

Reclamation Manual Transmittal Sheet

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Directives and Standards

Subject:	Deposit of Cash Receipts
Purpose:	To document the Bureau of Reclamation's cash management objectives for the deposit of cash receipts. The benefit of this Directive and Standard (D&S) is to ensure that Reclamation employees understand the cash receipt deposit procedures and that all deposits comply with the requirements of the Department of Interior Cash Management Handbook (CMH).
Authority:	The Department CMH, Chapter 4, <i>Collections and Deposits</i> (http://www.doi.gov/pfm/handbooks/cashmgmt.html); Treasury Financial Manual (TFM), Vol. I, Part 5, Chapter 4600, <i>Treasury Automated Lockbox Network</i> (http://fms.treas.gov/tfm/vol1/v1p5c460.txt)
Approving Official:	Director, Management Services Office
Contact:	Finance and Accounting Division, Fiscal Services and Accounts Receivable Team (84-27712).

- 1. Introduction.** The Department CMH provides the practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances. It documents guidance and procedures to provide specifics on implementing the Department cash management to improve the Department's cash flow functions; describe opportunities to improve cash flow processes; raise the consciousness of financial managers about the time-value of money; and emphasize the use of Electronic Funds Transfer (EFT) mechanisms for collecting receipts and making payments.
- 2. Applicability.** This D&S has been developed to provide guidance to the regional finance officers and designated collections officers.
- 3. Definitions.**
 - A. Automated Clearing House (ACH).** A central distribution and settlement point for transferring funds electronically between an originating depository financial institution and a receiving depository financial institution.
 - B. Cash Management.** Practices and techniques designed to accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances.
 - C. Collections Officer.** A bureau employee who is responsible for the collection and deposit of funds. The finance officer must designate the collection officer in writing.

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- D. **Deposit.** For the purposes of this D&S, the term deposit refers to both over-the-counter visits to pre-approved financial institution as well as mailing to the Automated Lockbox Network (Lockbox) account.
- E. **EFT.** Systems used to transfer funds electronically, i.e., computers, magnetic tapes, automated teller machines, and telephones in lieu of issuing paper checks. These systems include ACH, Fedwire Deposit System (Fedwire), Fedline Payment System (Fedline), and point-of-sale terminals. In certain instances, EFT also includes credit card transactions.
- F. **Lockbox.** A collection and processing service provided by financial institutions that accelerates the flow of funds to the Department of the Treasury's (Treasury) General Account. This service includes collecting the organization unit's mail from a specified post office box, sorting, totaling, and recording the payments, processing the items, making the deposits, and transferring the funds. Organization units will receive remittance data either by hard copy or via electronic format.
- (1) **Wholesale Lockbox.** Involves the manual processing of invoice documents and is best suited for high-dollar, low-volume remittances.
 - (2) **Retail Lockbox.** Uses machine-readable documents for automated processing through optical character recognition equipment. It is best suited for low-to moderate-dollar, high-volume remittances.
 - (3) **Electronic Lockbox.** Accommodates both paper remittances as well as all types of electronic transactions.
4. **Responsibilities.** The finance officer is the sole designee within each bureau/office that is authorized to collect and deposit funds to the credit of the Treasury. All remittances should be sent directly to the finance officer unless the head of that office has made an arrangement(s) with another organization unit of the bureau/office to handle the collections. Any such arrangement(s) must follow the provisions of section 4.8 of the CMH on the frequency of deposits. The finance officer may delegate, in writing, the responsibilities to collect and deposit funds to a bureau employee designated as a collections officer.
2. **Goals and Objectives.**
- A. Reclamation employs the Lockbox mechanism for accelerating the deposit of cash receipts. Of the three types of Lockbox services available, Reclamation utilizes the electronic Lockbox which enables the remitter to provide payments through ACH, by wire transfer, or with a paper instrument (check, money order, bank draft, etc.).
 - B. Reclamation's objective is to promote first, the use of ACH or wire transfer to the extent possible; and secondly, the mailing of paper instruments directly to the Lockbox. Customers should be discouraged from mailing or hand carrying remittances to a

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Reclamation office. Re-mailing to a finance officer or designated collection officer (rather than the Lockbox) should be a rare instance (as opposed to a routine practice).

- C. Collections may be deposited at a financial institution when the consolidation of receipts at a central location by a collection officer is determined to be more efficient than mailing on a daily basis from the mailroom to the Lockbox.
- D. Reclamation has obtained a waiver from Treasury permitting cash (currency and coins) collections to be accumulated and deposited when the total reaches \$100. At a minimum, regardless of the amount of cash collections accumulated, deposits will be made by the last Thursday of each month (or preceding day in the event of a Thursday holiday). This waiver does not apply to cash collections representing repayments of outstanding travel advances and cash collections supported by a Bill for Collection, which if held, could result in dunning notices and the addition of interest and penalties.