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| <b>DEPARTMENTAL REGULATION</b> |                                       | Number:<br>2120-001 |
| SUBJECT: Cash Management       | DATE:<br>January 23, 1984             |                     |
|                                | OPI: Office of Finance and Management |                     |

1 PURPOSE

This regulation implements external guidance agency requirements for the development of regulations, systems, and procedures covering billings and collections, deposits, disbursements, cash advances, and cash held outside the Treasury. These requirements apply to all USDA agencies whose financial transactions affect the cash account of the United States Treasury.

2 CANCELLATIONS

- a This regulation replaces Chapter 12, Title 7 of the Administrative Regulations.
- b DR 2220-1, Prompt Payment, is superseded by this regulation.
- c Appendix A, Section 3 of DR 1140-1, Reform '88 Reporting Requirements, dated April 20, 1983, is superseded by this regulation. DR 1140-1 will be amended to reflect this change.

3 BACKGROUND

The Department of Treasury historically has maintained a close watch on Government cash balances and has conducted a sustained effort to minimize the amount of cash held outside of the Treasury and unavailable for use. Treasury's cash balances represent an earning asset carried with Federal Reserve Banks, a means of avoiding unnecessary borrowing, and a means of offsetting expenses incurred by commercial banks in carrying out essential Government business.

4 POLICY

It is the policy of the Department that USDA agencies comply with the requirements and procedures set forth in the Treasury Fiscal Manual, Volume I, Part 6, Chapter 8000 (I

TFM 6-8000), "Cash Management;" OMB Circular A-125, "Prompt Payment;" and other authorities cited in this regulation.

## 5 DEFINITIONS

As used in this regulation, "agency" means an agency, staff office, or Government-owned corporation under the operational control of the Department of Agriculture.

## 6 CASH MANAGEMENT OFFICER AND COORDINATING COMMITTEE

a The Assistant Secretary for Administration is the Department's Cash Management Officer, and has responsibility and authority for determining and defining USDA's cash management policies and procedures.

The Cash Management Officer will review the activities of the USDA Cash Management Coordination Committee, and ensure that the USDA Cash Management Action Plan is carried out.

The Cash Management Officer will establish measurable performance goals for improved cash management in the critical job elements for SES, merit pay, and other key personnel who have cash management responsibilities or whose work can affect the flow of cash.

b The USDA Cash Management Coordinating Committee is composed of agency Finance Officers and is chaired by the Director, Office of Finance and Management.

The Committee will evaluate Department and agency cash management resources and systems to determine whether they are appropriate to effectively manage cash resources. The Committee will identify and implement specific cash management improvements through development of an aggressive USDA Cash Management Action Plan designed to ensure that receipts are collected and promptly deposited in the Treasury, and that disbursements are made only when payments are due or advances are needed.

## 7 AGENCY CASH MANAGEMENT PLANS

a No later than November 19 of each year, agencies will prepare or update and submit to the Cash Management Officer a cash management action plan containing:

(1) An inventory, stratified by dollar amount, identifying each cash receipt and disbursement activity subject to cash management controls.

(2) A description of each major cash management problems, issue, deficiency, and opportunity, including those already identified by the General Accounting Office, Inspector General reviews, and other existing cash management studies, projects, and reviews.

(3) Actions needed to correct each problem or resolve each issue, and a timetable for accomplishing each action.

(4) A projection of the interest savings that each cash management action will produce. Interest savings should be calculated according to the rate established by the Secretary of the Treasury under 41 U.S.C. 611, and published in the Federal Register. (OMB Circular No. A-125, August 19, 1982)

b The action plan must be consistent with the policies and procedures contained in I TFM 6-8000, and applicable Department and agency regulations.

c If any action in an agency cash management action plan is not completed by the milestone due date, the agency must submit a written justification and revised milestone date to the Office of Finance and Management (OFM) by the 8th of the month following the milestone date.

d No later than the 25th of the month following the end of each fiscal quarter, agencies must report to OFM actual savings realized from cash management action plan actions, together with an explanation of how the savings were calculated.

## 8 AGENCY CASH MANAGEMENT SYSTEMS

a General. Agencies should develop or modify existing agency regulations on cash management to comply with Treasury and USDA regulations, and:

(1) Insure that all cash management functions such as accounting, reporting, collecting receipts, and making disbursements are accomplished expeditiously, effectively, and in accordance with regulations.

(2) Implement the agency cash management action plan and those portions of the USDA Cash Management Action Plan which apply to the agency's activities

b Monitoring. Agencies should establish a system for monitoring cash management practices to ensure compliance with regulations. The system must provide for periodic, but at least annual, reviews of the agency's cash management. Reviews should cover a sufficient number of programs, offices and transactions to enable the agency to determine whether cash management practices and procedures are adequate and responsible personnel are complying with requirements.

Whenever a review is conducted, a summary of results should be submitted to the Office of Finance and Management.

c Changes, Waivers, Use of the Treasury Financial Communications System (TFCS), Foreign Currencies. OFM will act as central contact between the Treasury Department and USDA agencies.

When an agency wishes to make a major change in a collection system or procedures, a request must be submitted to OFM at least 120 days before the change is to take effect.

The request must be accompanied by a cost/benefit analysis. OFM will review the request and, if in concurrence, will recommend its approval to the Department of the Treasury.

A request for a waiver of any provision of this regulation or Treasury Department requirements must be submitted to OFM in writing and must state the reason for the request, the period of time to be covered by the waiver, and include documentation supporting the request. OFM will review the request and, if in concurrence, will recommend its approval to the Department of the Treasury.

Requests for use of the Treasury Financial Communications System for agency collections and payments (except for vendor payments over \$25,000, see section 10) should be submitted to OFM for review and recommendation of approval to the Department of the Treasury.

Agencies that wish to use multiple currency units of account in international financial transactions (I TFM 6-8065.30) must consult with the Director of OFM, before discussing the matter with the Treasury Department.

d Audits. The Inspector General will conduct periodic audits of agency cash management practices and procedures, and will provide audit reports to OFM.

e Exempt Programs. Agencies must advise OFM in writing if any of their Programs are exempt by law from any provision of this regulation. The notification should contain a description of the program, its statutory authority, and a citation to the conflicting provision. OFM will advise the Department of the Treasury.

## 9 PROMPT PAYMENT REPORTING

Section 11 of OMB Circular A-125 requires the Department to report to the Director of OMB within 60 days after the end of each fiscal year information on the number, amount, and frequency of both interest penalties paid, and payments made 5 days or more before a due date except where cash discounts were taken. The USDA report will be based upon information supplied by agencies.

Agencies must submit annual reports to OFM no later than 45 days after the end of each fiscal year.

Agencies must also give reasons why interest penalties were incurred. Some reasons might be:

- a Obligating document (purchase order, contract, etc.) not available at payment office.
- b Receiving report not provided to payment office on time.
- c Certified invoice submitted late.
- d Delayed by payment office (documentation complete, but payment delayed inadvertently).
- e Discount taken in error.

- f Failure to notify vendor of defective invoice within required time period.
- g Computer system problems.
- h Procurement document not signed by authorized official
- i Defective purchase order or contract.
- j Payment certification returned by Treasury for correction.
- k All other. (The exact reason should be reported by technician to supervisor.)

#### 10 VENDOR PAYMENTS OVER \$25,000

Agencies must use the TFCS for making Treasury disbursed vendor payments in excess of \$25,000. (Treasury Bulletin 83-14) Procedures for making payments by TFCS are contained in I TFM 4-2500. Contracts existing on the effective date of this regulation should be reviewed, and appropriate revisions made to ensure that payment by TFCS is not precluded. Agencies need not apply for approval to use the TFCS for making these payments.

#### 11 REPORTING LARGE DEPOSITS

Since the Department of the Treasury must manage its balances at each Federal Reserve Bank on a daily basis, large transactions affecting these balances must be reported accordingly. (I TFM 5-4000) Therefore, financial officers depositing a total of \$10 million or more in one transaction, other than Treasury checks, will report on the day of deposit the name of the agency, the amount deposited, and the name and location of the depository by wire (commercial facilities, TWX 710 822-9201) to:

Funds Control Section

Division of Government Accounts and Reports

Bureau of Government Financial Operations

Department of the Treasury

Treasury Annex No. 1, GAO Building

Washington, DC 20226

#### 12 ACCOUNTING SYMBOLS

- a Charges for Late Payments. Unless an agency has statutory authority to otherwise account for the collection of late payment charges, interest will be credited as

interest in 12 1499 "Miscellaneous Interest Collections Not Otherwise Classified." Penalty and administrative charge will be credited as interest in 12 1099) "Fines, Penalties, and Forfeitures Not Otherwise Classified." (I TFM 6-8020.20e and I TFM 2-1500)

b Interest on Balances of Cash Advances. Except where specifically prohibited by law, agencies must require that all interest earned by recipients on advances of Federal funds be remitted to the agency. Interest will be credited as interest in 12 1499 "Miscellaneous Interest Collections Not Otherwise Classified." (I TFM 6-8050.30 and I TFM 2-1500)

13 DEPOSITING CHECKS DRAWN ON FOREIGN FINANCIAL INSTITUTIONS

a General. Whenever possible, agencies should require payment in U.S. dollars by checks or money orders drawn on or payable through U.S. financial institutions located in the United States. If the U.S., dollar value of a check is less than the collection charge imposed by the depository, the form of payment should be reconsidered since the net proceeds will be negative. (Treasury Department memorandum dated May 20, 1983)

This section applies to depositing officers who are not authorized to deposit foreign checks directly in an overseas Treasury General Account.

b Place of Deposit. Deposits of foreign checks should be sent to the Mellon Bank at:

U.S. Treasury Foreign Collection Operations  
P.O. Box 371782 M  
Pittsburgh, PA 15251

Checks drawn on foreign banks in U.S. dollars which are payable through a bank in the United States and MICR (magnetic ink character recognition) encoded with the U.S. bank's ABA routing symbol at the foot on the left side of the check are not deposited in the Mellon Bank. These checks should be included with the depositor's regular deposits in a local depository or Federal Reserve Bank.

c Minimum Check Accepted. The minimum U.S. dollar amount or equivalent which will be accepted for deposit is \$4.00 U.S. for Canadian bank checks, and \$10.00 U.S. for all other foreign bank checks.

Agencies may set minimum check limitations higher, in view of the following charges which might be imposed on them as depositor:

|                                  |                  |
|----------------------------------|------------------|
| Returned items                   | \$20.00 per item |
| Tracers                          | 5.00 per item    |
| Minimum check deposit return fee | 2.00 per item    |

Exchange fees  
unknown

Subsequent collecting bank charge                      unknown

d            Use of Deposit Ticket. A form SF 215, Deposit Ticket, must accompany all deposits of foreign checks, as follows:

(1)            For U.S. dollar foreign checks, a single Deposit Ticket must accompany all checks sent to the depository on a single day. The SF 215 should be completed as prescribed in I TFM 5-3020, including insertion of the U.S. dollar amount. When it is received by the Mellon Bank, it will be dated, and the confirmed copy will be returned to the depositing officer.

(2)            A separate SF 215 must accompany each foreign currency foreign check. It should be completed as prescribed in I TFM 5-3020, except that the amount should be left blank. When the item is collected, the Mellon Bank will enter the U.S. dollar value and return the dated confirmed copy to the depositing officer.

e            Records. A description of each check must be maintained to permit duplication if a check is lost, destroyed, or mutilated. This record should include, for each check, the amount, name and address of the drawer, name and address of the bank on which the check is drawn, date drawn, name of the person from whom received (if other than the drawer), and number (if it is a cashier's check or similar item). If adequate records are available to provide identification through an audit trail or if checks are microfilmed, the additional record maintenance is not necessary. (I TFM 5-2030)

f            Unpaid Checks and Collection Charges. The Mellon Bank will present foreign checks a second time if they are returned unpaid for "insufficient funds" after the first presentation. Checks returned unpaid for other reasons will be charged against the Treasury's General Account after they are presented the first time.

The Mellon Bank will mail a tracer each month to the collection bank if the collection process is not complete within thirty days. Any check which proves uncollectible after 120 days will be charged back to the depositor.

After the dollar credit has been given in the Treasury's account, the amount of checks returned as uncollectible, returned item fees, exchange fees, tracers, and any other subsequent collection charges will be charged back to the depositor. The Mellon Bank will execute a form SF 5515, Debit Voucher. Copies of the SF 5515 will be forwarded to the depositor as prescribed in I TFM 5-5020.