



QAD BILLING AND COLLECTION

1. PURPOSE

The purpose of this instruction is to establish and assign billing and collection responsibilities, prescribe accounting procedures, and otherwise provide for the Quality Assessment Division (QAD) policy in this regard.

2. REFERENCES

The following referenced documents are used for the application of this document. The latest edition of the referenced document (including any amendments) applies.

[QAD 1407 Procedure: Completion of the QAD Work Log Form](#)

[QAD 1426D Form: C.O.D. Charge Worksheet](#)

[QAD 1601 to QAD 1612: Conformance Assessment Management System procedures](#)

[QAD 1652 Procedure: State Cooperative Agreement Reimbursement](#)

[General Index PR1: AMS PY Instruction 929-5 \(Grading 2\) Procedures for Reporting Grading Services Rendered to Firms](#)

[General Index PR1a: AMS PY Instruction 929-5 \(Grading 6\) Procedures for Reporting Expenses Rendered to Firms](#)

[CAMS-P User Guide](#)

[AMS Directive 2220.3: Debt Management](#)

[7 CFR part 54: Meats, Prepared Meats, and Meat Products \(Grading, Certification, and Standards\)](#)

[7 CFR part 56: Regulations for Voluntary Grading of Shell Eggs](#)

[7 CFR part 62: Quality Systems Verification Programs](#)

[7 CFR part 70: Regulations Governing the Voluntary Grading of Poultry Products and Rabbit Products](#)

3. GENERAL RESPONSIBILITIES

A. Account Billing and Monitoring Activity

1. The QAD, Business Operations Branch (BOB) is responsible for compiling billing information and monitoring account activity to ensure proper charges are applied to establishments provided service and ensuring payment has been received for services provided by all QAD employees. Billing and collection activities are coordinated through various positions within QAD.
2. The Supervisory Financial Specialist (SFS) is responsible for the nationwide billing, collection and accounting activities within QAD. The SFS assigns billing and accounting activities to billing technicians (technician), certifies State reimbursements, generates and compiles account



activity reports, identifies delinquent accounts, and takes appropriate steps to collect outstanding funds due for services provided.

3. Branch Chiefs and Regional Directors are responsible for assisting the SFS with account collection activities. They will be alert to potential changes in an establishment's business operations that are indicative of financial difficulties. This includes, but is not limited to, reports of late payments to other companies, reports of possibility for filing bankruptcy, or other types of impending business failures. When possible, provide the SFS with copies of any correspondence relating to the issues. They ensure employees under their supervision, properly collect funds due on Cash on Delivery (C.O.D.) or pre-pay accounts.
4. Technicians verify charges and expenses assessed for services provided. They assist in the monitoring of account status and notify the SFS when monitored accounts have paid outstanding balances. They summarize State reimbursements and submit reimbursement request to the SFS.
5. QAD employees are responsible for properly identifying hourly charges and expenses associated with providing service. Contingent upon the service area in which they work, either enters the required information into the Conformance Assessment Management System (CAMS) or completes appropriate documents and submits them to the BOB Office for processing. Ensures accuracy of charges applied to accounts that are provided service on a C.O.D. basis and collects payment as directed by either the Regional Director or Branch Chief.

B. Personal Liability

Employees handling public monies must account for the receipt and disposition of all collections. Failure to do so is a violation of the Criminal Code of the United States. Those employees charged with the safekeeping of collections will be held personally liable for them.

C. Prohibited Use of Funds

It is unlawful for an employee handling funds of the United States to convert to his/her own use, loan with or without interest, exchange for other funds, or merge with personal funds in banks or otherwise any public monies entrusted to him/her. No employee may use official funds for the purpose of cashing checks of any kind, whether public or private. No employee will carry on any trade or business not specifically authorized by law with the funds or property of the United States.

4. DOCUMENTING BILLING INFORMATION

The methods of documenting billing information vary within QAD based on the service area, agreement type and/or the type of cooperative agreement that may be in place between QAD and respective state agencies. Documentation of work performed and associated expenses may utilize electronic processes or pre-printed forms.

When pre-printed forms are utilized to document billing information, the forms should be submitted via email to QAD.BusinessOps@ams.usda.gov or faxed to: 1-844-345-3575.

Billing periods for all service areas will end on the last Saturday of each month. The next billing period begins on the following day, Sunday.

A. Audit Service Accounts



QAD auditors will enter their time and travel related expenses into CAMS-Livestock (CAMS-L.) Each auditor will ensure the proper agreement, billable account and billable activity is identified in CAMS-L. All travel associated with audit services are billable and will be entered in CAMS-L. When appropriate, audit services that are not charged based on an hourly fee will be entered in the CAMS-L, Line Item Billing section.

Employees that perform cross-utilization work for audit service accounts will document the hours worked and associated expenses on QAD 1407A Form: *QAD Work Log*. The form should be completed on a weekly basis and submitted to the BOB Office via email to QAD.BusinessOps@ams.usda.gov or by fax to 1-844-345-3575.

B. Meat Service Accounts

QAD employees performing grading and/or certification work for meat service accounts will enter their time and travel related expenses into CAMS-L in accordance with QAD 1601 to QAD 1612: *Conformance Assessment Management System procedures*. QAD employees will ensure the proper agreement, billable account, and billable activity is identified in CAMS-L. When billable, travel related expenses will be entered in CAMS-L.

Employees external to QAD that perform cross-utilization work for meat service accounts will document the hours worked and associated expenses on QAD 1407A Form: *QAD Work Log*. The form should be completed on a weekly basis. Electronic versions of the complete form will be submitted to the BOB Office via email to QAD.BusinessOps@ams.usda.gov or faxed to 1-844-345-3575.

C. Poultry Service Accounts

The manner in which establishments are billed is governed by the type of cooperative agreement that a State and the Agency have signed. The agreements are classified as either a Federal Trust Fund (the Federal Government bills for services provided) or a State Trust Fund (the State bills for services provided.)

The billing periods will end on the last Saturday of each month with the next billing period beginning the following day, Sunday.

Billing procedures for each agreement are as follows:

1. Federal Trust Fund States

Establishments in these States are to be billed by the BOB using the procedures listed below.

Each federal grader will enter time, expense, volume, and other billing related information into the CAMS-Poultry (CAMS-PY) in accordance with the CAMS-PY user manual. If a QAD employee or state employee does not have access to CAMS-PY they will prepare the following applicable forms and submit them to the BOB Office no later than Saturday, the last day of the week or last day of the billing cycle as determined in the individual form instructions.

For employees that do not have access to CAMS:

- Form LPS-101 - "Work Report" in accordance with AMS-PY Instruction 929-5 (Grading-2), "Procedures for Reporting Grading Services Rendered to Firms". This



form is to be faxed or emailed to the BOB Office on a weekly basis.

- Form LPS-101E - "Expense Report" in accordance with AMS-PY Instruction 929-5 (Grading-6), "Procedures for Reporting Expenses Rendered to Firms". This form is to be faxed or emailed to the BOB Office on a weekly basis.
 - Form LPS-240P - "Poultry Grading Volume Report" in accordance with QAD 1640 procedure. This form is to be faxed or emailed weekly or monthly to the BOB and the original mailed to the Federal-State office at the end of the billing period.
 - Form LPS-240S - "Shell Egg Grading Volume Report" in accordance with Section 9 of the Shell Egg Graders Handbook. This form is to be faxed or emailed weekly or monthly to the BOB and the original mailed to the Federal-State office at the end of the billing period.
- a. The technician will review data input by graders or input data from the LPS-101 into CAMS. If the LPS-101 or CAMS entry is found to contain errors, the Billing Technician will discuss adjustments with the applicable Federal-State supervisor, or designee. Modification to the LPS-101 or CAMS may be made with the approval of the Federal-State supervisor. Upon modification, a corrected LPS-101 will be submitted by the applicable grader that reflects the adjustment.
 - b. The technician will then verify any expenses inputted by graders listed on the LPS-101E to ensure the expenses are properly charged to the establishment. They will input data from the LPS-101E into CAMS. If the LPS-101E or data entry is found to contain errors, they will discuss adjustments with the applicable Federal-State supervisor, or designee. Modification to the LPS-101 may be made with the approval of the Federal-State supervisor. Upon modification, a corrected LPS-101 will be submitted by the applicable grader that reflects the adjustment.
 - c. The technician will verify that the LPS-240P/240S has been properly completed and enter the data into CAMS. (The administrative service charge may be based on the percentage of the graders' costs. This is to be determined by the application for service and based on current regulations.)

2. State Trust Fund States

States operating under this type of cooperative agreement will bill the establishments for voluntary services performed in accordance with their cooperative agreement.

5. VERIFICATION AND CALCULATION OF BILLS

The technician will run the bill calculation and generation processes in CAMS. The "Summary of Charges" statement will list each type of service provided and the cost. The technician will review the charges on each "Summary of Charges" statement to ensure charges are not missing or are in excess.

Adjustments from any prior bill(s) that are to be made to the current bill will be made under the appropriate request number and a brief explanation will be provided.

The technician will check for termination charges to be billed to the plant. See 7. B. Termination Charges.

The billing data will be summarized and transmitted to the National Finance Center (NFC) by the 25th of the month. The "Summary of Charges" and other supporting documentation will be mailed to the establishment by the end of the month.



6. COLLECTIONS

A. Check Transmittal to Lockbox

1. Upon arrival in the BOB Office, each check will be entered on the "Daily Collections" spreadsheet and verified by the SFS.
2. The technician will check all collections for negotiability as follows:
 - a. Date - Check for proper date; accept if undated or currently dated and otherwise negotiable; do not accept if postdated.
 - b. Amount - Check the amount shown in figures and in writing to see if they agree. The amount in writing is usually accepted as being the correct amount. If it agrees with the bill, accept the check.
 - c. Signature - Determine whether properly signed and counter-signed (if space is provided for countersigning). Do not accept if signed when a limit of monies is described.
 - d. Payee - Check to see to whose order the check is drawn. Instruct remitter to make all checks and other instruments payable to "USDA- Livestock, Poultry, and Seed Program." Accept, if otherwise negotiable, when the check is drawn to the order of the Treasurer.
 - e. Unacceptable Remittance - Return to the payer for replacement if any items are unacceptable.
3. Any check received for more than the amount billed will be treated in the same manner, and NFC will apply a credit balance to the customer account which will post to subsequent bills.
4. The SFS is responsible for forwarding the checks to the Lock Box. The checks will be sent the same day received to the Lockbox via UPS standard overnight shipping to provide tracking.

B. [Pay.gov](https://www.pay.gov/)/Automated Clearinghouse (ACH) Payments

[Pay.gov](https://www.pay.gov/) lets individuals, states and businesses make non-tax related payments to the federal government using the internet. Payments can be made to federal agencies using a U.S.-held bank account (through ACH Debit), a credit or debit card, or with a digital wallet, such as PayPal or Dwolla. Credit card payments are limited to \$24,999.99 or less per day. Debit Cards do not have a daily limit.

Collections and reporting under [Pay.gov](https://www.pay.gov/) will be made in accordance with the [Pay.gov](https://www.pay.gov/) Collections Guide issued by the U.S. Treasury and guidelines and procedures issued by the USDA-APHIS-Marketing and Regulatory Programs Business Services (MRPBS), Financial Management Division (FMD).

7. MISCELLANEOUS COLLECTIONS

A. C.O.D. for Fee Work

When work is performed on a fee basis and a bill for services is issued and a check is received at the time the work is performed, normal procedures are followed for posting the payment. The amount will show as a payment on the Summary of Charges in the next billing period.



B. Termination Charges

If a Poultry or Shell Egg establishment voluntarily terminates resident service before 1 year of inauguration of service and is charged a termination fee, QAD will bill the establishment through an adjustment in CAMS on the Summary of Charges and report the termination charge in the same manner that all establishment's revenue is reported.

If a meat grading establishment cancels a commitment agreement, then establishes a new agreement within a year, QAD will charge the establishment for the cost of relocating an employee to be assigned to the commitment.

C. Transmitting Checks

A special C.O.D. collection form will be prepared to record non-revenue payments, e.g. jury duty. See **QAD 1426D Form: C.O.D. Charge Worksheet**.

C.O.D. and termination charges will be reported as revenue for the month in which they are billed.

D. Past Due Interest Charges

NFC will assess late charges on balances not received within 31 days of the specified due date as documented in AMS Directive 2220.3: *Debt Management*.

8. **CROSS-UTILIZATION**

A. Work Performed Within AMS

When work is performed for QAD by an employee in another AMS program, the applicable QAD shorthand code will be shown on the applicable time/expense log by the employee. When a QAD employee performs work for any other AMS program, they will show the applicable Program's shorthand code on their applicable time/expense log. There will be no cross-billing within AMS except for those instances where no time/expense log can be prepared.

Reimbursements for Country of Origin Labeling (COOL) retail reviews performed by QAD employees are coordinated between the LPS Resource Manager's office and the QAD Program Analyst. The reimbursement is completed per the terms of the Internal Agency agreement between the COOL Division and QAD using current Financial Management Modernization Initiative (FMMI) procedures.

B. Work Performed Outside of AMS

When work is performed by a QAD employee for an agency outside of AMS, they will record the applicable activity code and hours worked on the applicable time/expense log. The BOB Office will compile a summary of associated time and expenses or work performed and submit to the SFS. The SFS will utilize established FMMI procedures to request reimbursement from the outside agency. When work is performed for QAD by an employee of an agency outside of AMS, the agency will send all applicable time and expense costs to the SFS for reimbursement via established FMMI procedures.



9. CLAIMS FOR REIMBURSEMENT

A. The Cooperating Agency will:

1. Submit in writing, salary, fringe rates, and all other items to be reimbursed to the applicable regional office for approval. These rates are to be submitted as necessary to keep them current. Reimbursement at new rates will not begin until official approval is granted in writing by the Regional Director.
2. Prepare Form LPS-171, *Claim for Reimbursement for Services of Cooperating Agency Employees* for all monies due them for services rendered to QAD.
3. Submit a separate claim for each billing period to the applicable regional office. The regional office will forward the claim(s) to BOB after review. Claims may be submitted to the applicable Regional Director electronically to accelerate the review and approval process.
4. Provide a detailed account of the claim on Form LPS-171-1, *Supplemental to Claim for Reimbursement for Services of Cooperating Agency Employees*.

B. Each Regional Office will:

1. Provide in writing all salary, fringe rates, and all other items to be reimbursed to the cooperating agency in applicable States.
2. Verify expenses are reasonable and in accordance with the current letter of understanding.
3. Review any reclaims the cooperating agency may submit.
4. Ensure the claim is signed by a responsible representative of the cooperating agency with the title shown.
5. Verify Cooperating Agency address and Taxpayer Identification Number (TIN) is properly entered.
6. After review and acceptance, the Regional Director will forward the claim to the SFS either electronically or by hard copy, who will forward it to the applicable technician. When sent electronically, official approval and any notes regarding the claim must be added to the cover email sent from the Regional Director. The cover email reflecting approval will become part of the official record.

C. The BOB Office will:

1. Verify the hourly rates or average hourly rates, and fringe for all employees.
2. Maintain an electronic folder for each State that contains a letter identifying the fringe percentage and outlines what is included in the fringe percentage.
3. Allow a cooperating agency, which prefers that amounts due AMS be deducted from amounts due from AMS, to prepare Form LPS-171 accordingly. The details and amounts must be documented on Form LPS-171-1.



4. Verify any reclaims the cooperating agency may submit.
5. Ensure the claim is signed by a responsible representative of the cooperating agency with the title shown.
6. The SFS will sign all verified claims and pay through FMML.

10. DELINQUENT BILLS

- A. A bill is delinquent when payment is not received within 31 days of the NFC specified due date. A 15% APR interest rate is levied on overdue balances. Federal penalty charges are assessed at 6% for balances over 90 days past due.
- B. The FMD will contact customers that have balances over 31 days delinquent via a *Notice of Delinquent Debt* letter. This notification will be sent within 15 days of the account becoming delinquent.
- C. The SFS will forward copies of the letters to applicable supervisory staff.
 1. If the establishment or State advises that payment has been submitted, proof of payment must be provided to the SFS within 3 business days.
 2. If payment has not been submitted, a representative of the establishment must either mail a check via next day delivery service to the BOB or submit payment immediately via [Pay.Gov](https://www.pay.gov) and provide an electronic confirmation of payment to the BOB at QAD.BusinessOps@ams.usda.gov. If the establishment is not in a position to comply with either of these options, the SFS will immediately notify the Regional Director and/or Branch Chief.
- D. The Regional Director/Branch Chief will then contact the establishment or its corporate office attempting to collect the amount due and document in writing their collection efforts.
- E. State and local government agencies will also be charged late payment charges if payment is delinquent. The Regional Director/Branch Chief will be notified if a State is delinquent and they will contact the State to resolve the delinquency.

If actions fail to resolve the delinquency with a State operating through a cooperative agreement, QAD will proceed to the next step of an internal offset. Legal authority to perform internal offsets have been granted through the Department of Treasury's debt collection guidance. The definition of an internal offset is:

An internal offset occurs where an agency that is owed a delinquent debt is also making one or more payments to its debtor and the agency determines that the payments can be offset to collect the debt. Internal offsets are most effective when the creditor agency routinely offsets its own payments made to its own debtors early in the collection process. An agency should incorporate internal offset in its debt collection strategy and provide notice of intent to collect the debt by offset at the earliest possible time.

If voluntary collection fails, involuntary collection will take place through internal offset.

- F. Once a debt on a resident/commitment customer's account becomes over 60 days delinquent, the customer will be placed on a weekly payment term. The terms of weekly payment will be



25% of the total account balance plus the estimated charges for the week must be prepaid, via electronic payment, prior to any QAD services being provided to the customer. Electronic payments options include plastic card and ACH payments. Current instructions for submission of electronic payments will be provided by the BOB to the customer. Electronic payment will be required as a condition of receiving service. If a customer's account is for multiple service locations under one billing account and all locations are past due, the prepayment term will apply to all locations. If the locations are paying individually, only the location with the delinquent debt will be affected. A confirmation email of the payment must be sent to QAD.BusinessOps@ams.usda.gov before service will be provided. Customers may request to be returned to monthly billing once an acceptable payment history has been reestablished. Permission to return a customer to monthly billing will be at the discretion of the QAD Director.

- G. Once a non-commitment/fee grading/audit customer has debt 60+ days past due, no service will be provided until the entire past due amount plus current interest and penalty charges are paid in full.
- H. Service will be withdrawn from any resident/commitment customer with delinquent debt 90+ days past due. The LPS Deputy Administrator will fax or overnight a withdrawal of service letter to the resident/commitment establishment. At that time, the applicable supervisor will stop all official identification, pick up all USDA stamps, etc., and discontinue service to the establishment.

When the establishment being denied service pays all outstanding bills, the BOB will notify the QAD Director's office, as well as the Regional Director and Branch Chief of the payment. For resident/commitment plants, the QAD Director's office will send the plant notification that service will be reinstated.

- I. When a bill becomes 120 days delinquent, MRPBS, FMD, Debt Management Team (DMT) will forward the debt to the Department of the Treasury (DOT) for formal collection procedures. QAD cannot provide any further service once the account has been sent to the DOT.

11. LATE PAYMENT CHARGES ON DELINQUENT ACCOUNTS

- A. A late payment charge will be levied on all commercial bills for which a payment has not been received by 31 days after the due date.
- B. Procedures for charging interest and penalties are outlined in AMS Directive 2220.3.

The methods described in Section 10 *Delinquent Bills* regarding debt collection and denials of service are not superseded by the procedures outlined in the AMS/FGIS Instruction.

- C. Under certain circumstances, late payment penalties may be waived when they meet the following criteria:

Late charges were assessed due to a processing error by the Lockbox – customer must provide a remittance advice showing the correct information was provided. One time waiver due to customer providing inaccurate or incomplete posting information – customer must request in writing.

In either case, the establishment should have an established history of on-time payments (not delinquent for the previous 12 months) for all of their QAD accounts. If the establishment does



not have a satisfactory payment history, all applicable late penalties, regardless of the amount, are to be applied and collected according to the procedures and guidelines outlined above.

Any other request for waiving of interest/penalty charges must be approved by the LPS Deputy Administrator and cannot be delegated.

12. BANKRUPTCY

- A. The Federal-State supervisors are to immediately notify the Regional Director when they suspect impending bankruptcy of any establishment which has grading service.
- B. When the affairs of an establishment are committed to a trustee, receiver, or are involved in bankruptcy, the Regional Director is to immediately notify the SFS, Branch Chief, and QAD Director of the name and address of the trustee, receiver, or referee in such bankruptcy. The notice of bankruptcy proceedings must be sent immediately by the SFS to the DMT, to the program's Debt Management Specialist via email. Copies of any outstanding bills due are to be attached.
- C. When grading services are required by an establishment committed to a trustee, receiver, or involved in bankruptcy proceedings, such services performed must be provided on a C.O.D. basis. However, if it is decided to make the bill due on receipt the establishment must be aware of this procedure in advance.
- D. The regional office will also send any additional correspondence received on the bankruptcy to the SFS to forward to the Debt Management Specialist.
- E. MRPBS, FMD will represent QAD's interest in bankruptcy hearings. QAD is prohibited from contacting establishments that have filed bankruptcy directly.

13. AMS ACCOUNTING SYSTEM REPORTS

The SFS is responsible for ensuring Time and Attendance Reports, revenue, and items with QAD program codes are reported accurately in FMMI. Regional Directors are responsible that other input documents (LPS-171, LPS-76, travel vouchers, AD-742s, etc.) using their applicable accounting codes are reported accurately in FMMI.

FMMI accounting reports will be used to monitor and review QAD account activity. At a minimum, monthly reports will be reviewed to ensure accuracy of obligations and revenues collected are applied to QAD functional area accounts.

14. CHANGE OF RECORD

This procedure had a major rewrite merging meat and poultry policies and procedures, updating, and relocating information contained in the Poultry General Index.

15. SUPERSEDES

GVD 421 Procedure: *Management of Quality Assessment Division Account Activity*, June 26, 2008

GVD 421 Appendix: *AMS-LPS-QAD; Custom Debt Management Plan FY-2008*, June 26, 2008

General Index AC2: *AMS-PY Instructions 929-5; Billing and Collection Procedures*, March 1, 2011



General Index AC2: *Additional Guidance on Handling Delinquent Bills*, April 14, 2008

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