

**Strategic Cash Management Agreement
Between the
Department of the Treasury/Bureau of Public Debt
and the Financial Management Service**

PURPOSE

The Department of the Treasury/Bureau of Public Debt (BPD) and the Financial Management Service (FMS) enter into this agreement to improve the agency's overall cash management practices. This agreement commits both organizations to implement improvements over the next three years. These improvements will enhance the processing of financial transactions between BPD and its customers, while at the same time expediting the flow of funds into the Treasury's General Account (TGA).

GOALS

FMS's overarching goal is to establish a framework for moving to an all electronic Treasury; including, making full use of web and electronic technologies; streamlining the collection process; offering collection mechanisms that are easy to use, convenient, and secure; managing the depository services provided to Federal agencies by financial institutions/agents; and providing timely collection of Federal government receipts. BPD and FMS will work together to accomplish the following goals in 3-5 years.

	<u>Baseline</u>	<u>Goal</u>
1. Electronic Funds Transfer (EFT) \$ Percentage	99%	99%
2. All collections will be deposited in a designated Treasury depository, unless BPD has statutory authority to hold those funds outside Treasury.		
3. BPD will complete implementation strategy as outlined below.		

IMPLEMENTATION STRATEGY

ALC 20050002 – These collections consist of Treasury Direct fees from individuals and travel reimbursements from employees.

1. TGA activity is processed at United Bank. Annual dollar volume represents \$1.3 million. This cash flow will be converted to Paper Check Conversion Over the Counter (PCC OTC). Secondly, TGA.net will be implemented to support the processing of residual or exception checks that cannot be processed by PCC OTC. The PCC OTC and TGA.net implementation process and procedures will begin by December 31, 2009. EFT conversion metric: 90% of applicable transaction volume by December 31, 2010.

ALC 20050002 - Total collections for EFT conversion: **\$1.3 million**

ALC 20550860 – These collections consist of payments received from individuals for erroneous or fraudulent funds received from saving bonds.

1. TGA activity is processed at United Bank. Annual dollar volume represents \$16.5 million. This cash flow will be converted to PCC OTC. Secondly, TGAnet will be implemented to support the processing of residual or exception checks that cannot be processed by PCC OTC. The PCC OTC and TGAnet implementation process and procedures will begin by December 31, 2009. EFT conversion metric: 90% of applicable transaction volume by December 31, 2010.

ALC 20550860 - Total collections for EFT conversion: **\$16.5 million**

INEFFICIENCY CHARGE

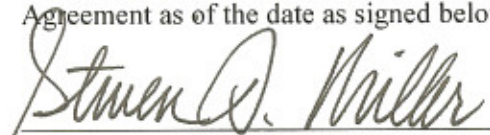
If goals outlined in this agreement are not met by the specified date(s), effective January 1, 2011, FMS will invoke the noncompliance charge to agencies that fail to meet established EFT implementation targets. FMS will require the agency, pursuant to 31 USC 3720, to pay a charge of \$1.00 per item for any collection that is not converted to EFT by the specified timeframe. In the future (at the discretion of FMS), this per item cost could possibly be reduced but will not exceed \$1.00.

KEY ASSUMPTIONS

1. FMS will provide these collection services at a lower cost than the current processes used by BPD.
2. BPD has an opportunity to take advantage of efficient and effective EFT mechanisms which streamline the collection processes overall for the Federal government.
3. FMS and BPD share common goals to eliminate paper.
4. With the implementation of the above-mentioned recommended electronic mechanisms, BPD will be able to eliminate paper, delays in processing collections, and ultimately increase EFT performance measures for the entire Department.

SIGNATURE AUTHORITIES

FMS and BPD by their duly authorized officials hereby agree to execute this Strategic Cash Management Agreement as of the date as signed below.



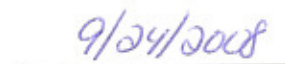
Steven D. Miller
Acting Chief Financial Officer
U.S. Department of the Treasury/BPD



Date



Kristine S. Conrath, Director
Revenue Collection Group
U.S. Department of the Treasury/FMS



Date

09/04/08