

## **FUND BALANCE WITH TREASURY**

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### **I. Purpose**

This Management Directive (MD) establishes the Department of Homeland Security (DHS) policy and procedures for reconciling Fund Balance with Treasury (FBWT) accounts. This MD provides department-wide standards for maintaining the FBWT. Regular reconciliation of an agency's records with the Department of the Treasury (Treasury) for FBWT is essential to monitoring and safeguarding these funds, improving the integrity of various U.S. Government financial reports, and providing a more accurate measurement of budget resources status.

### **II. Scope**

This MD applies to all DHS Components with assigned Treasury Account Symbols (TAS).

### **III. Authorities**

- A. DHS Management Directive 0005, "Financial Management Line of Business Integration and Management," 10/14/2004.
- B. DHS Management Directive 0010.2, "Management Directives System", 03/24/2006.
- C. Treasury Financial Manual Volume 1, Part 2, Chapter 5100, "Reconciling Fund Balance with Treasury Accounts."
- C. Fund Balance with Treasury Reconciliation Procedures: A Supplement to Treasury Financial Manual, Volume 1, Chapter 5100, "Reconciling Fund Balance with Treasury Accounts."

## IV. Definitions

- A. **Account Statement**: The Financial Management Service (FMS) Government-wide Accounting and Modernization Project, Account Statement Module (Account Statement), is online and allows users to retrieve daily accounting information. The Account Statement is designed to assist Federal Program Agencies (FPAs) with their reconciliation processes. Information can be accessed at the Department Level and users are able to view both an Accounting View and a Published View of their Account Balances related transactions. The Account Statement provides FPAs with a central source for retrieving a near real-time picture of their account balances.
- B. **Budget Clearing Accounts (Suspense)**: These accounts are used to hold unidentifiable receipt or expenditure items until they are recorded to the proper account symbols.
1. Suspense account F3875 is used to temporarily credit unclassified transactions from the public.
  2. Suspense account F3885 is used to temporarily credit unclassified transactions between Federal agencies, including Intra-governmental Payment and Collection (IPAC) System transactions.
- C. **Fund Balance with Treasury (FBWT)**: This asset account 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 the Treasury and classified to a TAS increase or decrease the FBWT account balance. Agencies must reconcile the corresponding Standard General Ledger Account (SGL) 1010 account balance for each TAS reported, as shown in the Account Statement.
- D. **Statement of Differences (SOD)**: Treasury produces SODs (FMS 6652) to identify differences between deposit and disbursement data. Treasury identifies these differences by comparing Statement of Transactions or Statement of Accountability (SF 224, SF 1218/1221, SF 1219/1220) data reported by agencies to data reported by financial institutions, Regional Finance Centers, and the IPAC system.

## V. Responsibilities

- A. **DHS Chief Financial Officer** as defined in Title 31, U.S.C. § 901, exercises leadership authority over Financial Management policy and programs for the entire DHS enterprise.

B. **Director, DHS Office of Financial Management (OFM)** will monitor compliance with this MD and report deficiencies and instances of non-compliance to both the DHS Chief Financial Officer and Component Key Financial Management Officials for follow-up and resolution.

C. **Component Key Financial Management Officials** will establish policy and procedures for conducting detailed reviews of its FBWT accounts with consideration to unique or specific program requirements.

## VI. Policy and Procedures

A. **Policy**: All Components are responsible for reconciling DHS FBWT accounts in a manner that is timely, clearly documented, and consistent with Treasury's FBWT reconciliation guidelines.

B. **Procedures**:

1. Component Key Financial Management Officials are responsible for maintaining the DHS official records of Component's FBWT and should design and maintain control over FBWT. Such controls must provide reasonable assurance the following objectives are met:

a. Reconcile reported deposit/debit vouchers, disbursements and IPAC transactions that appear on the SOD.

b. Reconcile the SGL 1010 accounts to account balances in the Account Statement.

c. Post all transactions that affect FBWT and that are reported on the SF 224, SF 1218/1221, and/or SF 1219/1220 to a corresponding SGL 1010 account in the internal general ledger. Reconcile the SGL 1010 account balances for each TAS with Treasury's records identified in the Account Statement.

d. Post account transactions to the SGL monthly and prepare an adjusted trial balance to verify that debit and credit postings are equal. Components also must ensure that the balance in the SGL 1010 account for each TAS agrees with their internal supporting documents.

e. Treasury posts appropriation warrants and nonexpenditure transfers to designated TAS. After processing data from the SF 224, SF 1218/1221, and/or SF 1219/1220, Treasury updates the reported TAS in its central accounting system. The posted appropriation warrants and nonexpenditure transfer data and TAS balances are made available in the Account Statement. Components must compare their SGL 1010 account in their internal ledgers with the Treasury furnished reports and reconcile any differences.

f. Suspense items remain on the SOD until resolved. Components must reconcile all suspense balances, including F3875 and F3885, and reclassify these balances to the appropriate TAS in a timely manner. Components should be cognizant of FMS suspense thresholds: ten million dollars (\$10,000,000) for current month; five million dollars (\$5,000,000) for prior month; at year-end, one million dollars (\$1,000,000) for current and prior month.

g. Treasury will continue to report monthly all discrepancies on the SOD until those discrepancies are reconciled through adjustments or reporting. However, FMS' Financial Analysis Branch prepares journal voucher entries to adjust small difference amounts of fifty dollars (\$50) or less for deposit/debit voucher items that have been outstanding for six (6) months. Components that reconcile their small difference amounts should advise the Financial Analysis Branch to exempt them from Treasury's small difference write-off process.

h. Investigate all Treasury reported differences and initiate and/or report any necessary adjustments to the FBWT accounts and/or TAS. Components must reconcile these differences monthly.

i. Document reconciliations and make available to DHS management, auditors and Treasury if requested. Components also should ensure that all adjustments are researched and traceable to supporting documents.

## 2. Limit Adjustments.

Components cannot arbitrarily adjust a DHS FBWT account. Only after clearly establishing the causes of any errors and properly documenting those errors should a Component adjust the account balance. If a Component makes any material adjustments (amount determined by Component), supporting documentation must be maintained as an audit trail. This will allow correct interpretation of the error and its corresponding adjustment. Only the authorized official(s) designated within each DHS Component's standard operating procedures should approve adjustments to the FBWT.

## 3. FBWT Supervisory Certifications.

An authorized Component official designated in a Component's written standard operating procedures should review and sign monthly FBWT reconciliation documents. FBWT supervisory certifications are publicly releasable documents available upon proper request (i.e., Freedom of Information Act Request).

## 4. Available FBWT Reconciliation Tools.

a. Treasury encourages the review of transactions during the accounting month to minimize differences. Information on Reconciling FBWT Accounts is available at: <http://www.fms.treas.gov/tfm/vol1/supplements/supp-v1p2c510.html>.

b. Information on the Account Statement Module is available at: <http://www.fms.treas.gov/gwa/>.

c. Treasury's Government Online Accounting Link Information Access System II (GOALS/IAS) provides reporting tools to identify SODs via the CashlinkII, Regional Finance Center Agency Link, and IPAC supporting listings. Information on GOALS/IAS is available at: <http://www.fms.treas.gov/goals/>.

## VII. Questions

Any questions or concerns regarding this MD should be addressed to the DHS OFM.