

**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 asterisk (\*) 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 **January 2016** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
0203	Deleted account numbers and directed users to the Department of Defense U.S. Standard General Ledger Transaction Library.	Revision
020604	Updated Fund Balance with Treasury (FBWT) reconciliation requirements to align with the Treasury Financial Manual (TFM).	Revision
020703	Modified language regarding refunds to align with the Office of Management and Budget Circular A-11.	Revision
020802	Updated reconciliation roles and responsibilities for DoD Components.	Revision
020803	Updated suspense accounts requirement for balances to be moved to the appropriate Line of Accounting within 60 business days from the date of transaction to align with the TFM.	Revision
020805	Updated FBWT reconciliation requirements to align with the TFM.	Revision
020806	Added a deadline to transition to daily submission of FBWT disbursement and collections to Treasury’s Central Accounting Reporting System.	Addition
020810	Deleted the “Documentation Requirements to Support Auditability” paragraph.	Deletion
Table 2-3	Added Table 2-3 to summarize availability dates for data files used to perform monthly FBWT reconciliations.	Addition
Table 2-4	Added Table 2-4 to summarize monthly FBWT reconciliation deadlines.	Addition

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## CHAPTER 2

**ACCOUNTING FOR CASH AND FUND BALANCES WITH TREASURY**

## 0201 GENERAL

## 020101. Purpose

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. Department of the Treasury (Treasury) and cash resources **that are** not part of the Fund Balance with Treasury (FBWT). Unless otherwise stated, this chapter is applicable to **the Military Departments and Defense Agencies, hereinafter referred to as** DoD Components including the Defense Working Capital Fund (DWCF) activities.

## 020102. Authoritative Guidance

**The** Statement of Federal Financial Accounting Standards (**SFFAS 1**), "Accounting for Selected Assets and Liabilities," **promulgated by the Federal Accounting Standards Advisory Board**, recognizes both cash and FBWT as assets and establishes specific standards for both. The Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 5100, (**ITFM 2-5100**) "Fund Balance with Treasury Accounts," provides policies and procedures for reconciling agencies' FBWT accounts.

## 0202 DEFINITIONS

## 020201. Cash

Cash, including imprest funds, must be recognized as an asset in accordance with SFFAS 1, Paragraph 27: "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, must be translated into U.S. dollars at the exchange rate on the financial statement date."

## 020202. Cash Held Outside of Treasury

**ITFM 2-3400**, Section 3420 defines "Cash Held Outside of Treasury" as funds under the custodial responsibility of Federal Government agencies and/or their employees, officers, or agents that are deposited in non-Treasury general accounts **or held in an imprest fund**. "Cash Held Outside of Treasury" includes "Disbursing Officer's (DO's) Cash" which are Treasury funds (cash) held by the **DO** in local accounts, but which are not directly associated with any DoD appropriation **and are not part of DoD FBWT**. See also section 0204 and Chapter 1.

## 020203. Entity Cash

SFFAS 1, Paragraph 28 defines entity cash as the amount of cash that the reporting entity holds and is authorized by law to spend. Imprest Funds are cash advances against a specific Line of Accounting (LOA) from the DO to an appointed cashier. As advances, these funds are a form of “Cash Held Outside of Treasury” but because an entity LOA is cited as the basis of the Imprest Fund, the advance is considered “entity cash.” The advance encumbers FBWT for the LOA but it is separate from the DO's physical cash in U.S. Standard General Ledger (USSGL) account 113500 “Funds Held Outside of Treasury.” In this instance, the physical cash (account 113500) is still under the DO's pecuniary liability and is non-entity cash, while the "accounting cash" is entity cash.

## 020204. 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. This is a liability account. In some circumstances, the entity deposits cash in its accounts in a custodial capacity for the Treasury or other federal entities, or in a fiduciary capacity for non-federal parties. In accordance with SFFAS 1, Paragraph 29, Components must recognize non-entity cash that does not meet the definition of a fiduciary asset on the Balance Sheet, reported separately from entity cash. Fiduciary cash that meets the definition of a fiduciary asset must be disclosed in accordance with the provisions of SFFAS 31, “Accounting for Fiduciary Activities.” DO's cash is non-entity cash, which is a subset of Treasury cash. The DO's Cash is reported in dollars as described in Volume 5, Chapters 13 and 15.

## 020205. Restricted Cash

Restrictions imposed on cash deposits are usually from laws, regulations, or agreements. 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. For instance, restricted cash may be non-entity seized cash from foreign governments, deposit funds for humanitarian relief and reconstruction, or currency held by DOs to carry out their paying, collecting, and foreign currency accommodation exchange missions. In accordance with SFFAS 1, Paragraph 30, Components must disclose the reasons and nature of restrictions in the notes to the financial statements.

## 020206. FBWT

SFFAS 1 provides the following definition for FBWT:

A. A federal entity's FBWT is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities.

B. According to SFFAS 1, paragraph 32, a federal entity's FBWT includes budget clearing account balances (also known as suspense accounts) and the dollar equivalent of foreign currency account balances (e.g., foreign burden sharing payments). Components must translate foreign currency account balances into U.S. dollars at exchange rates determined by the Treasury and effective at the financial reporting date in accordance with the

*Treasury Reporting Rates of Exchange*, unless the exceptions stated in *ITFM 2-3200* apply. A federal entity's FBWT also includes balances for direct loan and loan guarantee activities held in the credit reform program and financing accounts.

C. ITFM 2-5100 describes FBWT 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, non-expenditure transfers, collections, disbursements, and related adjustments reported to Treasury's Bureau of the Fiscal Service (BFS); and classified to a Treasury Account Symbol (TAS) increase or decrease to the FBWT account balance. See Table 2-1 for examples of financial events that impact a Component's FBWT on the Balance Sheet and on the Statement of Budgetary Resources (SBR).

#### 020207. FBWT Reconciliation

A. Reconciliation is a process that compares two sets of records (usually the balances of two accounts), identifies, and explains the differences between the records or account balances. The timing of transactions, an invalid LOA, or insufficient detail may cause differences, or reconciling items. Reconciliation is not complete until all differences are identified, aged, accountability is assigned, and differences are explained. Once reconciliations are complete, appropriate actions must be documented and any necessary adjustments must be recorded. The corrective action must address the root cause of the difference in order to prevent recurrence.

B. A FBWT reconciliation is a specific reconciliation of the actual accounting transactions (including funding, disbursements, collections, and transfers) back to the detailed amounts posted to both entity general ledgers and entity Treasury accounts, USSGL accounts 101000 (FBWT) and 109000 (FBWT While Awaiting a Warrant). Reconciliation involves identifying and comparing accounting events or transactions to determine whether transactions are recorded properly and can be cleared, have not yet been recorded (in-transit), or were recorded improperly and require correction either in the general ledger or at Treasury.

C. Reconciling FBWT is a reconciliation of available funds as recorded on the Central Accounting Reporting System (CARS) Account Statement. FBWT reconciliation includes DO'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, electronic funds transfer). Refer to Volume 5 for information and requirements of the DO's cash reconciliation.

#### 020208. FBWT Universe of Transactions

The FBWT universe of transactions includes all valid funding, disbursements, collections, or transfers of funds (including warrants) to or from an entity over a given time period. These transactions affect the amounts and balances in appropriation accounts reported to or by Treasury, recorded in an entity's general ledger, or presented in an entity's financial reports. When these transactions are reconciled from the entity disbursing systems, general ledgers, and financial statements to Treasury's records, voucher level detail must support all identified differences. Note that there are two universes of transactions for FBWT: Treasury detail and accounting detail. For

purposes of FBWT reconciliations, transaction-level detail begins with the [LOA](#) and must have the following data elements (at a minimum): [TAS](#), [Sub-Allocation Holder Identifier \(SAHI\)](#) (formerly [limit](#)) for [Treasury Index \(TI\)-097](#), reimbursable flag indicator, accounting station identifier code, agency disbursing identifier code, and the voucher number and amount.

020209. Undistributed Amounts

A. Undistributed amounts are amounts that have been reported to Treasury but have not been posted to the appropriate obligation in a Component's general ledger [in the source accounting system or vice versa](#). Undistributed amounts can be a result of timing, invalid [LOA](#), or invalid [TAS](#) information, among other reasons. Unsupported undistributed amounts are amounts that are not yet researched/[reconciled](#) to supporting documentation.

B. A "forced balance entry" represents any amount posted, usually at a summary-level [in a suspense account](#), to eliminate differences between the Component's general ledger balance (USSGL accounts 101000 and 109000) and the Treasury's control total. Typically, these adjustments appear as "undistributed" amounts when in fact, they are differences. Although Treasury requires the Components to match the Treasury's balance, a forced balance entry is not an adequate reconciliation of the USSGL [accounts](#) 101000 and 109000. When reconciling FBWT USSGL [accounts](#) 101000 or 109000, Components must research the causes of the differences at the detail voucher level, identify undistributed amounts, and clear the aged undistributed amounts [in accordance with I TFM 2-5100, Section 5130](#). All differences must be cleared within 60 [business days from the date of the transaction](#) (see [Table 2-4 and the TFM Volume 1, Bulletin 2020-05](#)).

C. In accordance with the Government Accountability Office (GAO) and the [Council of the Inspectors General on Integrity and Efficiency \(CIGIE\)](#), [Financial Audit Manual](#), Volume 2, (GAO-08-625G), [section 921](#), Paragraph 12, entities must avoid arbitrarily adjusting accounts to the amounts reported by Treasury and/or recorded differences in suspense accounts without adequately researching the causes of the differences<sup>1</sup>. Unreconciled differences recorded in suspense accounts may represent transactions that have not been properly recorded by the entity to the appropriate accounts. [For more detailed instructions on the various reconciliation tools, refer to I TFM 2-5100.](#)

\*0203 STANDARD GENERAL LEDGER ACCOUNTS

Components must use the appropriate accounts to record transactions for FBWT or foreign currency transactions. The general ledger accounts and accounting entries for these accounts are specified in the USSGL TFM Supplement and the [DoD USSGL Transaction Library](#).

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<sup>1</sup> [Office of Management Budget \(OMB\) Circular A-136](#) states: "An entity's FBWT [must](#) tie to the sum of the balances reflected on the CARS Account Statement for the entity's [TAS](#). An adjustment will need to be made for available receipts appropriated/credited to the related expenditure accounts, since the balances will appear in both the receipt ledger and the account statements for the expenditure account."

## 0204 ACCOUNTING FOR CASH HELD OUTSIDE OF TREASURY

## 020401. Cash and Investments Held Outside of Treasury

I TFM 2-3400 provides guidance on Cash and Investments Held Outside of Treasury and the requirements for accountable officers who have responsibilities for funds received, certified, disbursed, and held in their custody (e.g., DOs).

## 020402. Recording Cash Held Outside of Treasury

The amount of “Cash Held Outside of Treasury” must be recorded using one of these USSGL accounts: 112000 (Imprest Funds), 113000 (Funds Held Outside of Treasury-Budgetary), 113500 (Funds Held Outside of Treasury-Non-Budgetary), and 120000 (Foreign Currency) for cash held by DOs at personal risk. There are no budgetary accounts impacted from recording this type of non-entity cash. The SF 1219, Statement of Accountability, is used to determine the accountability of DOs for funds held outside of Treasury (cash on hand). The balance in this account is not an asset of a DoD Component for external statement purposes because it represents Treasury cash held by DOs under various authorities, including:

A. Title 10, United States Code, section 2206 ([10 U.S.C. § 2206](#)) (Disbursement of funds of a Military Department to cover an obligation of another DoD agency);

B. [31 U.S.C. § 3324](#) (Advances); and

C. [Title 31, Code of Federal Regulations, § 240.12\(a\)](#) (drawing disbursing cash). DO’s cash is non-entity, restricted cash. A liability account for the total amount advanced by the Treasury (USSGL account 298500) must be maintained in accordance with I TFM 2-3400, Section 3435.10 “Financial Accounting and Reporting Requirements.”

## 020403. Reconciling Cash Held Outside of Treasury

The information reported on the SF 1219 must be posted consistent with Volume 6B, Chapter 4 and the quarterly guidance found on the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) web page, [OUSD\(C\) Policies and Guidance](#) (DoD Common Access Card required). Components must reconcile all transactions involving cash on a periodic basis, but no less frequently than monthly for DO’s cash and quarterly for imprest funds, to ensure cash reported on the Statement of Accountability reconciles with the CARS Account Statement for the DO’s Cash TAS, the agency’s accounting records and related financial statements in accordance with I TFM 2-3400, Section 3440. Treasury’s BFS reports to the Office of the Fiscal Assistant Secretary of Treasury all discrepancies disclosed from periodic review and analysis of agencies’ reported cash and investment outside of Treasury.

## 0205 CASH AUDITS AND REVIEWS

## 020501. 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. See Volume 5, Chapter 3; and Volume 5, Appendix A for more information on requirements for securing cash and other assets.

## 020502. 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; and
- C. Procedures are established and followed to protect the funds from loss or misuse. In accordance with [DoD Instruction 5010.40](#), "Managers' Internal Control Program Procedures," management must determine the frequency of audits based on vulnerability assessments.

## 020503. 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 DO involved. A report must state whether prescribed procedures were followed and recommend any actions considered necessary or desirable to prevent recurrence.

## 0206 DEFENSE WORKING CAPITAL FUND

## 020601. DWCF Accounts

The DWCF FBWT, account symbol 097X4930, is subdivided at the Treasury into five sub-accounts. Each reporting entity of the five sub-accounts reports a FBWT amount on its Balance Sheet. A DWCF activity below the Treasury sub-account reports a FBWT amount on the agency's Accounting Report (Monthly) (AR (M)) 1307, Statement of Operations, as well. However, this amount represents a clearing account for recording collection and disbursement activity that reflects a net of collections and disbursements. Volume 6A, Chapter 15 describes how to prepare the AR (M) 1307, as well as other FBWT reporting requirements. Each individual activity must also report the balance of FBWT transactions on the Balance Sheet.

## 020602. DWCF Sub-Account

DoD Components DWCF sub-account identifiers assigned by the Treasury are shown in Table 2-2 and in the Treasury Federal Account Symbols and Titles ([FAST Book](#), I TFM 2, Supplement 1. One of the sub-accounts is the Defense-wide Treasury account (097X4930.005). Other DWCF accounts include, but may not be limited to 097X4931, Building Maintenance Fund, and 097X4932, Defense Counterintelligence and Security Agency. 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 under the Defense-wide Treasury 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. See Volume 2B, Chapter 9 for additional information about cash management [policy](#).

## 020603. DWCF Transfers

Program managers for each Treasury sub-account have the authority to realign (delegate) balances to the activity or installation-level at their discretion. If the program managers realign balances between Treasury Appropriation Fund Symbols (TAFS), they must document all such approved transfers on an SF 1151, Nonexpenditure Transfer Authorization. TAFS are a combination of a TAS and availability code (for example, annual, multi-year, or no-year). TAFS refer only to the appropriation and fund accounts and exclude the receipt accounts. Distributions between SAHIs, within the same TAFS, are not accounted for as transfers. In this instance, the preparation of the SF 1151 is not required. See the Office of Management and Budget ([OMB Circular A-11](#), subsection 20.4(j) for additional information on transfers. Program managers must ensure that they do not make a transfer that is in excess of the balance available at the DWCF SAHI making the transfer. See Volume 11B, Chapter 3 for additional information on nonexpenditure fund transfers.

## \*020604. Recordation/Reconciliation of FBWT Transactions

A. Components must record all FBWT transactions in the individual activity accounts and must reconcile them to total monthly FBWT transactions reported by the Defense Finance and Accounting Service (DFAS). Components must adhere to the 2-month (60 calendar days) reconciliation requirement in accordance with the TFM and move toward a 1-month (30 calendar days) reconciliation requirement following the end of the month being reconciled effective fiscal year 2021. As mentioned in subparagraph 020207.A, reconciliation is not complete until all differences are identified and aged, accountability is assigned, and differences are explained. The timing of transactions, an invalid LOA, or insufficient detail may cause differences, or unmatched items. If Components identify any policy or procedural problems during reconciliation that require adjudication between a Component(s) or between the Department and Treasury, they must bring it to the attention of DFAS, as their service provider, and if necessary, the Office of the Deputy Chief Financial Officer.

B. The Component must reconcile the Department's FBWT general ledger account at the DWCF sub-account level to Treasury in accordance with [10 U.S.C. § 2208](#) (n) and (q)(1). For the Defense-wide sub-account (097X4930.005), DFAS will reconcile the general ledger accounts to Treasury at the Component level.

020605. 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 2B, Chapter 9. Components must immediately investigate and report a transaction that causes a negative balance in the funds with the Treasury account as a possible violation of the Antideficiency Act as prescribed in Volume 14, Chapter 2, "Antideficiency Act Violations," in accordance with [31 U.S.C. § 1341](#).

020606. 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 FBWT received minus the cumulative fiscal-year-to-date amounts of withdrawals, transfers-out, and disbursements.

020607. Undistributed Collections and Undistributed Disbursements

Refer to Volume 3, Chapter 11 for additional information relating to financial control over disbursements, collections and adjustment transactions affecting the FBWT. Components must record and report undistributed collections and undistributed disbursements at the lowest organizational level.

A. DFAS must identify undistributed FBWT transactions at the sub-account Treasury account-level, SAHI level (i.e., formerly limit), and Component-level.

1. [Sub-account TAFS Level Adjustments](#). Treasury Sub-accounts are shown in Table 2-2. The DWCF undistributed collections and undistributed disbursements that are identifiable to a DWCF sub-account but do not contain sufficient information to identify them to a lower organizational (business area/Component) level are recorded in 097X4930.005. Any transactions posted at this level must be researched and cleared, if necessary, within 60 business days from the date of the transaction to ensure proper reporting by DoD Components. At year end, there must not be any remaining unidentified/un-researched balances in the sub-account.

2. [Business Area Adjustments](#). These are DWCF business area undistributed collections and undistributed disbursements that are identifiable to the TAFS level but do not contain sufficient information to identify them to a business area. Examples of business areas include Supply Maintenance, Depot Maintenance, and Research and Development. Undistributed collections and undistributed disbursements are the differences between the Treasury reporting systems and the collections and disbursements reported through the general ledgers.

3. Component-Level Adjustments. These adjustments are DWCF Component-level undistributed (unmatched) collections and undistributed (unmatched) disbursements that are identifiable through the Treasury reporting systems to the Component-level but have not yet been matched at the Component-level to a specific obligation or receivable subsidiary ledgers. In addition, these adjustments must be supported by detailed transactions from the disbursing officers' records to include at a minimum the voucher number or other unique identifiers of the transactions. Limit Component-level adjustments at year-end and complete the required reconciliations (necessary research must be conducted and transactions must be posted to the proper LOA).

B. DFAS must identify collections or disbursements at the lowest identifiable level described in subparagraph 020607.A. 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 proper FBWT as contained in finance network reports. Components must research such collections and disbursements recorded in account 101000 for proper disposition by the lowest organizational level to which they can be identified. DFAS must correct erroneous collections by making a payment to a vendor and erroneous disbursements by establishing a receivable pending a receipt of the refund. In addition, supporting documentation must include detailed transactions from the disbursing officers' records to include at a minimum the voucher number or other unique identifier of the transactions

#### 0207 FBWT TRANSACTIONS

##### 020701. Collection or Disbursement

Record a collection or disbursement only when documentary evidence, such as a Treasury Financial Management Service (FMS) 6652, Statement of Differences (SOD) or a voucher, supports an increase or decrease to the Treasury account. For the DWCF activities, Components must segregate cash collections and cash disbursements 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 10 U.S.C. § 2208(m). See Volume 2B, Chapter 9 for a description of Capital Investment Program. Additionally, Components must record and report undistributed cash collections and undistributed cash disbursements at the lowest organizational level.

##### 020702. Advances Received

Components must record a customer advance or prepayment received as a liability in accordance with SFFAS 1, Paragraph 60. OMB Circular A-11, section 20.11 provides guidance on the treatment of advances received and deposit requirements, which vary depending on whether the advance is with or without orders.

\*020703. Refunds and Prepayments

OMB Circular A-11, section 20.9 states, “Refunds are the [repayments](#) of excess payments.” Refund amounts directly relate to previous obligations incurred and outlays made. [Refunds received are deposited to the credit of the appropriation or fund account charged with the original obligations in accordance with OMB Circular A-11, section 20.9. Any items returned to DWCF supply activities from DWCF customers are to be considered as a recovery \(and not classified as a refund\). Offsetting collections credited to expenditure accounts automatically offset outlays and budget authority at the expenditure account-level. See Volume 3, Chapter 15 for more information about refunds, and Volume 4, Chapter 5 for more information about prepayments. Refer to the DoD USSGL Transaction Library for posting entry guidance.](#)

0208 FBWT RECONCILIATIONS

020801. FBWT Reconciliation Overview

A. Reconciling FBWT is a key internal control in maintaining the accuracy and reliability of the entity FBWT records. Therefore, Components must perform timely reconciliations ([see Table 2-4](#)) and implement effective and efficient reconciliation processes. 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.

B. Reconciliation also allows Components to resolve differences in a timely manner. When resolving differences, Components must maintain detailed reconciliation documentation ([reviewed and approved by appropriate official](#)) that is readily available for review by management, auditors and Treasury if requested. Components must reconcile any differences caused by time lag and correct differences caused by error. Components must explain any discrepancies between FBWT in the general ledger accounts and the balance in the Treasury’s accounts and disclose them in the notes to the financial statements. [Agencies must also provide information on unused funds in expired appropriations that are returned to Treasury at the end of a fiscal year](#) in accordance with SFFAS 1, Paragraph 39.

C. Components must ensure that all adjustments are researched and traceable to supporting documents as instructed in I TFM 2-5100, Section 5120. Supporting documentation, including reconciliations, transaction-level detail, journal vouchers and adjustments, Standard Operating Procedures (SOPs), and Customer Service Provider agreements (i.e., Memorandums of Agreement (MOA)/Memorandums of Understanding (MOU)/Service Level Agreements (SLAs)), are necessary to provide an audit trail. Components must ensure the supporting documentation is readily accessible to management for oversight and auditors to support auditability.

D. An effective FBWT reconciliation in which all reconciling differences are resolved ensures that the FBWT universe of transactions (see definition at paragraph 020208) is complete and transactions included in the FBWT accounts are valid. Effective FBWT reconciliation also supports reporting accurate, valid, and timely FBWT account balances.

Unrecorded or improperly recorded transactions, usually referred to as “reconciling items,” are expected and are the result of timing differences or errors. I TFM 2-5100, Section 5130 states that agencies must reconcile the FBWT USSGL account 101000 balances for each fund symbol with BFS’ records (i.e., CARS Account Statement; Expenditure Transaction Report; SODs, and Available, Unavailable, and Unappropriated Receipt Account Reports) on a monthly basis.

\*020802. Reconciliation Roles and Responsibilities

DFAS, in their role as a service provider, and their Component customers are jointly responsible for performing FBWT reconciliations.

A. DFAS is responsible for:

1. Reporting transactions affecting FBWT accounts to Treasury (e.g., disbursements and collections) that are disbursed under DFAS Disbursing Station Symbol Numbers (DSSNs) and non-DFAS DSSNs (e.g., Army DSSNs).

2. Ensuring that information submitted to Treasury on the SF 224, Statement of Transactions, or SF 1219, for those Agency Location Codes (ALCs) where DFAS is the Designated Agent, matches the information reported to Treasury.

3. Researching and resolving differences identified on the Treasury’s FMS 6652, i.e., SOD for DFAS DSSNs (DFAS is responsible for reporting and assisting with the resolution of differences for non-DFAS DSSNs). BFS provides FMS 6652 to federal agencies for both disbursements and deposits. An FMS 6652 is generated for each ALC by accounting month (month the report is generated) and accomplished month (month the difference occurred) if there is a discrepancy. Differences resulting from deposits indicate there is a discrepancy between the monthly totals submitted through the banking system via the SF 215, Credit Voucher, or the SF 5515, Debit Voucher, and the totals provided by the agency on the SF 224 or SF 1219. The SOD for disbursement transactions reveal discrepancies between monthly totals reported in the agencies’ accounting systems and the transactions reported to Treasury by the Regional Finance Centers and/or through the Intra-Governmental Payments and Collections (IPAC) system on the SF 224 or SF 1219. FBWT reconciliation variances, to include unmatched, suspense, and SOD balances, must be cleared within 60 business days from the date of the transaction (see Table 2-4).

4. Reconciling FBWT appropriation accounts at the TI, main appropriation account-level, and at the ALC level, including ensuring the FBWT universe of transactions for each TAS recorded to USSGL accounts 101000 and 1090000 for all DoD funds is complete and fully reconciled to all of the individual appropriation account balances recorded at Treasury.

5. Reconciling the Components’ FBWT USSGL accounts 101000 and 109000 at the SAHI level. SAHI is a unique account identifier code specific to DoD that represents the structural level below the sub-account level. These codes are typically four digits, and used to identify, manage, and report the financial activity of Defense Agencies, Component, and other operational units reported by the Treasury as the combined activities of TI- 097.

6. Aging, assigning, and tracking the status of reconciled differences.
7. Researching and resolving differences originating from operations under the control of DFAS, and clearing these transactions in the FBWT source system(s). [Key supporting documentation must be maintained and provided upon request. This documentation includes evidence of reconciliation performed and confirmation that all differences were successfully reconciled.](#)

B. [DoD Components](#) are responsible for:

1. Reporting transactions affecting FBWT accounts to Treasury (e.g., disbursements and collections) that utilize Treasury Disbursing.
2. Ensuring that information submitted to Treasury on the [SF 224](#) or [SF 1219](#), for those ALCs where the Component is the Designated Agent, matches what is reported to Treasury. [Ensuring a valid and proper LOA is on the original obligating documents that will be used throughout the procure-to-pay process.](#)
3. Researching, resolving, and reporting status of reconciled differences originating from operations under their control.
4. Monitoring and approving the reconciliations performed by DFAS on their behalf. [Ensuring all reconciling differences are supported by detail-voucher level transactions. Key supporting documents must be kept and provided as requested; include evidence of reconciliation performed and confirmation that all differences were successfully reconciled.](#)

C. Coordination between DFAS and [their](#) Component [customers](#) is necessary to properly identify, assign, age, track, research and resolve reconciled differences in a timely manner. DFAS' roles and responsibilities in Disbursing and Treasury Reporting Operations are described throughout Volume 5 and in Volume 6A<sup>2</sup>, Chapter 3.

D. DFAS and their Component customers must formally establish and document their understanding and agreement of roles and responsibilities in accordance with [DoD Instruction 4000.19, "Support Agreements."](#) DFAS and [their](#) Component [customers](#) must have written MOAs, MOUs, or SLAs in place that define the roles and responsibilities between the Service Provider and the Customer(s).

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<sup>2</sup> Volume 6A, Chapter 3 discusses [SF 1220, "Statement of Transactions."](#)

\*020803. Treasury Reconciliation Requirements

Treasury requires reconciling FBWT accounts to the Treasury reported amounts by Department, Period of Availability, and Main Account (i.e., TI, fiscal year, and fund symbol) monthly<sup>3</sup>. During reconciliation, DFAS and their Component customers must:

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

B. Reconcile general ledger balances by Department, period of availability, and main account with the balances reported by Treasury.

C. Ensure that all adjustments are researched and traceable to supporting documents in accordance with I TFM 2-5100.

D. Document detailed reconciliations and make available to auditors and Treasury if requested, as instructed in I TFM 2-5100.

E. Ensure differences recorded in Treasury budget clearing accounts (suspense accounts) are reconciled monthly as instructed in I TFM 2-5100, and moved to the appropriate LOA within 60 business days from the date of transaction. In accordance with TFM Volume I, Bulletin 2020-05, the agency Chief Financial Officer (CFO) must annually certify that the ages of the balances in the suspense accounts are no more than 60 business days old with clear explanations of exceptions. See paragraph 020805.

020804. Other Defense Organizations Reconciliation Requirement

Every DoD Component with FBWT accounts must perform detailed reconciliations of their FBWT accounts (USSGL accounts 101000 and 109000). DFAS and their Component customers must perform the reconciliations monthly to ensure the accuracy and reliability of the Component's FBWT records and the integrity of their financial statements.

A. In addition to the Treasury Main Account requirement, DoD Components must ensure that FBWT accounts are reconciled to their sub-allocations as provided by OUSD C.

B. For Treasury reporting purposes, DoD must add the balances in the TI-097 accounts together and reconcile to the Treasury's control total at the TAS level in CARS.

C. To support effective FBWT reconciliation, Components must ensure that reconciliations include and address amounts reported in:

1. Treasury's CARS Account Statement;

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<sup>3</sup> Treasury sets forth the requirements for reconciling FBWT in I TFM 2-5100 and the I TFM 2-5100 Supplement. Audit issue guidance is provided in the FAM Substantive Procedures Section 921-Auditing Fund Balance with Treasury, jointly published by the GAO and the CIGIE.

2. Trial balances (for both budgetary (outlays/collections) and proprietary (101000/109000 USSGL accounts) from the accounting system (including budgetary FBWT to proprietary FBWT Governmentwide Treasury Account Symbol Adjusted Trial Balance System edits and validations);

3. Financial statements (outlays and collections on the SBR; FBWT on the Balance Sheet);

4. FMS 6652 (for deposits and disbursement/IPAC transactions);

5. Check issue data processed in the Treasury Check Information System.

D. Additionally, Components must ensure that they perform monthly reconciliations at the individual voucher level detail and include:

1. All budget fiscal years,

2. All appropriations/Treasury accounts (including general funds, working funds, revolving funds, special funds, deposit funds, and trust funds),

3. All SAHIs of the TI-097, and

4. All activity, including suspense accounts<sup>4</sup> (also see “Treasury Budget Clearing Accounts” in paragraph 020807),

E. DFAS and DoD Components must also demonstrate they have controls in place to ensure that amounts reported daily or monthly to Treasury reconcile to collections and disbursements processed through the disbursing systems and recorded accurately and timely in the accounting systems. Monthly Treasury reporting includes SF 224 or SF 1219 and SF 1220 by DFAS or other federal agencies (e.g., Department of State and General Services Administration). Components who are the ALC Designated Agents and submit information to Treasury on the SF 224, SF 1219, or SF 1220 must ensure that the information matches what is submitted to DFAS. Any differences between what was submitted to Treasury and what was submitted to DFAS must be corrected by the ALC Designated Agent (either DFAS or the Components) in 15 business days after identification by DFAS. See Volume 5, Chapter 15 for information on the requirements for the SF 1219.

**\*020805. Reconciliation of FBWT for Comparison of Transactions**

A. 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 are voucher numbers for cash disbursements and collections, summary

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<sup>4</sup> Sensitive activity may undergo an equivalent reconciliation process in a separate environment, if the balances can be matched with the summary reconciliation.

bill numbers for interfund transactions, and authorizing document numbers for nonexpenditure transfers and funding events.

B. Components must comply with certain operational requirements and deadlines when performing reconciliations to compare transactions. Components must:

1. Perform reconciliations and identify differences at the voucher level (or equivalent). Components must adhere to the 2-month (60 calendar days) reconciliation requirement in accordance with the TFM and move toward a 1-month (30 calendar days) reconciliation requirement following the end of the month being reconciled effective fiscal year 2021. See Table 2-3 for a list of data files used to perform reconciliations and data file monthly availability dates.

2. Ensure processes are in place to assign, track, age, research, and resolve differences between Treasury, disbursing system records and accounting system records, as prescribed by Treasury, at the voucher level detail on a monthly basis. (Note: Since Treasury reports information at the summary-level, Components must roll up voucher level detail disbursing system and accounting system records and compare to the summary-level Treasury reports.) These balances must be analyzed and reconciled monthly in the SF 224 to ensure all collected amounts are properly credited to the proper appropriation and applicable accounts receivable accounts. For any suspense account, items or transactions more than 60 business days old, investigate and document the reason why the transaction cannot be reclassified to the correct appropriation. All differences must be cleared within 60 business days from the date of the transaction. See Table 2-4 for a summary of the required deadlines.

3. Record journal vouchers in the system of record at the account-level and/or SAHI-level to resolve suspense account and SODs, if necessary, until the proper LOA can be identified. DFAS and their Component customers must maintain all journal vouchers and supporting documentation, including list of journal vouchers that comprise the differences.

4. Complete both Service Provider supervisory and Component reviews and approvals within 10 business days following the completion of researching and resolving all identified differences from the monthly reconciliation. Refer to Volume 6A, Chapter 2 for guidance on journal voucher adjustments and approvals.

C. Components must ensure they have addressed all of the critical areas and key control points in the FBWT end-to-end reconciliation, as shown in Figure 1. These key control points are:

1. When on daily reporting, reconciling the Component's general ledger system(s) to the Disbursing Systems daily;

2. Reconciling the Cash Management Report (CMR) to the Component's general ledger system(s) monthly (note: this key control point only applies to the TI- 097 Components);

3. Researching and resolving unsupported differences identified on the CMR, as identified by the SAHI “9999,” monthly (note: this key control point only applies to the TI-097 Components);

4. Reconciling the Treasury CARS Account Statement to either the CMR (for TI-097 Components) or the Component’s general ledger system(s) (for the Military Departments’ General Funds) monthly. Refer to 020807 for additional information on the CARS reconciliations;

5. Researching and resolving activity identified in the budget clearing accounts (suspense accounts) on the CARS Account Statement monthly. Refer to paragraph 020807 for additional information on the budget clearing accounts; and

6. Researching and resolving all differences identified on the FMS 6652 for all DoD ALCs reported to Treasury by each of the DFAS Centers monthly.

D. Components must work to achieve a complete match rate of 99 percent each month over the transactions for each key control point.

\*020806. FBWT – CARS Account Statement Reconciliation

A. The CARS Account Statement Module is an online, query driven component that provides a daily refreshed view of a Federal Program Agency’s (FPA’s) FBWT. This Governmentwide Accounting (GWA) Module replaced the reports formerly available through the Government-wide On-line Accounting Link System II. The primary goal of the Account Statement is to provide an up-to-date source of balance and transaction information to assist FPAs with their reconciliation process. All agencies must transition to daily submission of FBWT disbursement and collections to the Treasury’s CARS by the end of fiscal year 2020. More information about the Account Statement is available at the [Treasury’s](#) website.

B. Each DoD Component must reconcile its transactions to the beginning balance, net activity, and ending balance on the CARS Account Statements<sup>5</sup>. The Account Statement consists of three sections: (1) Account Summary, (2) Expenditure Activity, and (3) the Transactions reports. Agency users can generate the Account Statement reports at either a TAS or ALC level. FMS 6652 arise from ALC-based SF 1219 and SF 1220 reporting submitted by each of the three DFAS centers. The Support Listings provide links to other FMS Accounting Systems that support the monthly SOD reconciliations.

C. Users can access CARS Account Statement information at the Department Level and can view both a daily Accounting View (Dynamic) and a monthly Published View (Static) of their account balances and supporting transactions. The SOD application receives a daily transmission from CARS. This daily transmission allows BFS to provide more up-to-date

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<sup>5</sup> Currently, this requirement does not apply to Defense Agencies and Field Activities that are part of shared Treasury Account Symbols. These organizations, comprising TI-097, must reconcile their FBWT balances individually to internal TI-97 CMR with support from DFAS as their service provider. DFAS is responsible for reconciling the totals of all TI-97 to Treasury.

information to FPAs. Deposit data and agency statements of transactions are updated daily in CARS; for these items, the FPAs are receiving daily reconciliation information from the GWA Module. This enables the FPAs to identify and correct differences earlier, sometimes before closing the monthly processing. More information about the SOD and detail support listings is available at the Treasury's website.

D. Agencies report changes in the FBWT accounts to Treasury's BFS. All agencies must [transition to daily submission of FBWT](#) disbursement and collections to Treasury's CARS by the end of fiscal year 2020. "CARS Daily Reporters" submit the TAS/Business Event Type Codes and/or Classification-keys into the [Classification Transactions and Accountability module within CARS on a daily basis](#) for each payment via the Payment Information Repository or the Secure Payment System, and a collection [via the Collection Information Repository](#).

E. Until agencies are in compliance with being "CARS Daily Reporters," they must continue to report disbursements and collections [to an appropriation](#) through monthly reporting on the [Standard Form \(SF\) 224](#), Statements of Transactions; [or in one of the following: SF 1219](#), Statement of Accountability; [SF 1220](#), Statement of [Transactions According to Appropriations, Funds, and Receipt Accounts](#), in accordance with [ITFM 4A-4000](#), Section 4030. See Volume 6A, Chapter 3 for information on the requirements for the SF 1219 and SF 1220.

#### 020807. Treasury Budget Clearing (Suspense) Accounts

A. According to I TFM 2-1500, Section 1520.25, BFS established clearing accounts to temporarily hold unidentifiable general, special, or trust fund collections that belong to the Federal Government until they are classified to the proper receipt or expenditure accounts by the Federal Entity.

B. Effective FBWT reconciliations include clearing [transactions](#) recorded in Treasury budget clearing accounts (suspense accounts) in a timely manner (see paragraph 020806). On behalf of the Components, DFAS must be able to provide:

1. A list of individual vouchers and dollar amounts that comprise/equal the difference between Treasury, disbursing system activity and accounting system trial balance amounts for monthly reconciliations;

2. Vouchers, [records, reports, disposition and supporting documentation](#) for all [transactions](#) posted to the suspense accounts for auditor-selected sample items for monthly reconciliations. [Components with key supporting documents must provide it as requested.](#)

3. A [monthly](#) list of journal vouchers and dollar amounts (by Component) that comprise/equal suspense account amounts at year-end; and

4. Journal vouchers and supporting voucher documentation that demonstrates the voucher was [recorded](#) to the appropriate Component. [DoD Components must maintain records for transactions input into their general ledger.](#)

## 020808. Requirement for Written Procedures

Components must ensure that they have [current](#) written SOPs and other forms of process documentation (e.g., narratives and process maps), in accordance with the [Managers' Internal Control Program](#), to direct and document the proper reconciliation processes. SOPs must also include evidence of dated supervisory review and approval certifying that it is current and accurate. 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 record two journal voucher entries to segregate the amounts. [See Volume 6A, Chapter 2 for information on proper preparation and documentation of a journal voucher.](#)

## 020809. Expenditure and Receipt Accounts Annual Review

DFAS must review and [validate](#) all expenditure and receipt accounts reported by Treasury annually to determine if the [TAS](#) are valid. DFAS must work with Treasury to remove invalid and unused [TAS](#) from Treasury reports/systems on an annual, or as needed basis.

## 020810. FBWT Reconciliation Quarterly Scorecard

A. Treasury's BFS provides a Quarterly Scorecard to all CFOs of federal agencies (see I-TFM [Bulletin 2020-05](#)).

B. This scorecard focuses on FBWT reconciliation metrics from the disbursing operations perspective. This Quarterly Scorecard reflects agencies' performance by [ALCs](#) in compliance with the BFS [Cash Accounting Branch](#) financial reporting standards. [Accuracy of Reporting](#), [SOD Reconciliation](#), [Suspense/Default Account Reconciliation \(F3502, F3875 and F3885\)](#), and [Timeliness of Reporting](#) are the reporting standards. The Treasury uses a traffic light grading system. For example, agencies score "green" if they successfully met all standards, "yellow" if they met some, but not all standards, and "red" if they have not met any of the standards based on the criteria outlined in the scorecard.

C. [OUSD\(C\)](#) requires each [ALCs](#) to explain the cause of each discrepancy [no later than 30 calendar days after the Scorecard is issued](#), [along with](#) corrective action taken to address the discrepancy, when the discrepancy will be corrected, and what processes are in place to prevent similar discrepancies in the future.

Table 2-1: FBWT Relationship between the SBR and the Balance Sheet

Example Financial Event	SBR Impact	Balance Sheet – FBWT Impact	Transaction-Level Detail Required
Appropriation Received	Increase to Appropriation	Increase to FBWT	Funding document (e.g., <a href="#">Funding Authorization Document [FAD]</a> , warrant)
Rescissions	Increase to Permanently not Available	Decrease to FBWT	Funding document (e.g., FAD, warrant)
Unfilled Customer Orders Received with Advance	Increase to Unfilled Customer Orders Received with Advance	Increase to FBWT	<a href="#">Military Interdepartmental Purchase Request</a>
Collection ( <a href="#">IPAC collections</a> )	Increase to Actual Offsetting Collections	Increase to FBWT	Voucher/ Summary Interfund Bill Number
Disbursement ( <a href="#">IPAC disbursements</a> )	Increase to Gross Outlays	Decrease to FBWT	Voucher/ Summary Interfund Bill Number
Clearing of Suspense Account Disbursement Transaction, <a href="#">undistributed and SODs</a> (and posting to a valid appropriation account and obligation)	Increase to Gross Outlays	Decrease to FBWT	Voucher/ Summary Interfund Bill Number
Clearing of Suspense Account Collection Transaction, <a href="#">undistributed and SODs</a> (and posting to a valid appropriation account and obligation)	Increase to Actual Offsetting Collections	Increase to FBWT	Voucher/ Summary Interfund Bill Number
<a href="#">Nonexpenditure Transfer- In</a>	Increase	Increase to FBWT	<a href="#">Funding Document</a>
<a href="#">Nonexpenditure Transfer- Out</a>	Decrease	Decrease to FBWT	<a href="#">Funding Document</a>

Table 2-2: DoD Component Treasury Assigned Account Number for DWCF

DoD Component	Treasury Assigned Account Number
Army	097X4930.001
Navy	097X4930.002
Air Force	097X4930.003
Defense Commissary Agency	097X4930.004
Defense Agencies	097X4930.005
Building Maintenance Fund	097X4931
Defense Counterintelligence and Security Agency	097X4932

\*Table 2-3: FBWT Reconciliation Data Files and Monthly Availability Dates

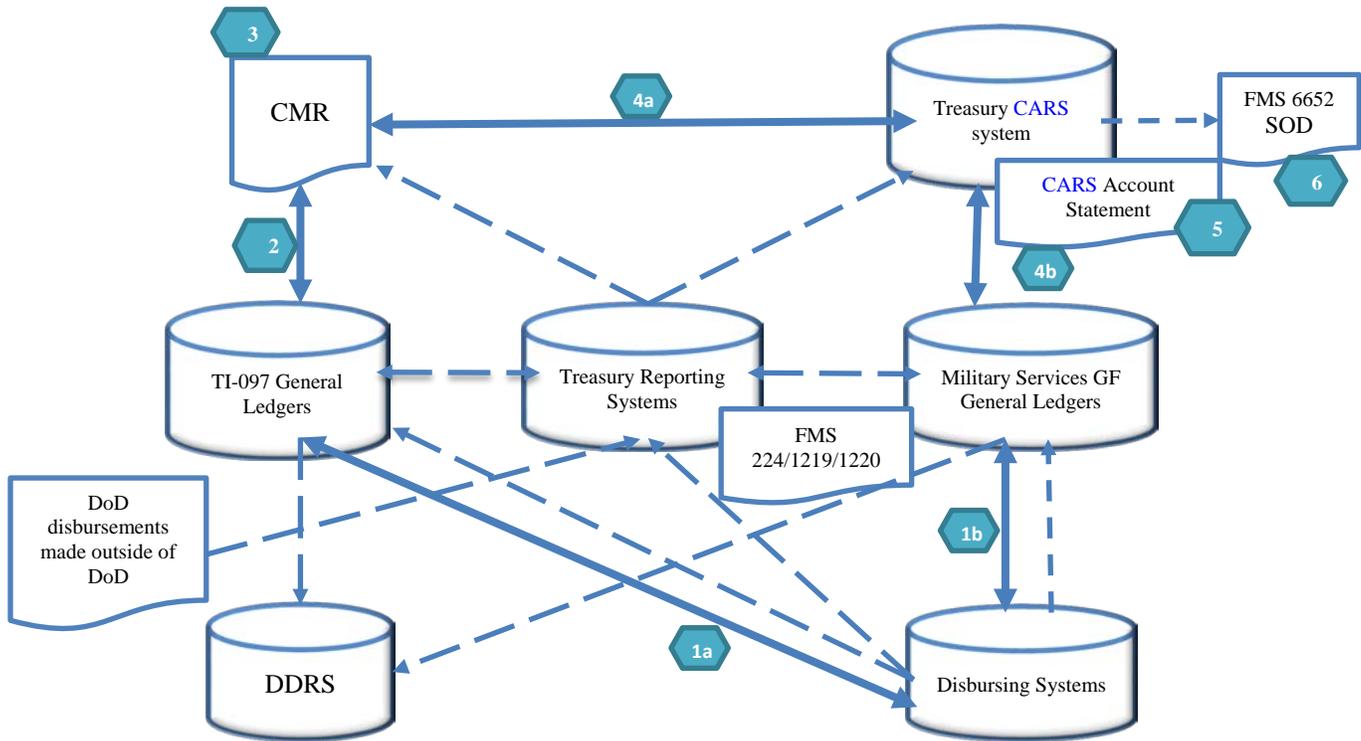
(See paragraph 020805 for FBWT reconciliation information.)

Data File	Monthly Availability Date
DD Form 1329 – Statement of Transactions	3 <sup>rd</sup> business day
DD Form 1400 – Statement of Interfund Transactions	3 <sup>rd</sup> business day
Preliminary CMR	4 <sup>th</sup> business day
Trial Balances	7 <sup>th</sup> business day
Treasury CARS Account Statement	8 <sup>th</sup> business day
FMS 6652 – Statement of Differences	10 <sup>th</sup> business day
Defense Departmental Reporting System (DDRS) Budget Execution Reports	15 <sup>th</sup> business day

\*Table 2-4: FBWT Reconciliation Deadlines

Requirement	Deadline
Complete FBWT reconciliation	1-month (30 calendar days) following the end of the month being reconciled effective Fiscal Year 2021 (e.g., a reconciliation of October FBWT must be completed by November 30).
Clear all FBWT reconciliation variances: undistributed, suspense, and SOD balances	60 business days from the date of the transaction.
Service Provider Supervisory review and Component review and approvals	Complete both reviews within 10 business days following the completion of the monthly reconciliation.

Figure 1. Critical Focus Areas to Address FBWT Risks



Key Control Point	Is there a place to:		
	Reconcile and identify differences at the transaction-level?	Age, research, and resolve differences identified?	Record temporary journal voucher in DDRS?
<b>1b</b> a. Disbursing Systems to Accounting Systems: Reconcile TI-097 General ledgers to Disbursing Systems daily (for daily reporters) (TI-097 only). b. Disbursing Systems to Accounting Systems: Reconcile Military Services GF General Ledgers to Disbursing Systems daily.			
<b>2</b> Differences between Accounting Systems and CMR: Reconcile CMR to General Ledgers monthly (TI-097 only).			
<b>3</b> CMR expenditure and collections: Research and resolve expenditures and collection activity differences identified on the CMR monthly			
<b>4</b> a. CMR to Treasury Differences: Reconcile CMR to Treasury CARS Account Statement monthly (TI-097 only). b. Differences between Accounting Systems and Treasury: Reconcile Military Services GF General Ledgers to CARS Account Statement.			
<b>5</b> Suspense Accounts: Research and resolve activity identified in budget clearing accounts (suspense) on Treasury CARS Account Statement monthly.			
<b>6</b> SODs: Research and resolve differences identified on the FMS 6652s.			

