

**Forest Service Handbook
National Headquarters - Washington Office
Washington, DC**

**Forest Service Handbook 6509.11h – Service-Wide Claims Management Handbook
Chapter 20 - Administrative Claims for The Government**

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Digest: Following is an explanation of the changes throughout the directive by section.

24.32: Changes the code for Extraordinary Costs to section 24.32; formerly this section was incorrectly coded as section 23.32. There are no other changes to the direction in this chapter.

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22 - Claims Arising Under Contracts

22.04 - Collection Responsibilities

Under the Contract Disputes Act, a contracting officer determines whether a claim exists and negotiates with a contractor to resolve any questions about the indebtedness. The contracting officer issues a written decision to the contractor once the issue of indebtedness is resolved. The contracting officer advises the claims officer of the indebtedness so that a bill for collection is prepared to accompany the final written decision. At this point, the claim is pursued by the claims officer using all collection avenues, including offset, as prescribed in section 27.

A contracting officer retains the authority to settle a contract claim. They are responsible for administratively determining the validity and amount of a claim, within the provisions of the Contract Disputes Act, at any time prior to a decision by the Board of Contract Appeals or until a complaint is filed in the United States Claims Court.

22.2 - Applicability of the Debt Collection Act of 1982 to Contract Debts

1. Administrative Offset. The Department of Agriculture regulation on debt collection (7 CFR 3.23(d)) requires that contract debts be collected pursuant to the administrative offset provisions of the Debt Collection Act of 1982 (DCA). The United States Claims Court has ruled that the DCA does not cover intra-contractual disputes (AVCO Corporation v. United States, No. 14-85C, dated August 19, 1986).

Therefore, the administrative offset provisions of the DCA do not apply to claims arising under a contract that are offset within the same contract. The administrative offset provisions do apply to claims that arise:

- a. Under a contract that is separate from the contract in which offset is taken.
- b. From a noncontractual source outside of the contract in which offset is taken.

If collection of a contractual claim by administrative offset is being considered, the Claims Officer must confer with the contracting officer to ensure that offset is feasible. A contracting officer's recommendation regarding the feasibility of offset is controlling except where it is obviously erroneous, or so lacking in substance that the best interests of the United States are not served.

A claims officer's decision to seek administrative offset of a contract claim relates only to the feasibility of administrative offset and not to the merits of the claim beyond a prima facie showing of the indebtedness.

2. Interest, Penalty, and Administrative Costs. Under the conditions set forth in Federal Acquisition Regulation 32.617 (FSH 6309.32) include a provision in procurement contracts for late payment interest charges using the interest clause at section 52.232-17 of the Regulation. Include the Debt Collection Act late payment interest, penalty, and administrative cost provisions in timber sale contracts. These provisions are incorporated in clauses C4.4 and CT4.4, dated January 1984.

22.3 - Settlement of Timber Sale Contracts

Timber sale contract holders and their sureties may request the Forest Service to settle damage claims on defaulted sales. Forest Service acceptance of such settlement offers must be in accordance with the direction set forth in this section.

In considering a proposed settlement, contracting officers should consider the Secretary of Agriculture's direction "that damages be vigorously pursued in order to encourage contract performance, rather than default." For the purposes of this section, the terms "settle," "settlement," and "compromise" are synonymous and mean accepting less than the full amount owed in full satisfaction of a default claim. These terms imply the making of mutual concessions by the debtor(s) and the Forest Service to arrive at an amicable settlement without recourse to adversary proceedings.

Any such settlement that extinguishes the Forest Service claim must be a "global" settlement signed by all those who may be liable for the debt including but not limited to: (1) the current contract holder; (2) any prior contract holder; and (3) the surety. Nevertheless, the Forest Service may enter into a Personal Covenant Not To Sue the current contract holder (and any prior contract holder) upon receipt of whatever portion of the claim it (or they) can pay while expressly reserving its right to proceed against the surety for the remainder of the debt up to the penal sum of the bond.

A Personal Covenant Not To Sue does not extinguish the debt or affect the surety's right to be indemnified by its principal or to be subrogated to the Government's claim against the purchaser.

In most cases, the damage claim amount far exceeds the settlement amount offered by the contract holder; thus, the amount owed by the surety should not be affected. If the remaining damage claim after application of the contract holder's payment is less than the bond amount, the surety is liable, up to the penal sum of the bond, for the interest late payment penalties, and administrative costs assessed against the contractor on whose behalf the surety provides its bond. Additionally, surety is liable for its own failure to pay in a timely fashion, even if the latter assessment exceeds the penal sum of the bond (Comp. Gen. B-238004; Comp. Gen. B-242685, May 24, 1991).

1. Settlement Authority. The Contract Disputes Act (CDA) provides timber sale contracting officers with absolute authority to take all actions on behalf of the Government in the administration of a contract. This authority encompasses settlement of damage claims on defaulted contracts. This authority does not, however, extend to settlement of potential claims on sales which have not yet defaulted. Neither does the CDA grant authority to the contracting officer to give away or surrender a claim or to forgive a claim and release the contract holder from having to pay it. Accordingly, a contracting officer's decision to settle a contract must be based solely on legal and contractual merits and whether settlement is best suited to further and protect the Government's interest. Settlement on some other basis, such as equitable or moral principals, to avoid litigation, or to ensure community stability, is not authorized.

Timber sale contracting officers may, within any specific limitations of their warrants, settle contract claims for any dollar amount. The \$100,000 agency limitation contained in Title 31,

United States section 3711 (31 U.S.C. 3711) does not apply. Nevertheless, no action shall be taken to settle a contract claim after a contracting officer's decision has been appealed to the AGBCA or the court without first consulting with the Office of the General Counsel (OGC).

2. Settlement Standards. Settlement is governed by the Federal Claims Collection Standards for the Compromise of Claims (4 CFR 103), and section 26 of this Handbook. These standards are not merely advisory. They provide the only basis for accepting less than the full amount of the default claim. If they cannot be met, the contracting officer has no alternative but to pursue collection of the full amount of the default claim. The following should guide the application of the Federal Claims Collection Standards, but should not be used in lieu of these standards.

Contracting officers may consider settlement for one or a combination of any of the following reasons:

a. Inability to pay. Consider settlement if the contract holder is unable to pay the full amount within a reasonable time or has refused to pay the debt in full and the Government will be unable to collect the full amount by enforced collection proceedings within a reasonable time. Any purchaser whose liability on a debt is settled based on an inability to pay should be evaluated for potential suspension or debarment.

In determining the contract holder's inability to pay, the following factors, among others may be considered:

- (1) Age and health of the contract holder.
- (2) Present and potential income.
- (3) Inheritance prospects.
- (4) The possibility that assets have been concealed or improperly transferred.
- (5) The availability of assets or income which may be realized by enforced collection proceedings.
- (6) The availability of any tax benefits such as tax-loss carry-forward or tax-loss carry-back that may be offset against the default claim or contract obligation.

Conduct a financial ability analysis according to the guidelines in FSH 6509.18, section 22.

Do not limit the inability to pay determinations to an analysis of the financial statements alone. There are many factors which are not part of the financial statement data that have an important bearing on the contract holder's financial condition. Therefore, personal contact with the contract holder as well as indirect investigation with credit agencies, banks, or State and local government agencies will probably be necessary.

b. Doubtful litigative probability. Consider settlement if there is doubt concerning the Government's ability to prove its case in court for the full amount of the default claim either because of the legal issues involved or because of a bona fide dispute as to the facts. The amount accepted in settlement should reflect the probabilities of the Government's prevailing on the legal issue and its actually collecting a full or partial judgment, taking into consideration such factors as the availability of witnesses and other evidentiary support for the Government's claim. Any settlement based in whole or in part on doubtful litigative probability must be approved by OGC.

c. Diminishing returns. Consider settlement if the cost of collecting the default claim or contract obligation does not justify the enforced collection of the full amount. Consider both the administrative and litigative costs of collection. Cost estimates should be realistic. Inclusion of an item should be triggered by a substantial likelihood that the cost will actually be incurred.

In some instances, pursuit of the collection may be in the Government's best interest even though the cost of collection may exceed the amount recovered. Enforced collection of some claims may have a positive effect on the collection of other claims.

3. Evaluation of Settlement Offers. Timber sale contracting officers shall promptly evaluate settlement offers and make a written decision either denying or granting settlement. If the offer is denied, the contracting officer should list the reasons for denial and provide the contract holder an opportunity to make another offer. Careful planning and close coordination among the contracting officer and specifically qualified personnel is necessary to assure that settlement offers are properly evaluated. This is particularly important when the settlement offer involves complex financial and legal issues. The contracting officer may convene a team composed of the contracting officer and representatives from Timber Management, Fiscal and Public Safety, and OGC to evaluate settlement offers; but in any event, the contracting officer must obtain Timber Management, Fiscal and Public Safety, and OGC assistance to:

- a. Advise on legal and contractual matters.
- b. Conduct in-depth accounting reviews.
- c. Advise and assist on accounting matters.
- d. Advise on negotiations with the timber sale contract holder.
- e. Advise on the application of the Federal Claims Collection Compromise Standards.
- f. Approve the format of the Settlement Agreement and the Personal Covenant Not To Sue.

4. Washington Office Review of Settlement Decisions. A timber sale contracting officer's decision to accept a settlement offer is not subject to further Forest Service review if the aggregate claim amount, exclusive of interest, penalty, and administrative costs, does not exceed

\$200,000. Moreover, the decision to reject a settlement offer of any amount is not subject to further Forest Service review. If, however, the aggregate claim amount exceeds \$200,000, the contracting officer, after evaluating the compromise offer and developing a Regional recommendation, must forward the offer along with the Regional recommendation to the Washington Office, Director of Fiscal and Public Safety, for the Chief's concurrence.

5. Documentation. The timber sale contracting officers must document all actions setting out in detail the basis for their settlement actions. Retain such documentation in the appropriate contract file.

6. Referral to the Department of Justice. The Contract Disputes Act requires the purchaser to appeal within 1 year after its receipt of the final contracting officer's decision. Refer all claims which cannot be settled to the Department of Justice in accordance with section 25.4 after the appeal period expires and no appeal has been filed.

23 - Other Claims for the Government

23.1 - Claims Against Employees

23.11 - General Debts Owed to the Government by Employees

Consider general debts those debts owed by employees due to the following reasons:

1. Erroneous payments or overpayments made by the National Finance Center. This includes but is not limited to:

- a. An erroneous salary rate.
- b. Premature granting of a within grade increase.
- c. A lump sum payment for annual leave.
- d. Unauthorized appointment to a position.
- e. An error on time and attendance records.
- f. Overpayments on travel vouchers.

2. Unused tickets paid by Government Transportation Request.

3. Excessive costs included on a Government Bill of Lading (GBL) for movement of employees' household goods on transfer-of-station.

4. Unearned uniform allowances.

These debts may be discovered to be owed by either the National Finance Center or by the Forest Service. The NFC is responsible for billing and collecting the debts listed in paragraphs 1-4 owed by employees. Notify them by following the instructions in FSM 6532.1.

The NFC is also responsible for taking the necessary follow-up action to collect those debts, including taking salary offset actions, referring to collection agencies, reporting to the Internal Revenued Service for refund offset, and reporting to credit bureaus when appropriate.

If there is a dispute about the existence of the debt, the Forest Service should become involved in resolving that dispute. For information related to the offset procedures, see sections 27 and 28, as appropriate, for the type of debt.

23.12 - Claims Against Accountable Officers for Account Irregularities

Claims against accountable officers for account irregularities result from either:

1. Illegal or improper payments, or
2. Physical loss or deficiency.

See to FSM 6506 for additional information. In some cases, relief may be requested and granted by the accountable officer. During the time the request is being considered, suspend collection efforts.

If relief is granted, write-off the debt using the determination as the basis for the write-off.

If relief pursuant to an applicable statute is not granted, reactivate collection action. Whenever possible, the debt owed by an employee should be collected in one lump-sum payment. If requested by the employee, the Forest Service may enter into an installment agreement. If unable to collect by the employee through either of the above, collect the debt by using the salary offset procedures. See sections 27 and 28 for the offset procedures and instructions on accepting installment payments.

Section 29, exhibit 08, provides graphic depictions of the process for pursuing both types of claims against an accountable officer through administrative offset.

Accountable officers are exempt from the grievance procedure provided in Article 9 of the Master Agreement between the Forest Service and the National Federation of Federal Employees dated August 8, 1989. An accountable officer, instead, is provided due process procedural protection through the offset hearing mechanism. Accordingly, an accountable officer may request a hearing on:

1. The decision to be held liable for an amount under \$1,000. The existence and amount of the debt.
2. The decision that the accountable officer is liable for an amount (a) under \$25 for illegal or improper payments, or (b) under \$1,000 for physical loss or deficiency.
3. The decision not to request relief for an amount in excess of (a) \$25 for illegal or improper payments, or (b) \$1,000 for physical loss or deficiency.

4. The amount to be deducted from the accountable officer's disposable pay account.

The hearing officer shall not have served as a Claims Officer or subordinate of the Claims Officer for the matter under consideration, that is, hearing officers shall be from Regions other than the Region within which the matter occurred. The hearing officer shall have suitable experience to conduct the hearing and render a decision in an equitable manner.

A decision by the Comptroller General to deny relief is not subject to offset hearing.

A central control record of actions under this section shall be maintained by each Regional Office and documentation showing the basis for actions taken should be retained for subsequent review by management or audit personnel.

23.13 - Claims Against Employees for Fiscal Irregularities

Determine the dollar amount of the claim by following the instructions in FSM 6506.

Collect the debt by offset from the current disposable pay account of the employee following the salary offset procedures in sections 27 and 28. Do not issue a bill for collection until the Director of Personnel Management has issued a Letter of Decision to the employee unless the Forest Service's ability to collect the debt is jeopardized. See section 29, exhibit 09, for a graphic depiction of the relationship and responsibilities of the various staff groups for pursuing these types of claims.

23.14 - Claims Against Employees for Loss, Damage, or Destruction of Government Property

Employee liability for the cost of damage to a Government-owned motor vehicle or other Government-owned property depends on the degree of employee negligence involved.

A finding of ordinary negligence may result in disciplinary action only, while a finding of gross negligence may result in both disciplinary action and the assessment of fiscal liability.

Report losses to the Property Management Officer on Form AD-112, Report of Unserviceable, Lost, or Damaged Property. The Property Management Officer evaluates the incident and refers the case to Personnel Management if there is apparent employee negligence of any degree. The Director of Personnel Management evaluates the degree of negligence and appropriate disciplinary action and forwards the case with recommendations to the deciding line officer. If the deciding line officer finds gross negligence, take appropriate disciplinary action and refer the case to the unit's Fiscal Officer for calculation of the amount of the debt and collection under the salary offset procedures in section 27 and 28.

Do not issue a bill for collection until the deciding line officer has made a finding sustaining the charge of gross negligence. See exhibit 10 for a graphic depiction of the relationship and responsibilities of the various staffs for pursuing these types of claims.

In cases of property loss due to employee gross negligence, the amount billed is the lesser of either: (1) the actual repair cost, or (2) if irreparable, the depreciated value of the property at the

time of loss less residual salvage value. Employees who disagree with the discipline determination may grieve or appeal that action. Employees who dispute the amount billed are entitled to a hearing on the existence and amount of the debt under the salary offset provisions in sections 27 and 28.

Include a copy of Form AD-112 showing the Property management Officer's determination of apparent negligence, the Personnel Management evaluation and recommendation report, along with the deciding line officer's decision on the degree of negligence and disciplinary action in the claim file.

23.2 - Claims Related to the Assessment of Civil Penalties Under the Archaeological Resources Protection Act

The Forest Supervisor may assess a civil penalty against any person who has violated any prohibition contained in the Archeological Resources Protection Act of 1979 (16 U.S.C. 470aa - ii; 36 CFR Ch. II, Part 296).

23.21 - Procedure for Assessment of Civil Penalties

23.21a - Notice of Violation

Issue a notice of violation and serve in person or send by registered or certified mail. Include the following in the notice:

1. Statement of facts with citation of the violation of the regulation or provision of the permit.
2. Amount of penalty, or a statement that the amount will be assessed when damages have been ascertained.
3. Notification of right to file a petition for relief or to seek judicial review of any final administrative decision assessing a civil penalty. Forty-five days from the date of service is provided for response. During this time the person may:
 - a. Seek informal discussions with the Forest Supervisor.
 - b. File a petition for relief.
 - c. Accept the proposed penalty in writing or by payment.
 - d. Take no action and await the Forest Supervisor's Notice of Assessment.

23.21b - Petition for Relief

The petition shall be filed with the Forest Supervisor, in writing and signed by the person served with the notice of violation. If the person is a corporation, the petition must be signed by an officer authorized to sign such documents. The petition shall contain the full legal or factual basis for the requested relief.

23.21c - Assessment of Civil Penalty

On expiration of the 45 days provided for petition for relief, the Forest Supervisor shall assess the penalty. Notice of assessment must be served in person or sent by registered or certified mail and must include the following:

1. Facts and conclusions from which it was determined that a violation occurred.
2. The basis for determining the penalty amount assessed (36 CFR Ch. II, 296.16).
3. Notification of the right to request a hearing, including the procedures to be followed, and to seek judicial review of any final administrative decision assessing a civil penalty.
4. Failure to file a written request for a hearing within 45 days of date of service shall be deemed a waiver of the right to a hearing.

23.22 - Requests for Hearing

Any person wishing to request a hearing on a notice of Assessment of Civil Penalty, pursuant to Title 36, Code Federal Regulations, section 296.15(g) (36 CFR 296.15(g)), may file a written, dated request for a hearing with the Hearing Division, Office of Hearings and Appeals, U.S. Department of the Interior, 4015 Wilson Boulevard, Arlington, Virginia 22203-1923. The respondent shall enclose a copy of the notice of violation and the notice of assessment. The request shall state the relief sought, the basis for challenging the facts used as the basis for charging the violation and fixing the assessment, and respondent's preference as to the place and date for a hearing. A copy of the request shall be served upon the Solicitor of the Department of the Interior personally or by registered or certified mail (return receipt requested), at the address specified in the notice of assessment.

23.23 - Final Administrative Decision

1. If the person accepts the penalty as stated in the notice of violation, that notice shall constitute the final administrative decision.
2. If a hearing is not requested, the notice of assessment shall constitute the final administrative decision.
3. If a hearing is held, the decision resulting from that hearing or any applicable administrative appeal shall constitute the final administrative decision.

23.24 - Payment of Penalty

1. The person assessed a civil penalty shall have 45 calendar days from the date of issuance of the final administrative decision in which to make full payment unless a timely request for appeal is filed with a United States District Court.

2. If the penalty remains unpaid after 45 days, prepare and mail a Bill For Collection and Demand Letter to the violator. Pursue collection of this claim for the Government as set forth in section 22.

23.25 - Court Ordered Restitution for Archaeological Resources Protection Act Violations

At the time the court renders a decision for ordered restitution for damages as a result of a violation of the Archeological Resources Protection Act, prepare a Bill For Collection for the full amount of the ordered restitution. Do not mail this bill to the violator unless requested to do so by the court or probation officer. Enter the bill in the Accounts Receivable and place it in the case file. Revise the bill each time a payment is received to keep the Accounts Receivable current and to reflect the remaining unpaid balance. If payment is to be made directly to the Forest Service, the file should be closely monitored to ensure that restitution is completed by the end of the probationary period. If restitution is not completed before the probationary period expires, the Forest must notify the probationary officer.

23.3 - Claims for Debts Resulting From Permit Non-Compliance

A claim for the Government results when a permittee fails to pay a fee or charge by its due date under the terms of a permit. The responsible collection or resource officer requests the unit's claims officer to initiate collection actions. The debt is considered overdue as of the day following its due date under the permit. The initial demand letter is the collection officer's written notification to the permittee that the payment is due or overdue. Upon receipt of the request, the claims officer will aggressively pursue any and all appropriate and required delinquent debt management actions described in section 25, regardless of whether or not the permit has been terminated.

If the Forest Service has an administrative claim against a permittee whose obligations under the permit were bonded, the claims officer, in addition to pursuing appropriate and required delinquent debt management actions against the permittee, should also initiate collection actions against the surety.

23.31 - Suspension or Revocation of License

It is the responsibility of claims officers to ensure that resource officers are aware that pursuant to Title 4, Code of Federal Regulations, section 102.9 (4 CFR 102.9), permit privileges should be suspended or revoked when a permittee repeatedly makes late payments or refuses to pay any valid claim asserted based on a permit's terms.

23.4 - Late Payment Charges on Other Claims

Except for claims for debts resulting from permit non-compliance, claims for the Government described in section 23 are based on specific federal statutory authorities and implementing regulations (FSM 6570.1). Claims officers pursuing collections pursuant to these statutes and regulations must review them for provisions specifying applicable late payment charges. In all instances where applicable late payment charges are not specified by the law or regulation on

which the claim is based, late payment charges are assessed in accordance with the Debt Collection Act. The direction for assessing these charges is provided in section 24.

24 - Interest, Penalty, and Administrative Costs

(4 CFR 102.13). The following interest, penalty, and administrative cost provisions (sec. 24-24.5) apply to all delinquent debts except where otherwise specifically provided for or prohibited by law, regulation, or contract.

24.1 - Interest

Assess interest according to the Debt Collection Act unless otherwise provided for by a contract or other instrument, or by law.

24.11 - Interest Rate

Assess a minimum annual rate of interest on delinquent debts that is equal to the higher of:

1. The Treasury current value of funds rate in effect on the date of the bill's issue, published by the Secretary of the Treasury in the Federal Register and the Treasury Financial Manual, or
2. The prompt payment interest rate in effect on the date of the bill's issue established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611).

The interest rate, as initially assessed, remains fixed for the duration of the indebtedness, except when a debtor defaults on a repayment agreement and seeks to enter into a new repayment agreement or unless otherwise noted. In those circumstances, add the accrued interest, penalty, and administrative costs to the principal to be paid under a new repayment agreement. The interest rate for the new agreement is the higher of the two specified rates current at the date the new agreement is executed.

24.12 - Computation

Compute interest charges on the unpaid principal at simple interest from the date the Bill for Collection, is issued to the debtor. Ensure that the billings are mailed or hand-delivered to debtors on the same date they are issued, or as soon as possible thereafter. If, however, a bill is mailed before the goods or services are provided, such as advance payments for recreation fees or grazing permits, include the interest notification, but do not accrue interest before the date the debt is actually owed.

Calculate interest for a fractional part of a year based on the actual number of days within the period involved as the numerator, and the actual number of days in the year as the denominator (365 or 366 for leap year). Include either the beginning or the ending date of the period, but not both. For example:

A bill for \$100 was issued February 2, with a due date of March 4. It has an interest rate of 9 percent. The bill was not paid by the due date. Interest for the first 30-day period is calculated as:

$$\$100 \times 9\% \times 30/365 = \$0.74$$

24.13 - Waiver for First 30 Days

Waive the collection of interest on the debt or any portion of the debt which is paid within 30 days after the date on which interest began to accrue except as otherwise provided for in the instrument under which the debt is being collected. Base subsequent waivers on the date of the follow-up bill. This date starts a new 30-day waiver period. This policy ensures that the debtor can pay in full on the basis of a follow-up billing if payment arrives by the new due date. Do not bill for additional interest when full payment is received by the follow-up due date.

24.14 - Interest on State and Local Governments

Do not assess interest charges on overdue debts owed by State or local governments arising from cooperative Federal or State programs unless the program legislation provides express authority to do so. Waive interest for those State and local governments which are statutorily prohibited from paying interest charges on late payments.

24.15 - Assessing Interest on Interest, Penalties, and Administrative Costs

Do not assess interest on interest, penalty, or administrative costs. However, if the debtor defaults on a previous repayment agreement, add the late payment charges accrued but not collected under the defaulted agreement to the principal to be paid under a new repayment agreement.

24.2 - Penalties

Assess a penalty of 6 percent a year on any portion of a debt that is delinquent for more than 90 days. This charge accrues from the same date as the interest calculation, which is generally the date the bill is issued, unless otherwise provided for.

24.3 - Administrative Costs

Assess a debtor for the administrative costs incurred in processing and handling a claim after it has become delinquent.

There are two primary cost components, follow-up billings and extraordinary costs.

24.31 - Follow-up Billings

The Washington Office, Fiscal and Public Safety Staff, has computed a national cost of \$40 for each follow-up billing. Include this charge on each follow-up billing, which is typically issued at

the end of each 30-day period the bill is delinquent. Continue to assess administrative cost charges as long as the collection effort continues.

The administrative cost of follow-up bills includes such costs as mailing standardized letters to delinquent debtors, copying, including the accounts receivable in reports beyond the due date, and time spent by employees in calculating interest and penalties on delinquent bills. These rates will be adjusted annually, using the consumer price index. Every 3-years it should be updated by asking for input from Regions and Stations. See section 29, exhibit 11 for a sample of the costs to be requested.

Units may submit new cost data using the prescribed format as of the end of any intervening fiscal year. That data may be used to calculate a new national average.

24.32 - Extraordinary Costs

At any time additional costs are incurred, they should be billed in addition to the cost of follow-up bills. Examples of these costs include: referral to the Regional Office, obtaining credit reports, debtor locator services, collection agency fees, asset searches, selling collateral or property to satisfy the debt, preparation of the Claims Collection Litigation Report, follow up actions with the Office of the General Counsel (OGC) and the Department of Justice, and settlement negotiations. One of the largest portions of these costs will be salaries of Forest, Station, and Regional Office employees, as well as costs incurred by OGC, in preparing billings, case files, making copies of documents, and so forth.

In lieu of tracking actual extraordinary costs, other than referral, this direction may be supplemented providing the average cost for the area covered. Due to the wide range of costs incurred Service-wide, no national average will be developed. See section 29, exhibit 11 for a sample showing costs to be included in developing the local averages. If a unit decides to calculate averages for extraordinary costs, be certain that the calculations are well documented and that the cost figures are supportable.

24.4 - Waiver of Interest, Penalty, and Administrative Costs

Waive interest, penalty, and administrative costs when:

1. The full amount of the debt including interest, penalty, and administrative costs, cannot be collected because of the debtor's inability to pay.
2. The debtor refuses to pay the full amount and the Government is unable to make collection in full within a reasonable time.
3. There is real doubt concerning the Government's ability to recover interest, penalty, and administrative costs in court, either because of the legal or equitable issues involved or because the facts are being disputed in court. Consult with the Office of the General Counsel when making this determination.

4. The cost of collecting the delinquent debt plus interest, penalty, and administrative costs, exceeds the amount to be recovered.

5. The collection of some or all of the interest, penalty, and administrative costs is against equity and good conscience or not in the best interest of the United States. For reasons of equity and good conscience, interest, penalty, and administrative costs may be waived where:

a. Without fault or bad faith, the debtor cannot submit payment within 30 days of the interest accrual date. Consider such waiver on a case-by-case basis. Examples include, but are not limited to: (1) Postal service delays in forwarding the notice of the indebtedness to a new address; or (2) late receipt of the notice of indebtedness where the debtor was away from home on an extended vacation or hospitalized.

b. Where an installment plan is contemplated and the amount of the interest, penalty, and administrative costs in relation to the amount of reasonably affordable installment payments is so large that the debt may never be paid.

6. A request is pending for reconsideration, administrative review, or waiver of the underlying debt under a statute allowing but not requiring one or more of the above remedies in paragraphs 5(a) and (b) listed. Waive interest, penalty, and administrative costs during the period in which collections are stayed if the statute under which the debtor requests waiver prohibits collecting before resolution of the review or waiver. Continue to assess interest, penalty, and administrative costs when the waiver or review statute is permissive.

The unit claims officer is authorized to waive interest, penalty, and administrative costs charges. However, the officer who issues the original bill for collection is authorized to waive interest on the debt if it is paid within 30 days of the date on which it began to accrue.

Document the reasons for waiving interest, penalty, and administrative costs. Retain the documentation for at least 3 years.

24.5 - Interest, Penalty, and Administrative Costs Clause

Include the following clause in all new grants, agreements, permits (other than special-use permits), and licenses.

Pursuant to 31 U.S.C. 3717 and 7 CFR Part 3, Subpart B, interest shall be charged on any (payment or fee amount) not paid within 30 days from the date the (payment, fee or fee calculation financial statement) specified in this (contract, grant, agreement, special-use authorization, permit, or license) was due.

Interest shall be assessed using the higher of (1) the most current rate prescribed by the United States Department of the Treasury Financial Manual (TFM-6-8025.40) or (2) the prompt payment rate prescribed by the United States Department of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). Interest shall accrue from the date the (payment, fee, or fee calculation financial statement) is due. In addition, in the event the

account becomes delinquent, administrative costs to cover processing and handling of the delinquent debt may be assessed.

A penalty of 6 percent per year shall be assessed on any (payment or fee amount) overdue in excess of 90 days, and shall accrue from the date of the first billing or the date the fee calculation financial statement was due.

Payments will be credited on the date received by the designated collection officer or deposit location. If the due date for the payment, fee, or fee calculation statements falls on a non-workday, the charges shall not apply until the close of business on the next workday.

The approved clause for special-use authorizations and instructions on its use are contained in the Special Uses Handbook, FSH 2709.11, chapter 50. For older permits, the clause in the permit is in effect until the permit is revised or reissued.

25 - Debt Management

Where routine collection efforts (up to 3 demand letters) have been unsuccessful, more aggressive collection actions must be taken to collect money owed the Government. This section describes the tools available for collecting delinquent debt as authorized by the Debt Collection Act of 1982; Title 4, Code of Federal Regulations, Part 102 (4 CFR 102); 7 CFR subpart 3; the Supplement to the Treasury Financial Manual "Managing Government Credit"; and OMB Circular A-129.

25.1 - Determining the Effective Collection Tools

Prior to taking more aggressive collection action, the claims officer will make the determination of which tools to use.

When determining the appropriate tool to use, consider the following:

1. The requirements and availability of each debt collection tool.
2. The interrelationships of the available tools. Some tools can be used concurrently with others, while some may be required to be completed prior to beginning another.
3. The time and resources the collection tool will take.
4. The feasibility of using each tool, including any legal or contractual constraints.
5. The cost of each tool relative to the size of the debt. See section 25.12 for guidelines to be used in evaluating the cost of collection.
6. The probability of collecting the debt, based on experience with the debtor, as well as experience with the type of the debt involved.

25.12 - Evaluating the Cost of Collection Efforts

A cost analysis should be performed to determine the appropriate step that should be taken regarding a delinquent debt. The choice must be made to either go forward with collection efforts, or take the necessary action to compromise, suspend, or terminate a debt. A claim may be compromised, suspended, or terminated if the cost of collecting the claim does not justify the enforced collection of the full amount. (See section 26 for information related to compromise, suspension, and termination.)

Collection actions may be taken when enforced collection of some claims, regardless of amount, could have a positive effect on the collection of other claims. Document the reason for pursuing the debt if this is the case. See also section 25.3 on use of State Small Claims Courts.

Collection costs may be a substantial factor when deciding the appropriate collection efforts for small debts, yet not carry great weight for large claims. Use the following list of cost elements as a guide to determine when to compromise, terminate, or suspend collection action. Include all costs associated with the element, for each level of the organization that will be required to take action. (This list is not all inclusive, but rather it should be used as a guide in making the cost analysis.)

1. Preparing and mailing follow-up letters and billings.
2. Interviewing the debtor personally.
3. Contacting a debtor's employing agency.
4. Obtaining a credit report.
5. Reporting debt to consumer reporting agencies.
6. Reporting debt to other Forest Service units.
7. Reporting debt to other Agencies.
8. Developing and executing installment collection agreement.
9. Establishing and maintaining records.
10. Collecting by administrative or salary offset, including:
 - a. Determining feasibility.
 - b. Preparing and mailing notification to debtor.
 - c. Negotiating, preparing, and executing a repayment agreement.
 - d. Attending a hearing or documentary review.
 - e. Coordinating with other Agencies and determination of priorities.

- f. Liquidating collateral.
- g. Collecting the offset amount.
- 11. Contracting for debt collection services.
- 12. Preparing and transmitting of Claims Collection Litigation Report.
- 13. Ensuring Office of the General Counsel's review of the Claims Collection Litigation Report, case research, and preparation of case for litigation by the U.S. Attorney's office.
- 14. Ensuring U.S. Attorney's office review of case, research, and actual litigation.
- 15. Incurring potential costs under the Equal Access to Justice Act.

25.2 - Debt Collection Tools

Following is a description of the tools available to collect delinquent debt.

25.21 - Administrative Offset

Administrative offset is a tool that may be used by the Government to recover debts by withholding an amount of its own financial obligation to a debtor. Deductions may be made to military and civilian retirement pay, contractor payments, grant payments, salaries, tax overpayments, benefit payments, class action suit awards, and other payments.

When evaluating the feasibility of pursuing administrative offset, take into consideration the debtor's financial condition. In addition, in order to be a viable course of action, the offset should not interfere with or defeat the purpose of the program for which payment is being made.

If, after initiating collection action, a decision is made to pursue offset, refer to:

- 1. Income Tax Refund Offset (sec. 25.4);
- 2. Administrative Offset (sec. 27); and
- 3. Salary Offset (sec. 28).

25.22 - Personal Interview With Debtor

Conduct an in-person or telephone interview with the debtor, if feasible, when it becomes apparent that the bill is becoming delinquent (4 CFR 102.7). Conduct the interview in a factual manner, without hostility. Give emphasis to the Fair Debt Collection Practices Act; however do not make telephone calls intended just to harass the debtor, or any late night calls. Make notes of the conversation and include them in the file.

25.23 - Contact with Debtor's Employing Agency

Whenever a debtor is employed by the Federal Government or is a member of the military establishment or the Coast Guard and collection by offset is impossible, contact the employing agency to arrange for payment by allotment or otherwise (4 CFR 102.8).

25.24 - Liquidation of Collateral

If the debtor fails to pay the debt within a reasonable time after collection actions are initiated, any salable securities or collateral of the debtor held by the Forest Service may be sold and the proceeds applied to the debt (4 CFR 102.10). Provide reasonable notice to the debtor that the assets are being liquidated, account for any surplus proceeds, and follow any other procedures required by contract or law. Collection by liquidation of security or collateral is not a prerequisite for requiring payment by a surety or insurance concern unless such action is required by statute or contract.

25.25 - Referral to Collection Agencies

An account may be referred to a collection agency when the debt becomes delinquent for 90 days (4 CFR 102.6 and 7 CFR 3.36). Accounts 6 months past due should be referred to a collection agency, unless the following circumstances exist:

1. The account has been referred to the Department of Justice, General Accounting Office, or an agency workout group.
2. The account is eligible for salary or administrative offset.
3. The account will be terminated or suspended under the guidelines in section 26.

25.25a - Contracting for Collection Services

Services of collection contractors must be obtained through the Federal Supply Schedule contracts negotiated by General Services Administration (GSA). The Forest Service issues Blanket Purchase Agreements (BPA) with the GSA contractors. The BPA outline the services available and list the individuals authorized to place orders.

The contracts with the collection agencies provide that:

1. The authority to resolve disputes, compromise claims, suspend or terminate collection action, and refer the matter to the Department of Justice for litigation is retained by the agency.
2. The contractor is subject to Title 5, United States Code, section 552a (5 U.S.C. 552a), the Privacy Act, to the extent specified in 5 USC 552a(m), and to applicable Federal and State laws and regulations pertaining to debt collection practices, such as the Fair Debt Collection Practices Act (15 U.S.C. 1692).
3. The contractor must strictly account for all amounts collected.

4. The contractor must provide to the agency any data in its files on debt collection actions, the debtor's current address, and credit reports when returning uncollectible accounts. This information should be used in making the determination of whether to refer the account to the Department of Justice for litigation or write it off as uncollectible.

25.25b - Debts Eligible for Referral to a Collection Agency

Debts eligible for referral to a collection agency are those that have a principal balance of \$100 or more, and are not involved in litigation, bankruptcy, appeal, compromise, negotiation, or other type of settlement action.

Debts owed by currently employed or retired Federal employees shall not be referred to a collection agency when salary offset is an option. Debts as a result of defaulted contracts can be referred for collection action when the appeal process has been completed and the Contracting Officer has exhausted possibilities for collection under the contract. A debt may be referred to a collection agency even though the debtor's financial status or current address is unknown. The collection agency may be able to obtain this information.

25.25c - Procedure for Referral to Collection Agency

Debts may be referred to a collection agency only by those authorized in the Blanket Purchase Agreement(s). Claims Officers at the Forest level may be authorized to place orders for debts less than \$5,000, when delegated the authority to terminate or compromise the debt.

When cases must be sent to the Region or Station for referral to the collection agency, the following information should be included in the file:

1. Case report and/or police report.
2. Copies of all demand letters and bills for collection. Include copies of returned/undelivered bills for collection or correspondence with copies of the envelope indicating the reason for non-delivery.
3. Contracting Officer's final decision and copies of the contract.
4. Correspondence from the debtor, if any.
6. Any other pertinent information.

Upon receipt of the claim file, the Regional/Station Claims Officer shall review the debt and computation of interest and penalty charges and notify the Forest of any modifications needed.

If a debt is eligible for referral to a private collection agency, the following procedures shall be used:

1. Prior to referral, verify that a final demand letter has been mailed to the debtor. This demand letter informs the debtor that the account will be referred to a private collection agency, or the Department of Justice for further action unless:

- (a) Full payment of the entire outstanding balance is received within 30 days of the date of the final debt notice,
- (b) A written disclaimer is received within 30 days, or
- (c) Arrangements for repayment are made.

A sample final debt notice is included as exhibit 12. Provide the address where the payment is to be sent and the name and telephone number where questions are to be referred.

If the 30-day period expires without response from the debtor, refer the account to a collection agency. Once the debt has been referred, make no further contact with the debtor.

2. The Federal Supply Schedule and the Blanket Purchase Agreements provide the instructions for submitting accounts. When referring accounts, include enough information to show collection action taken, demand letters sent to debtors, and the method used to calculate interest and administrative costs. Also provide the latest known address of the debtor.

3. Once the account has been referred to a collection agency, all collection actions must cease. The debtor should deal directly with the contractor. Any contact initiated by the debtor should be reported to the collection agency through the Regional Claims Officer. If a debtor sends payment through a Forest Service office, the contractor is to be notified, however, deposit the payment through normal lockbox procedures. Do not interfere with or undermine the contractor's collection efforts.

4. The Forest must not remove the debt from their Accounts Receivable when it is referred to the Regional Office for collection action.

5. Payments are deposited to the National Finance Center (NFC) by the collection agency and placed in a suspense account. Payment toward the liquidation of the debt owed is applied in the following order:

- a. Collection agency costs/fees;
- b. Administrative costs;
- c. Penalty;
- d. Accrued interest; and
- e. Principal.

See section 25.25e for payment of Collection agency costs/fees (para. a). The debts listed in paragraphs b through d will be deposited to miscellaneous receipts (4 CFR 102.6). The principal amount must be deposited to the account originally shown on the bill for collection.

25.25d - Claims Collection Litigation Report Preparation

Collection agencies may be requested to prepare a Claims Collection Litigation Report (CCLR), for claims that may be referred to Department of Justice (DOJ) for litigation, compromise, suspension, or termination. The CCLR must be in compliance with the General Accounting Office and DOJ requirements, according to the contract requirements. Payment for this service may be approved when it is determined to be acceptable to the claims officer.

25.25e - Payment for Collection Agency Services

Establish fees for the collection of delinquent debts in the contract issued to the collection agency. The fee may be either fixed or contingency.

1. Fixed Fee. Charge fixed fees to appropriated funds as provided in the collection contract. Contracts providing for fixed fees may be entered into subject to the availability of funds (4 CFR 102.6(b)).

2. Contingency Fee. Add contingency fees to the delinquent debt amount and pay from the amount actually collected (4 CFR 102.6 (b), OMB Circular No. A-129). Add charges for Claims Collection Litigation Reports, as provided by the collection agency, to the delinquent debt as an administrative charge. Make payment of these charges from the amount recovered. If no recovery is accomplished, pay the cost of a Claims Collection Litigation Report from appropriated funds (OMB Circular No. A-129).

25.26 - Reporting to Consumer Reporting Agencies

In accordance with OMB Circular A-129, Supplement to the Treasury Financial Manual, 4 CFR 102.5, and 7 CFR 3.35, delinquent consumer accounts and commercial accounts (whether delinquent or not) over \$100 should be reported to credit bureaus.

Reporting the information to credit bureaus has two benefits to debt management activities of the Forest Service. More accurate credit reports will be available when conducting the financial analysis required in FSH 6509.18. Consumers may be more likely to repay the debt as a delinquent debt will reflect poorly on their credit history.

25.26a - Commercial Debt

The Forest Service has two primary sources of commercial debt, timber sale contracts and ski area permits.

Report credit information related to ski area permittees manually, through the office responsible for billing the permittee.

25.26b - Consumer Debt

Only delinquent consumer debt must be reported. The debtor must be notified 60 days in advance of referral. Consumer accounts are subject to the Privacy Act of 1974 and the Fair Credit Reporting Act.

The Privacy Act requires that prior to referring any consumer accounts to a credit bureau, a notice must be published in the Federal Register identifying the system of records from which the information will be disclosed. Disclosure of records may not be made indiscriminately, but must be from a primary system of records. (The Forest Service notice was published December 18, 1983.)

The Fair Credit Reporting Act allows a debtor to appeal the accuracy and validity of the information reported to credit bureaus and reflected in the credit report. The Forest Service must accept debtor correction of the information consistent with provisions of the Act.

25.26c - When to Report to Credit Bureaus

The timing for reporting to a credit bureaus is different for commercial debt than it is for consumer debt.

1. Commercial Debt. Report commercial debt during the month an accounts receivable is generated. Update the date at least quarterly, with interim reports to update the account as needed to reflect the current status.

2. Consumer Debt. Report delinquent consumer debt to the credit bureau if after 60 days the payment has not been received. Update the data monthly, to reflect the current status of the debt.

25.27 - Reporting Delinquent Debts to the Internal Revenue Service for Income Tax Refund Offset

Income tax refund offset is a tool used to collect a debt by withholding all or part of an income tax refund. Only debts owed by individuals may be considered for offset at this time, and their social security number must be known.

Debts eligible for tax refund offset must be referred by transmitting data via magnetic tape or personal computer. If a match is found between the debt referred to the Internal Revenue Service (IRS) and an income tax refund owed the debtor, IRS will return to the agency the amount of the offset, less a servicing fee. The servicing costs charged by IRS will be considered an administrative cost passed on by the Forest Service to the debtor.

25.27a - Referring Debts to the Internal Revenue Service

Prior to referring a debt to the Internal Revenue Service (IRS), take the following actions:

1. Attempt collection using other available tools and techniques, such as referring the debt to a collection agency.

2. Refer the debt to a credit bureau.

3. Notify the debtor 60 days in advance of the Forest Service's intention to report the account to IRS for tax refund offset. Ensure that this notification gives the debtor the opportunity to either contest the validity of the debt or resolve.

25.28 - Reporting Written-off Debts to the Internal Revenue Service on Form 1099-G as Income to the Debtor

Report debts written-off in part or in whole to the Internal Revenue Service (IRS) as income to the debtor in Form 1099-G, if the principal amount exceeds \$600. Once the account is referred to IRS, consider the debt closed out. Take no further collection action.

Follow the instructions for preparing the Form 1099-G as issued by IRS. Obtain copies of these instructions each year debts are written-off because the instructions may change annually. The following requirements typically do not change each year.

Do not report debts that have been discharged in a Chapter 11 bankruptcy case. For all other bankruptcy cases, do not report the discharged debt to the extent that the debtor is insolvent; that is, when liabilities exceed assets. Document that a debtor is insolvent through an assets/liabilities analysis certified by the debtor as current under penalty or perjury.

25.28a - Debts Eligible for Reporting

Debts owed by individuals, partnerships, sole proprietorships, institutions, and corporations must be reported if the amount written off exceeds \$600. This applies to amounts that are discharged in a compromise if the compromise is because:

1. The debtor is unable to pay the debt within a reasonable period of time or refuses to pay the debt in full and the Forest Service is unable to enforce collection in full within a reasonable time; or

2. The cost of collecting the claim does not justify the enforced collection of the full amount.

25.28b - When Debts Should be Reported

The debt may be reported to the Internal Revenue Service (IRS) as income to the debtor, once all collection efforts have been exhausted and the determination has been made to terminate all or a portion of the debt. When it is determined that the amount will not be collected, report the debt, even though the statute of limitations may not have expired.

Provide the debtor with a copy of Form 1099-G, to be filed by January 31 of the year following the determination that no further collection action will be taken on the debt. (For example, if the

decision is made during 1990, prepare the Form 1099-G no later than January 31, 1991.) Send the completed Form 1099-G to the IRS by February 28 of that same year.

25.28c - Amount to Report

Report the balance outstanding on the debt, including principal, administrative costs, penalties, and interest.

For secured debts, the balance outstanding is the difference between the fair market value of the collateral (as determined by the Forest Service) and the total amount owed by the debtor.

25.29 - Hold-up Lists of Defaulted Contractors

25.3 - Use of State Small Claims Courts

If other follow-up collection actions are unsuccessful, claims for the Government involving damage amounts within the State small claims court maximum may be suitable for collection in State small claims court. However, collection in State small claims court requires prior general approval by the United States Attorney for the federal judicial district in which the court is located.

Forest Claims Officers must obtain Regional Office or Station review and approval for any suit in State small claims court. Upon receipt of a request to pursue collections in small claims court, the Regional Claims Officer will consult with the local Office of General Counsel (OGC) to determine the appropriateness of the case for suit.

Limitations and methods of presenting cases differ, so the local small claims court should be contacted prior to filing to determine proper procedures to follow. Small claims actions can take place only in the judicial district where the damage occurred or where the debtor lives or does business.

25.31 - Conditions for Use of Small Claims Court

All of the following conditions must be met before a small claims action can begin:

1. The action must be brought within the statute of limitations (usually 1 to 5 years).
2. The total claim amount, including interest, must be within local/State limits (obtainable from the clerk of the court). This requirement does not preclude suing for a part of the total claim against the debtor, and accepting the small claims court award in full satisfaction of the debt.
3. The action must be a tort (for example damage, or personal injury) or contract claim.
4. The claim must not be likely to result in a counter claim and resultant liability against the Government (especially important since attorneys cannot represent either party in small claims court).

5. The employee most knowledgeable of the claim must be available to represent the Government in court.

6. Papers must be properly served from the clerk of the court (determine the best method). When requesting Regional Office or Station approval for a small claims court suit, provide with the request to the reviewing office the original and one copy of the case file.

25.4 - Referral to Department of Justice For Suit

Pursue aggressive collection efforts to collect debts owed to the Forest Service prior to referring claims to the Department of Justice (DOJ) for litigation. When those efforts fail and the Forest Service is unable to compromise, suspend, or terminate the debt, make prompt referral to the Department of Justice, through the Office of the General Counsel, for litigation.

Once a claim has been referred to DOJ, refrain from further contact with the debtor. Refer the debtor to DOJ when questions are raised concerning the claim. Immediately notify DOJ of any payment received from the debtor after the claim has been referred to them.

25.41 - Cases Subject to Referral

Claims in excess of \$1,000 may be referred to the Department of Justice (DOJ) for litigation. In addition, certain cases, regardless of the dollar amount will be referred to DOJ. See section 25.41e for further information.

25.41a - Claims exceeding \$200,000

Refer claims with a gross original amount exceeding \$200,000 to the Washington Office, Director of Fiscal and Public Safety. The Director will refer these claims to the Department of Justice through the Office of the General Counsel.

25.41b - Claims from \$100,000 to \$200,000

Refer claims in excess of \$100,000, but not over \$200,000 to the Regional Office of the General Counsel (OGC). The OGC will refer these claims to the Department of Justice, United States Attorney in whose judicial district the debtor is found. This includes contract default claims which cannot be settled by the Contracting Officer.

25.41c - Claims between \$1,000 and \$100,000

Claims between \$1,000 and \$100,000 may be referred to the Department of Justice when it is determined to be cost effective to refer the debt for litigation, or the same conditions as claims less the \$1,000 are met. Prior to submitting these cases, the record must show that the debtor has the ability to pay, as indicated in a financial analysis, and the basis of the debt is fully supported showing the liability of the debtor.

When determining the cost effectiveness of collecting a claim, see section 25.12.

25.41d - Claims less than \$1,000

Do not refer claims less than \$1,000 to the Department of Justice (DOJ) unless a line officer has determined referral is important to a significant enforcement policy. Provide documentation to DOJ supporting the reasons behind this decision.

25.41e - Referring Claims Regardless of Amount

There may be cases where a claim should be referred to the Department of Justice (DOJ), regardless of the dollar amount. Refer the following cases to the Washington Office, Fiscal and Public Safety Staff:

1. The proposed action will adversely influence the disposition of other claims totalling more than \$200,000.
2. A novel question of law or policy is involved or the case is unusually sensitive.
3. All requests for surety revocation.

25.42 - Documentation Requirements

Claims referred to the Department of Justice (DOJ) must be submitted with a Claims Collection Litigation Report (CCLR). As required by the CCLR, the following information shall be included:

1. Report of prior collection actions. A checklist or brief summary of the actions previously taken to collect or compromise the claim. Actions not taken in accordance with Title 4, Code of Federal Regulations, Part 102 (4 CFR 102) must be explained.
2. Current address of debtor. Show the current address of the debtor, or the name and address of the agent for a corporation servicing the debt. If the current address is unknown, provide a listing of prior known addressess and steps taken to locate the debtor.
3. Credit data. Include current credit data indicating whether or not there is reason to believe the debtor has the financial ability to pay the debt. Use the standards contained in FSH 6509.18. Credit data may be omitted if: (a) there is access to surety, or assets sufficient to satisfy the debt; (b) the liability is fully covered by insurance; (c) the debtor is in bankruptcy or receivership; or (d) credit data cannot normally be obtained due to the nature of the debtor (such as a State of local government).

25.42a - Claims Collection Litigation Report

The Forest shall include a completed Claims Collection Litigation Report (CCLR), (4 CFR 105.2) including a narrative summary of the case and all applicable exhibits and requests for legal action. The CCLR may either be prepared by the Claims Officer, or the contract collection agency.

Tab and cite each CCLR exhibit in the narrative case summary. Transmit the original and three (or two if to the local Office of the General Counsel (OGC)) copies of the CCLR with attachments to the Regional Office or Station headquarters. See section 29, exhibit 13 for a sample CCLR and instructions. Carefully preserve all files, records, and exhibits on claims referred to the Department of Justice (DOJ). The Region or Station shall retain the original case file unless the DOJ requests them.

25.5 - Referral to Treasury for Surety Revocation

In accordance with the terms of the bond and Treasury regulations, a surety must promptly honor its bond obligation. If collection efforts are unsuccessful, revocation of the surety's certificate of authority to underwrite Government bonds may be warranted. Refer the case to the bond approving officer recommending revocation. See FSH 6509.11k, chapter 80 for further information on action the bond approving officer must take.