



Treasury Financial Manual

Transmittal Letter No. 599

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

1. Purpose

This transmittal letter releases I TFM 2-1000: Introduction. This part prescribes procedures and forms Government agencies use in reporting accounting transactions to the Department of the Treasury.

Note: FMS is phasing out the printed distribution of TFM releases. This update will be the last printed release for this chapter. Users may access the TFM via the Internet at the following website: <http://www.fms.treas.gov/tfm/index.html>. Effective December 2001, all TFM releases will be available on the Internet only.

2. Page Changes

Remove

I TFM 2-1000 (T/L 537)

Insert

I TFM 2-1000

3. Effective Date

Upon receipt.

4. Inquiries

Direct questions concerning this transmittal letter to:

Directives Management Branch
Financial Management Service
Department of the Treasury
3700 East-West Highway, Room 515C
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Commissioner

Date: April 24, 2001

Part 2—Chapter 1000

INTRODUCTION

This part prescribes procedures and forms Government agencies use in reporting accounting transactions to the Department of the Treasury (Treasury).

Section 1010—Authority

Per the Budget and Accounting Procedures Act of 1950, Treasury must render overall Government financial reports to the President, the Congress and the public. Under this Act, each agency must furnish the Secretary of the Treasury with reports and information relating to the agency's financial condition and operations as the Secretary may require for effective performance. The Secretary's responsibilities include the system of central accounting and financial reporting for the Government.

Title 31 Code of Federal Regulations 281 provides further authority for the requirements in this part. See the Internet website at http://www.fms.treas.gov/fedreg/cfr/312_cfr_281.txt.

Section 1015—Principles and Features of the System of Central Accounts

Treasury consolidates all agencies' accounting results under a unified system of central accounting and financial reporting for the Government. The system of central accounting for the Federal Government's cash operations discloses complete and current monthly and fiscal year information on the following:

- The Government's receipts, by principal sources, and its expenditures according to various appropriations and funds involved;

AND

- The cash transactions, classified by type, together with certain directly related assets and liabilities that underlie such receipts and expenditures. The accounting for receipts is based on collections received or deposits. Expenditures are based on vouchers paid by check, by electronic payments, in cash, or by credit to other Government accounts as no-check transactions.

The structure of the central accounts integrates, on a firm accounting basis, the following:

- Published reports on receipts and expenditures and the related budget surplus or deficit (including the underlying appropriation, fund and receipt accounts);
- Changes in the accountability balances of Treasury and all other accountable officers holding cash outside Treasury;

AND

- All other assets and liabilities directly related to the Government's financial operations.

The system of central accounts is based on the premise that no single Federal agency controls the receipt and payment of public funds. Instead, all Federal agencies that handle Government financial transactions must

properly perform their function to support internal Government control and the system of central accounts. For example:

- Administrative agencies, which incur obligations and certify vouchers to disbursing officers for payment, must determine that funds are available, including sufficient balances in the appropriation or other accounts involved.
- Disbursing officers must determine that payments are made only in accordance with properly certified vouchers in the required format.
- Treasury must determine that checks presented for payment bear authentic drawers' signatures with no alterations and no bars to payment (requests to stop payment or questions of law or fact) exist.
- Treasury and disbursing officers must ensure that payments made by Treasury agree with the payments reported by the disbursing officers and charged to their accounts.
- Treasury and banks must ensure that amounts deposited to Treasury's account agree with the amounts reported through the banking system as deposited to Treasury's account.

- Treasury must integrate, through the system of central accounts, all financial transactions reported by accountable and other fiscal officers of the Government and Treasury. This integration must produce: (1) the balance of each revenue and other receipt account; (2) the unexpended balance of each appropriation and fund account, based on appropriations of the Congress and cash transactions, in terms of budget and non-budget results; and (3) the related cash assets and liabilities.

1015.10—System of Accounts

The system of accounts integrates the financial transactions reported by administrative agencies, disbursing and collecting officers, and Treasury. The following paragraphs summarize data consolidated in the central accounts:

A. Assets include:

- Cash balances in Treasury's accounts.
- Various classes of cash assets held by Government officers outside Treasury's account.
- Money assets with the International Monetary Fund.
- Certain public debt expenditures that are temporarily capitalized, such as deferred discount on marketable securities.

B. Liabilities include:

- Borrowing from the public, which consists of gross Federal debt outstanding less Federal debt held by Government accounts.

- Interest on public debt securities.
- Deposit funds excluded from the budget.
- Checks outstanding and drawn on Treasury.

C. Receipts and outlays include:

- Internal revenue; customs; and other general, special, and trust fund receipts.
- All disbursements net of refunds, reimbursements and proprietary receipts.

D. Surplus or deficit includes:

- The excess of budget receipts or net outlays for the current fiscal year closed annually into an account containing the cumulative excess of liabilities over assets.
- The cumulative deficit, that is, cumulative excess of liabilities over assets, representing the total cumulative difference between the foregoing liabilities and assets.

The system of accounts also includes certain transit accounts. These accounts are needed because of time lags in accounting or reporting to record, on a temporary basis during a fiscal year, certain transactions. For example, a transaction between two different Government agencies may be recorded in a transit account.

The individual receipt, appropriation and fund accounts constitute subsidiary accounts to the general ledger control accounts for budget receipts and expenditures and the liability accounts for deposit funds. (See I TFM 2-1500.)

1015.20—Integration of Treasury and Agency Accounting Data

Per the Accounting Procedures Act of 1950, integration of the administrative accounting of the various departments and agencies and the fiscal accounting of Treasury is based on cash transactions that are mutually applicable to Treasury and the operating agency accounts.

The administrative accounting of the executive departments and agencies goes beyond this for operating purposes. It deals with the following:

- Control of spending within the limits of appropriations, apportionments, allotments and other authorizations;
- Collection of receipts;
- Control of inventories and other resources;
- Discharge of liabilities;

AND

- Determination of the cost of operating programs or carrying on other activities.

Treasury does not carry administrative accounting data, beyond the area of cash operations, in the system of central accounts. On the contrary, the Financial Management Service (FMS) relies on the administrative accounting of individual agencies to supply data needed for central financial reporting purposes. Agencies' administrative accounting is firmly linked to FMS through the reciprocal relationship of the accounts for cash transactions.

Section 1020—Standard and Prescribed Forms

The Financial Management Service (FMS) is increasing its efforts to create electronic options for information submittals to and transactions with the

Department of the Treasury. The efforts reflect a changing business environment where electronic processes are becoming more common because of increased efficiency and convenience. These efforts also are the direct result of the Government Paperwork Elimination Act, which requires Federal agencies to provide electronic options for transactions with Government.

Treasury has developed a website on which most forms produced by FMS or that support FMS products and services may be found at <http://www.fms.treas.gov/forms.html>. All departments and agencies should use standard accounting and reporting forms and related procedures, including those prescribed by the General Accounting Office unless exempted by law or FMS.

Departments and agencies may develop and submit their own forms if the forms include the required data elements.

The appendix to each chapter, as applicable, will include a listing and samples of the forms.

CONTACTS

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The Treasury Financial Manual (TFM) and its amendments are available on the Financial Management Service's (FMS') website, www.fms.treas.gov.