

VA Financial Policies and Procedures
Fund Balance with Treasury

CHAPTER 3

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0301 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures for accounting, reporting and reconciling its Fund Balance with Treasury (FBWT), as authorized by statute and by rules issued by such regulatory entities as the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury). VA's FBWT represents the aggregate amount of funds in its accounts with the Treasury for which VA is authorized to incur obligations and pay its liabilities.

The Statement of Federal Financial Accounting Standards ([SFFAS](#)) No. 1, [Accounting for Selected Assets and Liabilities](#), provides accounting standards for selected assets and liabilities, including FBWT.

Treasury's [Supplement to Treasury Financial Manual \(TFM\) 2-5100](#) explains the relationship between FBWT and the U.S. Standard General Ledger (USSGL), as follows:

- A. The USSGL defines FBWT as consisting of all funds on deposit with Treasury, excluding seized cash deposited. Agencies report changes to this account to the Department of the Treasury Financial Management Service (Treasury FMS) through monthly reporting on Statements of Transactions (SF 224, SF 1220 and SF 1221) and Statements of Accountability/Transactions (SF 1218, SF 1219, SF 1220 and SF 1221).
- B. Federal agencies use the FBWT account to record appropriation, receipt, transfer and disbursement activity. Typical fund balance transactions involve (1) appropriations, (2) disbursements/deposits in transit, (3) collections, (4) miscellaneous receipts and (5) advances on customer orders.
- C. Agencies record the activity, in B above, in USSGL Account 1010 and any related subaccounts as either increases or decreases.
- D. Federal agencies will use the FBWT account to reconcile with Treasury FMS records. This reconciliation is essential to enhancing internal controls, improving the integrity of various U.S. Government financial reports and providing a more accurate measurement of budget results. Federal agencies derive fund balances from different sources. VA accumulates the fund balances from numerous receipt and disbursement transactions which are recorded in the USSGL 1010 account during any accounting month. VA reports this activity on its SF 224 and SF 1219.

Information in this chapter will assist VA in complying with [OMB Circular A-136, Financial Reporting Requirements](#), and SFFAS No. 1, which provide financial statement reporting requirements for VA's FBWT.

Reconciling FBWT accounts is a key internal control process. It assures the reliability of the Government's receipt and disbursement data reported by agencies. Therefore, agencies will perform timely reconciliations and implement effective and efficient reconciliation processes. TFM supplement, "Fund Balance with Treasury Reconciliation Procedures" provides more detailed instructions on the various types of reconciliation.

Only authorized officials should approve adjustments to the fund balance.

0302 POLICIES

030201 VA will provide reports and information about its financial condition, operations and reconciliations to agency management, auditors and Treasury, as requested.

030202 VA will reconcile its USSGL 1010 account and any related subaccounts on a monthly basis with the Government-wide Accounting and Reporting Modernization (GWA) System Account Statement Module.

030203 VA will review the USSGL 1010 account and sub-accounts on a monthly basis to maintain the accuracy and reliability of its fund balance records for both the prior and current fiscal years' appropriations.

030204 VA will research and resolve differences reported between the balances reported on the general ledger (G/L) FBWT accounts and those balances reported on the GWA on a monthly basis.

030205 VA will maintain supporting documentation, particularly when a material adjustment has been made, in order to allow for a correct interpretation of any error and its corresponding adjustment.

030206 VA will ensure all adjustments are researched and traceable to supporting documents.

030207 VA will post transactions affecting FBWT accounts timely and accurately.

030208 VA will only post necessary FBWT account adjustments after clearly establishing the causes of errors and properly documenting those errors.

030209 VA will report FBWT in the balance sheet with accompanying footnotes in the form and content prescribed by OMB Circular A-136, Financial Reporting Requirements.

030210 VA will use TFM supplement, "Fund Balance with Treasury Reconciliation Procedures," as a guide in the reconciliation process.

0303 AUTHORITY AND REFERENCES

030301 31 U.S.C. 3513, Financial Reporting and Accounting Systems

030302 Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements - Revised

030303 Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 5100, Reconciling Fund Balance with Treasury Accounts

030304 Fund Balance with Treasury (FBWT), Treasury Financial Manual (TFM)

030305 Fund Balance with Treasury Reconciliation Procedures, A Supplement to I TFM 2-5100

030306 Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities

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 that impact financial systems, and procedures for compliance with all financial laws and regulations.

0305 PROCEDURES

Posting VA Transactions Affecting FBWT Accounts

030501 VA will ensure all transactions recorded within the subaccounts that roll up to the USSGL 1010, and affect FBWT, are properly reported on the SF 224. VA will:

A. Ensure proper authorization and approval is obtained for all adjustments to the fund balance. VA will designate appropriate Finance officials, both in Central Office and at Finance activities, who can approve journal vouchers adjusting the FBWT. System-generated adjustments will be reviewed after being made and any changes required will be made through the standard journal voucher.

B. Ensure each VA office with an Agency Location Code (ALC) uses its accounts, appropriations, source data and all transactions affecting Fund Balance with Treasury (FBWT) as the source data for the SF 224.

Reconciling FBWT Accounts

030502 VA will perform a monthly reconciliation to ensure the SF 224 information reported to Treasury agrees with the data contained in the Financial Management System and Treasury's confirmed deposit and disbursement activity. The information presented on Treasury's Statement of Differences is used in the reconciliation process, which is described in Volume I, Chapter 6 – Reconciliations, under General Accounting policies and procedures.

030503 VA will research any deposit or disbursement differences reported by Treasury for the specific ALC. Treasury will notify the Chief Financial Officer if VA does not clear its differences. Treasury can prepare journal voucher entries at VA's request to adjust small differences (\$50 or less) which have been outstanding for three months or less. If VA reconciles its own small differences, an exemption from Treasury's small difference write-off process will be required.

030504 The requirements for reconciling FBWT accounts entail the following components:

A. VA will reconcile USSGL 1010 account (including VA subaccounts that roll up to USSGL 1010) balances for each fund symbol with Treasury's records on a monthly basis.

B. VA will compare its USSGL 1010 account in its internal ledgers with GWA data provided by Treasury, after Treasury posts appropriation warrants and nonexpenditure transfers to designated VA account symbols.

C. VA will reconcile any Treasury-identified differences on FMS 6652, Statement of Differences, for both deposits and disbursements. A separate FMS 6652 is generated for each ALC monthly if there is a discrepancy. See TFM Supplement, "Fund Balance with Treasury Reconciliation Procedures," section VIII (Part B), for detailed instructions on reconciling the Statement of Differences for both Deposits and Disbursements.

D. VA will initiate and/or report any necessary adjustments to its FBWT accounts and/or Treasury account symbols and will reconcile these differences monthly.

Differences not cleared during the next accounting month are carried forward to subsequent months until cleared.

Implementing Internal Controls

030505 VA will reconcile its FBWT accounts as a key internal control process assuring the reliability of the Government's receipt and disbursement data reported by VA. Therefore, VA will perform timely reconciliations and implement an effective and efficient reconciliation process. VA will document these reconciliations and make them available to management, auditors and Treasury, if requested. VA will ensure all adjustments are researched and can be traced to supporting documentation.

030506 VA will ensure all system and non-automated receipt and payment transactions are reviewed by appropriate Finance officials prior to recording the transaction into VA's Financial Management System (FMS) and subsequently reporting the activity on the SF 224.

030507 VA will ensure any adjustments to the fund balance are properly authorized and approved as delegated. These controls help to attain a high degree of accuracy in reporting.

Financial Statement Reporting Requirements for FBWT

030508 OMB Circular A-136 and SFFAS No. 1 provide financial statement reporting requirements for both presentation and the accompanying footnotes for FBWT. See Appendix A for an illustration of form and content reporting requirements for presenting this asset line item in a balance sheet.

030509 OMB Circular A-136 indicates FBWT consists of: (1) Entity and Non-entity Assets,¹ (2) Reconciliation of VA General Ledger Balances with Treasury and (3) Status of FBWT. Appendix B presents an illustration of how to report the FBWT in the accompanying footnotes to the balance sheet.

0306 DEFINITIONS

030601 Agency Location Code (ALC). The ALC is a unique symbol assigned by Treasury FMS for reporting purposes. It can be in the form of 3 digits for Regional Financial Centers, 4 digits for Non-Treasury Disbursing Offices, or 8 digits for reporting entities. In most cases, the first two digits of an 8-digit ALC identify the department or agency, the next two digits identify the bureau, and the last 4 digits identify the specific agency account section within the bureau.

¹FBWT, as an entity asset, consists of trust funds, revolving funds, appropriated funds, special funds and other fund types. See chapter 2 of this volume for more information on entity vs. non-entity assets.

030602 CA\$HLINK. CA\$HLINK is a world-wide deposit reporting and cash concentration system. Users can obtain deposit information daily using the Agency Access option within CA\$HLINK.

030603 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.

030604 FMS Form 6652. The Financial Management Service (Treasury FMS) 6652 is entitled Statement of Differences. There are two FMS 6652s: (1) Statement of Differences - Deposit Transactions and (2) Statement of Differences - Disbursing Transactions.

030605 Government On-Line Accounting Link System (GOALS). GOALS is the Governmentwide network providing automated financial reporting directly to Treasury FMS and OMB. It also provides agencies with reports on receipt and disbursement activity and other FBWT transactions.

030606 [Government-wide Accounting and Reporting Modernization \(GWA\) System](#). VA submits accounting information through Treasury's GWA System to address the central accounting and reporting functions and processes associated with budget execution, accountability and cash/other asset management. This includes the collection and dissemination of financial management and accounting information to and from Treasury. It also includes the business processes that are related to ledger accounting for each appropriation, fund and receipt account's FBWT, General Ledger accounting for the cash and monetary assets of the Government and the preparation of the Monthly Treasury Statement and the U.S. Government Combined Statement and Appendix.

030607 Intragovernmental Payment and Collection (IPAC) System. An on-line application within GOALS providing for interagency billings and payments for supplies and services.

030608 Regional Finance Centers (RFCs). These Treasury FMS centers issue payments and process cancellation documents on behalf of Federal agencies that do not have their own disbursing authority.

030609 RFC Agency Link. An on-line application in GOALS. An RFC uses this application to inform an agency that checks have been issued on the agency's behalf.

030610 SF 224 Statement of Transactions. The SF 224 is an application of the Government On-Line Accounting Link System II (GOALS II). This application provides Federal Program Agencies (FPAs) that utilize Treasury FMS Regional Finance Centers for their disbursing activity the capability to submit their monthly statement of transactions to the Treasury FMS.

030611 SF 1218 Statement of Accountability/Transactions (Foreign Service Account). This statement is the means by which Treasury determines the accountability of foreign disbursing officers for funds held outside the Treasury (cash on hand).

030612 SF 1219 Statement of Accountability/Transactions. This statement is used to determine the accountability of disbursing officers for funds held outside the Treasury (cash on hand). Treasury Regional Finance Centers (RFCs) and other nonmilitary agencies that do their own disbursing use the Government On-line Accounting Link System (GOALS) to transmit FMS Form 1219 data into Treasury.

030613 SF 1220 Statement of Transactions. This statement is classified according to appropriations, funds and receipt accounts and is prepared by disbursing officers in agencies that do their own disbursing. This report provides Treasury with a monthly statement of payments and collections effected by departments and agencies that do their own disbursing.

030614 SF 1221 Statement of Transactions. This statement is classified according to appropriations, funds and receipt accounts (Foreign Service Account). This statement is prepared by U.S Disbursing Offices (USDOS) that collect and/or disburse foreign currency. This form supports the SF 1218 and provides Treasury with a monthly statement of payments and collections made by USDOS.

030615 United States Standard General Ledger (USSGL). The USSGL provides a uniform chart of accounts for standardizing Federal agency accounting, which supports the preparation of external reports required by agencies.

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)

APPENDIX A

ILLUSTRATIVE BALANCE SHEET – ASSETS

Department/Agency/Reporting Entity BALANCE SHEET As of September 30, 2xxx (CY) and 2xxx (PY) (in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ xxx	\$ xxx
Investments (Note 5)	xxx	xxx
Accounts Receivable, Net (Note 6)	xxx	xxx
Loans Receivable, Net (Note 7)	xxx	xxx
Other Assets (Note 12)	<u>xxx</u>	<u>xxx</u>
Total Intragovernmental Assets	xxx	xxx
Governmental (Public):		
Cash and Other Monetary Assets (Note 4)	xxx	xxx
Investments (Note 5)	xxx	xxx
Accounts Receivable, Net (Note 6)	xxx	xxx
Loans Receivable, Net (Note 7)	xxx	xxx
Inventories and Related Property, Net (Note 8)	xxx	xxx
General Property, Plant & Equipment, Net (Note 9)	xxx	xxx
Other Assets (Note 12)	<u>xxx</u>	<u>xxx</u>
Total Governmental (Public) Assets	xxx	xxx
Total Assets	\$ <u>x, xxx</u>	\$ <u>x,xxx</u>
Stewardship PP&E (Note 10)		
The accompanying notes are an integral part of these statements.		

APPENDIX B

ILLUSTRATIVE FOOTNOTE DISCLOSURE - FBWT

Note 3 Fund Balance with Treasury		
A. Fund Balances (Entity Assets):		
	2xxx (CY)	2xxx (PY)
Entity Assets:		
Trust Funds	\$ xxx	\$ xxx
Special Funds	xxx	xxx
Revolving Funds	xxx	xxx
Appropriated Funds	xxx	xxx
Other Fund Types	<u>xxx</u>	<u>xxx</u>
Total Entity Assets	\$ x,xxx	\$ x,xxx
Non-Entity Assets:		
Other Fund Types	<u>xxx</u>	<u>xxx</u>
Total Non-Entity Assets	<u>xxx</u>	<u>xxx</u>
Total Entity and Non-Entity Assets	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>
B. Reconciliation of VA General Ledger Balances with Treasury		
Entity VA General Ledger	\$ xxx	\$ xxx
Reconciled Differences, principally timing	xxx	xxx
Unreconciled Differences	<u>xxx</u>	<u>xxx</u>
Fund Balance With Treasury	\$ x,xxx	\$ x,xxx
C. Status of Fund Balance with Treasury		
	2xxx (CY)	2xxx (PY)
Unobligated Balance		
Available	xxx	xxx
Unavailable	xxx	xxx
Obligated Balance not yet Disbursed	xxx	xxx
Non-Budgetary FBWT	<u>xxx</u>	<u>xxx</u>
Fund Balance With Treasury	\$ x,xxx	\$ x,xxx