



UNITED STATES
DEPARTMENT OF
AGRICULTURE

RURAL
DEVELOPMENT

101 SOUTH MAIN STREET
SUITE 102, FEDERAL BUILDING
TEMPLE, TEXAS 76501

Voice: (254) 742-9707
Fax: (254) 742-97539
TDD: (254) 742-9712

USDA Rural Development Texas AN No 531 (1951)

June 9, 2000

SUBJECT: State Policy on Collection Activities and Management Control Requirements

TO: All Offices
USDA Rural Development, Texas

PURPOSE/INTENDED OUTCOME: To establish concise direction on handling documentation pertaining to collections for USDA Rural Development programs, and the maintenance of collection files. To establish interim management control procedures for collections.

COMPARISON WITH PREVIOUS AN: This AN replaces AN 513 which expired March 31, 2000.

IMPLEMENTATION RESPONSIBILITIES: USDA Rural Development employees authorized to handle collections will do so in accordance with Instructions 1951-B, the draft wholesale lockbox process instruction dated November 6, 1997, and instructions contained in this AN.

Files to be maintained

Each local office will maintain a four-position file for each month's collections. This will be based on a fiscal year. The file will be labeled 1951-Collections, (Month), 20___. The file will contain copies of the following:

Form RD 1951-49 Register of Collections for Non-AMAS collections
Form RD 1951-60 Field Office Remittance Reconciliation Report (FORRR)
Adding machine tape of all the check and/or money order amounts
Adding machine tape of all the money order fee amounts (if applicable)
Adding machine tape of the total application amount on each collection document such as:

Form RD 451-2 Schedule of Remittance,
Form RD 1940-10 Cancellation of Disbursement and/or Obligation

EXPIRATION DATE:
May 31, 2001

FILING INSTRUCTIONS:
Following Instruction 1951-B

USDA Rural Development Texas AN No 531 (1951)

**USDA Rural Development is an Equal Opportunity Lender, Provider,
and Employer. Complaints of discrimination should be sent to:
USDA, Director of Civil Rights, Washington, DC 20250-9410**

Payments received in the local office will be recorded on the RD 1951-49, Register of Collections. These collections include Rural Utilities Service (RUS) payments which are sent directly to the Direct Pay Lockbox and not to the Wholesale Lockbox. The total of the RUS collections **will not** be included in the FORRR. Collections also include payments, which are submitted to the Wholesale Lockbox (WLB), Community Direct Pay Lockbox (DPLB), Centralized Servicing Center (CSC) or Farm Service Agency (FSA). Recording information on the RD 1951-49 will include the amount of the check, name of depositor with case and loan numbers, and date of credit. An annotation is to be made as to where the collection is being remitted to such as the WLB, DPLB, CSC or FSA.

Single Family Housing (SFH) collections are handled in accordance with the Rural Housing Service manual HB-1-3550. When a SFH payment is received in the field office, it will be mailed with the borrowers' billing statement (if applicable) or a substitute coupon to the address on the statement or coupon. Refer to the memorandum dated May 19, 1997 from the CSC for more detailed information. **SFH collections remitted by the local office will be recorded on the RD 1951-49, Register of Collections.**

We recognize that the field office staff has successfully encouraged borrowers with RUS loans to utilize the PreAuthorized Debit (PAD) payment process. Borrowers with Community Facility loans are also eligible to utilize the PAD system.

Detailed instructions on collection processing are found in the attachment to the State Office CASH-LINK Phase Out memorandum dated November 7, 1997.

All collections received in the local office for Multi-Family Housing (MFH), such as credit report fees, sale of MFH properties, etc., will be forwarded to the MFH Payment Center in the State Office for processing.

SEPARATION OF DUTIES

Offices with three or more employees must ensure that at least two individuals are involved in the collecting and processing of payments; one to process the payments and one to review the accounting data. These duties should be rotated either monthly, quarterly or semi-annually to protect the integrity of the field office staff.

Separation of duties will consist of two employees involved in collecting borrower payments - one to control the payments and one to control the data. Spot checks of collection activities by the RDM will be made periodically. RDMs will review collection activities daily or when available to do so.

INTERIM MANAGEMENT CONTROL PROCEDURES FOR COLLECTIONS

In the last several years, USDA Rural Development has eliminated the Concentration Banking System (CBS), implemented new electronic collection methods, and single family housing methods have changed the management control requirements for handling and safeguarding collections. When 1951-B Instruction is revised, Form 1951-44, Annual Review of District/County Collection Activities, will be eliminated and replaced by an exhibit to the revised instructions.

In the interim, Exhibit E (attached) will be utilized to document the review of collection activities. Until further notice, **do not send a copy to the State Office.** Exhibit E will be filed in the Operational File 1951-B, "Collections" for each local office.

Any questions regarding RUS programs contact Margie Cude, RUS Specialist, and for SFH contact Scooter Brockett, SFH Specialist, and for Community Facilities payments contact Mike Meehan, CF/MFH Specialist.

/s/Steve A. Carriker

STEVEN A. CARRIKER
State Director

Attachment

FINANCIAL MANAGEMENT

Exhibit E

Requirement/Review Criteria		Compliance		
#	Question	YES	NO	N/A
	Safeguarding Collections:			
1	RD Form 451-1 is prepared for all cash receipts for all programs and is prepared in numerical sequence.			
2	Cash is converted to draft, cashier’s check, or money order.			
3	All non-AMAS collections are posted to RD Form 1951-49, Register of Collections.			
4	All cash, checks, money orders, etc., are posted to the collection log immediately upon receipt.			
5	Cash, checks, and money orders are stored in a locked cabinet or locked drawer during the day and in a locked fireproof safe at night.			
6	Miscellaneous collections are mailed to the designated lockbox each day			
	Processing Collections			
7	Collection documents (RD Forms 1951-49; 370-46B; 451-1; 3550-17; 3550-26; 3550-27; etc.) are prepared correctly and in accordance with the FMI’s.			
8	Wholesale lockbox collections are balanced by preparing RD Form 1951-60, Field Office Remittance Reconciliation Report.			
9	The collection log is balanced to RD Forms 1951-60, Field Office Remittance Reconciliation Report (FORRR); 3550-17; 3550-26; 3550-27; and farm credit related collection items transmitted to the Farm Service Agency office for processing.			
10	Collections are sent to the correct location/designated lockbox address for the applicable collection method (wholesale lockbox, direct payment lockbox, RHS lockbox, etc.).			
11	Borrower on-line account history and/or payment status screens are periodically checked to confirm that collections are updated to automated accounting system for the correct amount and date of credit.			
12	Administrative collections such as jury duty pay, freedom of information fees, etc., are sent with RD Form 104.1, Public Information Transmittal and/or Receipt, and/or a transmittal explaining disposition of funds to the lockbox address listed in RD Instruction 2018-F, Availability of Information, subsection 2018.255 (e) (3).			
13	Cash collections over \$10,000 are reported to the IRS in accordance with RD Instruction 1992-E, Reporting Property Transactions to the Internal Revenue Service, subsection 1992-202.			

Requirement/Review Criteria		Compliance		
#	Question	YES	NO	N/A
14	<p>Separation of Duties: To the extent practical, at least two employees will be involved in receiving and processing collections. Following are the requirements for proper separation of duties:</p> <p>One employee receives collections and prepares the cash receipts and collection logs (e.g., RD Form 451-1, Acknowledgment of Cash Payments; RD Form 1951-49, Register of Collections, etc.); a second employee prepares the collection data for payment application (e.g., RD Form 451-2, Schedule of Remittances; RD Form 3550-17, RHS-Funds Transmittal Report; RD Forms 3550-26 & 27, Substitute Payment Coupon; RD Form 370-46B, Payment Coupon; etc.); and the first employee who received and recorded the collection (or third person) balances the daily collection items.</p>			
15.	The daily collection log (RD Form 1951-49) is reviewed and initialed by an employee other than the employee who prepared the log.			
16	The above duties are rotated at least semi-annually.			
17	The RDM or designee reviews collection activities monthly and documents the results of the review on this exhibit to ensure compliance with collection control requirements.			
	File Maintenance			
18	Operational files are maintained in accordance with RD Instructions 2033-A and 1951-B.			
19	RD Forms 451-1 are stored in a locked fireproof cabinet.			
20	The numeric sequence of numbers listed on RD Form 2024-6, Notice of Transmittal and Receipt, used to transmit new supplies of RD Form 451-1 booklets to field offices, agree with the sequential number on RD Form 451-1's.			
21	Copy of RD Form 2024-6 acknowledging cash receipt books are filed in the operational file.			

Local Office: _____

Month(s) Reviewed: _____

Signature of Reviewer: _____

Date of Review: _____

Comments: _____