



Department of Energy
Washington, DC 20585

November 28, 2003

MEMORANDUM FOR FIELD CHIEF FINANCIAL OFFICERS

FROM: DEAN G. OLSON, DIRECTOR
OFFICE OF FINANCIAL POLICY

SUBJECT: Write-off of Delinquent Receivables Over Two Years Old

Office of Management and Budget (OMB) Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables," provides that Federal agencies write-off delinquent debt over two years old. Write-off is mandatory unless it can be documented and justified to OMB in consultation with Treasury. "Write-off," in terms of OMB Circular A-129, is an accounting procedure which removes receivables from the accounts of record in order to accurately portray their true economic value on the balance sheet. It should not be construed as "termination" or "suspension of collection," which are separate and distinct legal procedures found in the "Federal Claims Collection Standards" (31 CFR Part 903), which require Department of Justice approval for debts in excess of \$100,000.

Offices should take immediate action to write-off delinquent debts. Additionally, offices should be taking aggressive collection actions to resolve delinquent inter-governmental debt. These actions will improve the Department's financial reporting and will also reduce effort necessary for the implementation of the new Standard Accounting and Reporting System.

After write-off, cost effective collection efforts should continue if an office determines that continued collection efforts are likely to yield returns. Administrative offset programs and other collection tools offered by Treasury cross-servicing should be used as mechanisms to collect the debt. The collection process should continue until the office determines it is no longer cost efficient to pursue collection. At that point, collection action should be terminated and the debt closed out. When an office closes out debt, the office must file the Internal Revenue Service Form 1099-C, "Cancellation of Indebtedness," and notify the debtor of the filing in accordance with Internal Revenue Code 26 USC 6050P.

If you have any questions regarding this request, please contact Dana Thibeau at (301) 903-1513, or by e-mail at Dana.Thibeau@hq.doe.gov. Thank you for your support on this matter.

