

VA Financial Policies and Procedures
Cash Held Outside Treasury

CHAPTER 3A

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0301 OVERVIEW

This chapter establishes Department of Veterans Affairs (VA) financial accounting and reporting policies and procedures for cash resources that are neither part of the Fund Balance with Treasury nor deposited in a Department of the Treasury (Treasury) General Account.

VA's cash held outside of the Treasury consists of cash of the Veterans Canteen Service, Loan Guaranty Program amounts held in commercial banks, cash held by non-Federal trusts and Agent Cashier advances at VA field stations. Amounts relating to the Loan Guaranty Program represent deposits with trustees for offsets against loan loss claims related to sold loan portfolios. Funds held by non-Federal trusts are restricted and may be used only in accordance with the terms of the trust agreements.

This chapter is written from the perspective of cash as contained in VA's consolidated financial statements. To view other cash-related guidance, inclusive of cash management processes and associated internal controls, refer to the following volumes and chapters:¹

- Volume VIII - Cash Management, Chapter 3, "Agent Cashier Policy"
- Volume VIII - Cash Management, Chapter 4, "Personal Funds of Patients"
- Volume IX - Cash Disbursement, Chapter 5, "Imprest Fund Cashier"
- Volume X - Cash Collection, Chapter 1, "Collection Mechanisms."

0302 POLICIES

030201 VA accountable officers who hold funds outside of the U.S. Treasury can only do so pursuant to specific legislative authority.

030202 VA will furnish the Secretary of the Treasury with such reports and information, as required by 31 U.S.C. 3513, to carry out its central accounting and reporting responsibilities.

030203 VA will develop systems to ensure that cash in non-Treasury accounts (i.e., not deposited in a Treasury General Account) is handled in the following manner:

A. Full accountability and reconciliation control over funds owned by or in the custody of VA or any of its officers, employees or agents, will be maintained.

¹These chapters are scheduled for development in the future as part of the Financial Policy Improvement Initiative.

B. Compliance with applicable statutes regarding the deposit and/or investment of such funds will be ensured.

C. Governmentwide collateral, accounting and reporting requirements, as described in the Treasury Financial Manual (TFM), will be supported.

0303 AUTHORITY AND REFERENCES

030301 [31 U.S.C. 3513, Financial Reporting and Accounting System](#)

030302 [Statement of Federal Financial Accounting Standards \(SFFAS\) No. 1, Accounting for Selected Assets and Liabilities](#)

030303 [Treasury Financial Manual, Volume I, Federal Agencies, Part 2, Central Accounting and Reporting, Chapter 3400](#)

030304 [Treasury Financial Manual, Volume I, Federal Agencies, Part 2, Central Accounting and Reporting, Chapter 4700](#)

030305 [Office of Management and Budget \(OMB\) Circular A-136, Financial Reporting Requirements - Revised](#)

0304 ROLES AND RESPONSIBILITIES

030401 The Assistant Secretary for Management/Chief Financial Officer (CFO), as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, oversees all financial management activities relating to the Department's programs and operations. Specific responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

030402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chief Accountants, and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

030403 The Office of Financial Policy (OFP), under the CFO's direction, provides Departmentwide financial policy and guidance. Among its responsibilities, OFP develops, coordinates, issues, evaluates and reviews VA financial policies, including those impacting financial systems, and procedures for compliance with all financial laws and regulations; and develops financial policies and procedures.

030404 The Office of Business Oversight (OBO) will periodically perform reviews of cash held outside the Treasury to ensure that transaction codes and transaction types for cash are properly recorded into the accounting system.

0305 PROCEDURES

030501 Financial Accounting and Reporting Requirements

A. VA will record cash deposited, held and/or invested outside of the U.S. Treasury into specific United States Standard General Ledger (USSGL) accounts in the core financial management system and report these amounts in its audited financial statements. The specific USSGL accounts are as follows:

<u>SGL Account</u>	<u>Description</u>
1110	Appropriation Reimbursements – Available Receipts in Transit
1120	Imprest Funds
1130	Funds Held by the Public
1190	Cash in Bank
1191	Cash on Hand

B. VA will report cash (i.e., funds deposited, held and/or invested outside of the U.S. Treasury) in its Adjusted Trial Balance (ATB) to the Treasury for inclusion in the audited Financial Report of the United States Government.

C. VA will comply with instructions on establishing opening balances of cash held outside of the U.S. Treasury and the reporting of interest, dividends, gains and losses as prescribed in Treasury Announcement No. A-2003-02, March 2003, revision to I TFM 2-3400.

D. Cash, including imprest funds, should be recognized on the Balance Sheet as an asset. Cash consists of:

1. Coins, paper currency and readily negotiable instruments, such as money orders, checks and bank drafts on hand or in transit for deposit;
2. Amounts on demand deposit with banks or other financial institutions; and
3. Foreign currencies that, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date.

E. Two categories of cash, entity cash and non-entity cash, are discussed in SFFAS No. 1 and OMB Circular A-136.

1. Entity cash is the amount of cash that VA holds and is authorized by law to spend.
2. Non-entity cash is cash that VA collects and holds on behalf of the U.S. Government or other entities. Non-entity cash shall be reported separately from entity cash.

F. As prescribed by OMB Circular A-136, the components of cash and other monetary assets shall be disclosed in the notes to VA's financial statements (i.e., Note 4, "Cash and Other Monetary Assets"). The components include:

1. Cash. The total of cash under VA's control, which includes coin, paper currency, purchased foreign currency, negotiable instruments and amounts on deposit in banks and other financial institutions. Cash available for VA use should include petty cash and cash held in revolving funds, which will not be transferred to the General Fund.
2. Foreign Currency. The total U.S. dollar equivalent of foreign currencies held in foreign currency fund accounts.
3. Other Monetary. This amount represents other items, including gold, special drawing rights and U.S. Reserves in the International Monetary Fund. Deposits made but not confirmed can be included in the Other Information category below.
4. Other Information. Any restrictions on cash are to be disclosed as other information.² Also, any restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects, if any, of changes in the exchange rate on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements shall be disclosed. Other information, such as the valuation rate of gold, shall be provided, as appropriate.

030502 Federal Account Symbols Requirements

A. VA will use account symbols (see [Appendix 1 of Treasury Financial Manual, Volume I, Federal Agencies, Part 2, Central Accounting and Reporting, Chapter 3400](#)) to report on cash held outside of the U.S. Treasury.

B. VA will also report on the cash held outside of the U.S. Treasury using existing accountability report line items, current budgetary account symbols or a deposit fund account, as appropriate (see [Appendix 2 of Treasury Financial Manual, Volume I, Federal Agencies, Part 2, Central Accounting and Reporting, Chapter 3400](#)).

030503 Reconciling Cash Held Outside Treasury

A. VA will reconcile all transactions involving cash held outside of the U.S. Treasury on a quarterly basis.

B. VA will develop systems to ensure that cash in non-Treasury accounts is reported on its ATB, Statement of Transactions and Statement of Accountability and is reconciled with its accounting records and related statements and reports received from financial institutions.

²Restrictions are usually imposed on cash deposits by law, regulation or agreement. For example, non-entity cash is always restricted cash. Entity cash may be restricted for specific purposes.

030504 Preparing and Submitting Prescribed Forms and Reports

The Department of the Treasury TFM Volume 1, Part 2, Chapter 3400, October 2000, requires monthly reports to Treasury by VA that report via FMS-224, FMS-1219/1220 or SF-1218/1221, all cash not in a Treasury General Account.

0306 DEFINITIONS

030601 Accountable Officer. A Federal Government official, employee or agent who, on behalf of the United States, receives and maintains public funds, certifies vouchers or maintains or draws checks upon accounts of the United States, in depository banks designated by the Secretary of the Treasury.

030602 Adjusted Trial Balance (ATB). A pre-closing list of United States Standard General Ledger account numbers and balances (assets, liabilities, equity, revenue and expenses) in numerical order prepared at a specific date. In the ATB, the sum of all debit balances must equal the sum of all credit balances.

030603 Amounts in Federal Custody. Funds, as authorized through Congressional or administrative action that are subject to the control and accountability of Federal Government agencies and/or their employees, officers or agents.

030604 Cash Held Outside Treasury. Funds under the custodial responsibility of Federal Government agencies and/or their employees, officers or agents that are deposited in non-Treasury General Accounts.

030605 Fund Balance with Treasury (FBWT). The aggregate amount of funds on deposit with Treasury from a wide range of sources, including trust funds, special funds and revolving funds.

030606 GWA. The Government-Wide Accounting (GWA) System Account Statement Module is online and allows users to retrieve daily accounting information concerning their agency location codes (ALCs). This system provides Federal program agencies with a central source for retrieving a daily picture of their account balances to facilitate the maintenance of the FBWT.

030607 Treasury General Account. A Federal Reserve Bank or a depository institution (domestic or foreign) such as a commercial bank that has been designated by the Secretary of the Treasury to maintain a demand account in the name of the U. S. Treasury and is authorized to credit deposits of public monies and/or to charge U. S. Treasury checks/Electronic Funds Transfer (EFT) and other miscellaneous payments against that account.

030608 United States Government Standard General Ledger (USSGL). Provides a uniform Chart of Accounts and technical guidance to be used in standardizing Federal

agency accounting which supports the preparation of required standard external reports.

0307 QUESTIONS

Questions concerning these financial policies and procedures should be directed as shown below:

VHA	VHA Accounting Policy (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
All Others	OFP Accounting Policy (Outlook)