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# Treasury Financial Manual

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Transmittal Letter No. 606

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

## 1. Purpose

This transmittal letter releases extensive revisions to I TFM 4-9000: Foreign Exchange, that formalize a significant number of changes in foreign exchange guidelines since the last major revision of this chapter. Revised I TFM 4-9000 represents the Department of the Treasury's (Treasury's) cash management policy relating to the purchase, custody, deposit, transfer, sale, and use of foreign exchange.

**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. Background

This revision of I TFM 4-9000 embodies a number of significant changes in the area of foreign exchange, a few of which are:

- Clarifies and strengthens requirements for requesting designation of overseas banks as depositories authorized to maintain foreign currency and U.S. dollar accounts;
- Emphasizes the need for an agency to perform a due diligence review of any financial institution being recommended for designation;
- Requires an agency to inform the Treasury immediately upon learning of a significant event that affects the designated bank (for example, bank closure);
- Updates information on accommodation exchange;
- Updates instructions for the acquisition of foreign exchange;
- Deletes references and instructions relating to excess and near-excess currency countries.

## 3. Page Changes

### Remove

I TFM 4-9000 (T/L 515)

### Insert

I TFM 4-9000

## 4. Effective Date

Upon receipt.

## 5. Inquiries

Direct any questions concerning this transmittal letter to:

Program Assistance Division  
Financial Management Service  
Department of the Treasury  
Liberty Center, Room 425  
401 14th Street, SW.  
Washington, DC 20227  
Telephone: 202-874-6847



Date: December 10, 2001

Richard L. Gregg  
Commissioner

**Part 4—Chapter 9000**

**FOREIGN EXCHANGE**

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**This chapter prescribes the revised procedures governing foreign exchange transactions by disbursing officers operating under a delegation of disbursing authority from the Chief Disbursing Officer and, at a minimum, provides guidance to other disbursing officers engaged in foreign exchange transactions.**

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**Section 9010—Background**

This revision does the following:

- Clarifies and strengthens requirements for requesting designation of overseas banks as depositories authorized to maintain foreign currency and U.S. dollar accounts.
- Emphasizes the need for an agency to perform a due diligence review of any financial institution being recommended for designation.
- Requires an agency to inform the Treasury immediately upon learning of a significant event that affects the designated bank (e.g., bank closure).
- Updates information on accommodation exchange.
- Updates instructions for the acquisition of foreign exchange.

AND

- Deletes references and instructions relating to excess and near-excess currency countries.

In exercising authority provided in 31 U.S.C. 3342(d) to concur with regulations issued by agencies having independent disbursing authority, the Secretary of the Treasury intends to

approve only those regulations conforming to this chapter.

Agencies are required to conduct financial activities cost-effectively to make the maximum amount of cash available to the Treasury, on a continuing basis, for the purpose of investment and to avoid unnecessary borrowing.

This chapter also represents the Treasury's cash management policy relating to the purchase, custody, deposit, transfer, sale, and use of foreign exchange.

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**Section 9015—Authority**

The following authorities establish the policy prescribed by this chapter, including the policy for cash management practices within the Federal Government:

- Title 5 U.S.C. 301.
- Title 31 U.S.C. 321, 3301, 3302, 3720, and 6503.
- Title 31 U.S.C. 1535.
- Public Law 89-677 (approved October 15, 1966).
- Federal Claims Collection Act of 1966, 31 U.S.C. 3701-3711 (1976 and Supp. 1988).
- Federal Claims Collection Standards, 31 CFR, Chapter IX and Parts 900-904 (Final Rule,

Federal Register, November 22, 2000).

- Debt Collection Act of 1982, Public Law 97-365, 96 Stat. 1749 (codified in various sections of 5, 18, 26, 28, and 31 U.S.C.).
- Prompt Payment Act of 1982, 31 U.S.C. 3901-3906 (1976 and Supp. 1988).
- Prompt Payment Act Amendments of 1988, Public Law 100-496, 102 Stat. 2455 (codified in various sections of 15, 31, and 39 U.S.C.).
- Deficit Reduction Act of 1984, Public Law 98-369, 98 Stat. 494 (codified as amended in various sections of 26, 38, 40, and 42 U.S.C.). (See 31 CFR, Part 206.)
- Debt Collection Improvement Act of 1996 (Public Law 104-134). (See 31 CFR 208.)

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**Section 9020—Instructions Contained in Other Treasury Financial Manual Chapters**

For additional instructions regarding the receipt and disposition of foreign exchange owned by the U.S. Government, see:

- I TFM 2-3100, Instructions for Disbursing Officers' Reports.

- I TFM 2-3200, Foreign Currency Accounting and Reporting.
- I TFM 4-2000, Payment Issue Disbursing Procedures, Section 2065 - Foreign Currency Payments.
- I TFM 4-3000, Third-Party Draft Procedures for Imprest Fund Disbursing Activities.
- I TFM 4-10000, Delegation of Disbursing Authority.
- I TFM 6-9000, Securing Government Deposits in Federal Agency Accounts.

the U.S. Government for the acquisition of foreign exchange for U.S. Government official disbursement and accommodation exchange transactions.

**Spot Rate**—The price of foreign currencies for delivery in 2 business days.

**Unfunding**—The authorized borrowing by an accountable officer of restricted foreign currency from specific agency program accounts for the purpose of meeting current U.S. Government obligations, and replacing the foreign currency when needed for the purposes for which originally set aside. (Public Law 89-677)

#### **Value Date of Foreign Currency Purchase**

—The date when the foreign currency proceeds of a commercial purchase are available in the form of cash or are deposited and credited to the accountable officer's operating account at a financial institution designated by the Treasury.

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### **Section 9025—Definition of Terms**

#### **Accommodation Exchange Transaction**

—The authorized exchange of equivalent monetary values in different forms to authorized persons; for example, foreign currency in exchange for U.S. dollar check(s).

#### **Accountable Officer**—A U.S.

Government official or employee who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks upon accounts of the United States, including those in depository banks designated by the Secretary of the Treasury.

**Bank Balance**—The actual balance of U.S. Government funds held in accounts in financial institutions (as opposed to the checkbook balance).

**Designated Depository**—A financial institution designated by the Treasury to maintain specified U.S. Government accounts in specified foreign countries and in U.S. territories and possessions.

**Foreign Currency**—Money of a country other than one's own.

**Foreign Exchange**—The system by which one currency is exchanged for another. This enables international transactions to take place.

**Prevailing Rate of Exchange**—The most favorable rate legally available to

- Name of the currency;
- Criteria for determining the best bank and reasons for recommending its selection (i.e., results of the competitive process);
- Name of the bank to be designated (regardless of possible previous designations);
- Bank address;
- Name and title of the bank official and telephone number(s);
- Percentage of ownership by a U.S. bank;
- Name of the correspondent bank in the United States, the account number, and a point of contact (name, title, and telephone number);

AND

- Compliance with the provisions of this section, or reasons for exceptions.

Requests for U.S. dollar accounts must include supporting documents indicating that a commitment to pledge collateral was requested from the bank recommended for selection. If the bank agrees to pledge collateral (I TFM 6-9000), the agency may request a U.S. dollar operating account; if the bank refuses, the agency may only request a U.S. dollar zero-balance account. The Treasury reserves the right to reject or rescind a depository designation.

The Treasury's policy in selecting the financial institutions to maintain U.S. Government operating accounts per 31 U.S.C. 3303 is predicated on the most beneficial banking arrangement available to the U.S. Government to transact essential business. However, the Treasury will give preference to U.S. financial institutions unless a local bank's arrangement is more advantageous to the U.S. Government.

When establishing a new foreign currency operating account (or opening an existing account to competitive bid),

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### **Section 9030—Designated Depositories**

The following procedures apply to all agencies, including those with delegated disbursing authority from the Chief Disbursing Officer and those with statutory authority to disburse.

The Treasury's Financial Management Service (FMS) is responsible for designating international depositories for the U.S. Government. FMS bases the selection on the requesting agency's recommendation and submission of supporting documents. All agencies requiring a local currency operating account, and in rare instances, a U.S. dollar account, must formally request approval and designation of the financial institution from the Treasury (see the Contacts page). The approval request should include, at a minimum:

- Justification for the account;
- Location;

the accountable officer will solicit all U.S.-owned and leading local financial institutions in the area to determine which will offer the most beneficial arrangement. A financial institution may solicit an existing operating account at any time. The accountable official will deem an operating account open to all interested financial institutions if a soliciting financial institution:

- Offers an equal or more beneficial banking arrangement than currently received.

AND

- Reflects a higher level of U.S.-ownership than the present depository.

At least every 3 years, for each account, the accountable officer should determine if it may be cost-effective to solicit competitive proposals from all U.S.-owned and leading local financial institutions in the area to secure the most beneficial banking agreement. The solicitation process of the banks will be competitive bid, with all banks submitting written information on identical questionnaires or requests for (banking) proposals.

In determining the most beneficial banking arrangement, the agency will consider the following three areas of service in descending order of importance: (1) standard operating services minimally required; (2) customary local banking practices; and (3) other special services that may be deemed necessary in a particular country or circumstance. The required services will be, at a minimum:

- Capability to honor payments to payees in outlying areas;
- Processing of checks (and, if possible, electronic funds transfers) and deposits;
- Submission of a daily or monthly bank statement as needed;
- Capability to receive and process SWIFT (Society for Worldwide

Interbank Financial Telecommunications) messages;

AND

- Acceptance of the accountable officers' funding procedures (paragraph 9045.20).

In addition, the agency will consider:

- Any customary banking practices (payment of interest on the operating account, overdraft charges, waiver of miscellaneous charges, etc.) peculiar to a particular country for purposes of carrying out the provisions of the statute.
- Special services a bank would be willing to provide in addition to the minimum required and customary local banking services (that is, telex cost, armored car service, etc.) if services offered in areas (1) and (2) above are equivalent in separate proposals.

The operating account balances (or the forfeiture of potential interest earnings on the account) will not be used to subsidize banking services that would otherwise be funded through the appropriation process (for example, cashier services). Disbursing requirements solely will determine the level of the balance to be maintained in the account (paragraph 9045.20).

In all requests, it is of paramount importance that the agency exercise due diligence when recommending a bank for designation as a depository. The agency must ensure the bank is a valid, financially secure, dependable, and reliable financial institution to avoid losses and ensure U.S. Government funds are protected. The agency should confer with the local U.S. Embassy or Consulate for assistance in determining which banks meet the criteria for consideration to maintain an operating account.

When an agency learns of a significant event affecting the designated bank, for example, the bank will be

closed or taken over by the host government, the agency must inform the Treasury as soon as the information becomes available (see the Contacts page).

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## Section 9035—Foreign Exchange Transactions for Official Purposes

### 9035.10—Foreign Exchange Transactions

Accountable officers or duly authorized agents are empowered, for official purposes, subject to the provisions of I TFM 2-3200, to conduct the following types of exchange transactions:

- Purchase foreign currency with U.S. dollars as required for disbursing purposes.
- Disburse payments in foreign currencies to U.S. Government creditors.
- Exchange foreign currency checks, drafts, bills of exchange, or other instruments payable in foreign currency, representing official funds for which the accountable officer is accountable, for U.S. currency, U.S. dollar checks, drafts, bills of exchange, or other instruments payable in U.S. dollars.

Unless authorized by the Treasury (see the Contacts page), no accountable officer will purchase foreign currency that, together with the balance on hand at the time of purchase, would exceed the limitation set forth in paragraph 9045.20.

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## Section 9040—Cashing Checks and Other Instruments in Foreign Countries for Accommodation Purposes

### 9040.10—Persons for Whom Accommodation Transactions are Authorized

When the officer-in-charge at a post determines that satisfactory local banking facilities are not available to conduct accommodation transactions, accountable officers or authorized agents are empowered, subject to the restrictions contained in these procedures, to use official funds available for the following:

- To pay out foreign currency for checks, drafts, bills of exchange, and other instruments payable in U.S. dollars, and to cash (for the same currency in which drawn) foreign currency checks drawn by accountable officers of the United States on official checking accounts for the accommodation of the following:
  - (1) Members of the Armed Forces of the United States.
  - (2) Civilian employees of the U.S. Government who are U.S. citizens.
  - (3) Contractors and their personnel engaged in U.S. Government projects in foreign countries; any such contractors must be U.S. firms or citizens, and any such personnel must be U.S. citizens.
  - (4) Personnel of authorized non-Government agencies operating with entities of the United States who are U.S. citizens.
  - (5) Dependents of individuals listed in (1) through (4)

holding valid power of attorney.

- (6) Dependents of civilian employees of the U.S. Government, members of the Armed Forces of the United States, and employees of U.S. contractors and subcontractors under contract with U.S. Government agencies, upon proper identification, at safe haven posts when ordered by competent authority in the event of emergency evacuation. Such accommodation exchange transactions for all dependents of any one civilian employee, U.S. contractors or subcontractors, or members of the Armed Forces, will be for amounts allowable under the Department of State Standardized Regulations and the Joint Federal Travel Regulations (for U.S. Armed Forces).
- (7) Third-country nationals employed as civilian employees or under contract to the U.S. Government, or contractors or subcontractors that are U.S. firms engaged in U.S. Government projects in foreign countries, provided the checks presented by the third-country nationals are U.S. Treasury dollar checks or U.S. dollar checks issued by the contractors to third-country nationals presenting the check to be cashed.
- (8) Certain U.S. organizations or organizations sponsored by the U.S. Government where such exchanges: (a) do not violate local government currency law; (b) promote the interest of the U.S. Government abroad; (c) do not adversely impact or impair the operations of the

Embassy; and (d) are approved by the Department of State.

An example of item (8) would be to provide accommodation exchange to U.S. schools to assist them in purchasing books and other supplies not available in the country.

- For the accommodations of any citizen of the United States to cash, for foreign currency, checks drawn on the U.S. Treasury, when such checks are presented by the person to whose order they are drawn, with proper identification.
- In those countries where the use of U.S. dollars in the local economy is prohibited, accountable officers or authorized agents may cash dollar checks, drafts, bills of exchange, and other instruments of U.S. employees for U.S. dollars only in such amounts as may be required to make cash purchases at U.S. Government authorized facilities such as commissaries, snack bars, theaters, etc., or for the purpose of travel outside of the assigned post.

### 9040.20—Purchase of Foreign Currency from Individuals

The accountable officer or authorized agent may purchase foreign currency or instruments payable in foreign currency from individuals under the following conditions and limitations:

- Notwithstanding the provisions of I TFM 2-3200, accountable officers or authorized agents are empowered to purchase foreign currencies from U.S. Government employees prior to departure after termination of their foreign assignment, or if the employee receives home leave and return orders and has been

authorized to sell and convert those items that need replacement before his/her return, provided that controls have been established to prevent conversion with more than one accountable officer or authorized agent.

- (1) If the amount of foreign currency presented does not exceed the sum of the employee's salary and allowances for 2 biweekly pay periods, it may be purchased without requiring documentation of any kind from the departing employee.
- (2) If the amount of foreign currency presented exceeds the amount authorized to be purchased by paragraph (1), the employee presenting such currency should be required to submit a written application containing a statement (a) describing the source of such currency, and (b) affirming that none of the currency presented was acquired in violation of local agency administrative regulations, or exchange control laws of the country concerned. The local officer in charge of the agency to which the employee is attached should approve the application.
- (3) Each of the above provisions is subject to the further limitation in paragraph 9045.20.

Accountable officers or authorized agents are empowered to repurchase foreign currencies (i.e., perform a reverse accommodation exchange) from any person authorized to purchase foreign currencies through the accommodation exchange, provided the person is leaving the country and the amounts are subject to limitations in paragraph 9045.20.

### **9040.30—Precautions To Avoid Losses**

Accountable officers or authorized agents must exercise extreme caution to avoid losses to the U.S. Government. If the person presenting a check to be cashed is not personally known by the accountable officer or authorized agent, that person must present identification credentials (for example, a passport). Checks and other instruments (drawn on U.S. banks) to be cashed should be made payable to the post; for example, U.S. Embassy, Paris, France; U.S. Consulate General, Monterrey, Mexico.

### **9040.40—Record and Disposition**

The accountable officer or authorized agent should enter all instruments in a record showing the following:

- Essential descriptive information such as date and number of the instrument;
- Name of the drawer;
- Name and location of the drawee;
- Amount;

AND

- Name of payee.

In addition, the record should show:

- The date of the transaction;
- The permanent address of the person presenting the instrument to be cashed;
- The name and address of the person's employer;
- Any additional appropriate references;

AND

- Identification presented (for example, passport number, driver's license etc.).

All U.S. dollar instruments payable in the United States should be deposited promptly for credit to the U.S. Treasury's General Account.

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## **Section 9045—Acquisition of Foreign Exchange**

### **9045.10—Exchange of U.S. Dollars for Foreign Currencies**

Agencies (other than those specifically responsible for dealing with the value of the dollar in foreign exchange such as the Treasury and the Federal Reserve) should avoid holding foreign currency balances in excess of immediate working requirements. When exchanging U.S. dollars for foreign currencies, agencies will observe the following guidelines that apply to exchanges. The guidelines are:

- All exchange of dollars for foreign currencies is to be conducted for "spot" delivery (normally the purchase of foreign currencies for delivery in 2 business days) (Section 9025). Agencies may not use forward contracts or purchase at negotiated rates directly from foreign governments or private contractors (for example, individuals, foreign exchange houses) unless authorized by the Treasury.
- Agencies should exchange U.S. dollars for foreign currencies at the time the foreign currency is needed for immediate funding requirements. Accountable officers should ensure that payment is made for foreign currency purchases on the value date.
- U.S. Government agencies must avoid any appearance of currency speculation in the exchange markets.
- The program agencies are responsible for any change in program costs resulting from the

foreign currency denomination of international financial arrangements.

U.S. Government agencies should attempt to reduce exchange risks for the United States in international programs by taking steps to ensure that a larger portion of the program expenditures is in the United States, or financial arrangements are in U.S. dollars or dollar equivalents.

#### **9045.20—Operating Account Balance Limitations**

All accountable officers will ensure the amount of foreign exchange purchased with U.S. dollars (together with the balance on hand) is commensurate with immediate disbursing requirements, not to exceed a 5- to 7-business day supply, in order to:

- Minimize local currency operating bank balances.
- Minimize losses due to rate devaluations.
- Avoid premature drawdowns on the U.S. Treasury's General Account.

This will result in interest savings to the U.S. Government and have a favorable impact on the U.S. balance of payments. Balances in the local currency operating account on the bank's books should be kept as close to a zero bank balance as possible without incurring overdrafts to the account. The accountable officer should adopt funding techniques or procedures to reduce the average account balance to the point where the additional administrative costs, lost volume discounts, and possible overdraft charges generated by further balance reductions would exceed any projected interest savings. Agencies should review the 5- to 7-business day needs for operating cash on a quarterly basis.

In certain situations, the administrative costs, local banking regulations, or possible volume discounts may override any interest savings or

balance of payment considerations, and require procedures that are different than recommended above. In these situations, the accountable officer should purchase foreign exchange in an amount that, together with the projected or actual bank balance on hand on the value date, would not exceed the estimated drawdowns against the operating account for the ensuing 5 to 7 business days.

Departments and agencies may not exceed a 5- to 7-business day supply of funds in the operating account without a specific waiver of this requirement from the Treasury (see the Contacts page).

#### **9045.30—Acquisition of Foreign Exchange**

An accountable officer or authorized agent is empowered to purchase foreign exchange through accommodation exchange from individuals under circumstances described in paragraph 9040.20, the Treasury (paragraph 9055.20), and from sources authorized by the government of the country concerned in the manner stated in paragraph 9045.40. The accountable officer or authorizing agent should retain documentation stating the particulars of the foreign exchange purchase from any source, including the rate at which the exchange was performed, with the monthly accountability statements.

#### **9045.40—Rate of Exchange for Purchase from Non-Government Sources**

Agencies should acquire foreign exchange, when purchased from sources other than the U.S. Government, at the best rate available according to the laws of the country in which the exchange is to be expended.

##### ***Fixed Legal Rates***

The best legal rate to the U.S. Government, depending upon the circumstances in each country, may be any officially established buying rate for

dollars, including diplomatic rates or special rates established by agreement with the authorities of the country. When rates so fixed prevail, agencies should purchase foreign exchange at the best applicable rates to the particular transaction. They may effect purchases at fixed legal rates without the formality of obtaining bids, but the purchases should be evidenced by a statement over the signature of the seller setting forth the pertinent data relative to the purchase. This data includes the date, amount of purchase, and exchange rate. The accountable officer or authorized agent should retain the statement as a supporting document with the monthly accountability statements.

##### ***Nonfixed Legal Rates***

When rates legally applicable to the particular transaction are not fixed, or when such rates are fixed but the use of other rates also is legal for the particular transactions, agencies should purchase foreign exchange at the best obtainable rates. When foreign exchange can be purchased at nonfixed legal rates, agencies should solicit bids from not less than three sources, if available. The accountable officer or authorized agent should accept the bid quoting the most beneficial legal exchange rate, if it is more favorable than any legally fixed rate. The accountable officer or authorized agent should retain documentation stating the most beneficial bid, accepted and certified, with the monthly accountability statements.

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#### **Section 9050—Rate of Exchange for Expenditures and Accommodation Exchanges**

Agencies should compute exchange transactions for accommodation purposes or for official expenditures to avoid losses, due to fluctuations in exchange rates, as much as possible. Ordinarily, unless otherwise authorized by the Treasury, agencies should use the prevailing rate of exchange (Section 9025) to convert foreign currency



expenditures to U.S. dollars for accounting purposes.

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## Section 9055—Collections and Interest on Deposits

### 9055.10—Collections

Agencies will promptly deliver collected foreign exchange into the custody of accountable officers for credit to depository accounts designated by the Treasury. Only the Treasury can authorize exceptions to this requirement (see the Contacts page). Collecting agencies will advise accountable officers of the collections' source and any restrictions on their use.

### 9055.20—Unfunding

Unfunding is the authorized borrowing by an accountable officer of restricted foreign currency from specific agency program accounts for the purpose of meeting current U.S. Government obligations, and replacing the foreign currency when needed for the purposes for which this foreign currency was originally set aside. (Public Law 89-677)

The unfunding process provides that, when agencies receive foreign currencies that are not immediately needed for agency program expenditures, the accountable officers or authorized agents must unfund all affected program accounts before purchasing foreign currency commercially. Through this process, the accountable officers:

- Credit agency program X7000 accounts (formerly foreign transaction (FT) accounts);
- Unfund the accounts through Treasury's account 20X7900 (formerly 20FT900) "Advances of Unfunded Foreign Currencies";
- Use the funds for any U.S. Government expenditure;

AND

- Reimburse the program account when the foreign currency is required for the particular program intended.

If necessary to reimburse the borrowed foreign currency, the accountable officers may purchase the foreign currency commercially with U.S. dollars. It is important to note that these foreign currencies credited to specific agency program accounts are initially acquired without the expenditure of U.S. dollars. They may be host-government contributions, loan repayments, etc. The purpose of unfunding is twofold: it makes use of foreign currency not currently needed by the agency program accounts and delays the expenditure of U.S. dollars to purchase foreign currency. Additional information and guidelines regarding unfunding are contained in I TFM 2-3200, Foreign Currency Accounting and Reporting, and TFM Bulletin 2001-07, Accounting for and Reporting of Foreign Currency Transactions and Balances.

### 9055.30—Disposition of Excess Balances

Agencies should make an attempt to transfer foreign currencies in excess of immediate disbursing requirements to other accountable officers (such as Military or State) for use in a particular locality. Agencies may contact the U.S. embassies in these countries concerning foreign currency acquisition. Accountable officers having temporary excess balances should initiate action to effect transfers with other accountable officers using like currencies. If that is not possible, agencies should sell excess currencies for U.S. dollars for deposit to the U.S. Treasury's General Account.

### 9055.40—Interest on Deposits

Whenever possible, the accountable officer should obtain interest on the local currency checking account. However, the accounting officer should not maintain excessive balances to receive interest.

Accountable officers will follow the procedures below:

- If the collection of foreign currency causes a depository account (for example, local currency checking account) to exceed a 5- to 7-business day supply and all attempts to sell currencies to other accountable officers have been exhausted, the accountable officer will sell the foreign currency for U.S. dollars for deposit to the U.S. Treasury's General Account (paragraph 9055.30).
- The accountable officer must monitor the interest-bearing accounts to ensure that interest is being credited on a timely basis and per agreements reached between the accountable officer and the banks. The accountable officer will credit the U.S. dollar equivalent of all interest earned on U.S. Government funds to the Treasury's miscellaneous receipt account 3220.

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## Section 9060—Disbursements

The same cash management policy applicable to domestic disbursements also is applicable to foreign exchange disbursements, including prompt payment provisions. If such policy is contrary to the normal and customary practices of the country, the agency may request a waiver (see the Contacts page).

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## Section 9065—Gains and Deficiencies

### 9065.10—Accounting for Gains and Deficiencies

Agencies will compute gains or deficiencies on a fiscal-year basis by applying gains to offset deficiencies to determine the amount of net gain or net deficiency. They will maintain account 20\_6763, "Gains and Deficiencies on Exchange Transactions, Treasury (fiscal

year),” to record gains and deficiencies of accountable officers, including accountable officers at foreign posts of the Department of State, operating under delegation of authority from the Chief Disbursing Officer, to determine the amount of net gain or net deficiency for each fiscal year.

#### **9065.20—Bad Check Transactions**

When a bad check transaction results in the return of the instrument, the agency will report the amount of the instrument promptly as a deficiency to the disbursing officer. The accountable officer or authorized agent should immediately try to recover the equivalent

amount of U.S. Government funds paid out on the instrument. If the officer is successful, the officer should arrange to remit the amount recovered to the disbursing officer to offset the deficiency previously reported. If all efforts to recover the funds have been exhausted and are not successful, agencies may charge the deficiency to account 20\_6763. They must send appropriate documentation to the Treasury (see the Contacts page).

#### **9065.30—Mutilated Foreign Currency**

Accountable officers and authorized agents should take every possible

precaution to prevent acceptance of mutilated foreign currency as a collection, payment, or an exchange transaction. If an accountable officer or authorized agent is holding mutilated foreign currency, he/she should make every effort to replace it through local banks or the host country’s central bank.

#### **9065.40—Counterfeit Currency**

Accountable officers and authorized agents should take every possible precaution to prevent acceptance of counterfeit currency as a collection. If the collection is counterfeit, see I TFM 5-2000, Section 2040.

## **Contacts**

***The Treasury may make exceptions to the Treasury policies and guidelines prescribed in this chapter only if it has been determined that the exceptions would be advantageous to the U.S. Government, and after consultation with the Treasury Offices of the Fiscal Assistant Secretary and the Assistant Secretary for International Affairs.***

***Send inquiries concerning designations of overseas banks as depositaries; operating account balances; accommodation exchange; acquisition of foreign exchange, etc., or requests for exceptions, to the address below:***

Program Assistance Division  
Financial Management Service  
U.S. Department of the Treasury  
Liberty Center Building, Room 425  
401 14<sup>th</sup> Street, SW.  
Washington, DC 20227  
Telephone: 202-874-6847

***The TFM and its amendments are available on the FMS website at <http://www.fms.treas.gov/tfm/index.html>.***