

## CREDIT AND DEBT MANAGEMENT OPERATING STANDARDS AND PROCEDURES HANDBOOK

### CHAPTER 2. RESPONSIBILITIES

#### Section 1.0 General

Credit and debt management responsibilities will be defined by the Office of the Secretary for each organization unit of the Department. Organization unit heads will clearly define additional management responsibilities within each unit. Debt management responsibilities will be included in annual performance plans of employees having such responsibilities.

#### Section 2.0 Role of the Office of the Secretary

##### .01 Departmental Guidance

The Office of the Secretary, Chief Financial Officer and Assistant Secretary for Administration has the responsibility to establish and maintain Department-wide guidance on credit and debt management policies and procedures to ensure consistent practices are established and followed throughout the Department. See [Departmental Organizational Order \(DOO\) 10-5, Chief Financial Officer and Assistant Secretary for Administration](#). The Director for OFM has been designated by the Secretary as the Department's Debt Management Coordinator to carry out this responsibility. See [DOO 20-27, Director for Financial Management and Deputy Chief Financial Officer](#). The Director, OFM, will:

- a. Develop Department-wide credit and debt management policies and procedures;
- b. Approve any organization unit supplemental credit and debt management procedures and standards, which deviate from the Department-wide procedures;
- c. Oversee organization unit implementation of Department credit policies;
- d. Monitor organization unit credit and debt management performance against targets established by the Department, in consultation with Departmental offices and bureaus, or imposed by central agencies;
- e. Issue instructions for the submission of debt management reports;

- f. Define Departmental needs for central debt management automated systems to achieve efficiency and effectiveness without compromising program objectives;
- g. Serve as the Department's liaison with central agencies on credit and debt management matters; and
- h. Ensure that data in loan applications and documents for individuals are managed in accordance with the [Privacy Act of 1974](#), as amended by the Computer Matching and Privacy Protection Act of 1988.

### Section 3.0 Role of the Organization Units

#### .01 Program Objectives

Organization units are responsible for the successful accomplishment of program objectives and will ensure that financial assistance programs meet the intent of the program's enabling legislation, are fiscally sound, and meet the requirements set forth in the Handbook and applicable directives of central agencies.

#### .02 Program Management

Organization units may establish procedures, organizational structures, and systems as required to ensure effective credit and debt management. Any operating procedures must be consistent with the Handbook.

#### .03 Reporting

Organization units will submit reports as required by Chapter 9 of the Handbook and as instructed by the Director, OFM.

#### .04 Workout Groups

Organization units will establish and maintain a workout group(s) to aggressively pursue collection of all seriously delinquent debts including grant, cooperative agreement, and contract debts. The workout group need not be a formal body of collection officials, but may be a task group directed to ensure that all collection mechanisms are properly employed in the attempt to collect a delinquent debt. Workout group will also be responsible for determining whether accounts can be restored to a regular payment basis, or if liquidation or litigation is necessary. Members of the workout group should include individuals familiar with the legal and financial aspects of debt collection, litigation, and liquidation of debtor assets. Refer to [Chapter 7](#) of this Handbook for guidance on transferring delinquent debts

to workout groups and [Chapter 9](#) for workout group responsibilities.

#### Section 4.0 Role of Debt Management Officers

The Debt Management Officer (DMO) for each organization unit will be responsible for implementing the policies, procedures, and standards contained in this Handbook. The DMO will be the primary contact within each organization unit on credit and debt management matters. The DMO will also be responsible for ensuring that delinquency notice letters are sent in a timely manner, and providing required administrative hearings for debtors contesting a debt or the amount owed the Department. The DMO will be the primary contact through which organization units will refer inter- or intra-agency problems associated with credit and debt management to the Director, OFM, for resolution.

#### Section 5.0 Role of Organization Unit Loan Officers, Accounting or Finance Officers, and Workout Group Members

The specific credit and debt management roles and responsibilities of the organization unit loan officers, accounting or finance officers, grant and contract officers, and workout group members are defined in the chapters of the Handbook dealing with pre-award evaluation and credit extension ([Chapter 5](#)), debt servicing ([Chapter 6](#)), billing and collection ([Chapter 7](#)), delinquency follow-up ([Chapter 8](#)), loan write-offs and close-outs ([Chapter 10](#)), and receivables reporting ([Chapter 11](#)).

#### Section 6.0 Performance Appraisals

Achievement of program objectives and performance measures should be included in the performance plans of DMOs and all other individuals charged with carrying out credit or debt management responsibilities identified in the following chapters. Credit and debt collection/management performance should be included as a critical element(s) in the performance plans of such individuals.