to the accounting office of the applicable administration for payment.

(3) Preparation. Normally, the office which made the initial disbursements or expenditures prepares the SF 1081. However, in certain instances, the benefiting office may have firsthand knowledge of the transaction and initiates the transfer. Complete the "customer agency" or "billing agency" portion of the SF 1081, as applicable. Briefly and accurately describe the purpose of the withdrawal or credit. Attach all pertinent reference data which enables the receiving office to identify the transaction. Forward the SF 1081, together with supporting documents to the responsible office for completion of the "pay to" or "withdraw from" portion and/or certification. It is permissible for the originating office to perform the certification, when funds are collected by one office on behalf of another.

\*

(4) Copies. Send the original, duplicate, and triplicate copies to the customer. The quadruplicate copy is retained by the billing office. Retained copies may be filed in alphabetical sequence or by bill number pending receipt of the accomplished copies of the SF 1081. File copies of all supporting documents in the agreement folder in the case of reimbursable billings.

(5) Frequency. Where workload permits, SF 1081's are prepared and forwarded in the same month as the original transaction. If not practicable, they are prepared and forwarded in the following month and at the end of the fiscal year.

(6) Accounting Control. The retained billing copies of SF 1081 support General Ledger Account 1310, Accounts Receivable - Billed Reimbursements, Government; Account 1330, Accounts Receivable - Billed Refunds, Government; and Account 1351, Accounts Receivable - Billed, General Fund, Government.

d. SF 1114, Bill for Collection.

(1) General. Prepare the SF 1114 to bill debtors, other than U.S. Government agencies (i.e., public).

(2) Transactions Documented on the SF 1114. Billing transactions documented on SF 1114 usually will be for:

(a) International and overseas communication service.

(b) Rentals.

(c) Concessionaire agreements.

(d) Other income-producing agreements.

(e) Amounts due covering fees for registration and recordation of aircraft, copying, certification, and search of records.

\* (f) Excess weight and/or storage of household goods shipped by GBL on PCS moves.

(g) Additional insurance taken on household goods shipped by GBL on PCS moves.

(h) Overpayments relating to travel claims.

\*

(b) Duplicate. File the duplicate IRS Form 843 in chronological sequence by period for which the tax is claimed.

(5) Supporting Documents. Documents supporting the computation of Federal gasoline tax refunds are as follows:

(a) Issues of gasoline from hangar bulk storage are supported by monthend memorandums indicating gasoline issues, prepared by hangar personnel from daily worksheets.

(b) Commercial purchases of gasoline for tractors, stationary engines, etc., are also supported by memorandums identifying the original source documents.

(6) Accounting Support. The IRS Form 843 supports General Ledger Control Account 1330, Accounts Receivable - Billed Refunds, Government. Amounts of claims for gasoline tax refunds are computed and accrued at monthend.

599. RESERVED.

600. DOCUMENT FILES FOR BILLED RECEIVABLES.

a. Establishment of Files. All billed accounts receivable are supported by records within UAS and are output on the Accounts Receivable and Advances Received Report (RIS: I-J). The monthly printout contains information, such as debtor's name, agreement/contract number, fund code, and amounts billed and collected for each customer account. The report provides a historical record of the accounts receivable history. It is used for reference and analysis, for monitoring collections, and for coding cash collections. A manual open document file containing hard copy supporting records is maintained in the accounting office to support the automated file records in UAS.

b. File Maintenance. The control of the official file for billed receivables is maintained by accounts receivable personnel. These files constitute the official accounting records supporting the general ledger control accounts and are afforded appropriate safeguards. Files are segregated into groups applicable to the general ledger control accounts which they support. Each group is further subdivided into billed and unbilled sections. If a copy of the contract, agreement, or other supporting document is required to be filed in another section of the accounting office, a 5x8 card may be inserted in the applicable location of the supporting file for the document. This card should contain the debtor name, contract or agreement number, date, amount of the receivable, and a reference to where the accounting copy of the contract or agreement is located. The accounting office manager may prescribe additional records and files to augment those prescribed in this paragraph.

c. File Sequence. File billings in either an alphabetical sequence by debtor's name or in numeric sequence by bill number grouped to support the applicable general ledger account. Related contracts, agreements, worksheets, correspondence, and other supporting documents are filed in the contract/billing folder.

601. USE OF OPERATING ACCOUNTING CONTROL REPORTS. The reports used by the accounting office to monitor and control the systems operation with regard to accounts receivable and revenue transactions includes those listed below. The reports are generally used for maintaining control over systems processes, for account analysis, for file reconciliation, and for reference purposes.

\* a. Listing of Unbilled Accounts Receivable for Billing (RIS: I-G).

A listing of all outstanding unbilled accounts receivable is prepared by the computer for use in the accounting office to assist in the preview function. The report is used to audit the unbilled accounts receivable generated from the recording of accrued expenditure transactions prior to preparation of billings. Following preview and release, the system produces automated bills. The report is prepared for each fund code/limitation (appropriation/limitation). \*

b. Open Document Listing by Document Type (RIS: I-H). This is the primary computer output used by accounting to reconcile open obligation documents and related advances made. For accounts receivable, the monthly report is used to monitor the recouping of advance payments.

\* c. Accounts Receivable and Advances Received (RIS: I-J). This monthly report is sequenced alphabetically by customer. It is used in accounting for identification of bill numbers for recording collections, for reference to customer accounts by name, and for related reference purposes. The report includes open advances, and detailed aging data for each account. Unbilled accounts receivable are not included in this report. \*

d. Travel Advances Outstanding (RIS: I-L). This report is used by the accounting office and by program offices to monitor travel advances outstanding. Travel advances are summarized with related data according to the two types of travel orders: trip travel and PCS travel. Data encompassed in this monthly report shows the advance, advance amount outstanding, last travel date, and a flag to indicate inactive advances. The report is produced each month for each region or center.

e. Income Journal (RIS: I-Q). This detailed listing of income, which is prepared monthly, provides a summary by revenue code for each fund code/limitation. The journal serves as an audit trail and is used for analysis and reference by the accounting office. The journal applies to Metropolitan Washington Airport income accounts and to other activities to which revenue codes and/or program elements are assigned for the functional classification of income.

602. RECONCILIATIONS. The accounting office reconciles the balance of all subsidiary advances and accounts receivable files to the general ledger control accounts at the end of each month after all accounts receivable transactions have been entered into the system. The accounting office resolves all differences and effects the corrections necessary to bring the records into agreement. Reports used in the reconciliation include the following: \*

- a. Accounts Receivable and Aging Report, RIS: I-J.
- b. General Ledger Transaction Analysis, RIS: I-O.
- c. Income Journal, RIS: I-Q.

603. RECONCILIATION OF COMPUTER FILES TO SOURCE DOCUMENTS. The Batch Proof Listing, RIS: I-A, is produced daily for all batches of transactions processed at the host computer. This listing is used to maintain control over the validation and correction of transaction input.

604. AGING ADVANCES AND ACCOUNTS RECEIVABLE. The accounting office manager, or his/her designee, is responsible for periodically reviewing outstanding amounts due to the FAA and also monitoring computer produced FAA Form 2700.48, Delinquency Notices. The computer prepared aging schedules are received monthly in the accounting office. The accounting office also contacts or furnishes copies of the Delinquency Notices to the program offices concerned for additional followup action. \*

605. RESERVED.

606. TRAVEL ADVANCES. The Travel Advances Outstanding Report (RIS: I-L) and the Open Document File are used by the appropriate accounting personnel to determine the age of travel advances and any delinquencies. The Travel Advances Outstanding Report summarizes data according to three types of travel orders: trip travel, PCS travel, and LOA travel. The report shows by employee's Social Security Number and name, the advanced amount outstanding, the last date of travel (taken from the last SF 1038 processed), and a flag to indicate inactive advances. The appropriate accounting personnel determines the traveler's continued need to retain the advance based on a monthly review of this report and on an inquiry of current and historic data in the Open Document File. Consideration is given to the traveler's needs, the traveler's location, and access to accounting facilities to obtain an advance of funds. For accounts that have had infrequent travel, the accounting office requests the return of outstanding advance amounts when warranted. Refer to section 6 of this chapter for further information. \*

607. OTHER ADVANCES. A computer maintained record of advances made to grantees, contractors, or others is on the monthly/on demand Open Document Listing (RIS: I-H). The listing shows the outstanding balance by Document ID, for each grantee, contractor, etc. The accounting office reviews the listing monthly and summarize each advance as current or overdue. Accounting personnel further identify the number of days each overdue account has been outstanding.

608. ACCOUNTS RECEIVABLE - REIMBURSEMENTS, REFUNDS, AND OTHER.

a. Aging Method and Purpose. The system ages accounts receivable. The Treasury Cash Management Policy (TFRM IV, 8010) calls for additional charges to be collected on overdue receivables.

b. Accounts Receivable and Aging Report. The Accounts Receivable and Aging Report (RIS: I-J) provides detailed aging data for billed accounts receivable. The report is in two parts. The first part shows the detail and \* the second part is a recap. The report sorts by customer name, customer number, the contract or agreement number, and the bill number for each account receivable.

c. WITHDRAWN—CHG 1.

\*

609. BILLINGS AND COLLECTIONS OF CHARGES FOR LATE PAYMENT.

a. General. Department of the Treasury Circular No. 1084 establishes the policy regarding cash management practices within the Federal Government. It requires agencies to conduct financial activities which makes the maximum amount of cash available to the Treasury. To comply with this policy, the FAA stipulates in all contracts, agreements, or other formal payment agreements that charges for late payments at a percentage rate of the overdue payment, penalty charges, and administrative charges are made except where prohibited by law. The percentage rate for interest is that rate published in Bulletins prescribed by the Treasury Fiscal Requirements Manual. Charges for late payment are made to all organizations and individuals. Organization and individuals include commercial firms, nonprofit organizations, foreign governments, and all individuals. Recovery of delinquent travel advances are processed as outlined in chapter 8, section 6.

b. Procedures Followed for Late Payment Charges When Provided for by Terms of the Agreement.

(1) Interest is charged for all overdue payments. The rate of interest charged is determined by Treasury and published in Bulletins prescribed by the Treasury Fiscal Requirements Manual. The rate is updated quarterly.

(2) The interest rate is applied to the overdue amount for each 30-day period, or portion thereof, that payment is not received after the due date.



(3) In case of receivables for which billings are not required, interest is charged for each 30-day period, or portion thereof, that payment is not received after due date.

(4) Interest is not prorated over a 30-day period. If a payment is delinquent for any portion of a 30-day period, the interest charge is the same as if the payment was delinquent the entire 30-day period.

(5) The collection of charges for late payments are promptly deposited to general fund receipt account symbol 691435, Miscellaneous Interest Collections Not Otherwise Classified.

(6) Penalty rate. The rate of six percent per annum is used to compute penalty charges. This rate applies to all delinquent debts subject to late charges.

(7) Method of assessment. Penalty charges are assessed on the unpaid portion of basic charges and overhead remaining more than 90 days PAST DUE. Assessment of penalties corresponds with the billing cycle of the bill, i.e., monthly assessment if the billing is on a monthly basis.

(8) Disposition. Upon collection, penalties are deposited in the Treasury general fund receipt account 691099, Fines, Penalties and Forfeitures, Not Otherwise Classified, (UAS Code GAG).

(9) Administrative charges rate. A fixed standard rate of \$12 per delinquent account per month is charged. This rate is reviewed and updated periodically by AAA-410. The administrative charges is assessed when the debt becomes delinquent (30 days for domestic debtors and 60 days for debtors with a foreign address from the billing date). The administrative charges related to the aircraft loan guarantee program may be higher due to inclusion of the cost for factors other than account maintenance.

(10) Disposition. Administrative charges are deposited in the Treasury general fund receipt account 691099, Fines, Penalties, and Forfeitures, Not Otherwise Classified, (UAS Code GAG).

(11) Waiver. The accounting office manager can waive late charges if the collection costs exceed the amount to be collected.

c. Preparation and Distribution of Invoice Copies.

(1) Each bill for late charges details the original amount due, the late charges, the amount due if not paid by a given future date, billing dates, bill number, and the cumulative amount due.

(2) The calculation of interest on the amount due, penalties, and administrative charges is shown on each bill at the current rate as determined by Treasury.

(3) The original and one copy of the bill are sent to the customer.

(4) One copy is retained in the accounting office as a control copy.

d. Example. This example shows the accrual of interest income for a contract containing a late payment penalty clause. The interest rate is 1 percent of the outstanding balance for each 30-day period, or portion thereof \* that the payment is not received. The accounts receivable module calculates this item if the late payment flag or master record is "Y".

(1) A bill is issued on April 1 for services in the amount of \$100,000. The minimum information requirements are:

Original amount due	\$100,000
Date of bill	April 1
Payment due date	April 30
If payment is made after April 30	
Principle	\$100,000
Interest (\$100,000 X 12 percent divided by 12 months)	1,000
Administrative Charges	12
Total due after May 1 and before May 31	<u>\$101,012</u>

Following 4 CFR 102.12(c), interest charges are not assessed on interest, penalties, or administrative costs.

(2) Assuming payment is not received on June 1, another bill is issued. It contains the following:

Reference previous billings	
Original amount due	\$100,000
Administrative charge, May	12
Interest charge, May	1,000
Administrative charge, June	12
Interest charge, June	
(\$100,000 X 12 percent divided by 12 months)	1,000
Total due after June 1 and before June 30	<u>\$102,024</u>

(3) If payment is not received when the account becomes 90 days overdue, penalty charges will be assessed at the rate not to exceed 6 percent per annum, retroactive to the date the account became overdue. \*

e. Waiver of Late Charges for Late Payments. Where the administrative cost of collecting late charges exceeds the amount of late charges, the late charges may be waived by the accounting office manager.

\* f. Accounting Entries. The interest and penalty charges on overdue accounts receivable are recorded to the Treasury general fund receipt account. \*

\*610. DELINQUENT ACCOUNTS. Effective collection of receivables is dependent upon prompt and aggressive followup action by the accounting office. The accounting office manager uses all reasonable means of collection available, consistent with the amount involved and the debtor's payment ability. Public Law 97-365, Debt Collection Act of 1982, provides statutory authority for Federal agencies to assess interest, penalties and administrative costs, on delinquent accounts, except those of other Federal agencies, and State and local governments. Public Law 97-365 also provides statutory authority for Federal agencies to refer delinquent accounts to credit bureaus, private collection agencies, and the Department of Justice. The following guidelines and procedures, presented to aid in conducting an effective collection program, prescribe followup action for all delinquent accounts of domestic, foreign, and international organizations. Paragraph 618 prescribes procedures relating to Department of Justice account referrals. Paragraph 611e prescribes procedures relating to foreign governments. Followup procedures for international organizations are the same as for domestic organizations. \*

611. GUIDELINES.

- a. Make a monthly review of outstanding accounts receivables.
- \* b. Use the procedures listed below to collect delinquent receivables except for those related to foreign governments, paragraph 611e. The delinquent notices identified in paragraphs 1 and 2 below are automated in the UAS Accounts Receivable Module.
  - (1) Send the first followup letter to the debtor for each billing which has remained uncollected for 30 days. This letter includes:
    - (a) The debt overdue notice and the debtor's responsibility for payment;
    - (b) A description of the previously billed items;
    - (c) The applicable assessment standards on interest, penalty, and administrative costs provided in the written contract, agreement, or billing;
    - (d) A statement that interest is accruing from the initial mailing or hand-delivery date of bill to the debtor;
    - (e) The payment date, which is within 30 days of the mailing date of the initial followup letter;
    - (f) The FAA's policy on reporting to consumer agencies and collection services for debts over \$100, where the debtor is not a State or local government;

\* (g) The debtor's review right during a 60-day period following receipt of the first followup letter; and

(h) Depending upon the applicable statutory authority, the debtor's entitlement to consideration of waiver.

(2) Send a second followup letter if the first is not returned in the mail and no debtor response is received within 30 days of the first followup letter date. This second followup letter should be sent by certified mail "return receipt requested" to establish debtor residency at that address and to provide evidence that the debtor has received notification. This letter informs the debtor that payment has not been received. This letter informs the debtor that the account requires settlement within 30 days from the date of the letter. In addition to items mentioned in the first letter, the following additional actions, applicable to the case, take place:

(a) The customer is not granted further credit privileges until account settlement;

(b) The customer is notified that the FAA intends to refer account information to a credit bureau on delinquent accounts over \$100;

(c) The customer is notified that the FAA intends to refer the delinquent account to a private collection agency for further action; and

(d) The customer is notified that the FAA intends to refer the debt to the Department of Justice for litigation.

(3) WITHDRAWN—CHG 1. \*

(4) For concessionaires at federally owned and operated airports, furnish a copy of all letters to the contracting officer or airport manager.

c. Other agencies are requested to cooperate in effecting collections from persons who are employed by them or who are currently receiving payments from them.

\* d. WITHDRAWN—CHG 1. \*

e. The procedures outlined below are prescribed for past due accounts receivable from foreign governments.

(1) For billings that remain uncollected for 60 days after the original billing date, send the first followup letter requesting payment signed by the operating accounting office manager to the appropriate Civil Aviation \* Assistance Group (CAAG), FAA representative, or American Embassy within the foreign country for presentation to the foreign government. The letter identifies the billing number, date, amount, and a brief description of the charges. Attach to the letter a copy of the original billing and the agreement. Send an information copy of the letter to the Office of International Aviation, AIA-1, the Associate Administrator for Policy and International Aviation, API-18, and the Accounting Systems Division, AAA-400. \*

(2) For billings that remain uncollected for 90 days after the original billing date, send the second followup letter requesting payment. Follow the procedures set forth in subparagraph e(1) above, except do not attach a copy of the original billing and agreement, but do attach a copy of the first followup letter.

(3) For billings that remain uncollected for 120 days after the original billing date, send the third followup letter requesting payment. Follow the procedures set forth in subparagraph e(1) above, except do not attach a copy of the original billing agreement, but do attach a copy of the first and second followup letters. Effective with the 120-day letter, the operating accounting office will request collection assistance from API-18. Further correspondence with the CAAG, FAA representative, or American Embassy within the foreign country, the foreign government, and the Department of State are undertaken by API-18. Information copies of all API-18 correspondence are furnished to AAA-400. If payments are received after the collection process has been transferred to API-18, the operating accounting office manager notifies API-18 and AAA-400 in writing.

(4) For billings that remain uncollected for 150 days after the original billing date, API-18 sends a telegraphic message to the foreign government through the CAAG, FAA representative, or the American Embassy. The message identifies the billing number, date, amount, and brief description of the charges and prior followup actions, and informs the foreign government that diplomatic assistance is requested if payment is not received within 30 days.

(5) If collection has not been effected within 180 days from the original billing date, API-18 initiates a letter signed by AIA-1 to the Deputy Assistant Secretary for International Finance and Development, Room 2531, Department of State, Washington, DC 20520, requesting collection assistance.

(6) Two hundred forty days after the original billing date and each 30 days thereafter, API-18 initiates followup action to determine the status of the State Department's collection progress.

(7) Three hundred sixty days after the original billing date, AIA-1 and API-18 evaluate the status of the delinquent account receivable and, based on available information, including the State Department's collection attempts, determine what action is to be taken.

(8) API-18 keeps AAA-400 informed in writing on a monthly basis of the status of the collection process and advises AAA-400 what actions are to be taken, i.e., writeoffs, etc.

(9) API-18 keeps the Department of State advised of actions occurring on delinquent accounts referred to them for collection assistance.

(10) Foreign Government delinquent accounts cannot be considered uncollectible until the Department of State advises the FAA that their collection efforts have been unsuccessful. When a foreign account receivable has been determined to be uncollectible, API-18 advises the operating accounting office to initiate writeoff procedures and, where appropriate, forwards the information to GAO for final disposition.

\* 611-1. USE OF CONSUMER REPORTING AGENCIES. Pursuant to 4 CFR 102.5, the Federal Aviation Administration (FAA) is required to report delinquent debts to consumer reporting agencies. The authority to disclose information to consumer reporting agencies is granted to the head of the FAA or his designee (31 U.S.C: 3711(f)). Since commercial accounts are not covered by the Privacy Act, they are not subject to the protections contained in these procedures. A notice must be published indicating the system of records from which the FAA may disclose delinquent account information to consumer reporting agencies as required by section 552a(e)(4) of title 5, United States Code. The required notice has been published in the Federal Register.

a. Claim Verification. The region/center or FAA headquarters official delegated the authority to disclose the account information to consumer reporting agencies reviews the claim and determines that the claim is valid and overdue.

b. Written Notification to Debtor. The region/center or FAA headquarters official delegated the disclosure authority sends a written notice to the debtor. The debtor, in a first followup letter, is provided the following information:

(1) That claim payment is overdue.

(2) That the FAA intends to disclose to a consumer reporting agency within not less than 60 days after sending the written notice that the individual is responsible for the delinquent claim.

(3) That the specific information to be disclosed to the consumer reporting agency is limited to:

(a) Information necessary to establish the identity of the individual.

(b) Claim amount, status, and history.

(c) The FAA is the creditor agency to which payment is due.

(4) The individual's rights to a complete explanation of the claim, to dispute the claim information in the FAA's records, and to administrative repeal or review of the claim. The FAA employee to be contacted for such a review and the telephone number is also provided in the letter.

c. When Disclosure is not Permitted. Disclosure to a consumer reporting agency is not permitted if either of the following events occurs within 60 days of the notification letter date:

(1) The debtor repays or agrees to repay the claim under a written repayment plan that has been signed by the debtor and the region/center or FAA headquarters official delegated this responsibility.

(2) The debtor files for an administrative review.

\*

\* d. Actions Required Prior to Disclosure. Before disclosing information to a consumer reporting agency, the following items are accomplished when appropriate:

(1) The region/center or FAA headquarters official delegated the responsibility provides, on request of an individual alleged by the agency to be responsible for a claim, a review of the individual's obligation, including an opportunity for reconsideration of the initial decision on the claim.

(2) The region/center or headquarters official delegated the responsibility takes reasonable action to locate an individual for whom the FAA does not have a current address to send the required notice.

e. Actions Required Subsequent to Initial Disclosure. The region/center or FAA headquarters official delegated responsibility assures that the following actions continue to occur subsequent to the initial disclosure:

(1) Provides the consumer reporting agency a monthly update of corrections, collections, or substantial changes in the claims condition or amount.

(2) Validates or corrects the consumer reporting agencies' verification request of previously disclosed information within 15 days of request.

611-2. USE OF COLLECTION CONTRACTS. The Debt Collection Act of 1982, Public Law 97-365 (31 U.S.C. 3718), provides authority to enter into collection contracts and to pay the fees due the collection contractor from amounts collected by such contractor. The accounting office conforms to the latest contract in effect.

a. Characteristics of debts to be referred to collection contractors. Debts must have all of the following characteristics for referral to collection contractors:

(1) The outstanding principal balance is \$100 or more.

(2) The debtor is refusing to pay, even though financially able, or the FAA has been unable to make a determination regarding the debtor's ability to repay. When it is known that the debtor is either in bankruptcy, deceased with no estate, or totally and permanently disabled, the claim is not referred. Instead, the accounting office seeks a debt writeoff. Accounting offices assume that debtors who cannot be located are able to pay their debts.

(3) The debt is delinquent and uncollected for at least 90 days.

(4) The FAA has provided the debtor with an original billing, a first followup letter, and a second followup letter, with a minimum interval of 30 days between each correspondence. When two demands for payment are sent to the debtor's last known address, are returned as undeliverable, and a correct address is not readily attainable, the account is referred to the collection contractor without any further FAA attempts to contact the debtor. \*



\* (5) The debtor is notified by the FAA, at least 30 days before the referral, that the debt is being referred to a collection contractor unless (1) full payment of the entire outstanding balance is received within 30 days or (2) the debtor provides written disclaimer information within 30 days. This notification advises delinquent debtors that if the FAA utilizes the services of collection contractors, the collection contractor fee is passed on to debtors at referral time by the addition of the applicable fee to the total debt.

(6) The debtor is not another Federal agency, a State government agency, a unit of general local government, or a foreign government.

(7) The debtor is not a current or former employee of the FAA or another Federal agency, whereby the claim is recoverable through salary offset or administrative offset from the Civil Service Retirement and Disability Fund.

(8) The claim cannot be readily collected by administrative offset from amounts due to the debtor from the U.S. Government, although there may be the possibility of an opportunity occurring at sometime in the future.

(9) The debt has not been referred to the Department of Justice for litigation. The accounting office suspends all collection activities, including referring the debt to a collection contractor, during the time that the account is in the hands of the Department of Justice. The account may later be referred to a collection contractor if the Department of Justice does not accept the case.

(10) The debt is undisputed by the debtor. When the debtor disputes a claim, the accounting office reviews its records and furnishes the debtor document copies verifying the debt. Upon debtor refusal to pay and the region or center debt collection official seeing no question of merit regarding the debt or amount of the debt, the account is referred to the collection contractor. The accounting office does not refer a claim with insufficient evidence to prove the claim. When the region or center debt collection official questions the merits or amount of the disputed debt, the claim is not referred to the collection contractor until claim resolution by the General Accounting Office.

(11) The debtor is not an airline company with a loan default under the Aircraft Purchase Loan Guarantee Program.

(12) The debt does not pertain to an airline ticket refund which is referred to GSA for further collection action when 90 days delinquent.

b. Update Account Information in UAS Accounts Receivable. The status Code for Schedule 9 Reporting is changed to indicate that the account has been referred to a collection contractor. If not already provided, a reserve is established in the Allowance for Doubtful Accounts. While the account is with the contractor, the FAA and the contractor accrue interest and other late charges.

\*



\* c. Simultaneous Collection Actions. When more than one debt collection mechanism is used simultaneously (such as referral to IRS for offset and to a debt collection contractor), the FAA determines which mechanism is responsible for recovering the debt. When a mechanism other than the contractor recovers the debt first, that mechanism is considered to have made the collection and the contractor is not paid for efforts to collect the account. When an overpayment results, the overpayment amount is returned to the debtor. When an opportunity for administrative offset occurs after account referral to the contractor, the account is withdrawn from the contractor and the offset is initiated.

d. Suspension of contractor collection activity.

(1) The contractor suspends collection activity whenever any one of the following conditions occurs:

(a) The debtor disputes in writing the amount of the debt--citing that the debt was never incurred, was paid off, or was erroneously computed.

(b) The debtor raises a legal defense against repayment (statute of limitation, fraud, forgery, etc.).

(c) The debtor wishes to compromise the amount due or requests forbearance due to temporary inability to repay.

(d) The contractor determines that one or more Federal agencies have claims against the same debtor, and collection is being sought by these agencies.

(2) When any of the above situations occur, the contractor refers the issue to the FAA with 10 working days of the suspension date. Case accountability and responsibility remain with the contractor during suspension. The appropriate accounting office responds to each specific request within 20 working days of the date that the issue is received from the contractor. Resolution of complex cases may require further referral to the FAA's legal counsel. The contractor does not independently enter into compromise negotiations on an account, but rather refers the matter to the FAA along with a recommendation and justification as to the compromise dollar amount which the contractor feels is appropriate. Under no circumstances does the contractor independently adjust the outstanding balance of an account without first obtaining the FAA's written approval.

(3) When the FAA receives a complaint regarding contractor collection practices and provides a written summary of the complaint to the contractor, collection activity on the account in question is immediately suspended. The contractor does not resume collection activity on the account until the complaint is resolved to the FAA's satisfaction. \*

612. ADMINISTRATION OF DELINQUENT ACCOUNTS.

a. Travel Advances. Each SF 1038, Advance of Funds Application and Accounts, is reviewed and classified according to age. Different colored card clips may be attached to each advance card to identify the month the advance is expected to be liquidated. Thus, a visual examination of the SF 1038 file reveals delinquencies. These are individually reviewed and appropriate followup action taken. The file of SF 1038's is also reviewed whenever travel vouchers are paid to ensure that advance is recovered. If travel has not been performed or the payment for travel has been made without recovering the advance, the employee is requested to return the advance promptly. Refusal to return the advance, after a 30-day delay, results in steps to cover it by deduction from the employee's salary or from other amounts due the employee. Continuing advances are reviewed to determine if it is being used or should be returned. Followup action is taken accordingly. When a travel advance becomes 60 days overdue, the account is transferred to an account receivable and late payment charges calculated. Where partial repayment is made through payroll deduction or from other amounts due the employee, late payment charges are assessed every 30 days thereafter on the unpaid outstanding balance.

b. Accounts Receivable. Accounts receivable are aged and grouped within \* each general ledger control account in categories of (1) not delinquent (1 to 30 days from the original billing date) and (2) delinquent in subcategories of 1-30 days, 31-60 days, 61-90 days, 91-180 days, 181-360 days, over 360 days and aging analysis is prepared to show the total number of accounts and amounts in each category. Copies of these monthly aging analyses may be furnished to program offices, when appropriate. \*

c. Tort Claims. Claims (debts) arising from loss of or damage to Government property are categorized as tortious acts. Tortious acts include the negligent operations of privately owned vehicles that result in damage to Government property and damage or loss due to acts of trespass on Government lands, buildings, or projects. The accounting office takes prompt followup action upon receipt of demand letters initiated by the responsible administrative officer. When the collection cannot be effected, the accounting \* office manager notifies the region or center counsel; or in the case of FAA headquarters, the Manager, Accounting Operations Division, AAA-200, notifies the Office of the Chief Counsel, AGC-1, and requests that the claim be considered for referral to the Department of Justice. Referrals of tort claims by region or center counsels are processed following FAA Order 2250.1A, FAA Tort Claims Handbook. \*

(1) Tort claim cases submitted for referral to the Department of Justice or to the the U.S. Attorneys are supported by:

(a) All pertinent and available evidence.

(b) The names and locations of any parties who may have knowledge of the facts.

(c) The names and locations of the parties of interest.

(d) The name and address of the insurance company involved,  
if any.

(e) Evidence of financial ability to pay for the damage if  
judgment is obtained, or the party or parties against whom the claim is  
being asserted are not insured.

(2) Tort claims need not be reported to the Department of Justice  
or to the U.S. Attorney if it is administratively determined that criminal  
action is not warranted when:

(a) The amount of the debt is less than \$400.

(b) The record clearly shows that the debtor is unable to  
pay.

(c) The debtor cannot be located.

(3) Tort claims are reported promptly since an action founded upon a  
tort is barred unless the complaint is filed within 3 years after the right of  
action first accrues. Actions to recover damages resulting from a trespass on  
lands of the United States, damage resulting from fire to such lands, for diver-  
sion of money paid under a grant program, and for conversion of property of the  
United States are brought within 6 years after the right of action accrues.

d. Contract Claims Resulting from Default and Reprocurement Actions.  
When a contracting officer decides that termination for default is proper and  
issues a notice of termination, he/she furnishes a copy of this notice to the  
servicing accounting office and requests the withholding of further payments  
pending additional instruction. Decisions by the contracting officer to  
terminate a contract for default and to reclaim the defaulted item results in a  
claim against the contractor for unliquidated progress payments and excess  
reprocurement costs. Contracting officer decisions are generally subject to  
appeal. When the option to appeal is exercised, the special procedures outlined  
below apply.

(1) As soon as practical, the accounting office requests and the  
contracting officer furnishes information on the collection action to be  
followed pending settlement of the contractor's appeal. Pertinent information  
includes an anticipated course of action to protect the FAA's interest, i.e.,  
posting a payment bond and/or signing a repayment agreement.

(2) Accounting and legal personnel are afforded the opportunity to  
comment on the anticipated course of action prior to its implementation.

(3) If the course of action recommended and agreed upon provides  
for recoupment by offset through the use of the Army Holdup List, referral to  
the Department of Army is made as provided in paragraph 616 below.



e. Intraagency Collection Assistance for Appropriation Refunds Receivable. Appropriation Refund Receivables (General Ledger Accounts 1330 and 1340) are not transferred between FAA accounting offices except when the debts are owed by an FAA employee. Accounting offices assist each other in making collections.

(1) FAA Employee. When an indebted employee transfers, any debts owed by the employee are transferred by interoffice transfer voucher.

(2) Vendors and Contractors. When local efforts to collect an appropriation refund from a vendor or contractor have been exhausted, and it is determined that the debtor is due payment by another office, the accounting office requests that office to effect collection by offset.

\* f. Internal Revenue Service (IRS) collection assistance. Public Law 97-365, The Debt Collection Act of 1982, authorizes the IRS to disclose the taxpayer mailing address to a Federal agency to collect Federal claims. The following is required by IRS for disclosure:

(1) The request is in writing and contains the taxpayer's full name and Social Security number (SSN);

(2) The request is signed by the agency head or by a designee, i.e., an agency official delegated the authority to collect or compromise a Federal claim under Section 3, Federal Claims Collection Act (FCCA) of 1966. The FAA officials delegated that authority for Federal claims up to \$20,000 are region and center directors and within FAA headquarters, the Director of Accounting;

(3) The local FAA accounting office initiates the request to the IRS district office in which the FAA office is located;

(4) A designee request includes a statement that the authority to collect or compromise a claim under section 3 of the FCCA of 1966 has been delegated to the designee and delegation order copies are submitted with the initial request;

(5) The request indicates that it involves a claim relating to the requesting agency's activities;

(6) The request states that the information is used by the proper agency official or employee solely in preparing for an administrative or judicial proceeding or investigation which may result in such a proceeding; and

(7) The request states that the agency head or designee intends to collect or compromise a Federal claim which has arisen out of the agency's activities.

\*

\* 612-1. BILLING AND COLLECTION CHARGES FOR LATE PAYMENTS ON DELINQUENT DEBTS. Late charges (interest, penalty, and administrative charges) are assessed on delinquent debts, except those of other Federal agencies, State governments, and local governments. Foreign governments, nonprofit organizations, commercial firms, and all individuals, including Federal Government employees, are subject to assessments of late charges unless a waiver has been granted. FAA stipulates in all contracts, agreements, or other formal payment agreements that late payment charges in the form of interest, penalty, and administrative charges will be made when payments are not received by the FAA within due dates. The assessment of late charges on delinquent debts is an automated process in the accounts receivable module of UAS.

a. Interest.

(1) Rate. The rate of interest assessed is the rate of the current value of Funds to the United States Treasury as published by the Department of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletins quarterly. The rate of interest, as initially assessed, remains fixed for the indebtedness duration. When a debtor defaults on a repayment agreement and seeks to enter into a new agreement, the FAA sets a new prevailing interest rate at the time the new agreement is executed.

(2) Method of Accrual. Interest accrues from the initial bill date mailing and continues accruing until the date payment is received (postmarked). The agency must not charge interest if the debt is paid within 30 days (60 days for the debtor with a foreign address) from the interest accrual beginning date. For payments received after the due date, interest is assessed and collected for the duration of indebtedness.

(3) Interest Base. Interest is assessed on the basic charges for goods and services provided and overhead. Interest is not assessed on interest, penalties, or administrative costs. Upon debtor default on a previous repayment agreement, charges accrued but uncollected under the defaulted agreement are added to the principal and payable under a new repayment agreement.

(4) Disposition. Cash collections representing accrued interest are deposited in the Treasury general fund receipt account 691435, General Fund Proprietary Interest, Not Otherwise Classified (UAS Code GCA).

(5) Receivables Which Do Not Require Bills. In case of receivables for which billings are not required, interest accrues from the date on which payment is due through the date payment is mailed (postmarked).

(6) Accrual While Under Appeal. Interest is charged on all unpaid audit disallowances while under appeal by a debtor. Invoices for late payments are annotated that "late payment charges will be adjusted to reflect the final disposition of the amount under appeal." \*



\*

b. Penalty.

(1) Rate. The rate of 6 percent per annum shall be used to compute penalty charges. This rate applies to all delinquent debts subject to late charges.

(2) Method of Assessment. Penalty charges are assessed on the unpaid portion of basic charges and overhead remaining more than 90 days PAST DUE. Assessment of penalties corresponds with the billing cycle of the bill, i.e., monthly assessment if the billing is on a monthly basis.

(3) Disposition. Upon collection, penalties are deposited in the Treasury general fund receipt account 691099, Fines, Penalties and Forfeitures, Not Otherwise Classified (UAS Code GAG).

c. Administrative Charges.

(1) Rate. A fixed standard rate of \$12 per delinquent account per month is used. This rate is reviewed and updated periodically by AAA-400. The administrative charges are assessed when the debt becomes delinquent (30 days from the billing date for domestic debtors and 60 days for debtors with a foreign address). The administrative charges related to the aircraft loan guarantee program may be higher due to inclusion of the cost for factors other than account maintenance.

(2) Disposition. Upon collection, this portion of late charges is deposited in the Treasury general fund receipt account 691099, Fines, Penalties, and Forfeitures, Not Otherwise Classified (UAS Code GAG).

d. Waiver. The manager of each accounting office is authorized to waive late charges if the costs of collecting such amounts exceed the amounts to be collected.

e. Partial Payment. When a debt is paid in partial or installment payments, amounts received are applied first to outstanding penalty and administrative cost charges, second to accrued interest, third to overhead, and finally to outstanding principal. \*

613. COMPROMISE, SUSPENSION, OR TERMINATION OF COLLECTION ACTION. Public Law 89-508 provides that claims which do not exceed \$20,000 exclusive of interest may be compromised, suspended, or terminated by the Administrator or his designee.

614. UNCOLLECTIBLE ACCOUNTS.

a. Allowance for Uncollectible Accounts. Periodically, but at least once each quarter, the accounting office reviews outstanding accounts receivable to determine those on which collection is uncertain. Accounts receivable from agencies of the Federal Government are always considered collectible. A collection is considered uncertain after 5 months have elapsed without collection of a billing to foreign governments or after 90 days have elapsed without collection of a billing to other non-government debtors. In such cases, the accounting office establishes an allowance for uncollectible accounts. The Allowance for Uncollectible Accounts - Public (Account 1370) is treated as an offset to the total amount of accounts receivable.

b. Writeoff of Uncollectible Accounts. When the debtor is unwilling or unable to pay, or if for other reasons it appears that the account is uncollectible, further collection efforts should normally be terminated and the account receivable should be written off.

(1) Recording Writeoffs. When a decision is reached to write off the account as uncollectible, prepare an SF 1017-G, Journal Voucher. The SF 1017-G documents billed receivables written off for appropriation reimbursements and refunds and receivables written off from the general fund receipt account.

\* (2) Responsibility for Terminating Collection Action. The decision to terminate collection action for claims of not more than \$20,000 is made by the regional or center directors or the administrative services officer if this authority has been redelegated. Within FAA headquarters, the final decision to terminate collection action is made by the Director of Accounting. Accounts receivable from foreign governments are written off only after notification from the Department of State that collection efforts have failed. This subparagraph does not extend to claims which must be referred to the General Accounting Office for adjudication or to the Department of Justice for litigation in accordance with 4 CFR 105. \*

(3) Claim Files. When a claim is finally written off locally, the claim files must include for GAO and internal audit purposes a complete historical record of the claim. This record must clearly show at least the following:

(a) Origin of the debt.

(b) All actions taken to make collection.

\* (c) Reasons for declaring the debt uncollectible and  
approval of the region or center director or the administrative services officer as appropriate. \*

\* (4) Agency Disclosure to Internal Revenue Service (IRS). Internal Revenue code Section 61(a)(12) stipulates that income from the discharge of indebtedness is included in the taxpayer-debtor's gross income. Debt exceptions to the IRS reporting requirements are obligations discharged in Title 11 bankruptcy cases or discharged obligations not in dispute totaling less than \$600 for the debtor. Accounting offices report the defaulted obligations' outstanding balance, less interest. The information is reported on IRS Form 1099-G, Statement for Recipients of Certain Government Payments. The amounts reported are obligations declared uncollectible as a result of:

(a) The Federal Statute of Limitations has expired for the debt collection,

(b) A formal compromise agreement between the Federal Government and the debtor is reached in which the debtor is legally discharged of all or a portion of the obligation (in this case, the discharged portion, less interest, is reportable). \*

615. CLAIMS TO BE REPORTED TO WASHINGTON HEADQUARTERS. Claims of less than \$20,000 are normally settled locally by collection, compromise, or declaration as uncollectible. In certain cases, uncollectible claims are sent to the Accounting Systems Division, AAA-400, for further action. Prompt reporting is stressed because of the time limitations for commencing actions imposed by law. Refer the following cases to AAA-400:

a. Uncollectible claims of more than \$20,000.

b. Uncollectible claims of \$200 or more, or a series of smaller claims involving the same debtor aggregating \$200 or more, provided that the region, center, or headquarters officials feel that action by the Washington headquarters could result in collection. Such actions could be, but are not limited to:

(1) Setoff of amounts due the debtor-contractor under other FAA contracts.

(2) Setoff of amounts due the debtor-contractor from other Government agencies through cooperation with the agencies to withhold from the debtor-contractor and remit to the FAA amounts sufficient to cover the indebtedness.

(3) Reporting debts of contractors to the Office of the Chief of Finance, Department of the Army, for inclusion on the Army Holdup List.

c. Debts of \$400 or more, or a series of smaller debts involving the same debtor and aggregating \$400 or more, with a proof of claim are reported immediately upon receipt of information that a debtor is involved in bankruptcy proceedings. In addition, the following action are taken, when appropriate:

(1) Set off amounts due the debtor which were earned prior to the date the petition in bankruptcy was filed and which are available for application to the debt.

(2) Forward notice of the bankruptcy proceedings if the debt was previously reported to the Financial Systems Division (AAA-400).

(3) Transmit the notice and a report of the debt to the Financial Systems Division if there is a doubtful question of law or fact. The Financial Systems Division notifies the Department of Justice and the General Accounting Office, when the debt has been previously reported to them as uncollectible. The Financial Systems Division coordinates such correspondence with the Office of the General Counsel so they are cognizant of cases submitted to the Department of Justice.

d. Actions founded upon contracts, express or implied, must be filed within 6 years after right of action accrues or within 1 year after final decisions have been rendered in administrative proceedings, whichever is later, except when a later partial payment or a written acknowledgement of the debt causes the right of action is accrue again.

e. Actions for the recovery of money erroneously paid to an employee of an agency of the United States, incident to the employment of such employee, must be filed within 6 years after the right of action accrues, except that in the event of later partial payment or written acknowledgement of the debt, the right of action is deemed to accrue again at the time of each such payment or acknowledgement.

f. Cases involving false claims against the United States are reported promptly to the region or center counsel or in the case of headquarters the Accounting Operations Division Manager notifies the Office of the General Counsel for referral of the claim to the Department of Justice for possible criminal prosecution and for consideration of legal proceedings for recovery of damages. Legal proceedings must be commenced within 6 years after commission of the act. No action should be taken to effect collection of this type of claim. Action should be deferred on all other claims submitted by the debtor, even though they are legitimate claims and appear unrelated. Further, any amounts voluntarily remitted by or amounts otherwise due the debtor should be retained, but not applied to the indebtedness, pending disposition advice from the Department of Justice. All such relative information are included in the false claim report.

631. AIRCRAFT MAINTENANCE BASE SERVICES.

a. General. Aircraft maintenance base services are occasionally provided to other Federal agencies, foreign governments, and others on the basis of reimbursable agreements. Refer to previous paragraphs in this section for details on the cost recovery revenue processes for reimbursable agreements and to FAA Order 2500.35C, Reimbursable Agreements Covering Services and Materiel Provided by the FAA.

b. Emergency Services. The FAA recovers the costs incurred to providing aircraft maintenance base services on an emergency basis. They are applied as an appropriation reimbursement. The service is treated as an emergency sale under paragraph 560.

632. FLIGHT INSPECTION SERVICES. Charges for reimbursable flight inspection \* are applied following the rates prescribed in FAA Order 2500.36K, Application of \* Reimbursable Flight Hour Rates, based on the type of aircraft. Revenue from flight inspections performed for other Government agencies, foreign governments, or others and which were funded from reimbursable programs are credited to General Ledger Account 4011, Appropriation Reimbursements - Direct, under the Operations appropriation, 69 1301. However, the flight hour element, depre- \* ciation and interest, prescribed by FAA Order 2500.36K shall be deposited to \* Account 693220.

633. GOVERNMENT-FURNISHED QUARTERS AND SUBSISTENCE. Charges to employees for services furnished in kind are deducted from their pay each pay period at rates specified on payroll vouchers through the Uniform Payroll System (UPS). These payroll deductions are originally placed in a suspense account under symbol 69X6875, Unapplied Deposit Funds (General Ledger Account 2360). The deductions are then transferred by journal voucher from the suspense account to the Operations appropriation (symbol 69 1301) as an unprogrammed reimbursement. At the end of each quarter, the accounting offices transfer from limitation 0 \* to limitation 9 incurred obligations in the exact amount as revenue collected. \*

634.-643. RESERVED.

\* FIGURE 8-8.-8-14. RESERVED. \*

644. FAA DEPOT REPAIR AND SUPPLY OPERATIONS. Repair and supply operations by the FAA depot are usually provided for under reimbursable agreements.

645. FACTORY INSPECTION SERVICES. Revenue from factory inspection services are recorded following paragraph 575 above.

646. OTHER USER CHARGES.

a. Aircraft Registration. Aircraft registration fees are usually collected when the registration service takes place. They are deposited to the General Fund Receipt Account 690850. If the fees are collected prior to furnishing the aircraft registration, the collection is first recorded to the deposit fund Account 69x6548 and then transferred at the end of the month to account 690850. More information on these fees and accounting entries is in paragraph 575.

b. Sale of Directives.

(1) Sales of Summary of Airworthiness Directives. Refer to chapter 9, paragraph 1151, for information of FAA's activity as a consigned agent of the Government Printing Office for the sale of Summary of Airworthiness Directives.

(2) Sales of Other FAA Directives. Under the Freedom of Information Act, FAA furnishes copies of directives to other Federal agencies or others upon request. Except for cases described in FAA Order 1200.23, Public Availability of Information, FAA charges the customer an amount established by DOT which recoups the actual direct costs for the reproduction and mailing expenses. Such revenue are recorded as a general fund receipt. If the fee is collected prior to furnishing the service, it is credited to the deposit fund Account 69x6551, Unearned Copying Fees, Federal Aviation Administration. At the end of the month, the amount is transferred to the general fund under symbol 693220. If the fee is collected upon furnishing the service, it is deposited directly to account 693220.

(5) Loan Guarantee Liability. On the basis of the statement submitted monthly by the lender and verified for correctness by AAA-200, an entry is made to reduce the loan guarantee liability as the loan principal decreases.

660. DEFAULT IN PAYMENT. If the airline defaults, procedures provided in the guarantee agreement are followed, including the exercise of options. Arrangements are made by the Office of Aviation Policy and Plans for the submission of requests for legislation to appropriate funds for payment of the guarantee whenever required. Accounting treatment is dependent on the contract provisions and the option exercised.

\* 661. FUNDING PROCEDURES FOR DEFAULTED LOANS UNDER THE AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM.

a. General. For fiscal year 1984 and beyond, all expenditures with respect to the Aircraft Purchase Loan Guarantee Program (49 U.S.C. 13244 note), except for the FAA's personnel compensation and benefit expenditures, are funded under authority to borrow from the U.S. Treasury granted by Congress in the Department of Transportation and Related Agencies Appropriation Act, 1983, as amended. The advances from Treasury are to be repaid by the FAA through supplemental appropriations.

b. Promissory Note with U.S. Treasury. Borrowing authority is implemented through a blanket promissory note issued by the Administrator on behalf of the Secretary of Transportation to the Secretary of the Treasury. The promissory note provides the FAA with a line of credit for the full amount of borrowing authority granted by Congress in the appropriation act for the purposes of: (a) liquidating certain obligations of the United States arising as a consequence of certain guarantees issued under the Aircraft Purchase Loan Guarantee Program; and (b) funding necessary administrative expenses arising as a consequence of such obligations, except for the FAA's personnel compensation and benefits expenses.

c. Procedure to Obtain Advances on the Promissory Note.

(1) Responsibilities of Offices Other than the Office of Accounting. When payment liability for loan settlements is incurred, the Office of Aviation Policy and Plans, APO-230, notifies the Office of Accounting, AAA-500/200, through the Office of the Associate Administrator for Policy and International Aviation, API-18, of the anticipated amount and expected date of the disbursement. At least 2 weeks prior to the expected date of disbursement, API-18 initiates requests for apportionment and allotment of the anticipated outlay through the Office of Budget, ABU-200. Three days prior to the date of disbursement, APO-230 informs AAA-200, AAA-500, API-18, and AGC-500 of the exact amounts to be paid for principal, interest, and other expenses. At that time, APO-230 also provides AAA-200 with electronic funds transfer information required to make the payment.

\*





\* (2) Responsibilities within the Office of Accounting. On the day that the disbursement takes place after the funds are apportioned and allotted, AAA-500 notifies Treasury orally that advance funds are required and confirms the request by completing an SF 1151, Nonexpenditure Transfer Authorization. AAA-500 cites the transfer of funds from Treasury's appropriation symbol P9870 to FAA's appropriation symbol 69X1399, Aircraft Purchase Loan Guarantee Program, on the SF 1151. AAA-500 also indicates the rate of interest that will apply to the amount advanced and the maturity date of the advance. AAA-500 sends the completed SF 1151 to the following address:

Appropriation and Investment Branch  
Department of the Treasury  
Washington, DC 20226

To confirm completion of the requested advance, which will deposit funds to FAA appropriation symbol 69X1399, Treasury returns the accomplished copy of the SF 1151 to AAA-500.

d. Interest on Note Payable to U.S. Treasury. Each advance bears interest at a rate to be determined by the Secretary of the Treasury as of the date the advance is made. AAA-200 records an unfunded accounts payable for interest to appropriation symbol 69X1399 for each advance outstanding.

e. Maturity Date for Repayment of Principal and Payment of Interest. Advance amounts plus interest accrued thereon are due and payable to the U.S. Treasury on the last day of each fiscal year with respect to advances made during the prior fiscal year.

f. Repayment of Principal and Interest on Notes Payable to U.S. Treasury. Repayments of principal and interest are made from any of the following sources: (1) the proceeds of any advance made or to be made under the promissory note with Treasury; (2) funds specifically and exclusively appropriated to the Aircraft Purchase Loan Guarantee Program; or (3) any other funds specifically appropriated for the purposes of refunding advances from the U.S. Treasury or liquidating obligations incurred under the program. The procedures to make the payments are as follows:

(1) Repayment of Principal. AAA-500 prepares an SF 1151, Nonexpenditure Transfer Authorization, to repay the principal due on the note. AAA-500 sends the completed SF 1151 to Treasury.

(2) Payment of Interest. AAA-200 prepares an SF 1081, Voucher and Schedule of Withdrawals and Credits, to pay the accrued interest on the principal due on the note. Payment is made from appropriation symbol 69X1399 and payable to Treasury receipt account 201362. The SF 1081 cites 20180008 as the recipient agency location code (ALC) for Treasury.

\*

\* g. Refinancing Matured Advances on the Note Payable to U.S. Treasury. When an appropriation sufficient to fund repayment of the FAA's debt to the U.S. Treasury has not been enacted by the maturity date of an advance, AAA-500 refinances the debt under the currently available borrowing authority. AAA-500 accomplishes this by obtaining a new advance on the promissory note for the total amount of principal and interest due on the note. AAA-500 and AAA-200 liquidate the matured advances with the proceeds of the new note payable using the procedures described above in subparagraph f.

h. Accounting Entries. Refer to Figure 8-15 for a summary of the transaction codes used to account for funding of the defaulted loans. The following is a brief description of the types of accounting entries and which office is responsible for them:

(1) Borrowing Authority from the U.S. Treasury. AAA-500 records borrowing authority granted by Congress in the appropriation act under appropriation symbol 69X1399. AAA-500 records the apportionment and allotment in the national ledger. The apportionment and allotment entered into the national ledger automatically generate the apportionment received and allotment received on the AAA-200 accounting records.

(2) Borrowed Funds (Advances) from the U.S. Treasury.

(a) AAA-500 inputs all accounting entries which affect the principal borrowed from Treasury. Such entries include those to establish the advances received from Treasury and to record the advances repaid to Treasury. The SF 1151, Nonexpenditure Transfer Authorization, is the source document for those transactions.

(b) AAA-200 inputs accounting entries for transactions which affect the interest due to Treasury on advances received. Such entries include those to obligate and accrue interest each month on advances outstanding and to record payment of accrued interest to Treasury. The SF 1081, Voucher and Schedule of Withdrawals and Credits, is the document used to effect the payment.

#### 662. OPERATING LOAN GUARANTEE DEFAULT PROCEDURES.

a. Funding of Obligations. All obligations occurring in fiscal year 1984 and later, resulting from defaults under the Aircraft Purchase Loan Guarantee Program, are funded by appropriation symbol 69X1399.

b. Demand for Payment by Lender(s). Under the terms of the loan guarantee agreement, a lender may demand payment from the FAA if the borrower defaults and does not remedy the default. When the Office of Aviation Policy and Plans, APO-1, notifies AAA-1, in writing, that the lender(s) is demanding payment from FAA, AAA-200 reverses the remaining contingent liability recorded under the loan guarantee agreement and records an accrued liability and obligation for the total amount payable to the lender under the FAA's liability stated in the loan guarantee agreement. \*

\* c. The Guarantee. Subject to the terms and conditions of each particular Aircraft Loan Guarantee Agreement and as long as the Agreement is in effect, the Government guarantees the payment of up to 90 percent of the unpaid principal of the loan (being all the unpaid principal of the Class A Note) and 100 percent of the unpaid interest on the loan (being all the unpaid interest on the Class A Note and the Class B Note). The guarantee does not extend to the principal of the Class B Note. The following definitions are provided for clarification:

(1) The Class A Note represents the portion of the loan for which the FAA guarantees a maximum of 90 percent of the unpaid principal and full payment of the interest thereon.

(2) The Class B Note represents the remaining portion of the loan principal for which the FAA guarantees full payment of unpaid interest but does not guarantee any of the loan principal in case of default by the borrower. The Class B Note represents at least 10 percent of the total loan principal.

d. Disbursement to Acquire Guaranteed Share. AAA-200 disburses the guaranteed portion of principal and interest on the defaulted loan on the settlement date, provided the apportionment and allotment for that disbursement have been received. The disbursement is recorded to appropriation symbol 69X1399.

e. Loan Principal and Interest Receivables. Upon disbursement of the guaranteed share of principal and interest, AAA-200 records loans receivable and interest receivable from the borrower to general ledger accounts 1410, Loans Receivable - Principal, and 1420, Accrued Interest on Loans Receivable. The receivables and corresponding revenue are recorded to general fund receipt account 693220, General Fund Proprietary Receipts, Not Otherwise Classified. AAA-200 promptly sends a billing to the borrower for those receivables. AAA-200, in coordination with APO-230, prepares its Schedule of Reports on Status of Accounts and Loans Receivable Due from the Public.

f. Accounting Entries. Refer to Figure 8-16 for a summary of the transaction codes used to account for the defaulted loans.

#### 663. OTHER EXPENDITURES.

a. General. AAA-200 records obligations, accrued expenditures, and disbursements for all expenditures incurred under the FAA's payment liability stated in the terms and conditions of the loan guarantee agreement. All expenditures are obligated and paid from appropriation symbol 69X1399. APO-230 provides AAA-200 with a breakdown of amounts for each expenditure if sufficient information is not provided in the bills received. The breakdown includes the total (gross) amount of the expenditure (including portions that shall be paid by the Class B participant), the FAA's share of the expenditure, purpose of the expenditure (e.g., payment of storage fees for the collateral), and whether or not the expense is reimbursable from the borrower in accordance with the loan guarantee agreement. \*

\* b. Recoverable Expenses. If the expenditures are reimbursable from the borrower in accordance with the loan guarantee agreement, AAA-200 establishes an accounts receivable to general fund receipt account 693220, General Fund Proprietary Receipts, Not Otherwise Classified, as expenses are accrued or paid. AAA-200 promptly sends a bill to the borrower for each recoverable expense paid by the FAA.

c. Post Settlement Interest Payments to Class B Participant. The obligation, liability, and disbursement by the FAA to the Class B participant for its share of unpaid interest that accrues after settlement is recorded by AAA-200. When the payment is made, AAA-200 establishes an accounts receivable to general fund receipt account 693220, and promptly sends a billing to the borrower.

664. COLLATERAL.

a. Collateral Acquired from Borrower. The Office of Aviation Policy and Plans, APO-230, informs AAA-200 of any collateral acquired from the borrower, and whether the FAA has taken title to the collateral. Proceeds from the sale of the collateral after deducting expenses incurred in the sale, payment of the Class B participant's share of the proceeds, application of other recoverable expenses, and application of interest owed, are applied to reduce the loan receivable principal balance.

b. Valuation of Collateral Acquired from Borrower. APO-230 provides AAA-200 with the valuation of collateral acquired, which will be recorded by AAA-200 at the lesser of the following minus estimated costs to care for the assets and other recoverable expenses as defined in the loan agreement: (1) the appraised or fair market value of the asset(s); or (2) the defaulted loan amount, principal, and accrued interest. If the FAA has taken title to the collateral, AAA-200 records the amount in the Allowance for Reduction of Loan Receivable, Principal and Interest (General Ledger Account 1411). If the FAA has not taken title to the assets, AAA-200 records the valuation to Contingent Assets - Pending Suits or Claims by FAA (General Ledger Account 9910).

c. Prior Liens on Collateral Acquired. APO-230 informs AAA-200 through API-18 of claims that the Class B lender or other parties may have on the collateral acquired by the FAA. AAA-200 records the estimated value of the lien to a contra-asset account when the FAA holds title to those assets. AAA-200 records a contingent liability for liens on assets to which the FAA has not taken title.

d. Sale of Collateral. As collateral is sold, the proceeds are deposited to 69X6875(13), FAA Suspense, until APO-230 notifies AAA-200 of amounts due from those proceeds to the Class B participants and of any recoverable expenses incurred in the sale. Upon the sale, AAA-200 reverses any amounts previously established in either the Allowance for Reduction of Loan Receivable account (General Ledger account 1411) or the Contingent Assets - Pending Suits or Claims by FAA account (General Ledger account 9910) for the items sold. \*

\* 665. INTEREST ACCRUAL AND LATE PAYMENT PENALTY CHARGES.

a. General. AAA-200 updates the accrued interest receivable on the last workday of the month.

b. Interest Accrual Calculations. Generally interest rates are higher for the Class B (uninsured principal portion of the loan receivable) note than for the Class A note (insured principal portion of the loan receivable). The interest rates and terms written into the notes vary among the loans issued under the Aircraft Purchase Loan Guarantee Program. For example, some notes provide for interest to be charged at a higher rate on any past-due principal repayments, and some notes provide for interest to be charged on past-due interest payments. To assure compliance with the interest rate(s) and terms that apply to each loan receivable, AAA-200 refers to the applicable note in calculating interest accruals.

c. Late Payment Penalty Charges. AAA-200 bills for and collects late payment penalty charges when provisions for such are stipulated in the loan guarantee agreement.

666. COLLECTIONS.

a. General. AAA-200 applies the FAA's share of amounts collected from the borrower, from the sale of collateral, or from other parties for purposes of loan repayment, to general fund receipt account 693220 in accordance with the terms of the loan guarantee agreement (e.g., a particular agreement may call for collections to apply: first, to reimburse any recoverable expenses which have not been previously collected; second, to pay any unpaid interest due on the note; and, third, to repay the unpaid principal on the note). The effective date of the collection for interest accrual purposes is the earlier of: (1) the date the FAA received the collection; or (2) the date a third party received the money on behalf of the FAA.

b. Amounts Due to Class B Participant. Any amounts received by the FAA which represent the Class B participant's proportionate share of a collection are deposited to 69X6875(13), FAA, Suspense, and immediately disbursed to the Class B participant after amounts due to the FAA from the Class B participant, if any, are deducted.

c. Expenses Incurred in Sale. Amounts paid for the FAA's share of expenses incurred in the sale of collateral are disbursed from appropriation symbol 69X1399. The expenses cannot be paid from the proceeds of the sale. When the loan agreement specifies that selling expenses are recoverable from the proceeds of the sale, the obligation and expense are reported under appropriation symbol 69X1399. The sale proceeds representing the recovery of the expenses are reported as revenue to general fund receipt account 693220. \*

\* d. Payment to Class B Participant or Others. AAA-200 disburses the Class B participant's or other party's share of the sale of collateral proceeds directly from the deposit fund, 69X6875(13). If the collateral sold was previously recorded on the FAA's records as an asset with a lien established for the other party's share, AAA-200 reverses the lien for the full amount previously recorded that was attributable to that asset.

e. Agreements to Forebear Foreclosure on Collateral. In accordance with the legal opinion issued March 15, 1984, from the FAA's Office of General Counsel, AGC-1, any money received as consideration in an agreement between the FAA and the borrower whereby the FAA agrees to forebear repossession of collateral is applied to general fund receipt account 693220, pursuant to subparagraph 666 a above.

\*

\* FIGURE 8-15. SUMMARY OF ACCOUNTING ENTRIES FOR U.S. TREASURY LINE OF CREDIT -  
FAA LOAN GUARANTEE PROGRAM.

<u>Transaction Code (TC)</u>	<u>Explanation</u>	<u>Input By</u>
001	Records note-making authority granted by Congress.	AAA-500
005	Records apportionment request - current quarter.	AAA-500
006	Records apportionment request - subsequent quarters.	AAA-500
-	There is no entry needed to record the approval by Treasury of the promissory note since the amount of the note (line of credit) will be the full amount of note-making authority granted, recorded by TC 001.	
013 (014) and 015 (016)	Records allotments - current and subsequent quarters.	AAA-500
738	Records FAA drawdown on Treasury line of credit.	AAA-500
711	Records accrued interest payable to Treasury on drawdowns - funding is not available to establish an obligation.	AAA-200
084	Records accrued interest payable to Treasury on drawdowns - funding is available to establish an obligation.	AAA-200
708	Records disbursement to Treasury of accrued interest on drawdowns (previous accrual by TC 084).	AAA-200
709	Records disbursement to Treasury of interest due on drawdowns (no previous accrual).	AAA-200
739	Records repayment to Treasury of drawdown amounts - principal only.	AAA-500

\*

\* FIGURE 8-16. SUMMARY OF ACCOUNTING ENTRIES FOR DEFAULTED LOANS ACQUIRED UNDER THE AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM.

Note 1. Because the FAA does not have a revolving fund for the loan guarantee program, all expenditures are recorded against appropriation symbol 69X1399, and all receivables and collections are recorded to the general fund miscellaneous receipt account 693220, General Fund Proprietary Receipts Not Otherwise Classified.

Note 2. All of the entries in the exhibit are input by AAA-200.

Transaction Code (TC)	Explanation
073 or 063	Records accrued liability for the FAA's guaranteed share of the defaulted loan (includes principal and interest payable for guaranteed portion).
100, 103, or 106	Records payment of guaranteed principal and interest. Use TC 100 if previous accrual was by TC 063. Use TC 106 if previous accrual was by TC 073. Use TC 103 if accrued liability was not recorded.
266	Records reduction in loan guarantee in force (general ledger accounts 9850 and 9860) for entire amount applicable to the guarantee which is being exercised.
700	Records loan principal balance due to the FAA from the defaulting airline.
701	Records accrued interest due to the FAA from the defaulting airline.
702	Records value of assets acquired through loan defaults - title taken by the FAA or the FAA has a secured interest in the assets. These assets are sold and proceeds are used to pay off the defaulted loan. (Record the FAA's share only of the asset value; do not include the Class B participant's share of the asset).
703	Records value of liens on assets acquired through loan defaults.
269	Records value of assets for which the FAA has a claim pending. (Record the FAA's share only of the asset value.)

\*



\* FIGURE 8-16. SUMMARY OF ACCOUNTING ENTRIES FOR DEFAULTED LOANS ACQUIRED UNDER THE AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM (CONT'D)

<u>Transaction Code (TC)</u>	<u>Explanation</u>
267	Records liens on the FAA's share of assets for which the FAA has a claim pending, which was recorded by TC 269.
051,060,100 or 051,076,100 or 051,102 or 063,100 or 073,106 or 103	Records additional expenses incurred on the loan, such as expenses to maintain and sell the assets acquired.
180	Records unbilled receivable to the general fund (693220) for recoverable expenses paid by the FAA.
185	Records billing of the receivable established by TC 180.
236	Records collection of recoverable expenses on the loan which were billed to the defaulted airline.
704	Records collection of accrued interest on the loan.
705	Records collection of loan principal.
260	Records writeoff of billed recoverable expenses on the loan.
706	Records writeoff of uncollectible accrued interest on the loan.
7022	Upon sale or other final disposition of assets acquired, records reduction of value of assets to -0-. Also enter TC 222 to record proceeds of sale and 7032 to record reduction of liens, if any were previously recorded.
7032	Records reduction of liens upon sale or other final disposition of assets acquired. *

\* FIGURE 8-16. SUMMARY OF ACCOUNTING ENTRIES FOR DEFAULTED LOANS ACQUIRED UNDER THE AIRCRAFT PURCHASE LOAN GUARANTEE PROGRAM (CONT'D)

<u>Transaction Code (TC)</u>	<u>Explanation</u>
222	Records proceeds to a deposit fund account until amounts due to other parties and proper application of proceeds are determined. The FAA's share of the collection is ultimately recorded by TC's 236, 704, and 705 (whichever is/are applicable). Disburse amounts due to other parties by TC 126.
# To Be Assigned	Records establishment of a reserve for uncollectible loans from public sources when collection is uncertain. *

#### SECTION 4. ACCOUNTING FOR PROPERTY

##### 667. GENERAL.

a. FAA Property. FAA property is located throughout the 50 states and territories, and some is located in Europe and Asia. The FAA Depot, located in Oklahoma City, Oklahoma, is the hub of the FAA property system for centralized acquisition, receiving, storage, and shipping of supplies necessary for operation and maintenance of the system of air navigation and air traffic control facilities and spare parts for FAA aircraft. The Depot also serves as a storage and shipping point for materiel for new projects that are centrally funded by the agency. Although storage facilities are maintained at the FAA Technical Center in support of research and development efforts, the FAA Depot supports research efforts from items carried in the Depot inventory.

b. FAA Inventories. Aircraft engines and other aircraft parts used in connection with major overhaul of aircraft at the Aeronautical Center, and other equipment and supplies, are procured from commercial sources and warehoused at the Depot. Also, the Depot consolidates requisitions for various types of materiel for direct shipment to users from the General Services Administration (GSA) or Defense Supply Agency (DSA). The FAA Depot stocks FAA forms, which are directly requisitioned and shipped to user activities. The FAA Depot operates Repair and Return (R&R) and Exchange and Return (E&R) services as a part of its property function. FAA aircraft maintenance bases maintain hangar inventories used with "light" maintenance of FAA aircraft, installed avionics, and supporting equipment. They are generally requisitioned from the FAA Depot. The Airway Facilities sectors maintain shelf stocks of materiel needed for routine maintenance and repair of air traffic control and navigation facilities. The FAA Depot serves as the principal source of these supplies. Operating and maintenance inventories are maintained at Dulles International Airport, Washington National Airport, and the Aeronautical Center for the FAA executive aircraft fleet. The FAA property management system uses the perpetual inventory methodology to keep accounting records and inventories in balance.

c. Capital Assets. FAA capital assets include land, buildings, other structures, leasehold improvements, administrative and facility equipment, aircraft fleet (maintained for research, test, and inspection of facilities and procedures), experimental equipment (used for research and development), miscellaneous equipment (such as special purpose vehicles), and marine equipment.

668. ACQUISITION AND FUNDING PRACTICES. Funding and accounting for materiel are based on the following concepts:

a. Project Materiel. Requests for materiel used for constructing, equipping, or modifying air traffic control and air navigation facilities are initiated by project authorizations issued by the Washington office. National Project Materiel Lists (NPML's) are prepared by central program managers for major items. The contracts are funded by Washington and the materiel is shipped by the vendor directly to the project location. Financial accountability is transferred by FAA Form 2700-45, Interoffice Transfer Voucher (IOTV).



Project materiel is also obtained from inventory at the FAA Depot. Project materiel on NPML's is charged directly to work in progress when it is received. Region Project Materiel Lists (RPML's) are prepared by region project managers for common use materiel that is funded and procured locally or for projects initiated in the region.

b. Operating Materiel. Expendable operating materiel required for maintenance or air traffic control and air navigation facilities is requisitioned by the field from the FAA Depot as nonreimbursable issues from Depot inventory. It is normally charged to expense upon receipt of the IOTV document.

c. Hangar Inventories. Hangar inventories are maintained at aircraft maintenance bases located throughout the FAA. These inventories are replenished from the FAA Depot inventory. These inventories are used for aircraft maintenance, installed avionics and supporting equipment.

d. General Services Administration (GSA). Requisitions for GSA materiel, other than administrative equipment, are forwarded to the FAA Depot by field activities. If the items cannot be furnished from stock, the FAA Depot prepares FEDSTRIP requisitions and forwards them to the applicable GSA Depot for direct shipment to the FAA field activity. The GSA SIRAC billings are rendered to the Aeronautical Center.

e. Administrative Supplies and Equipment. Region and area offices prepare and forward FEDSTRIP requisitions directly to the GSA Depot for administrative supplies and equipment. The related GSA billings are rendered directly to the region accounting offices. Other field activities acquire administrative supply support from the FAA Depot. Items authorized for local purchases are procured from local vendors.

f. FAA Technical Center. Storage facilities maintained at the Technical Center support the research and development (R&D) efforts. Materiel is acquired by (1) requisitioning from the FAA Depot for items carried in Depot inventory and (2) local procurement. Materiel held in storage accounts is supported by detail stock records. Materiel issued for use is carried in general ledger inventory accounts supported by detail stocks records. Materiel issued for use in R&D testing is charged to work in progress supported by project records. Equipment used for normal in-house activities is carried in equipment-in-use general ledger accounts supported by the Personal Property In-Use Management System (PPIMS) files.

g. Exchange and Repair (E&R). This title is a logistics designation for a repairable item of facility and aircraft equipment. When it is unserviceable, it is returned to the FAA Depot for exchange of a serviceable item. The exchange and replacement of facility equipment has no effect on the dollar value of the subsidiary record, nor is there an entry recorded to the region's general ledger account. Adjustments are made on the Aeronautical Center's accounting records to General Ledger Account 5850, Materiel Price Variance for nonidentical transfers where price adjustments exist.

669. FAST PAY PROCEDURES. These procedures are used by the Aeronautical Center and the regions for procurement of operating supplies and project materiel which are not supported by the FAA Depot.

a. General. The fast pay procedure does not require matching of a receiving report with the related disbursement voucher for certain small purchases. It is designed to minimize administrative time, expense, and expedite payment to commercial vendors and contractors for such purchases. The procedures provide for payment of materiel based on receipt of an invoice which constitutes specific or implied representation that: (1) the materiel ordered has been delivered following the provisions of the fast pay purchase order; (2) the vendor or contractor agrees to replace, repair, or otherwise correct materiel that is not received by the consignee at the destination, that is damaged in-transit, or that does not conform to the order; and (3) title to the supplies vests in the Government upon delivery to a post office or common carrier for mailing or shipment to the destination or upon receipt by the Government when the shipment is by means other than post office or common carrier.

b. Conditions For Use. Fast pay procedures are used by the Aeronautical Center and regions for ordering direct shipment of general operating materiel. Their use must be consistent with the other conditions of the procurement and all of the following conditions are met; (1) the order is issued to a  
\* commercial vendor or contractor; (2) each order does not exceed \$25,000; (3) the materiel will be shipped transportation or postage prepaid. Fast pay procedures may be used by the Aeronautical Center for Flight Inspection Field Offices.

c. Supporting Documentation. An IOTV document, FAA Form 2700-45, is prepared by the Aeronautical Center and supported by a copy or extract of the applicable purchase order(s) annotated with the amount of actual payment. The IOTV document is sent to the regional accounting office servicing the consignee.

670. ACCOUNTABILITY.

a. Financial Accountability. Property accountability is maintained in the UAS general ledger control accounts and the subsidiary records are maintained in separate property systems. Financial accountability is transferred with the physical movement of materiel between FAA locations served by different accounting offices by means of an IOTV.

b. Expendable Materiel. Materiel issued by the FAA Depot that does not meet capitalization criteria is expensed upon receipt of an IOTV in the region or center office. If expendable materiel subsequently becomes excess to the region's requirements, the Aeronautical Center may direct that it be returned to Depot inventory. If so, the region will not record the transfer or process a document to transfer accountability. If the Aeronautical Center specifies that surplus declarations be processed locally, the materiel is recorded in the general ledger as excess and surplus inventory.

887. MONITORING AND PROCESSING OF EXCHANGED TICKET REFUNDS. While awaiting exchanged or returned ticket refunds:

a. Obtain carrier refund applications from travelers for accounting purposes.

b. Record the amount due as an account receivable.

c. Forward carrier refund applications and any other pertinent information to GSA (BWAB), Washington, D.C. 20405, if the refund has not been received within 90 days of the date of the ticket exchange or return.

\* 888. REDEMPTION OF UNUSED TICKETS (TICKETS THAT HAVE NOT BEEN EXCHANGED AND WHICH ALL OR SOME PORTION OF TRAVEL REMAINS UNPERFORMED). The SF 1170 is used to make demand for unused tickets on the carriers. The SF 1170 is revised due to Public Law 97-365, Debt Collection Act of 1982 provisions. The revised SF 1170 includes a notification to carriers that interest and other penalties are assessed by Federal agencies on refunds of unused passenger tickets if carrier payment is not made within 30 days of the SF 1170 issuance. Paragraph 611 provides guidelines for collecting delinquent debts due to a Federal agency. A separate SF 1170 is used for each GTR, though more than one ticket or adjustment transaction may be related to that GTR. Each ticket is listed on the redemption form. Forward the original and the duplicate copy, together with pertinent unused tickets, to the carriers. \*

889. PROCESSING SF 1170 REFUNDS. When the original SF 1170 is returned with the refund, record and deposit the refund. Forward the original SF 1170, together with any advice from the carrier regarding the basis of the refund, to the General Services Administration (BWAB).

890. REPORT OF CARRIER FAILURE TO MAKE REFUND ON SF 1170 DEMANDS. If, within 90 days from the issuance of SF 1170, the carrier has failed to make refund for unused transportation or failed to furnish a satisfactory explanation as to why no refund is due, transmit the triplicate copy of the SF 1170 and all related correspondence to the General Services Administration (BWAB) for appropriate action.

\* 891. RECOVERY OF CARRIER REFUNDS SENT DIRECTLY TO GSA. To recover carrier refunds sent directly to GSA (BWCA), forward an SF 1081, Voucher and Schedule of Withdrawals and Credits, to General Services Administration (BWCA). Include on these forms: the name of the carrier, carrier check number, date, amount of check (obtained from the carrier), GTR number, and the appropriation number to be credited. \*

892. OBLIGATIONS FOR LOCAL TRAVEL. Obligations for local travel are estimated at the beginning of the fiscal year in the same manner used for open travel authorization. This estimate represents the average monthly unvouchered travel.

893. PROCESSING REQUESTS FOR TRAVEL ADVANCES. Travel advance transactions are not recorded as expenditures in the allotment ledgers.

894. LIQUIDATION OF TRAVEL ADVANCES. Normally, advances are liquidated through voucher deduction at the time the payment is processed. The remainder, if not required, is repaid by the employee no later than 30 days after returning from the trip.

895. VOUCHER EXAMINATION PROCESS.

a. Purpose. This paragraph prescribes general procedures for the examination and payment of transportation expenses which are applicable to both passenger and freight transportation.

b. Examination of Transportation Vouchers. Vouchered examination for transportation services includes the following:

(1) Matching of Documents. Upon receipt of the vouchers and supporting documents from the carrier, the memorandum (obligation) copies of the GBL's or GTR's are matched with the originals attached to the voucher by the carrier.

(2) Completeness of Vouchers. Vouchers for transportation services are examined for completeness and accuracy. Any changes or alterations must be initialed by the carrier's representative.

c. Voucher Examination. Vouchers are scheduled for payment without verification of rates, classifications, and other tariff payment. In addition:

(1) When vouchers are received which comprise both properly executed GBL's and GTR's and some that are misaddressed or incorrect, those which are improper are deleted, and those which are correct are approved for payment. Improper GBL's or GTR's are returned to the carrier with an explanation. Under no circumstances should the entire voucher be rejected and returned to the carrier.

(2) To avoid delaying payment to the carrier, vouchers are approved for payment even though no prior obligation document has been received. However, recording transportation charges as a direct expenditure should be avoided whenever possible. The accounting office should request that the obligation document be sent to the accounting office by the issuing office.



allotments in FAA Form 2510-17 nor amounts provided by fiscal quarters in part II.

996. FUND COMMITMENT PRIOR TO GRANT ACCEPTANCE. Upon receipt by the accounting office of copies of FAA Form 1413-1, Request for Change in Reservation/Obligation, evidencing intent to issue a grant offer to an airport sponsor by the airports division, fund balances in allotment control files is verified by limitation and allotment to determine if funds are available. After verification, both copies of FAA Form 1413-1 are stamped "Funds Available," dated, and a copy is returned to the Airports Division. The original is coded, batched, and processed as a commitment of funds following instructions contained in chapter 8, section 2, of this order. After processing, FAA Form 1413-1 is placed in the project file.

997. GRANT ACCEPTANCE PROCESSING. Upon receipt of a teletype from the Airport Division representative evidencing acceptance of a grant offer by an airport sponsor, the FAA Form 1413-1 is withdrawn from the project file and processed to cancel the commitment and obligate the grant agreement in accordance with instructions contained in chapter 8, section 2, of this order. The date obligated will be annotated on FAA Form 1413-1, pending receipt of the original grant agreement, at which time this information is stamped or written on the original agreement. The teletype is filed in the project file as temporary support for the obligation. The original grant agreement is forwarded immediately upon receipt by the Airports Division to the accounting office.

998. OBLIGATION CONTROL. To ensure that obligations are not incurred unless there is a sufficient balance of obligation and limitation authority available, commitments and obligations are recorded in both limitation and allotment control records on a daily basis. Recorded obligations are supported by files of documents in the accounting offices which meet the criteria established by section 1311 of Public Law 663, approved August 26, 1954.

999. PRIORITY OF OBLIGATIONS. When obligating state apportionment funds, the prior year's state apportionment balance is obligated before utilizing the current year's balance. Primary airport grants are funded from the oldest available funds (sponsor second prior year, sponsor prior year, and sponsor current year) prior to obligating discretionary funds.

1000. RECOVERY OF OBLIGATIONS. Funds released from obligation by final accrual or other project adjustments retain their identity as to limitation and fiscal year. Unobligated balances of expired state apportionment funds and/or airport sponsor funds are transferred quarterly or as necessary to the discretionary fund by FAA Form 2510-17, Budgetary Authorization, initiated by the Office of Budget.

1001. ADVANCE PAYMENTS. Advance payments to a recipient organization are limited to the minimum amounts needed and timed to equal only actual, immediate cash requirements in carrying out the purpose of the approved program or project. The timing and amount of cash advances are as close as

\* administratively feasible to the actual disbursements by the recipient organization for direct program costs and the proportionate share of any allowable indirect costs. Letter-of-Credit procedures are in paragraph 1058.

a. WITHDRAWN—CHG 1.

b. WITHDRAWN—CHG 1. \*

1002. FINALIZING GRANTS. In general, the closeout of grants is the process by which a determination has been made that all applicable administrative actions and all required work of the grant have been completed by the sponsor and the FAA. The grant closeout requirements are:

a. Sponsors that are units of local government return all interest earned on advances of Grant-in-Aid funds to the Federal Government.

b. Other program income (gross income) earned by grant supported activities during the grant period are deducted from the total project cost for the purpose of determining the net costs on which the Federal share of costs are based.

c. The sponsor furnishes within 90 days after the date of completion of a grant all financial, performance, and other reports required as a condition of the grant.

d. The sponsor accounts for any property acquired with grant funds or received from the government.

1003. DISPUTED COSTS. If there is a dispute between the contractor and the sponsor as to the amount of compensation due the contractor which may have to be settled by litigation, the contractor furnishes the sponsor his estimate of the total amount allegedly due from the sponsor. The sponsor recognizes the undisputed portion of the contractor's claim and makes a request for final grant payment based on the undisputed amount. However, in a letter attached to the application for grant payment, the sponsor should point out that there is a certain disputed amount which the contractor claims and which may be the subject of litigation. In the final grant review, the disputed amount is treated as a suspended item. A supplementary payment is made to the sponsor, when and if the sponsor makes application for such payment. The amount paid represents the Federal share determined to be an allowable project cost.

1004.-1012. RESERVED.

(5) Ascertaining that the voucher lists the points of shipment, weight and Government bill of lading number or that a freight or express receipt is attached.

(6) Determining that the payment voucher references the authorizing obligating document number.

(7) Reviewing the voucher for propriety of the appropriation charged.

(8) For fast pay vouchers, ascertaining the purchase order document on file conforms to the shipping documents received from the vendor as to terms and unit price and that the shipping documents identify the carrier and consignee address.

\* (9) Ensuring that discounts are taken when making early payments of payment vouchers, if proper; that payments are not made too early and, that interest is included on late payments, where required. \*

b. A voucher examiner reviews all types of vouchers except those related to payroll. If the examiner believes the voucher meets all of the criteria established for payment, he/she signs it, dates it, and stamps it "Passed for Payment." If the examiner cannot pass the document for payment due to a minor error that can be cleared up by personal or telephone contact with the appropriate individual, then contact is made and the voucher adjusted accordingly. If the voucher examiner feels the claim is questionable or doubtful, it is forwarded along with all supporting documentation, in duplicate, \* to the Payroll and Travel Systems Division, AAA-300. AAA-300 submits the voucher to the General Accounting Office. A cover letter is attached indicating the problems encountered and a recommendation. Preparation of the cover letter is covered in FAA Order 2750.2, Voucher Examination. \*

c. Further details on the type of examination and the procedures \* required for each particular type of voucher are in FAA Order 2750.2, Voucher Examination. \*

#### 1069. FAST PAY PROCEDURES.

a. These procedures are designed to expedite the vendor payment process when goods are shipped to an FAA activity that is not collocated with its servicing accounting office. Fast pay procedures allow the vendor to be paid before the actual receiving report is received in the accounting office. The vendor sends an invoice to the accounting office stating the details of the shipping process. The invoice must agree with the terms and prices of the order on file.

b. Fast pay procedures can be used for all small purchases up to \$25,000. Payments are made and recorded in the same manner as any other vendor \* payment. \*

1070. USE OF STATISTICAL SAMPLING.

\* a. Statistical sampling procedures may be used in the examination of travel and commercial disbursement vouchers under \$1,000. The Payroll and Travel Systems Division, AAA-300, approves the sampling procedures prior to their use. Feasibility study results form the basis for approval of these procedures. \*

b. The feasibility study must show that by not examining every voucher, a net savings can be realized even though overclaim and underclaim errors will go undetected on the documents themselves. This study is based on 1 month's worth of all vouchers processed under \$1,000. If the feasibility study shows statistical sampling is not recommended due to excessive error rates, proper steps are taken to alleviate the problem. Another study should be made after a reasonable period of time has elapsed, e.g., 4 to 6 months.

c. An accounting office using statistical sampling must prepare a followup program which determines sampling effectiveness. FAA Form 2750-1, Voucher Sampling Records, is used to document each month's evaluation of the sampling process. A decision on the sampling technique used in the subsequent month is based on the prior month's evaluation. This program calls for a monthly review of the sampling error rate, as follows:

<u>TRAVEL VOUCHERS</u>	
<u>IF ERROR RATE IS</u>	<u>NEXT MONTH SAMPLE</u>
less than 5%	1 out of 20 vouchers
5% to 10%	1 out of 10 vouchers
more than 10%	all vouchers examined

<u>OTHER VOUCHERS</u>	
<u>IF ERROR RATE IS</u>	<u>NEXT MONTH SAMPLE</u>
less than 1.5%	1 out of 20 vouchers
1.5% to 3%	1 out of 10 vouchers
more than 3%	all vouchers examined

\* d. FAA Order 2750.2, Voucher Examination, Appendix 2, describes sampling procedures, mechanics of the feasibility study, and other required procedures. \*

1071. RECORDING PAYMENTS IN THE ACCOUNTING SYSTEM.a. Regular Payments.(1) Accounting Office Responsibilities.

(a) Vouchers representing regular payments are examined and approved for payment at each accounting office.

\*

(b) The approved vouchers are entered into the UAS disbursement suspense file on transaction format 3 or 12. At the end of the day (or throughout the day), the approved vouchers are verified by a person other than the one who examined and entered the transactions. The verifier is authorized to: (1) approve the voucher for disbursement payment; or (2) disapprove the disbursement. The verifier cannot change any item in the file. If the disbursement is disapproved (no pay records), it is returned for correction to the voucher examiner. If it is approved, it is stored for batch processing at end of day and subsequent scheduling for payment. \*



1182. PAYMENTS.

a. Disbursements represent the outflow of cash from the U.S. Treasury in the form of checks issued and cash payments made. They represent the largest area of money management in terms of dollar flow. Because of the uneven flow of receipts, much of the outflow represents the disbursements of funds acquired through Treasury borrowings. Although Treasury normally pays all interest costs associated with Government disbursements, the timing of such disbursements is generally based solely on FAA program decisions which may or may not adequately consider the effect of Treasury's cash flow. Financial managers should be concerned that effective controls are available for managing the disbursement process. Good cash management practices dictate that disbursements be made when due and only when due.

b. There is the potential for great variability in the quality and form of disbursement decisions. Two approaches are generally recognized for meeting such a problem. One is to centralize the management of an organization's payables, particularly those of large dollar amounts. Another approach is to set up administrative limitations on the amount of disbursements that particular organizational units are authorized to make within specified time periods.

c. Payment terms are contained in contracts, purchase orders, and other procurement arrangements for the purchase of goods or services from any organization outside the U.S. Government.

\* 1183. PAYMENT SCHEDULING AND LATE PAYMENT CHARGES.

a. Prompt Payment Module. The Prompt Payment Act (P.L. 97-177), as implemented by Office of Management and Budget (OMB) Circular A-125, requires Federal agencies to pay their bills on time and pay interest penalties on late payments. Basically, the directives state that payments are to be made within 30 days of the date goods or services are received, or the date the invoice is received, whichever is the latest date. After a 15 day grace period, or 45 days, a late payment interest penalty must be paid. Further, discounts are taken only when determined to be advantageous to the Government. Accordingly, an automated cash management process has been designed in the Uniform Accounting System (UAS) to implement the Prompt Payment Act.

b. Key Features.

(1) The system warehouses payments for up to 90 days. That is, for actual payment a disbursement transaction can be entered at some future date, with no further manual intervention. This provides the ability to better utilize resources by leveling out workload, as opposed to having peak period processing to avoid interest penalty payments. The system also has the ability to determine the warehouse (payment) date based upon other data input such as invoice receipt date.

\*

\* (2) Interest penalty is automatically computed and generated based upon an automated analysis of the dates input by the users. No manual calculation is required.

(3) Early payment discounts are generated and taken if advantageous to the Government. No manual calculation is required.

(4) Warehousing payments is a key element in the UAS cash management process. All previewed payment transactions are moved to the warehouse file which is segmented by payment due date. The overnight disbursement process selects payments due currently for transmittal to Treasury. Several inquiries are available to this file.

(5) The UAS certification process now provides the added capability to preview a record for which payment is to be made at some future date, with no further manual intervention required. \*

c. The procedures governing the imposition of late payment charges in dealing with foreign governments and international organizations are described below:

(1) Payment of billings from foreign governments and international organizations are not considered delinquent for purpose of the imposition of late payment charges until 60 days after billing date.

(2) Late payment charges are imposed on billings only if a specific provision for imposition of charges is included in reimbursable agreements between the FAA and foreign governments on international organizations. Recommendations for waiver of the charges are submitted to the Accounting Systems Division (AAA-400) for retransmission to the Office of International Aviation (AIA) for followup action. The recommendation includes an explanation for the requested waiver.

(3) AIA is responsible for the negotiation of provisions for late payment charges in new or amended agreements with foreign governments and international organizations. AIA forwards all requests for waiver of late payment provisions to the Department of the Treasury through the Office of Accounting (AAA-1) and the Office of Financial Management (M-80).

d. Treasury Financial Communications System (TFCS) payments. The U.S. Treasury requires that all Federal agencies use the Treasury Financial Communications System (TFCS) on vendor payments of \$25,000 or more. The TFCS is a computer-to-computer link between Treasury and the Federal Reserve Bank of New York (FRBNY). The system provides the capability for (1) automated receipt and processing of fund transfers, and (2) computer-assisted generation of fund transfers between Treasury, Federal Reserve Banks (FRB), and other banks using the Federal Reserve Communications System (FRCS). Headquarters Accounting Operations Division, AAA-200, is making payments on TFCS, effective January 1984. Regions, Technical Center, and Aeronautical Center are not precluded from TFCS usage. The following are the procedures for TFCS users: \*



\*

e. Procedures.

(1) Accounting offices utilizing TFCS are responsible for the preparation, control, and processing of TFCS payment schedules. Responsibilities include:

(a) Establish an SF 210 "Signature/Designation Card for Certifying Officer" at the designated TFCS Disbursing Center.

(b) Examine vouchers for payments. Vouchers meeting the TFCS criteria are excluded from the regular payment automated disbursement tape process. TFCS vouchers are examined in the same manner as a voucher for regular local payments and grouped for SF 1166 TFCS schedule preparation.

(c) Prepare the SF 1166, Voucher and Schedule of Payments, in TFCS format. Treasury Fiscal Requirements Manual, volume I, part 4, chapter 2500 and related Treasury Bulletins 83-14 and 84-05 contain instructions on TFCS schedule preparation. The schedule prefix "U" is used with a schedule number from the block of numbers designated by AAC-22 as TFCS schedule "U" numbers.

(d) Submit the SF 1166, Voucher and Schedule of Payments, to the appropriate TFCS Treasury Disbursing Center. Offices located in the Washington Disbursing Center (WDC) service territory (Maryland, Virginia, West Virginia, North Carolina, and the District of Columbia) submit the SF 1166, Voucher and Schedule of Payments, for TFCS payments to WDC for processing. FAA headquarters, Accounting Operations Division, AAA-200, submits primarily Loan Guarantee Program schedules to the DOT-TFCS Standard Payment Site (SPS) administered by the Maritime Administration (MARAD) in lieu of WDC submission. AAA-200 utilizes the DOT-TFCS Standard Payment Site Agency Procedures Manual when submitting TFCS schedules to SPS. Accounting offices serviced by the San Francisco, Denver, Austin, and Kansas City Disbursing Centers use the San Francisco Disbursing Center (SFDC). Offices located outside the WDC and the SFDC service territories submit the SF 1166, Voucher and Schedule of Payments, directly to the Philadelphia Disbursing Center (PDC). Envelopes and pouches containing TFCS SF 1166, Voucher and Schedule of Payments, are stamped "CONTAINS TFCS VOUCHER-SCHEDULES" to expedite disbursing center processing.

(e) Record the TFCS payment to UAS. Once approved, the impending payment is recorded in UAS on format 3, using a transaction code which credits general ledger account 2010, "Disbursements in Transit."

(f) Submit confirmed copy to Aeronautical Center, AAC-22. Treasury submits confirmed SF 1166 copies to AAC-22. Any accounting office TFCS user receiving a confirmed copy of the TFCS schedule promptly submits the confirmed SF 1166 copy to AAC-22.

\*

\* (g) Control the usage of TFCS schedule "U" numbers. Accounting offices request a block of TFCS "U" numbers from AAC-22 for schedule document numbering. Accounting offices control the TFCS numbers received and limit usage to only TFCS schedules. Accounting offices use the numbers sequentially, and at the end of the calendar month, promptly provide to AAC-22 a monthly accounting of TFCS used schedule numbers. Offices report the unused numbers and any changes or cancellations to pending disbursements (warehoused schedules) after initial issue of SF 1166. Also, accounting offices request that AAC-22 identify any unconfirmed TFCS schedules in UAS. Thereafter, TFCS users promptly telex a copy of all TFCS schedules processed to AAC-22 during the last 5 working days of the month plus submit the confirmed copies by mail to AAC-22. Accounting offices reference original schedule numbers on the AAC-22 copy of replacement schedules.

(2) The UAS Control Group is responsible for the following:

(a) Issue a unique block of TFCS "U" numbers to accounting offices upon request.

(b) Record the accomplished copy of the SF 1166 upon receipt. Treasury is providing sequential numbers of all accepted TFCS payments in lieu of the standard individual check numbers.

(c) Identify, upon accounting office request, any unconfirmed TFCS schedules in UAS at the end of each calendar month.

(d) Include TFCS cash documents in SF 224 preparation.

(e) Reconcile TFCS transactions to Treasury's Statement of Differences.

f. Payments returned to Treasury via TFCS. TFCS payments which cannot be applied by the FRB or by the financial institution(s) are returned to Treasury. Treasury issues a modified SF 1098, "Schedule of Cancelled or Undelivered Checks" document crediting the Agency Location Code (ALC). The SF 1098 contains data in the "PAYEE" column which will aid the agency in returned payment identification.

(1) Accounting offices are responsible for vendor followup, audit trail, and control of financial events and accounting transactions resulting from any returned payments; also, ensure against making duplicate payments to vendors. Responsibilities include:

(a) Submit a copy of the SF 1098 to UAS Control Group, if received. Treasury generally submits to AAC-22, based on ALC address.

(b) Record the SF 1098 document in UAS using format 3, schedule prefix "G," with the same number as the original payment voucher-schedule. Record to UAS in the same month as confirmed SF 1098 is recorded by Treasury and AAC-22.

\*

\* (c) Identify the returned payment. Upon payee identification, accounting offices contact vendor and request valid information.

(d) Prepare the SF 1166 replacement schedule, when required, and resubmit voucher-schedule to TFCS. The SF 1098 amount and replacement schedule amount should net to zero.

(e) Control and verify vendor payments and associated data.

(f) Control and update UAS with correct vendor file data, when required.

(g) Record replacement schedule to UAS and coordinate schedule information with the UAS control Group.

(2) Aeronautical Center, AAC-22, is responsible for the following:

(a) Notify the originating accounting office when the SF 1098 is initially received at AAC-22.

(b) Record the SF 1098 as a confirmed document and include data in the SF 224 monthly report to Treasury. Coordinate the recording month with Treasury posting. Consider the document as a minus disbursement, citing the suspense appropriation, schedule prefix "L."

(c) Coordinate with TFCS users at monthend for any unrecorded in-transit documents from accounting offices.

(d) Reconcile monthly SF 224, including any SF 1098 documents-in-transit from Treasury.

g. Payments returned, directly from financial institution via Treasury, to AAC-22 due to incorrect account number at the bank. Treasury submits the payment document, generally cashier check, directly to AAC-22 for processing and eliminates the SF 1098 preparation process for this type of payment return.

(1) AAC-22 responsibilities include:

(a) Accept payment document and take document to the cash collection office, at the Aeronautical Center, AAC-20, for depositing to Treasury.

(b) Record certificate of deposit for AAC-20.

(2) AAC-20 responsibilities include:

(a) Deposit the collection promptly to the Suspense Deposit Account, 69X6875.

\*

- \* (b) Record deposit schedule prefix M and subsequent collection transfer to originating accounting office. Cite the TFCS schedule number in the document reference field using format 6 of IOTV process.

(3) Accounting office responsibilities include:

(a) Identify and clear entry in the Unapplied Deposits Account 2360, considered TFCS collections transferred.

(b) Identify payment returned by bank.

(c) Perform followup processes, contacting vendor, replacement schedule, etc., as when processing SF 1098 documents.

1184. WITHDRAWN—CHG 1.

a. WITHDRAWN—CHG 1.

b. WITHDRAWN—CHG 1.

c. WITHDRAWN—CHG 1.

(1) WITHDRAWN—CHG 1.

(2) WITHDRAWN—CHG 1.

(3) WITHDRAWN—CHG 1.

\*

1185. CASH ADVANCES.

a. It is FAA's responsibility to monitor the cash management practices of recipient organizations to ensure that Federal cash is not maintained by them in excess of immediate disbursing needs; excess balances are promptly returned to the Treasury; and, except where contrary to law, interest earned on Federal funds by recipient organizations unwilling or unable to comply with Treasury regulations are terminated in accordance with the provisions of I TFRM 6-2075. FAA will base its evaluation of the recipient organization's request for cash on cash flow requirements and not on the organization's accrued cost.

b. Any expenditure of advance funds, which is disallowable under the terms of the contractual arrangement or grant agreement, is returned. Such funds must be returned within 30 days from the date of notification. Except

\*1190. CASH MANAGEMENT REVIEW.

a. Cash management review is the overall process of studying each cash flow and corresponding cash management processes and mechanisms. The review is conducted to identify potential improvements in cash management practices, with the general goal of acceleration of the collection process, the proper timing of disbursements, and the minimizing of cash balances held outside Treasury.

b. An initial cash management review is required by 31 CFR 206 and complies with the guidelines contained in the Supplement to Treasury Financial Manual, Chapter 6-8000, Cash Management Review Guide. Subsequent annual reviews require similar reporting on new cash flows or those cash flows which have changed substantially in volume, dollar amount, or type of collection or disbursement.

c. The cash management review is divided into several phases, as follows:

(1) Phase One is the Cash Flow Review, which is a detailed study of each unique cash flow. The review focuses on the inflow of funds (receipts), and the outflow of funds (disbursements). It is illustrated in Figure 9-2, Cash Flow Report.

(2) Phase Two is the preparation of Cash Flow Pipeline Reports, which is a flow chart of the cash flows, based on the information gathered from the Review Guides. This information is used to identify potential improvements in the handling of receipts and disbursements and is illustrated in Figure 9-3, Cash Flow Pipeline Report.

(3) Phase Three is the forwarding of the Cash Flow Report to M-80 which has the responsibility to report to Treasury on the general results of the review through preparation of a summary Cash Flow Report. This report provides minimum cash flow data on all cash flows reviewed, any improvements identified, and estimated savings and implementation dates. Treasury determines the due dates for the Cash Flow Reports and publishes the due dates in a subsequent TFM Bulletin.

(4) Phase Four is a Treasury review of the information provided and agreement on implementation dates where Treasury assistance is required. \*

\*

**FIGURE 9-2.**  
**CASH FLOW REPORT**

<b>CASH FLOW REPORT</b>				
Name and Number of Cash Flow _____				
1. How many locations collect/disburse for this cash flow? _____				
	<u>RECEIPTS</u>		<u>DISBURSEMENTS</u>	
	<u>Item</u>	<u>Dollar</u>	<u>Item</u>	<u>Dollar</u>
	<u>Volume</u>	<u>Volume</u>	<u>Volume</u>	<u>Volume</u>
2.a.	Annual Dollar/Item			
	Volume			
2.b.	Actual or Estimate			
3.	Average Per Item			
	Dollar Amount			
4.	What percent of Receipts/Disbursements Are:			
	- Nonrecurring	_____ %	_____ %	_____ %
	- Recurring-Fixed	_____ %	_____ %	_____ %
	- Recurring-Fluctuating	_____ %	_____ %	_____ %
5.	What percent of Receipts/Disbursements Are:			
	\$0 - 1,000	_____ %	_____ %	_____ %
	\$1,001 - 24,999	_____ %	_____ %	_____ %
	\$25,000 and Over	_____ %	_____ %	_____ %
6.	Method of Receipt/Disbursement:			
	Cash	_____ %	_____ %	_____ %
	Check	_____ %	_____ %	_____ %
	Money Order	_____ %	_____ %	_____ %
	Treasury Check	_____ %	_____ %	_____ %
	Wire (Type _____)	_____ %	_____ %	_____ %
	ACH (Type _____)	_____ %	_____ %	_____ %
	Letter of Credit	_____ %	_____ %	_____ %
	Cashier Draft	_____ %	_____ %	_____ %
	Other (Type _____)	_____ %	_____ %	_____ %
7.	How Are Deposits Made? (Receipts Cash Flow only)			
	_____	_____ %	_____ %	_____ %
	_____	_____ %	_____ %	_____ %
8.	Agency Location Code _____ Zip Code _____			
Agency Evaluation				
Cash Flow Acceptable _____				
Cash Flow Requires Internal Improvement (Description, Savings, End Date) _____				
Cash Flow Requires Treasury-Assisted Mechanism (Name of Mechanism) _____				

\*

✱

FIGURE 9-3.  
CASH FLOW PIPELINE REPORT

[illegible]

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1191. WAIVERS AND EXEMPTIONS.

a. Requests for waivers or exemptions to specific provisions of this section are submitted to Office of Financial Management (M-80) for consideration and subsequent transmittal to Treasury for approval. The waiver request shall identify the specific portion of this section to be waived, the reason for requesting the waiver, the time period covered by the waiver, and any documentation supporting the waiver request. The FAA shall advise M-80 when one or more provisions of this order or I TFRM 6-8000, the governing law, and the conflicting provision is exempt by law. M-80 shall then forward the information to Treasury.

b. The provisions of this section and I TFRM 6-8000 are designed to supplement existing regulations and do not relieve FAA from compliance with regulations issued by the Office of Management and Budget, General Accounting Office, and Treasury.

1192.-1195. RESERVED.



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Uniform Payroll System	1701
Voucher examination	1786, 1787
Voucher examination process	1654
Voucher, SF 1080	1362
Voucher, SF 1081	1363
Warranty, property	1459
Working capital fund	1785

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