

**Strategic Cash Management Agreement
between the
Department of Agriculture and the Financial Management Service**

PURPOSE

The Department of Agriculture (Agriculture) and the Financial Management Service (FMS) enter into this agreement to improve the agency's overall cash management practices for the Forest Service. This agreement commits both organizations to implement improvements over the next five years. These improvements will enhance the processing of financial transactions between Agriculture 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. Agriculture and FMS will work together to accomplish the following goals within the next two years.

	<u>Baseline</u>	<u>Goal</u>
1. Electronic Funds Transfer (EFT) \$ Percentage	33%	90%
2. All collections will be deposited in a designated Treasury depository, unless Agriculture has statutory authority to hold those funds outside Treasury.		

IMPLEMENTATION STRATEGY

Agency Location Code (ALC) – 12401100. This ALC collects payments from customers who contact the Forest Service through the internet Mall/Storefront, and the National Recreation Reservation System (NRRS). Collections originate from customers with whom Forest Service has sales contracts or land use agreements, and public receipts from recreation fee drop boxes and those provided in person at Forest Service offices.

1. Credit Card activity annual dollar volume represents \$67.2 million; collections processed by Mellon Bank and Bank of America are in the process of transitioning to Fifth Third Bank. This collection activity is already electronic: no EFT conversion is required.
2. Fedwire activity is processed by FRB New York. Annual dollar volume represents \$128.2 million. This collection activity will be converted to Pay.gov. The Pay.gov implementation process and procedures will begin by December 31, 2008. EFT conversion metric: 100% of applicable transaction volume by December 31, 2009.
3. Electronic Check Presentment (ECP) activity is processed by FRB Cleveland. Annual dollar volume represents \$12.9 million. This activity will be converted to Pay.gov. The Pay.gov implementation process and procedures will begin by December 31, 2008. EFT conversion metric: 100% of applicable transaction volume by December 31, 2009.
4. Paper Check Conversion Over the Counter (PCC OTC) activity is processed by FRB Cleveland. Annual dollar volume represents \$2.1 million. This collection activity is already electronic: no EFT conversion is required.

5. Foreign check activity is processed by Citibank in Delaware. Annual dollar volume represents \$1.4 million. This cash flow will be converted to ITS.gov by December 31, 2009. EFT conversion metric: 100% of applicable transaction volume by December 31, 2010.
6. General Lockbox annual dollar volume represents \$418.3 million; deposits are made to Bank of America with an annual dollar volume of \$1.2 million; Citibank with an annual dollar volume of \$417.1 million. These cash flows are scheduled to convert to Electronic Check Processing (ECP) by June 30, 2008. Additionally, this check-based activity will be converted to Pay.gov to allow remitters to submit EFT payments. The Pay.gov implementation process and procedures will begin by December 31, 2008. EFT conversion metric: 100% of applicable transaction volume by December 31, 2009.
7. Treasury General Account (TGA) activity is processed by several designated depositories. Annual dollar volume represents \$4.8 million. This collection activity will be converted to 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, 2008. EFT conversion metric: 100% of applicable transaction volume by December 31, 2009.

ALC 12401100 – Total collections for EFT conversion: \$565.6 million

INEFFICIENCY CHARGE

If goals outlined in this agreement are not met by the specified date(s), effective January 1, 2010, 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 Agriculture.
2. Agriculture 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 Agriculture share common goals to eliminate paper.
4. By adopting the Holistic Approach, Agriculture is able to eliminate paper, delays in processing collections and ultimately increase EFT performance measures for the entire Department.

SIGNATURE AUTHORITIES

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



 Jesse L. King
 Chief Financial Officer
 U.S. Department of Agriculture/Forest Service

4/21/08

 Date



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

4/21/2008

 Date