



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

June 6, 2001

USDA Rural Development Texas AN No 546 (1951)

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 531 which expired May 31, 2001.

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, Interim Management Control Procedures Unnumbered Letter dated March 7, 2001, and instructions contained in this AN.

Files to be maintained

Monthly collection files will be maintained unless the volume of collections is so minimal that monthly files are not practical. A new file must be prepared at least quarterly. 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, 2002

FILING INSTRUCTIONS:
Following Instruction 1951-B

**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 through AMAS-CASH. Do not use forms RD 1944-9, MFH Payment Transmittal, or 451-2, Schedule of Remittance, to submit any MFH payments to the Finance Center

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

The elimination of the Concentration Banking System (CBS), implementation of new electronic collection methods, and the implementation of the single family housing collection lockbox procedures have changed the management control requirements for handling and safeguarding collections in field offices. With publication of the revised 1951-B Instruction, RD Form 1951-44, Annual Review of District/County Collection Activities, will be revised to reflect these new management control procedures. The revised form will combine the collections management control procedures and the guide for documenting the review of field office collection activities.

In the interim, Exhibit E (attached) will be utilized to document the review of collection activities. The Rural Development Manager (RDM) will assign a Community Development Specialist (CDS) in each office to perform reviews on collections when available, and monthly spot checks. The CDS is to initial the 1941-49 when performing the daily reviews.

The RDM will perform an annual review of Collection Activities each December on Exhibit E. A copy of the Exhibit will be sent to the Management Control Staff by December 31 of each year.

INSTRUCTIONS FOR PERFORMING REVIEWS

The monthly review will be performed by the assigned CDS. The annual review will be performed by the RDM. Annual reviews will be performed by the Management Control Staff for collections processed in the State Office.

The reviewer will select a representative judgment sample of collection activity to review (at least 2 business days of activity per month since the last month of the previous review).

The reviewer will complete the guide indicating compliance or noncompliance. Noncompliance responses must be fully explained in the "comments" section at the end of the guide and have a recommended corrective action.

Upon completing the review, the reviewer will sign and date the guide and distribute a copy of the completed guide as follows:

For monthly local office reviews, the complete guide will be filed in the local office Operational files (1951-B), with a copy to the RDM.

For annual oversight reviews, a copy of the completed guide will be sent to the Management Control Staff, and local office.

For annual oversight reviews of the State Office Collections, a copy of the completed guide will be left with the reviewed section.

Any questions may be referred to Donna Freytag at 254-742-9704 or Esther Gonzalez at 254-742-9707.

/s/ RLP

RICHARD L. PERRYMAN

Acting State Director

Attachment

USDA Rural Development Texas AN No 546 (1951)

Attachment Page 1

REQUIREMENT/REVIEW CRITERIA

#	Question	YES	NO	N/A
Safeguarding Collections:				
1.	RD Form 451-1, Acknowledgment of Cash Payments, 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.	Collections are generally paid by check or money order and not by cash.			
4.	All non-AMAS collections are posted to RD Form 1951-49, Register of Collections and all AMAS collections are entered to the AMAS Call Date Recap Detail Report data entry screen 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.			
7.	Employees processing collections via the AMAS Cash (AMAS-CSH) system are required to have payment certification. [RD Instruction 1951-K]			
8.	Form RD 1951-64, On-line Payment Certification Monitoring Log, is used to document AMAS collection processing for each monitoring activity. [RD Instruction 1951-K]			
Processing Collections:				
9.	Collection documents (Forms RD 1951-49, 451-2, Schedule of Remittances, 370-46B, Payment Coupon, 3550-17, Funds Transmittal Report, 3550-26 and 3550-27, Substitute Payment Coupon, AMAS Call Date Recap Detail Report data entry screen, etc.) are prepared correctly and in accordance with the FMI's.			
10.	Wholesale lockbox collections are balanced daily by preparing Form RD 1951-60, Field Office Remittance Reconciliation Report.			
11.	The Form RD 1951-49 and/or AMAS Call Date Recap Detail Report data entry screen is/are balanced daily to Forms RD 370-46B, 1951-60, 3550-17, 3550-26, 3550-27, and farm credit related collection items transmitted to the local Farm Services Agency office for processing.			
12.	AMAS Cash payment errors which prevent balancing and releasing of the payment block must be corrected within 5 workdays. [AMAS On-line Payment Processing Manual]			
Processing Collections continued:				
13.	Collections are sent to the correct location/designated lockbox address for the applicable collection method (wholesale lockbox, direct payment lockbox, RHS wholesale or retail lockboxes, etc.).			
14.	For collections received and submitted by field offices, borrower on-line account history and/or payment status screens are periodically checked (at least 2 business days per month) to confirm that collections are updated to the automated accounting system for the correct amount and date of credit.			
15.	Administrative collections (freedom of information fees) are sent with Form RD 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).			
16.	Cash collections over \$10,000 are reported to the Internal Revenue Service in accordance with RD Instruction 1992-E, Reporting Property Transactions to the Internal Revenue Service, subsection 1992.202.			