



Treasury Financial Manual

Bulletin No. 2001-07

Volume I

Retention: September 30, 2002

To: Heads of Government Departments, Agencies and Others Concerned

Subject: Accounting for and Reporting of Foreign Currency Transactions and Balances

1. Purpose

This Treasury Financial Manual (TFM) bulletin defines the reporting requirements for foreign currency transactions. These guidelines are applicable to purchased foreign currency and nonpurchased foreign currency (X7000 accounts). Each agency should report foreign currency held by the United States on its adjusted trial-balance by U.S. Government Standard General Ledger (USSGL) account for ultimate inclusion in the *Financial Report of the United States Government*.

2. Authority

Executive Order No. 10488 dated September 23, 1953, later amended by Executive Order No. 10900 dated January 5, 1961, authorized the Secretary of the Treasury (Secretary) to prescribe regulations for the administration and reporting of the purchase, custody, deposit, transfer, and sale of foreign exchange by all executive departments and agencies of the United States.

Section 3513, title 13, U.S.C. states that:

The Secretary of the Treasury shall prepare reports that will inform the President, Congress, and the public on the financial operations of the United States Government. The reports shall include financial information the President requires. The head of each executive agency shall give the Secretary reports and information on the financial conditions and operations of the agency the Secretary requires to prepare the reports.

3. Definitions

Adjusted Trial-Balance (ATB)—A list of USSGL accounts with preclosing adjusted balances prepared at yearend. Agencies transmit ATBs by fund group and must include USSGL accounts listed in numerical order. The USSGL account balances should reflect preclosing adjusted entries. In the ATB, the total sum of the debit balances must equal the total sum of the credit balances.

Foreign Exchange—Synonymous with foreign currency.

Nonpurchased Foreign Currency—Foreign currency acquired without expenditure of U.S. dollars.

Prevailing Rate of Exchange—The most favorable rate legally available to the U.S. Government for the acquisition of foreign exchange for U.S. Government official disbursement and accommodation exchange transactions.

Purchased Foreign Currency—Foreign currency acquired by expenditure of U.S. dollars.

State U.S. Disbursing Officer (USDO)—State Department employees who have custody of funds with fiduciary responsibilities to report collections and disbursements via the SF 1221: Statement of Transactions According to Appropriations, Funds, and Receipt Accounts (Foreign Service Account), to the account holder who retains financial responsibility for the funds and necessary reporting.

Translation—Describes the act of determining U.S. dollar equivalents of foreign currency amounts.

Unfunding—Temporary use of restricted foreign currency for other U.S. Government programs until needed for the specific programs for which it was set aside. The act of one agency borrowing foreign currency from another. The borrowing agency must repay the U.S. dollar equivalent when needed by the agency owning the foreign currency.

U.S. Government Standard General Ledger (USSGL)—A uniform chart of accounts and technical guidance used to standardize Federal agency accounting, which supports the preparation of standard external reports required by central agencies. It incorporates both proprietary and budgetary accounts.

X7000 Accounts—Accounts established by the Department of the Treasury (Treasury) for reporting of transactions related to foreign currencies acquired without expenditure of U.S. dollars.

4. Reporting Requirements

Nonpurchased Foreign Currency

Agencies must report foreign currency balances. The State Department is not responsible for maintaining balances for any X7000 account other than its own. The State Department provides agencies with SF 1221s that list transactions processed against X7000 accounts. As part of the SF 1221, the agency's USDO provides a detailed listing of transactions (processed vouchers and collection documents), sometimes called Voucher Audit Detail Reports (VADRs) or SF 1167: Voucher and Schedule of Payments. Agencies should add collections to or subtract disbursements from balances of foreign currency held. The amounts appearing in the U.S. dollar equivalent column of the SF 1221 are actually the local currency amounts, not the U.S. equivalent. Agencies should record on their General Ledgers (GLs) collections and disbursements at the prevailing rate of exchange on the posting date during the month processed. Each agency should obtain this rate from its USDO.

Public Law 89-677 authorizes unfunding. This law allows the USDO to use foreign currency held by agencies to meet the foreign currency needs of other agencies. As a result of this funding, each agency should record a receivable transaction to its GL, indicating that this amount represents the U.S. equivalent of foreign currency owed to the agency by Treasury.

Purchased Foreign Currency

Agencies that have authority to purchase foreign currency also have the responsibility to maintain balances of foreign currency held. The agency's USDO should provide a detailed listing of all foreign currency transactions. The agency should add the listed collections to or subtract the listed disbursements from the balance of foreign currency held.

Agencies should revalue foreign currency balances held at the end of a reporting period, whether the balances are for purchased or nonpurchased currency, to U.S. dollar equivalents using Treasury exchange rates, unless otherwise provided in international agreements. This revaluation may result in a gain or loss on total foreign currency held, which the agency should post to its GL and report to Treasury annually on its ATB.

Agencies should include the U.S. equivalent of foreign currency balances in their annual reporting to Treasury as part of their ATBs.

The USSGL provides guidance on foreign currency accounting entries agencies post to their GLs.

5. Reconciliation

Agencies must perform, on a monthly basis, reconciliation of amounts posted to their GLs for foreign currency. Each agency should compare transactions reported by its USDO to internal records that support postings to its GL. Some tools that agencies should use for reconciliation include the following:

- SF 1221—The State Department provides a detailed SF 1221 to agencies, on a monthly basis, that lists transactions posted to X7000 foreign currency accounts.
- FMS 6653: Undisbursed Appropriation Account Ledger—The information provided by the State Department also is provided to Treasury in summary and is available to agencies on their FMS 6653. Contact the International Funds Branch if there is a discrepancy (see the Contacts page).
- ATB—Each agency should perform reconciliation of foreign currency balances reflected on its ATB to those reflected in its GL. Agencies can obtain a copy of their ATBs through FACTS I.
- *Foreign Currencies Held by the U.S. Government*—Each agency also should perform reconciliation between the balances reflected in its GL and balances reported in Treasury's *Foreign Currencies Held by the U.S. Government*, published in March and September of each year.

6. References

- I TFM 2-3200: Foreign Currency Accounting and Reporting (FMS will codify this bulletin in I TFM 2-3200).

- I TFM 4-9000: Foreign Exchange.
- I TFM 2-4000: Federal Agencies' Centralized Trial-Balance System (FACTS I).
- USSGL.

7. Effective Date

September 30, 2001.

8. Inquiries

Direct inquiries concerning this bulletin to:

Cash Accounting Division
Financial Management Service
Department of the Treasury
Prince George's Metro Center II, Room 500D
3700 East-West Highway
Hyattsville, MD 20782
Telephone: 202-874-7970

Direct inquiries concerning foreign currency to:

International Funds Branch
Financial Management Service
Department of the Treasury
401 14th Street, SW.
Washington, DC 20227
Telephone: 202-874-7994

Direct inquiries concerning the ATB and FACTS I to:

Financial Reports Branch
Financial Management Service
Department of the Treasury
Prince George's Metro Center II, Room 518D
3700 East-West Highway
Hyattsville, MD 20782
Telephone: 202-874-9900

Direct inquiries concerning USSGL reporting to:

U.S. Standard General Ledger Division
Financial Management Service
Department of the Treasury
Prince George's Metro Center II, Room 214A
3700 East-West Highway
Hyattsville, MD 20782
Telephone: 202-874-9980

A handwritten signature in black ink, appearing to read "Richard L. Gregg". The signature is fluid and cursive, with a prominent initial "R" and "G".

Date: September 6, 2001

Richard L. Gregg
Commissioner