

ORGANIZATION UNIT WORKOUT GROUPS

H Section 1.0 General

Pursuant to Section 4.04 of [Chapter 9](#), "Transfer to Organization Unit Workout Group," organization units involved in direct loan, guaranteed loan, grant, and cooperative agreement programs must refer debts which are 90 days delinquent to an organization unit workout group for intensive collection action. Follow-up procedures by the workout group will be the same for other receivables, i.e., general or trade accounts receivable.

The organization unit workout group(s) should be comprised of at least three organization unit line officials. It is strongly recommended that legal counsel and a program officer serve as workout group members on an advisory basis. The organization unit workout group membership should be designated by the Chief Financial Officer (CFO) of the organization unit.

H Section 2.0 Resolution Period

The organization unit workout group will have a period of up to 90 days to take collection actions necessary to protect the Government's interest on seriously delinquent debts (see Chapter 9, Section 5.02).

H Section 3.0 Responsibilities

The organization unit workout group will be responsible for:

- .01 Developing a follow-up plan which may include, but is not limited to, telephone calls, on-site visits, and letters to ensure that the recipient remits the money to the Federal Government. A continuing assessment will be made on the cost-effectiveness of the follow-up plan to ensure that the cost of collection efforts does not exceed the value of the outstanding balance.
- .02 Providing a status report (for each debt) of actions taken by the workout group to the organization

unit's Debt Management Officer (DMO). The status report should be provided no later than 120 days after the debt has been in the workout group and should include a determination of what action the workout group has taken to resolve the debt. If no determination/ recommendation is made by the workout group at the end of the 120-day period, a report will be made to the organization unit CFO (see Chapter 9, Section 5.02).

- .03 Notifying legal counsel of the outstanding debt and requesting appropriate legal action, including litigation, if recommended by the workout group.
- .04 Notifying the accounting or finance officer and/or the DMO of those debts that should be turned over to commercial collection agencies.
- .05 Reporting monthly to the accounting or finance officer and/or the DMO, by account or award number, the dollar value of each case and its status during the month (i.e., in liquidation, or scheduled for administrative, salary, or income tax offsets, etc.). (See Exhibit H-1 for an example of this report.) If a separate group has been established for liquidation activity, that group should report information on status of accounts directly to the accounting or finance office.
- .06 Monitoring the progress of the above-mentioned actions by monthly summaries and meetings to decide time sensitive servicing actions. The organization unit workout group will prepare a case summary considering the appropriate facts of the case and the assessment of collectibility. In consultation with the accounting or finance officer, an allowance for potentially uncollectible debts will be established at the beginning of each fiscal year. Losses will be written-off against the allowance. All write-offs must be concurred with by the legal counsel and will comply with the requirements of this appendix and Chapter 10 of this Handbook. If the debt written off is older than two years, then collection action will be suspended and the debt will be placed in an account entitled "Currently Not

Collectible.@ (See Handbook Chapter 10 Section 2.02 and Treasury's revised write-off policy at Treasury's Financial Management Service [website](#).)

- .07 Other specific actions are to be taken by the organization unit workout group if collection efforts are unsuccessful and it is determined that the recipient is unable to pay the debt or a portion thereof. In these cases, the workout group will document evidence of this inability to pay in accordance with the Federal Claims Collection Standards ([4 CFR 104.3](#)). The workout group will submit this evidence along with their recommendation for compromise, termination, or suspension to the appropriate organization unit legal counsel for review and appropriate action (see Chapter 10, Sections 5.0, 6.0, and 7.0).
- .08 After approval of the compromise, suspension, or termination, the organization unit workout group will notify the accounting or finance officer and the DMO in writing of the decision. The accounting or finance officer will record the action taken.

For additional details on the responsibilities of organization unit workout groups, see Chapter 10, Section 4.0 of this Handbook.

**DEBT COLLECTION REPORT
WORKOUT GROUP (WG) ACTIVITY
Referrals to Agency Internal Workout Group**

Organization Unit: _____

Office/Program: _____ Quarter

Ending: _____

	Accounts Receivable		Loans* Receivable	
	Number	Amount	Number	Amount
I. Summary				
a. Referrals in WG BOP				
b. Referred to WG				
c. Outstanding with WG EOP				
d. Debts in WG Longer than 90 Days				
II. Liquidation				
a. Referrals in WG BOP				
b. Referred to WG				
c. Closed (Completed)				
d. Outstanding with WG EOP				
III. Administrative Offset Activity				
a. Referrals in Workout BOP				
b. Referred to WG				
c. Offsets Initiated				
d. Outstanding with WG EOP				
IV. Salary Offset Activity				
a. Referrals in WG BOP				
b. Referred to WG				

**DEBT COLLECTION REPORT
WORKOUT GROUP (WG) ACTIVITY
Referrals to Agency Internal Workout Group**

Organization Unit: _____

Office/Program: _____ Quarter

Ending: _____

	Accounts Receivable		Loans* Receivable	
	Number	Amount	Number	Amount
c. Offset Initiated this Quarter				
d. Outstanding with WG EOP				

V. Income Tax Refund Offset Activity

a. Referrals in Workout BOP				
b. Referred to WG this Quarter				
c. Offsets Initiated this Quarter				
d. Outstanding with WG EOP				

Prepared by: _____

Date: _____

Telephone: _____

*Includes loan guarantees assumed by organization units.