

4 FAH-2 H-630 FOREIGN CURRENCY TRANSACTIONS; X7000 ACCOUNTS

*(CT:DOH-21; 03-29-2006)
(Office of Origin: RM/FPRA/FPMC)*

4 FAH-2 H-631 INTRODUCTION

(TL:DOH-1; 06-13-2001)

Foreign currency transaction X7000 funds (previously called FT) are collected and accounted for in foreign currency only and have no dollar value. There is no reported loss or gain in value of those funds. These funds previously were reported separately from funds bearing a U.S. equivalency, on Form FS-488, Foreign Currency Statement of Transactions. X7000 Funds are now accounted for through special reporting on Form SF-1218, Statement of Accountability, Foreign Service Account and Form SF-1221, Statement of Transactions, and agencies must keep records of their account balances.

4 FAH-2 H-631.1 Sales Accounts

(CT:DOH-7; 01-06-2005)

Prior to conversion to X7000, there were huge amounts of foreign currency being held in the 'FT' accounts, normally more than the U.S. disbursing officer (USDO) could use for short term (5-7 days) operating expenses. Instead of buying currency on the open-market to fund foreign currency bank accounts, the USDO would 'buy' the funds from the FT accounts for operating expenses. This procedure was known as 'selling' FT funds to the FSA (Foreign Service Accountability). The FSA is denominated in U.S. dollars and U.S. equivalent (USE); gains and losses against the U.S. dollar are traced and become part of the accountability balance. Funds bearing a U.S. equivalency are reported on Forms SF-1218 and SF-1221. This sale of FT accounts now no longer exists, because large collections are sold for dollars prior to collecting, or are collected directly into FSA dollar denominated accounts.

4 FAH-2 H-631.2 Fully Unfunded Accounts

(TL:DOH-1; 06-13-2001)

There are still accounts with large amounts of funds that do not have dollar denominated appropriations into which they can be collected, so they must be accounted for in foreign currency only. The USDO uses these funds for operating expenses by 'borrowing' the funds. These accounts are referred to as fully unfunded, and are discussed in detail in 4 FAH-2 H-632.

4 FAH-2 H-632 PROCESSING NEW TRANSACTIONS AGAINST X7000 ACCOUNTS

(CT:DOH-7; 01-06-2005)

For fully unfunded accounts:

- (1) These accounts have balances on the accounting records but the USDO borrows the real cash for their operating expenses. When the agency needs the cash for expenses, the USDO buys the cash needed and makes the disbursement. These transactions are the same as the FT procedures for 'unfunding' and 'reclaiming'. The USDO cashier code should be used for transactions requiring a cashier code. The following transactions are for a sample account (11X7840.456-Morocco Dirham). Exchange rate (xrate) is about 9 to 1.
- (2) A collection is automatically posted in the financial management system as follows:
 - Cashier Collection to 11X7840.456 xrate 1 to 1 12,500
 (increase/credit)
 - Neg. collection to 20X7999.456 xrate 1 to 1 12,500
 (decrease/debit)
 - Appropriation Transfer
 Credit (increase) to 20X7999.456 xrate 1 to 1 12,500
 - Appropriation Transfer
 Debit (decrease) to 20X7900.456 xrate 1 to 1 12,500
 - Deposit to bank (increase bank) xrate 1 to 1 12,500
 - Collection to 20X6701 xrate 9 to 1 1,389
 (increase appropriation)
- (3) A *vendor direct disbursement* is automatically posted in the financial management system as follows:
 - Vendor Invoice (no cashier code)

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|---|--------------|-------|
| Disbursement from 20X6701 | xrate 9 to 1 | 444 |
| (decrease appropriation, reclaim from Treasury) | | |
| • Appropriation Transfer | | |
| Credit (increase) to 20X7999.456 | xrate 1 to 1 | 4,000 |
| • Appropriation Transfer | | |
| Debit (decrease) to 11X7840.456 | xrate 1 to 1 | 4,000 |
| • Appropriation Transfer | | |
| Credit (increase) to 20X7900.456 | xrate 1 to 1 | 4,000 |
| • Appropriation Transfer | | |
| Debit (decrease) to 20X7999.456 | xrate 1 to 1 | 4,000 |
- (4) *A cashier disbursement (use post cashier code)* is automatically posted in the financial management system as follows:
- Charge 20X6701 0000 (18) xrate 9 to 1 444
(decrease appropriation, reclaim from Treasury)
 - Process a cashier reimbursement voucher to cashier for the amount of the cashier disbursement(s) entered in number 1 – no fiscal data required.
 - Appropriation Transfer
 - Credit (increase) to 20X7900.456 xrate 1 to 1 4,000
 - Appropriation Transfer
 - Debit (decrease) to 20X7999.456 xrate 1 to 1 4,000
 - Appropriation Transfer
 - Credit (increase) to 20X7999.456 xrate 1 to 1 4,000
 - Appropriation Transfer
 - Debit (decrease) to 11X7840.456 xrate 1 to 1 4,000
- (5) To meet the X7000 requirement a journal voucher is prepared by disbursing to process the following steps:
- Reversal of the charge processed with the correct dollar equivalent
 - Disburse X7810 XXX with 1 to 1 USE
 - Credit X7999 XXX with 1 to 1 USE
 - Disburse 20X7999 XXX with 1 to 1 USE
 - Credit 20X7900 XXX with 1 to 1 USE
 - Disburse 20X6701 with the correct dollar equivalent
- (6) As a result the charge to 20X6701 will be recorded with the correct dollar equivalent and will match the dollar equivalent charged at the USDO accountability when the check is issued.

4 FAH-2 H-633 REPORTING REQUIREMENTS

(CT:DOH-21; 03-29-2006)

After Month-End:

- (1) Send Form SF-1221s to the agencies following the normal procedure. The posts will not receive any other reports from the USDO or Treasury. Ensure that the correct agency bureau address is being used.
- (2) Treasury normally sends the TFS-6653 to the agencies (according to the appropriation) after Form SF-1221s are processed through their system. For X7000 accounts, the TFS-6653 will be sent to Treasury, International Funds Branch, instead of to the agencies. That office is responsible for ensuring the transactions are correct, and for making adjustments to the suspense accounts if necessary.

4 FAH-2 H-634 THROUGH H-639 UNASSIGNED