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CHAPTER 2

CASH AND FUND BALANCE WITH TREASURY

0201 OVERVIEW

020101. This chapter prescribes the accounting policy and related management requirements necessary to establish financial control over fund balances with the U.S. Treasury (Treasury) and cash resources not part of the fund balance with the Treasury.

0202 AUTHORITY AND REFERENCES

020201. Accounting for cash and fund balance with Treasury is done in accordance with the following references.

A. Custodians of Money, 31 USC 3302.

B. Financial Reporting and Accounting System, 31 USC 3513.

C. Government Reform Act of 1994.

D. Treasury Financial Manual Volume I Part 2 Chapter 3300, Reports of Agencies for which the Treasury Disburses (FMS FORM 224).

E. Treasury Financial Manual Volume I Part 2 Chapter 3400, Accounting for and Reporting on Cash and Investments Held Outside of the U.S. Treasury.

F. Treasury Financial Manual Volume I Part 2 Chapter 4700, Closing Package for the Government-wide Financial Report System (GFRS).

G. Treasury Financial Manual Volume I Part 2 Chapter 5100 and Supplement, Reconciling Fund Balance with Treasury Accounts.

H. Statement of Federal Financial Accounting Standard No.1, Accounting for Selected Assets and Liabilities.

I. 5 Code of Federal Regulations 1315: Prompt Payment.

J. Federal Acquisition Regulations

0203 ROLES AND RESPONSIBILITIES

020301. NASA Headquarters Office of the Chief Financial Officer shall:

A. Coordinate and monitor the processes and systems used to record and report NASA's cash and fund balance with Treasury.

020302. Office of the center Chief Financial Officer shall:

A. Record all transaction affecting Fund Balance with Treasury in the NASA Integrate Financial Management System.

B. In accordance with the guidance contained in this Chapter, Perform required reconciliations between NASA's reported Fund Balance with Treasury and the amounts reported by Treasury.

C. Prepare and submit Agency Location Code (ALC) level reports to Treasury.

0204 DEFINITIONS

020401. Agency Access. Agency Access within the Department of Treasury's CA$HLINK system allows agencies to view deposit/debit voucher data reported by financial institutions.

020402. Agency Location Code (ALC). A numeric symbol used to identify accounting reports and documents prepared by or for agency accounting stations and disbursing offices (e.g., eight-digit agency location station code, four-digit checking account symbol, and three-digit Treasury office number). See TFM Transmittal Letter; August 28, 2004.

020403. CA$HLINK. CA$HLINK is a worldwide deposit reporting and cash concentration system. Users can obtain deposit information daily using the Agency Access option with CA$HLINK.

020404. FMS 6652: Statement of Differences. FMS produces the Statements of Differences (FMS 6652) to identify differences between deposit and disbursement data. A FMS 6652 is generated for each ALC by accounting and accomplished month if there is a discrepancy. The accounting month is the month the report is generated.

020405. FMS 6653: Undisbursed Appropriation Account Ledger. FMS provides a monthly FMS 6653 for expenditure accounts that have monthly activity. FMS 6653 provides information about the appropriation warrants issued, nonexpenditure transfers, transactions reported by agencies on the Statement of Transactions, and those reported by other agencies as well as certain centrally processed FMS documents.

020406. FMS 6654: Undisbursed Appropriation Account Trial Balance. FMS 6654 provides agencies with summary data about their expenditure accounts. This data is summarized for each appropriation and fund account.

020407. FMS 6655: Unappropriated Receipt Account Ledger. FMS 6655 contains detailed receipt transactions and balances reported by an agency during an accounting month. These balances are unavailable for expenditure until Congress passes specific appropriation legislation. FMS 6655 discloses information related to the balance forwarded, current month receipt transactions, and the month-end closing account totals. This information is reported for each special and trust fund receipt account.

020408. FMS 6655: Receipt Account Trial Balance. FMS 6655 provides receipt balances by fund account symbol and department. This includes year-to-date and current month receipt totals.

020409. FMS 6655: Report of Unavailable Receipt Transactions**.** FMS 6655 provides collections or deposits of funds in accounts not immediately available for expenditure. The unavailable receipt balances are provided for each receipt account symbol.

020410. Fund Balance with U.S. Treasury (US Standard General Ledger Account 1010). Fund Balance with U.S. Treasury is the aggregate amount of funds on deposit with Treasury. Fund Balance with Treasury (FBWT) is increased by (1) receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; and (2) receiving transfers and reimbursements from other agencies. FBWT is reduced by (1) disbursements made to pay liabilities or to purchase assets, goods, and services; (2) investments in U.S. securities (securities issued by Treasury); (3) cancellation of expired appropriations; (4) transfers and reimbursements to other entities or to the Treasury; and (5) sequestration or rescission of appropriations.

020411. Government-wide Financial Report System (GFRS). The GFRS is the system being developed by FMS to capture each agency's Closing Package information and will be operational for fiscal year end 2004.

020412. Government On-Line Accounting Link System (GOALS). GOALS is the Government wide network that provides automated financial reporting directly to FMS and the Office of Management and Budget (OMB). It also provides agencies with reports on receipt and disbursement activity and other FBWT transactions.

020413. Intra-Governmental Payment and Collection (IPAC) System**.** IPAC is one of the major components of the Government On-Line Accounting Link System II (GOALS II). The IPAC application's primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intra-governmental transfer of funds, with descriptive data from one FPA to another.

0205 POLICIES AND PROCEDURES

020501. NASA's fund balance with Treasury is the aggregate amount of funds in its accounts with Treasury for which NASA is authorized to make expenditures and pay liabilities. Fund balance with Treasury is an intragovernmental item. From the NASA perspective, a fund balance with Treasury is an asset because it represents NASA's claim to the U.S. Government's resources. However, from the perspective of the federal government as a whole, it is not an asset; and while it represents a commitment to make resources available to federal departments, agencies, programs and other entities, it is not a liability.

020502. Receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, allocations, and allotments, and receiving transfers and collections of reimbursements from other entities may increase the fund balance with Treasury.

020503. NASA's fund balance with Treasury is reduced by disbursements made to pay liabilities or to purchase assets, goods, and services, investments in U.S. securities (securities issued by Treasury), cancellation of expired appropriations; (d) transfers and payments for reimbursements to other entities or to the Treasury, and (e) sequestration or rescission of appropriations, as applicable.

020504. Disclosure shall be made to distinguish two categories of funds within NASA's fund balance with Treasury: the obligated balance not yet disbursed and the unobligated balance. The obligated balance not yet disbursed is the amount of funds against which budgetary obligations have been incurred, but disbursements have not been made.

020505. The unobligated balance is the amount of funds available to NASA against which no claims have been recorded. Unobligated balances are generally available to NASA for specific purposes stipulated by law if the fund has not expired or been cancelled. Unobligated balances may also include balances in expired accounts that are available only for approved adjustments to prior obligations. Certain unobligated balances may be restricted to future use and are not apportioned for current use. Disclosure shall be provided on such restrictions.

020506. NASA shall explain the cause(s) of any discrepancies between fund balance with Treasury in their general ledger accounts and the balance in Treasury's accounts. Discrepancies due to time lag shall be reconciled and discrepancies due to error shall be corrected.

020507. NASA's fund balance with Treasury includes budget clearing and suspense account balances. NASA does not have any deposit account fund symbols.

0206 RECORDING FUND BALANCE WITH TREASURY

020601. NASA records all accounting transactions in its integrated accounting system, IFMP/ SAP. The general ledger account entries that are generated by each accounting transaction, applicable for NASA account 1010 can be viewed at USSGL Web Site.

020602. Fund Balance with Treasury Reported by Other Federal Agencies. Treasury provides NASA with detailed support listings of transactions from the CA$HLINK data system (CA$HLINK Web Site), Regional Finance Center (RFC) Confirmation Reports (http://fms.treas.gov/aboutfms/what.html), Federal Reserve Banks (FRB) daily transcripts, and the Intergovernmental Payment and Collection (IPAC) system (IPAC Web Site) which are all applications maintained by Treasury via GOALS II. The listing of transactions can be downloaded from GOALS II on Treasury Confirmation Reports to assist in reconciling the Fund Balance with Treasury.

020603. The CA$HLINK data system is used by the banking system to report details of collections received from and on behalf of government agencies. RFC Confirmation Reports and FRB daily transcripts include checks issued and electronic disbursements (EFT) accomplished on behalf of agencies. The IPAC system data is used by agencies to report interagency transactions.

020604. Fund balance with Treasury activity reported by other agencies on NASA's behalf includes:

A. Letter of Credit Drawdowns. The Department of Health and Human Services (HHS) reports Letter of Credit (LOC) drawdowns or advances of funds on the SF-224 directly to Treasury on behalf of NASA. Various universities or research organizations that have been awarded grants initiate the drawdowns or advances of funds through the HHS Payment Management System (PMS). NASA establishes the authorized funds in PMS. An interface between PMS and SAP allows NASA to record the disbursement of funds in SAP. When Treasury receives the SF-224 from HHS, the drawdowns are recorded in the Fund Balance with Treasury general ledger account as a disbursement in budget clearing account 80F3885, Undisbursed Intergovernmental Payments. At the end of the month, NASA logs into the PMS system and retrieves a report, which lists all disbursements made by HHS on behalf of all NASA Centers. Utilizing the PMS report, the NASA Office of the Chief Financial Officer collects, via IPAC, the amount required from each Center to clear budget clearing account 80F3885 of the disbursements charged by HHS. Each NASA Center should verify the reported amounts on the interface to the amount on the IPAC report. Centers shall report any discrepancies to NASA Office of the Chief Financial Officer. Centers shall report the IPAC amount to the applicable appropriation symbol (application of fund) on its Centers SF-224 at the end of the month.

B. Overseas Payments.

1. Foreign payments or disbursements are made through the State Department for living expenses and payroll of NASA employees who are working

in foreign countries. The State Department has three main offices (Bangkok, Paris, and Charleston, SC) responsible for gathering foreign payment data. These offices transmit the amounts recorded to the State Department who, in turn, report the amounts on behalf of NASA to Treasury via SF-224. The SF-224 organizes the charges by embassy and country. The State Department SF-224 report does not include payroll information. However, payroll charges and all other charges appear on the monthly FMS 6653, in various appropriations, and are identified by Agency Location Codes (ALC) ALCs specifically established for the State Department charges (i.e. 80-00-8768, 80-00-8769, and 19-00-0003).

2. NASA reviews the State Department SF-224 and the FMS 6653 and identifies the Centers responsible for the amounts by using information such as employee name, ALC or AIN provided on the Voucher Detail Reports received monthly from the State Department. The information is input on a "Foreign transactions" spreadsheet, and similar to HHS, the totals from this spreadsheet are used to charge the Centers via IPAC for the appropriate amount. The Agency, on its SF-224 (ALC 80-00-0087), transfers all charges analyzed on the FMS 6653 to account 80F3885. The Agency sends copies of the vouchers and SF-224 to the appropriate Center(s) as support for the IPAC transaction. The IPAC transactions are reported on the Center's SF-224 at the end of the month against the appropriate appropriation(s) based upon the supporting documentation.

C. NASA's Thrift Savings Plan (TSP) Disbursements. The Federal Retirement Thrift Investment Board (Department of Agriculture) contracts with National Finance Center (NFC) to serve as the TSP record keeper to administer NASA's Thrift Savings Plan (TSP) disbursements. NFC maintains the accounts of TSP participants and processes contribution allocations, interfund transfers, loans, withdrawals and transfers of funds into the TSP from other plans. Similar to HHS procedures, TSP disbursements appear on the monthly FMS 6653 against budget clearing account 80F3875 as reported by NFC on the SF-224. NASA Agency Headquarters and Centers debits the applicable TSP amount from the payroll interface to general ledger account 1010.5100, IPAC collections, as a collection on a journal voucher and credits general ledger account 2400.0000, Liability for Deposit Fund and Clearing Accounts. A second journal voucher is prepared to clear the funds from the Clearing Account, 80F3875 that debits general ledger account, 2400.0000 and credits general ledger account 1010.9888, Cash Transactions Not Reported on SF-224. Another cash account is posted to prevent the reversal entry from being posted on the SF-224, because NFC already reported the disbursement to Treasury.

020605. Treasury compares the information submitted on the SF-224 to the information available in CA$HLINK, IPAC, RFCs and FRB. Any differences are reported to NASA monthly on a Statement of Differences (FMS 6652) report until resolved. Treasury will send a letter to NASA financial management regarding any unresolved amount listed for 3 months.

020606. Budget Clearing Account (suspense), F3875, and Undistributed Intergovernmental Payments, F3885. The Budget Clearing Account (suspense), F3875, and Undistributed Intergovernmental Payments, F3885, must be analyzed and reviewed to ensure their proper disposition within thirty days. Each Center must provide detailed worksheets to the Agency Office of the CFO on a monthly basis to account for each open item in the suspense and clearing accounts. Each Center must provide explanations for all items in these accounts over 30 days and the plan of action to resolve each item with an anticipated date of resolution. Failure to properly disposition suspense and undistributed amounts may result in a misstatement on the annual financial statements. Amounts which remaining in SGL account 2400, the Liability for Deposit Funds, Clearing Accounts, and Undeposited Collections account, may be revenue or expense items.

0207 RECONCILING FBWT

020701. Reconciling FBWT accounts is a key internal control process. It assures the reliability of the Government's receipt and disbursement data reported by NASA. Therefore, NASA must perform timely reconciliation and implement an effective and efficient reconciliation process. NASA documents these reconciliations and makes them available to management, auditors and Treasury, if requested. NASA shall ensure that all adjustments are researched and traceable to supporting documents.

020702. Daily Reconciliation Process (Centers)**.** On a daily basis, Center accountants and accounting technicians must reconcile the previous days' SAP account 1010 (cash) transactions, based on the SAP Transaction Register, to receipts and disbursements transactions reported by other sources on the GOALS II Treasury Confirmation Reports. To complete the daily reconciliation the NASA Centers execute the following steps:

A. All of the Treasury Confirmation Reports (FRB, IPAC, RFC, and CA$HLINK) are downloaded from the GOALS II and the transactions are exported into an Excel spreadsheet and summarized by amount.

B. The following reports are run in IFMS/SAP:

1. The SAP Transaction Register (transaction code: FMFG_E_TRANS_ REG) report is executed in SAP. The report includes the detail of NASA's Fund Balance Account 1010 cash transactions for a given set of variables (fiscal year, period, posting date, business area, and previously established layout for cash only accounts) by Treasury appropriation symbol, or in SAP, the Application of Fund (AOF).

2. To verify completeness of the register's detailed information, the SAP SF-224 report (transaction code: FMFG_E_SF224) is executed with the same variables. The cash transactions will be summarized by appropriation, collections, and disbursements.

C. The Transaction Register and the SF-224 are compared and the net total of the collections and disbursements from the SAP SF-224 should equal the total of

the detailed information from the register. If there is a difference between the two totals, the transactions that make up the difference must be identified and the differences resolved.

D. The register information is exported into an Excel worksheet and joined on a worksheet with the Treasury reports from GOALS II.

E. The summary difference is calculated between the SAP balance and the total balances of the Treasury reports.

F. To identify the detail transactions, which totals to the summary difference, the Excel worksheet is sorted by SAP transactions and Treasury transactions, and then by date to identify transactions that may be recorded in SAP and not Treasury, and vice versa. The transactions that are identified should equal the summarized difference calculated in paragraph E. above.

G. After all of the differences are documented and the reconciling actions are identified, the reconciliation is reviewed and signed by an authorized official.

020703. Monthly Reconciliation Process.

A. Monthly FMS 6653/6654 reports to SAP General Ledger Account 1010 Reconciliation - The following steps are performed:

1. At month end, the Accounting, Reporting and Analysis Branch (Code BFB) determines if the SAP SGL account 1010 ending balance and the FMS 6653 closing balance are equal. The balances are compared for the same accounting month and appropriation symbol. To obtain the SAP ending balances for each appropriation, a ZAFT report is run from the GR55 Transaction Code in SAP. The ZAFT reports cumulative-to-date trial balance amounts by application of fund (appropriation). (ZAOF reports current year trial balance amounts by application of fund.) From the ZAFT report, SGL 1010 sub- accounts are combined.

2. If SAP and FMS 6653 are not equal, NASA verifies the transactions reported on the FMS 6653 by using the SF-224 source documents that were posted (or should have been posted) to SAP during the month being reconciled and compare the documents to the SF-224 information that was actually submitted to Treasury by appropriation. To retrieve the SAP general ledger documents the Transaction Register report, FMFG_E_TRANS_REG, is generated from SAP.

3. The detail reports are exported to an Excel spreadsheet and compared to identify any out-of-balance conditions.

4. Differences are first checked against the previous month's reconciling items for timing differences. All other reconciling items, other than timing differences, are researched for validity.

5. If a valid disbursement or receipt is posted in SAP, but not reported on the FMS 6653, it is probably due to a timing difference where the month end cut-off date per SAP is different than the cut-off date for transmission of the SF-224. The disbursement or receipt is documented and reported on the next SF-224. Verification is performed the following month to verify the items have cleared.

6. If a receipt or disbursement is reported on the SF-224 and reflected on the FMS 6653, but not posted to the SAP, a copy of the document is obtained, reviewed, approved and is then recorded into SAP in the open period, which may create a timing difference. Verification is performed the following month to verify the items have cleared.

7. If a receipt or disbursement is erroneously posted to SAP, the document is reviewed and reversed in SAP after approval by an authorized official. The documented transaction should include an explanation, signatures of preparer, reviewer, if applicable and the authorized official, and dates.

8. If an amount reflected on the FMS 6653 as reported by another agency is correct, but is not posted in the general ledger (G/L), the agency is contacted to request the source documentation to verify the entry. The entry is posted in the G/L upon receipt and approval of the document(s).

9. After documenting and reviewing all differences, the netted differences equal the amount noted in step 1.

10. The reconciliation is then reviewed, approved, and signed by the preparer and an authorized official. The documentation is filed and retained for review.

B. Statement of Differences.

1. Monthly, GOALS II is accessed to determine if a Statement of Difference report has been generated for disbursements and receipts.

2. If Treasury identifies differences, NASA compares the FMFG_E_SF224 report from SAP to the Treasury Confirmation Reports (IPAC, RFC, CA$HLINK, FRB) generated from GOALS II to identify any schedule(s) or document(s) (i.e. check items) that was not reported on the SF-224 transmission. This may be due to cancellations or timing differences.

3. When the unreported schedule(s) or document(s) is identified, the schedule(s) or document(s) is researched and verified in SAP for accuracy.

4. If the schedule(s) or document(s) is accurately reported in SAP, the schedule(s) or document(s) number is noted and the next month's Treasury Confirmation Reports should include the schedule(s) or document(s). If the schedule(s) or document(s) is not accurately reported in the G/L, the necessary adjustment, which

shall be documented and retained, is made after review and approval by an authorized official.

020704. Exemptions to the requirement for daily, twice a week, and weekly reconciliations may be requested in writing to the Agency Office of the CFO, Financial Management Directorate, when a Center has demonstrated over a period of time (i.e. daily for a month, twice a week for two months, and weekly for a quarter) that the Center has adequate control over their cash balances. The final approved exemption will permit the Center to perform semimonthly reconciliations.

020705. SAP On Line Quick Reference (OLQR). This On Line Quick Reference (OLQR) Job Aid link describes the Center's review of fund balance with Treasury procedures:

A. http://olqr-cf.ifmp.nasa.gov/robo/projects/sap_olqr_mission_control sgl/Standard_General_Ledger_Job_Aids/Periodic_Monitoring_Controls_Performed_by_Centers/1.1_Review_Fund_Balance_with_Treasury_Activity.htm

B. http://olqr-cf.ifmp.nasa.gov/robo/projects/sap_olqr_mission_control sgl/Standard_General_Ledger_Job_Aids/Center_FM_Module_to_FI_Module_Special_Ledger_Reconciliation.pdf

0208 REPORTING REQUIREMENTS

020801. Agency Reporting Requirements for the Financial Report of the United States Government. http://fms.treas.gov/factsi/2004Combined_TFM-Maste_5-6-04.pdf This reporting requirement describes how agencies provide data for the *Financial Report of the United States* (FR) using the Government-wide Financial Report System (GFRS) and the Federal Agencies' Centralized Trial-Balance System (FACTS I). It also includes the Financial Management Service's (FMS') fiscal year 2004 Closing Package methodology, the Federal intragovernmental transactions process, and requirements for electronically submitting pre-closing adjusted trial-balance(s) (ATBs).

020802. Federal Agencies' Centralized Trial-Balance System (FACTS II) http://fms.treas.gov/factsii/index.html FACTS II is NASA's submission of the budgetary general ledger accounts. The reconciliation of the fund balance with Treasury account is an integral part of this report submission.

020803. Closing Package for Fiscal Year 2004 Reporting http://fms.treas.gov/ussgl/tfm_releases/effective04/comp04sec6.pdf Treasury Financial Management Service developed the closing package methodology to resolve material deficiencies identified by the General Accounting Office. All agencies must reclassify all line items and amounts on their comparative audited, consolidated, departmental level Balance Sheet, Statement of Net Cost and Statement of Changes in Net Position to the closing package financial statement formats. NASA must report footnotes, disclose all other information not contained in the primary Financial Statements and footnotes

required to meet General Accepted Accounting Principles and submit NASA adjusted trial balances via FACTS I.

020804. Form and Content of Agency Financial Statements, OMB Bulletin No. 01-09. NASA must comply with this OMB bulletin that dictates the required elements for all federal agencies financial statements, footnotes, required supplementary information and required stewardship supplementary information.

0209 INFORMATION TECHNOLOGY RESOURCES

020901. Statement of Transaction (SF 224**).** Statement of Transaction (SF 224**)** is an application of the Government On-Line Accounting Link System II (GOALS II). This application provides Federal Program Agencies (FPAs) that utilize Financial Management Service (FMS) Regional Finance Centers for their disbursing activity the capability to submit their monthly statement of transactions to the Financial Management Service.

020902. Undisbursed and Receipt Account Reports. The Undisbursed and Receipt Account Reports is an Internet application of the Government On-Line Accounting Link Information Access System II (GOALS II/IAS) managed by the FMS of the Department of Treasury. This system provides all federal agencies access to their account balances and monthly transaction data using a standard web browser (Internet Explorer (IE) is recommended) and access via the Internet. The reports available from this application are:

A. Undisbursed Appropriation Account Ledger (FMS 6653).

B. Undisbursed Appropriation Account Trial Balance (FMS 6654).

C. Receipt Account Ledger (FMS 6655).

D. Receipt Account Trial Balance (FMS 6655).

E. Unavailable Receipt Transactions (FMS 6655).

020903. The data included in these reports is derived from the NASA Centers' monthly reports that classify transactions to appropriation, fund, and receipt accounts; Appropriation Warrants; Non-expenditure Transfer Authorizations; and other account-based transactions reported to the Financial Management Service (FMS). These reports are updated monthly to reflect year-to-date balances and activity as well as current month transactions.

APPENDIX A

AGENCY LOCATION CODE (ALC) LISTING

Code	*Name*	*Code*	*ALC*
01	Agency wide	Agency	80-00-0087
10	NASA Headquarters	HQ	80-00-0001
21	Ames Research Center	ARC	80-00-1201
22	Glenn Research Center	GRC	80-00-0701
23	Langley Research Center	LARC	80-00-0501
24	Dryden Flight Research Center	DSFC	80-00-0024
51	Goddard Space Flight Center	GSFC	80-00-0002
55	NASA Management Office at JPL	NMO	80-00-0055
62	George C. Marshall Space Flight Center	MSFC	80-00-4901
64	Stennis Space Center	SSC	80-00-0101
72	Johnson Space Center	JSC	80-00-0004
76	Kennedy Space Center	KSC	80-00-4904