

VOLUME 4, CHAPTER 2: “ACCOUNTING FOR CASH AND FUND BALANCES WITH TREASURY”

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated December 2009 is archived.

PARAGRAPH	EXPLANATION OF HANGE/REVISION	PURPOSE
020102.B.4	Incorporated a definition from the Memorandum, “Clarification of Fund Balance with Treasury (FBWT) Reconciliation Requirements,” June 9, 2009.	Update
020102.B.5	Incorporated a definition from the Memorandum, “Clarification of Fund Balance with Treasury (FBWT) Reconciliation Requirements,” June 9, 2009.	Update
020102.B.7	Incorporated a definition from the Memorandum, “Clarification of Fund Balance with Treasury (FBWT) Reconciliation Requirements,” June 9, 2009.	Update
020102.B.10	Incorporated a definition from the Memorandum, “Clarification of Fund Balance with Treasury (FBWT) Reconciliation Requirements,” June 9, 2009.	Update
0207	Incorporated the procedures from the Memorandum, “Clarification of Fund Balance with Treasury (FBWT) Reconciliation Requirements,” June 9, 2009.	Update
020701	Added additional information about the benefits of reconciling accounts.	Add
Multiple	Minor editorial corrections/clarifications.	Update

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CHAPTER 2

ACCOUNTING FOR CASH AND FUND BALANCES WITH TREASURY

0201 OVERVIEW

020101. Scope

This chapter prescribes Department of Defense (DoD) accounting policy and related management requirements necessary to establish financial control over fund balances with the U.S. Treasury and cash resources not part of the fund balance with the U.S. Treasury. The applicable general ledger accounts are listed in the United States Standard General Ledger (USSGL) contained in Volume 1, Chapter 7, and the accounting entries for these accounts are specified in the [United States Standard General Ledger Standard Financial Information Structure \(SFIS\) Transaction Library](#). Unless otherwise stated, this chapter is applicable to all DoD Components including the Defense Working Capital Fund (DWCF) activities.

020102. General

A. Fund Balance with Treasury (FBWT) is an intra-governmental item, except for fiduciary or other non-federal nonentity FBWT. From the reporting entity's perspective, FBWT is an asset because it represents the entity's claim to the federal 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. In contrast, fiduciary and other non-federal non-entity FBWT is not intragovernmental, and it represents a liability of the appropriate Treasury component and of the federal government as a whole to the non-federal beneficiaries. (See the Statement of Federal Financial Accounting Standard Number 1, "Accounting for Selected Assets and Liabilities.") [SFFAS No. 1, par. 31](#)

B. Definitions

1. Fund Balance with Treasury. FBWT is an asset account that reflects the available budget spending authority of federal agencies. FBWT is defined at I TFM 5120 as an asset account that represents the future economic benefits of monies that agencies can spend for future authorized transactions. Transactions such as appropriation warrants, nonexpenditure transfers, collections, disbursements, and related adjustments reported to Treasury and classified to a Treasury account symbol increase or decrease the FBWT account balance. Collections and disbursements by agencies will, correspondingly, increase or decrease the balance in the account. Agencies report changes to this account to the Financial Management Service (FMS), Department of Treasury through monthly reporting on Statements of Transactions (SF 224, SF 1220, or SF 1221), Statements of Accountability (SF 1218) and Statement of Accountability (SF 1219). [Treasury FMS Definition](#)

2. Cash. Cash, including imprest cash, consists of: (a) coins, paper currency and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; (b) amounts on demand deposit with banks or other financial

institutions; and (c) foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date. [SFFAS No. 1, par. 27](#)

3. [Entity Cash](#). Entity cash is the amount of cash that the reporting entity holds and is authorized by law to spend. [SFFAS No. 1, par. 28](#)

* 4. [FBWT Reconciliation](#). A FBWT reconciliation is a specific reconciliation of the actual accounting events, such as disbursements, back to the detailed amounts posted to both entity general ledgers and entity Treasury accounts. Reconciliation involves identifying accounting events or transactions that have not yet been recorded, or were improperly recorded, either in the general ledger or at Treasury. The unrecorded or improperly recorded transactions, usually referred to as “reconciling items,” are expected when reconciliation is performed due to timing differences and occasional errors.

* 5. [Forced Balance Entry](#). A “forced balance entry” represents any amount posted, usually at a summary level, to eliminate differences between the Component’s general ledger balance (USSGL 1010 and 1090) and the Treasury’s control total. Typically, these adjustments appear as “undistributed” amounts; when, in fact, they are differences. While Components may be required by the Treasury to match the Treasury’s balance, a forced balance entry is not an adequate reconciliation of the USSGL 1010 and 1090. When reconciling FBWT USSGL 1010 or 1090, Components must research the causes of the differences, identify undistributed amounts, and ultimately, clear the aged undistributed amounts.

6. [Non-entity Cash](#). Non-entity cash is cash that a federal entity collects and holds on behalf of the U.S. Government or other entities. In some circumstances, the entity deposits cash in its accounts in a custodial capacity for the U.S. Treasury or other federal entities, or in a fiduciary capacity for non-federal parties. Non-entity cash recognized on the balance sheet should be reported separately from entity cash. Non-entity cash meeting the definition of a fiduciary asset should not be recognized on the balance sheet, but should be disclosed in accordance with the provisions of SFFAS 31, *Accounting for Fiduciary Activities*. [SFFAS No. 1, par. 29](#)

* 7. [Reconciliation](#). Reconciliation is a process that compares two sets of records (usually the balances of two accounts) and identifies, and explains the differences between the records or account balances. Differences, or reconciling items, may be caused by the timing of transactions, an invalid line of accounting or insufficient detail. Reconciliation is not complete until all differences are identified, accountability is assigned, differences are explained, and appropriate adjustments are made to records.

8. [Restricted Cash](#). Cash may be restricted. Restrictions are usually imposed on cash deposits by law, regulation, or agreement. Non-entity cash is always restricted cash. Entity cash may be restricted for specific purposes. Such cash may be in escrow or other special accounts. Financial reports should disclose the reasons and nature of restrictions. [SFFAS No. 1, par. 30](#)

9. Transactions. Transactions are business events or happenings that change an entity's financial position or account balances. Generally, transactions are recorded in a journal and then posted to a ledger. Examples of transactions are obligating funds, buying supplies, recording accounts payable, paying accounts payable, buying equipment, purchasing contract services, and paying employees.

* 10. Undistributed Amounts. Undistributed amounts are amounts that are not yet reconciled and not yet researched to supporting documentation.

0202 STANDARD GENERAL LEDGER ACCOUNTS

020201. Record Transactions for FBWT or Foreign Currency Transactions

The following accounts must be used to record transactions for FBWT or foreign currency transactions.

A. Fund Balance with Treasury (Account 1010). FBWT is the aggregate amount of funds on deposit with Treasury, excluding seized cash deposited. (See USSGL account 1532, "Seized Cash Deposited.") [USSGL Treasury Financial Manual, section II](#)

1. Federal agencies derive fund balances from different sources. FBWT is increased by a debit general ledger entry. Transactions increasing FBWT typically involve: (1) apportionments from OMB of appropriations, re-appropriations, continuing resolutions, appropriation restorations, allocations and allotments, and (2) receipt of transfers and reimbursements from other agencies. An entity's fund balance with Treasury is also increased by amounts borrowed from Bureau of Public Debt (BPD), Federal Financing Bank, or other entities, and amounts collected and credited to appropriation or fund accounts that the entity is authorized to spend or use to offset its expenditures. [SFFAS No. 1, 33](#)

2. 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 BPD or other Federal Government agencies); (3) cancellation of expired appropriations; (4) transfers and reimbursements to other entities or to the General Fund of the Treasury; and (5) sequestration or rescission of appropriations. [SFFAS No. 1, par. 36](#) (See USSGL account 1532, "Seized Cash Deposited.") [USSGL Treasury Financial Manual, section II](#)

B. Fund Balance with Treasury Under a Continuing Resolution (Account 1090). The amount equal to the funding provided under a continuing resolution and apportioned in accordance with the Office of Management and Budget's automatic apportionment bulletin. The balance in this account will adjust to zero when Financial Management Service processes a warrant and must adjust to zero by year-end.

C. Undeposited Collections (1110). Collections on hand, not yet deposited within the same accounting period.

D. Imprest Funds (Account 1120). The authorized amount of cash held by a disbursing officer at personal risk.

E. Other Cash (Account 1190). [Record](#) cash holdings not otherwise classified.

F. Foreign Currency (Account 1200). The Foreign Currency account is used to record in U.S. dollar equivalents the purchase or exchange of foreign government currency and other transactions occurring through use of the foreign currency. Transactions must be recorded at the current exchange rate specified by the U.S. Treasury. [Treasury Rates](#) Foreign currency fluctuation gains or losses resulting from the settlement of foreign currency receivables or payables must be recorded when the settlement occurs. This account is to be used by all DoD Components when foreign currencies are involved. Sources of entries to the “Foreign Currency” account include reimbursement and disbursement vouchers, sales records, and documented foreign exchange gains and losses that have been reported to Treasury. [Accounting for and Reporting Foreign Currency Transactions and Foreign Exchange](#)

G. Financing Sources Transferred in Without Reimbursement (5720). The amount determined to increase the financing source of a reporting entity that occurs because of an asset being transferred in. [Record the](#) amount of the asset at the book value of the transferring entity.

H. Financing Sources Transferred Out Without Reimbursement (5730). The amount determined to decrease the financing source of a reporting entity that occurs because of an asset being transferred out. [Record the](#) amount of the asset at the book value of the transferring entity.

0203 FUND BALANCE WITH TREASURY BALANCES

020301. FBWT Balances

A federal entity's FBWT includes clearing account balances and the dollar equivalent of foreign currency account balances, e.g., foreign burden sharing payments. Foreign currency account balances should be translated into U.S. dollars at exchange rates determined by the Treasury and effective at the financial reporting date. [Treasury Rates](#) A federal entity's FBWT also includes balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts. [SFFAS No. 1, par. 32](#)

020302. Authority to Borrow

Authority to borrow is a statutory authority that permits a federal agency to incur obligations and make payments for specific purposes out of borrowed funds. Authority to borrow adds funds to an agency's accounts with Treasury only after the agency actually uses the authority to borrow a specific amount of funds. Thus, authority to borrow is included in an entity's FBWT only to the extent that funds are actually borrowed under the authority. [SFFAS No. 1, par. 35](#)

020303. Contract Authority

An entity's fund balance does not include contract authority or unused authority to borrow. Contract authority is a statutory authority under which contracts or other obligations may be entered into [before](#) receiving an appropriation for the payment of obligations. The later enacted appropriation provides resources to liquidate obligations. Thus, Contract authority merely permits a federal entity to incur certain obligations but does not, in itself, add funds to the agency's accounts with Treasury. [SFFAS 1, par. 34](#) The funds to liquidate any resulting liabilities will come from an appropriation or offsetting collections. [SFFAS 7, par. 211](#)

0204 DEFENSE WORKING CAPITAL ACCOUNTS (DWCF)

020401. DWCF Accounts

The DWCF FBWT, account symbol 97X4930, is subdivided at the Treasury into five sub-numbered Treasury accounts. Each reporting entity of the five sub-numbered Treasury accounts report an FBWT amount on their balance sheet. An individual DWCF activity-group below the sub-numbered Treasury account level does not have an actual FBWT amount. For these activities, the FBWT amount reported on the agency's AR 1307, Statement of Operation is not an actual FBWT but rather a clearing account for recording collection and disbursement activity that reflects a net of collections and disbursements incurred during the year. The entities below the sub-numbered Treasury accounts level must transfer collections and disbursements to the appropriate sub-numbered Treasury accounts at year-end.

020402. DWCF Sub-Numbered Account

The Military Departments and the Defense Agencies DWCF sub-numbered account identifiers assigned by the Treasury are shown in Table 2-1. [TFM Supplement to Volume I, Part II, p. A-24](#) See Table 2-1.

A. One of the five sub-numbered accounts is the Defense-wide Treasury account (97X4930.005). The Defense-wide account includes a number of Defense Agencies operating under the DWCF. The Defense Agencies within the Defense-wide account provide and use funds from the centralized FBWT account that is managed under the Defense-wide Treasury account. The Defense Logistics Agency (DLA) has been designated as the manager for the Defense-wide Treasury sub-numbered account. An entity provides or uses funds depending on whether it needs to provide a collection or make a disbursement. If an entity's collections exceed its disbursements it is providing funds to the centralized pool for other entities' use. If an entity's disbursements exceed collections, the entity is using funds from the centralized pool to make disbursements.

B. Maintaining one Treasury sub-numbered account for the Defense Agencies allows the Department to meet its objective of maintaining a much smaller balance to support ongoing operations compared to the balance required if each Defense Agency operated under a unique Treasury sub-numbered account. The Department, in consultation with the Congress, agreed to minimize the amount of Treasury balances needed to operate the DWCF.

The DLA has not delegated management of the balance below the 97X4930.005 account level. Therefore, the “FBWT balance” below the Defense-wide Treasury account level should only consist of current year collections and disbursements. Also see Volume 2B, Chapter 9, paragraph 090103 of this regulation for additional information about cash management, which is referred to as FBWT management in this chapter.

C. For audited financial statements and the Report on Budget Execution and Budgetary Resources (SF 133), the transfer of current year disbursements and collections from the activity-group level to the appropriate DoD Component Treasury sub-numbered account must be completed as of September 30. FBWT amounts for the Defense-wide Treasury sub-numbered account must be included in the component column on the consolidating balance sheet. The individual activity-group must not report a balance on the balance sheet for FBWT. For the Accounting Report 1307, the transfer of current year disbursements and collections from the activity-group level to the appropriate DoD Component Treasury sub-numbered account must be completed as of October 1.

D. The transfers are reflected at the activity-group and sub-numbered account level in account 5720, Financing Sources Transferred In Without Reimbursement (sub-numbered account) and account 5730 Financing Sources Transferred Out Without Reimbursement (activity group).

020403. DWCF Transfers

Transfers among or within DWCF sub-numbered accounts other than the Defense-wide account. Managers for each Treasury sub-numbered account have been authorized to realign (delegate) balances to the activity-group or installation-level at their discretion. If the managers realign balances within their sub-numbered account, all such approved transfers from one DWCF subhead or limit to another--whether intra- or inter-subhead or limit--must be documented on a Nonexpenditure Transfer Authorization (SF 1151). An [*SF 1151*](#) prepared to transfer amounts from one DWCF subhead or limit to another subhead or limit must be prominently marked “Internal DoD Sub-numbered Account Transfer.” Since all intra- or inter-subhead or limit transfers represent a zero balance transaction for Treasury reporting purposes, all SF 1151s used to document the intra- or inter-sub-numbered transfers must not be included in the monthly reports to the Treasury but must be retained as an audit trail to support these transfer actions. A transfer must not be made that is in excess of the balance available at the transferring DWCF activity or installation.

020404. Recordation/Reconciliation of FBWT Transactions

A. All FBWT transactions must be recorded in the individual activity accounts and must be reconciled to total monthly FBWT transactions reported by the departmental finance network. Reconciliations must be completed within 10 workdays following the end of the month being reconciled. Policy or procedural problems identified during reconciliation that require adjudication between components or between the DoD and the Department of Treasury must be brought to the attention of the Defense Finance and Accounting Service and then, if necessary, the Office of the Deputy Chief Financial Officer.

B. The reporting entity must reconcile the Department's FBWT general ledger account at the DWCF sub-numbered account level to Treasury.

020405. DWCF Treasury Cash Balance

The cash on hand at the Treasury account level must always be sufficient to pay liabilities when due. The responsibility for DWCF cash management is prescribed in Volume 2 B, Chapter 9, "Defense Working Capital Funds Activity Group Analysis" paragraph 090103 of this Regulation. A transaction that causes a negative balance in the funds with the Treasury account must be investigated immediately and reported as a possible violation of the Antideficiency Act as prescribed in Volume 14, "Administrative Control of Funds and Antideficiency Act Violations," Chapter 2, Table 2.1 of this Regulation.

020406. Outlays

Checks issued or other payments made by the government for goods and services received. Gross outlays should be equal to the cumulative amount of disbursements made for the fiscal year to date. Net outlays should be equal to gross outlays less the cumulative amount of collections received for the fiscal-year-to-date. See Volume 2B, Chapter 9.

020407. Current Balance of Funds With Treasury

The current balance of funds with Treasury is equal to the amount as of the beginning of the fiscal year plus the cumulative fiscal-year-to-date amounts of collections, appropriations, and transfers-in of fund balances with Treasury received minus the cumulative fiscal-year-to-date amounts of withdrawals, transfers-out, and disbursements.

020408. Fund Balance with Treasury Transactions

Record a collection or disbursement only when documentary evidence supports an increase or decrease to the Treasury account. For the DWCF activities cash collections and cash disbursements must be segregated between those for the DWCF operating program (i.e., noncapital outlays) and the DWCF capital program (i.e., acquisition of capital assets) to comply with Title 10, United States Code (USC) Section 2208 (m). [10 USC 2208\(m\)](#) Additionally, undistributed cash collections and undistributed cash disbursements should be recorded and reported at the lowest organizational level.

A. Advances Received. An advance received must be recorded as a collection and a liability.

B. Refunds. Refunds are the repayments of excess payments (outlays). The amounts are directly related to previous obligations incurred and outlays made. Refunds receivable are not a budgetary resource and are not available for obligations until collected. A refund collected in the same fiscal year as the obligation incurred, will be credited to the appropriation or fund account charged with the original obligation. Refunds of prior year obligations are not available for obligation until collected and reapportioned by the Office of

Management and Budget (OMB). A refund received is a reduction of a previous disbursement and must, therefore, be recorded as a decrease to disbursements (negative disbursement) with an offsetting credit to the previously recorded accounts receivable (refunds). If a refund is received for an accounts receivable that had not been previously established, the offsetting credit should be to the asset or expense account that was originally debited. See Volume 3, Chapter 15, paragraph 150204 for more information about refunds.

020409. Undistributed Collections and Undistributed Disbursements

Additional information relating to financial control over disbursements, collections and adjustment transactions affecting the fund balances with the Treasury can be found in Volume 3, Chapter 11. Undistributed collections and undistributed disbursements should be recorded and reported at the lowest organizational level.

A. Undistributed FBWT transactions should be identified to the sub-numbered Treasury account level, activity-group level, and installation-level.

1. Sub-numbered Treasury Account Level Adjustments. The DWCF Component-level undistributed collections and undistributed disbursements that are identifiable in the finance network databases to a DWCF sub-numbered account but do not contain sufficient information to identify them to a lower organizational (activity group/installation) level.

2. Activity Group Level Adjustments. These are DWCF activity group-level undistributed collections and undistributed disbursements that are identifiable to the activity-group level but do not contain sufficient information to identify them to an installation. Undistributed collections and undistributed disbursements are defined as the difference between the two or three position activity-group rollup in the finance network databases and the activity-group collections and disbursements reported through the accounting network.

3. Installation-Level Adjustments. These [adjustments](#) are DWCF installation-level undistributed (unmatched) collections and undistributed (unmatched) disbursements that are identifiable through the finance networks to the installation-level but have not yet been matched at the installation-level to specific obligation or receivable subsidiary ledgers.

B. Collections and Disbursements. Collections or disbursements should be identified by the finance network to the lowest level to which they can be identified. That level must record the undistributed collection or undistributed disbursement and provide documentation necessary to research the account for proper disposition.

C. Undistributed collections and undistributed disbursements are necessary to reflect properly the fund balances with the Treasury as contained in finance network reports. Such collections and disbursements recorded in Account 1010 must be researched for proper disposition by the lowest organizational level to which they can be identified. Erroneous collections should be corrected by making a payment to a vender. Erroneous disbursements should be corrected by establishing a refund or receivable pending a receipt of the return.

0205 CASH HELD OUTSIDE OF U.S. TREASURY

020501. Accounting for Cash Held by a Disbursing Officer (Account 1190), Other Cash

A. [Treasury Financial Manual, 2-3400, "Accounting for and Reporting on Cash and Investments Held Outside of the Treasury"](#) provides guidance on cash and investments held outside of the U.S. Treasury and the requirements for accountable officers who have responsibilities for funds, received, certified, disbursed, and held in their custody.

B. Account 1190 must be used to record the amount of U.S. Treasury cash held by disbursing officers at personal risk. The SF 1219, Statement of Accountability, is used to determine the accountability of disbursing officers for funds held outside of the Treasury (cash on hand). The balance in this account is not considered an asset of a DoD Component for external statement purposes because it represents U.S. Treasury cash advanced to disbursing officers under various authorities, to include: 10 U.S.C. 2206 (disbursements out of available advances for obligations chargeable to appropriations of other departments/agencies), [31 U.S.C. 3324](#) (advances), and [31 C.F.R. 240.12\(a\)](#) (drawing disbursing cash). Disbursing officer's cash is non-entity, restricted cash. A liability account for the total amount advanced by the U.S. Treasury must be maintained. [Treasury Financial Manual, Volume 1, Part 2, Chapter 3100, "Instructions for Disbursing Officers' Reports"](#)

C. Sources of entries to the "Disbursing Officer's Cash" account include requests for cash, invoices for transferred funds, reimbursement vouchers, and disbursement records. D. The information reported on the SF 1219, Statement of Accountability must be posted consistent with Volume 6B, Chapter 4, "Balance Sheet" of this Regulation and in the quarterly guidance found on the DoD Internet [website https://guidanceweb.ousdc.osd.mil/FRA.aspx](https://guidanceweb.ousdc.osd.mil/FRA.aspx) Components must reconcile all transactions involving cash on a periodic basis, but no less frequently than quarterly, to ensure cash reported on the Statement of Accountability reconciles with the agency's accounting records and related financial statements.

020502. Accounting Entries for Imprest Funds (Account 1120)

This account is used to record the amount of cash advanced by disbursing officers and held by agency cashiers at personal risk. The balance in this account is not considered an asset of a DoD Component for external statement purposes, since it represents U.S. Treasury cash advanced by disbursing officers. Sources of entries to the "Imprest Funds" account include requests for cash, reimbursement and disbursement vouchers, and invoices for transferred funds.

020503. Undeposited Collections (Account 1110)

This account is used to record amounts for which a deposit confirmation has not been issued by the U.S. Treasury. Subaccounts must be maintained for each appropriation or fund. This account is to be used by all DoD Components. Sources of entries to the "Undeposited

Collections” account are collection records and certificates of deposit that have been reported to Treasury.

0206 CASH AUDITS AND REVIEWS

020601. Responsibility for Accounting and Internal Controls

Managers who supervise personnel holding cash are responsible for maintaining appropriate accounting and internal controls. This responsibility includes ensuring the legality, propriety, and correctness of disbursements and collections of public funds.

020602. Announced and Unannounced Audits

Audits, both announced and unannounced of each fund, must determine whether:

- A. All funds are properly accounted for and reported.
- B. The amount of funds not in excess of requirements.
- C. Procedures are established and followed to protect the funds from loss or misuse. The frequency of such audits must be decided by management based on vulnerability assessments in [DoD Instruction 5010.40, Managers’ Internal Control \(MIC\) Program Procedures](#).

020603. Requirements for Investigation

Any unauthorized use, irregularity, or improper accounting for a cash fund must be investigated and reported to the approving authority and to the disbursing officer involved. A report should state whether prescribed procedures were followed and recommend any actions considered necessary or desirable to prevent recurrence.

0207 FUND BALANCE WITH TREASURY RECONCILIATIONS

*020701. FBWT Reconciliation Overview

Reconciliation is a key control in maintaining the accuracy and reliability of the entity fund balance with treasury records. Effective reconciliations serve as a detection control for identifying unauthorized and unrecorded transactions at the entities and at Treasury. Effective reconciliations are also important in preventing entity disbursements from exceeding appropriated amounts and providing an accurate measurement of the status of available resources. Reconciliation also allows a Component to resolve differences in a timely manner. When resolving differences, Components should maintain detailed reconciliation worksheets that, if needed, can be reviewed by management or auditors. Any discrepancies between FBWT in the Component general ledger accounts and the balance in the Treasury’s accounts must be explained. Differences caused by time lag should be reconciled and differences caused by error should be corrected.

*020702. FBWT Reconciliation of Available Appropriations

Reconciling FBWT is a reconciliation of available appropriations (spending authority). It is separate and distinct from a Disbursing Officer's cash reconciliation (cash and monetary assets and the Statement of Accountability), the focus of which is reconciling the account activity to the cash activity (checks issued, deposits, EFT, etc.).

*020703. Department of Treasury Reconciliation Requirements

The Department of Treasury (Treasury) requires reconciling FBWT accounts to the Treasury reported amounts by Department Regular, Period of Availability, and Main Account (that is, Treasury index, fiscal year, and basic symbol) at least monthly.¹ Reconciliation requires that a Component:

A. Research and resolve the underlying causes of differences reported by the Treasury on the Statement of Differences (FMS 6652) each month and make corrections to monthly Treasury reports and agency accounting records. *Statement of Differences*

B. Reconcile its general ledger balances by Department Regular, Period of Availability, and Main Account with the balances reported by Treasury.

*020704. FBWT Reconciliation Requirements

Every Defense Component with FBWT accounts must perform detailed reconciliations of their FBWT accounts (United States Standard General Ledger (USSGL) 1010 and 1090). The reconciliations must be performed at least monthly to ensure the accuracy and reliability of entity fund balance records and the integrity of the financial statements. Reconciliations must be completed within 10 working days following the end of the month being reconciled.

A. In addition to the Treasury Main Account requirement, the DoD requires reconciliations below the Main Account by Organization Unique Identifier Code (OUID, that is, limit) of the Defense funds identified by the Treasury as Department 97. The OUIDs are unique account identifier codes that exist below the Treasury level of reporting; they are exclusive to DoD.

B. These exclusive codes are typically four digits, and are used to identify, manage, and report the financial activity of Defense Agencies, Field Activities, and other operational units reported by the Treasury as the combined activities of Department Regular 97.

¹ The Treasury Financial Manual (TFM) sets forth the Treasury requirements (Section 5155) for reconciling FBWT *Treasury Part 2-Chapter 5100* and *Treasury Supplement*, and the Financial Audit Manual (FAM) jointly published by the Government Accountability Office and the President's Council on Integrity and Efficiency provides guidance as to the FBWT audit issues (*FAM Substantive Procedures Section 921—Auditing Fund Balance with Treasury*).

C. The OUIDs of the Department Regular 97 must be reconciled individually with the balances representing available spending authority as managed within DoD. For Treasury reporting purposes, the balances of the OUIDs of the Department Regular 97 must be added together and reconciled to the Treasury's control total at the Treasury Account Symbol level.

***020705. Reconciliation of FBWT for Comparison of Transactions**

Reconciling FBWT includes a comparison of transactions at a level of detail sufficient for specific identification of differences to establish that the entity's FBWT general ledger accounts and the Treasury control totals are accurately stated. Detail sufficient for specific identification of differences includes voucher numbers for cash disbursements and collections, summary bill numbers for interfund transactions, and authorizing document numbers for non-expenditure transfers and funding events.

020706. Documentation Requirements - Auditors

Documentation must be available to provide an audit trail and support accomplished reconciliations and resulting adjustments. Such documentation should be available for auditors and management for proper oversight. Components must maintain detailed reconciliation worksheets that, if needed, can be reviewed by management or auditors.

020707. FBWT – GWA Account Statement Reconciliation

With the phased implementation of Government-wide Accounting (GWA), the Account Statement is the vehicle for all Federal agencies to reconcile their FBWT. Each DoD reporting entity must reconcile its accounts to the GWA account statements beginning balance, net activity, and ending balance. The Account Statement consists of three sections: (1) Account Summary, (2) Expenditure Activity, and (3) the Transactions reports. The Account Statement is designed for agency users that perform FBWT reconciliations based on the Treasury Account Symbol (TAS.) The Agency Location Code (ALC) Code Statement is designed for users who reconcile based on ALC. It also is comprised of three sections: (1) ALC Summary, (2) ALC Activity, and (3) ALC Transactions. The Support Listings provides links to other FMS Accounting Systems that support the monthly Statement of Difference reconciliation.

The Account Statement, the Statement of Differences, and various support listings are finalized after the agency month-end report processing is complete.² More information about the Account Statement can be found at the [*Financial Management Service, Government-wide Accounting System Account Statement User Manual*](#).

***020708. Requirement for Written Procedures**

² Currently, this requirement does not apply to Defense Agencies and Field Activities that do not have their own Treasury Account Symbols. These organizations, comprising Department 97, must reconcile their FBWT balances individually to Organization Unique Identifier Codes (limits.)

Components must ensure that they have written standard operating procedures to direct and document the reconciliations. In the written procedures, Components must require the practice of segregating the journal entry for unsupported undistributed amounts from the journal entry for the undistributed amounts that can be supported. This practice is essential for efficient cash reconciliation management and for audit support and measurement. For example, if the total undistributed amount is 95 percent supported and 5 percent not supported, then use two journal voucher entries to segregate the amounts.

020709. Documentation Requirements

Documentation must be available to provide an audit trail and support accomplished reconciliations and resulting adjustments. Such documentation should be available for auditors and management for proper oversight.

020710. Expenditure and Receipt Accounts Annual Review

All expenditure and receipt accounts reported by the Treasury must be reviewed at least annually to determine if the accounts are valid. The Defense Finance and Accounting Service (DFAS) must work with Treasury to remove invalid and unused accounts from Treasury reports/systems on an annual, or as needed basis.

020711. FBWT Reconciliation Quarterly Scorecard

The Department of Treasury, Financial Management Service (FMS) provides a Quarterly Scorecard to all Chief Financial Officers of Federal Agencies.

A. This scorecard focuses on FBWT reconciliation from the disbursing operations perspective. This Quarterly Scorecard reflects agencies' performance in compliance with the following FMS financial reporting standards. Accuracy, Timeliness, and Checks Issued Comparison are the three reporting standards. The Treasury uses a traffic light grading system. For example, agencies score "green" if all standards are successfully met, "yellow" if some, but not all standards have been met, and "red" if none of the standards has been met based on the criteria outlined in the scorecard.

B. The Office of the Under Secretary of Defense (Comptroller), Accounting and Finance Policy Directorate requires each Disbursing Symbol Station Number to explain what caused the discrepancy, what is being done to correct the discrepancy, when the discrepancy will be corrected and what processes are in place to prevent future.

TABLE 2-1: DoD Component Treasury Assigned Account Number

<u>DoD Component</u>	<u>Treasury Assigned</u> <u>Account No.</u>
Army	97X4930.001
Navy	97X4930.002
Air Force	97X4930.003
Defense Commissary Agency	97X4930.004
Defense Agencies	97X4930.005