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# Treasury Financial Manual

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## Chapter 1500

### GENERAL TERMS AND CONDITIONS GOVERNING COLLECTION SERVICES

This Treasury Financial Manual (TFM) chapter describes general terms and conditions governing collection services that the Bureau of the Fiscal Service (Fiscal Service) provides to federal agencies.

#### Section 1510—Authority

See, inter alia, 12 U.S.C. 90, 265-266, and 391; 31 U.S.C. 321, 3301-3305, and 3720.

#### Section 1515—Purpose

This chapter conveys general terms and conditions governing the use of collection services provided to federal agencies. This is not an all-inclusive chapter. For instance, it does not address an agency's business and technical requirements, nor does it address the costs (if any) that Fiscal Service may assess to an agency. Where necessary, these are addressed in other, separate TFM sections, or in agreements between authorized representatives of Fiscal Service and the other federal agency. This chapter also does not include any terms and conditions that are specific to particular collection programs. These can be found in other sections of the TFM or in agreements with agencies.

#### Section 1520—Terms and Definitions

For terms and definitions related to this chapter, please view the [TFM Glossary](#).

#### Section 1525—Conflict Between TFM and Agency Agreement

Except where the requirements of this chapter are prescribed by law, if the terms and conditions of an agreement that Fiscal Service has executed with a federal agency conflict with this chapter, then the agreement has priority.

#### Section 1530—Depositaries and Agents

Fiscal Service has statutory authority to designate qualified financial institutions and Federal Reserve Banks as depositaries and agents of the United

States to provide collection services on behalf of federal agencies. If an agency has need of the services of a depository or agent, then it must work with Fiscal Service, which can designate a depository or agent to provide the services the agency seeks, as appropriate. The agency can only receive services from the depositories and agents that Fiscal Service has specifically designated to serve that agency. The agency cannot independently choose which financial institution will serve as an agent or depository for the agency, even from among financial institutions that are currently serving as designated agents or depositories for other purposes. The agency also cannot ask a depository or agent to provide services in addition to, or beyond the scope of, the services Fiscal Service has designated the depository or agent to provide the agency. Instead, the agency must coordinate all requests for additional services through Fiscal Service for proper consideration. Fiscal Service may change a depository or agent providing services to the agency, without permission from the agency.

#### **Section 1535—Account Ownership**

Aside from a demand deposit account that Fiscal Service establishes with a financial institution for an agency that has authority to hold funds outside of the U.S. Treasury, any demand deposit account that Fiscal Service establishes with a financial institution solely for a federal agency's deposits is owned and controlled exclusively by Treasury and not by the agency. An agency does not have authority to exercise control or provide instructions to a financial institution regarding such an account.

If the agency does not have authority to hold funds outside of the U.S. Treasury, and nevertheless establishes an account in its name (contrary to statutory and/or Treasury requirements), the agency is required to advise Treasury immediately of the account. Also, if Treasury becomes aware of such an account (with or without notice from the agency), the agency is required to comply promptly with any and all Treasury instructions regarding the account (which can include instructions to close the account immediately, and deposit the funds into the U.S. Treasury). In addition, Treasury is authorized to assert immediate control over the account.

#### **Section 1540—Required Use of Fiscal Service Services**

Federal agencies are generally required to use services offered by Fiscal Service to deposit public money. Exceptions exist for agencies that have specific authority to hold money outside of the U.S. Treasury.

#### **Section 1545—Payment Network Rules**

In addition to guidance in the TFM directed at federal agencies, federal agencies are subject to the rules governing various payment networks (such as those covering check, credit card, and Fedwire transactions) when funds are collected and settled. These rules are promulgated by various entities depending on the payment vehicle. For example, credit card transactions are subject to card association rules. Certain payments collected and settled through the Automated Clearing House are governed by Fiscal Service regulation, codified at

31 C.F.R. Part 210 (Federal Government Participation in the Automated Clearing House), which incorporates—with exceptions—the private rules of the National Automated Clearing House Association. The Federal Reserve Board is also responsible for regulations that apply to certain payment networks, which are found in Title 12: Banks and Banking of the Code of Federal Regulations. See TFM [Volume I, Part 5, Chapter 7000](#) for more information on credit and debit card collection transactions. See TFM [Volume I, Part 5, Chapter 7500](#) for more information on Credit Gateway, Fedwire, and ACH Credit Deposits.

#### **Section 1550—Voucher Numbers**

For a federal agency cash flow, Fiscal Service summarizes credits and debits through voucher information that includes a voucher number. In response to the requests of federal agencies, Fiscal Service has sometimes customized the sequence or ordering of voucher numbers and has provided advance notice of expected voucher numbers.

However, Fiscal Service is under no obligation to provide this customized service or advance notice and may decide to discontinue providing these services in the future. In addition, Fiscal Service may refuse to continue these practices when transitioning collection services from a legacy program to a new program. Agencies are discouraged from coding their systems to voucher numbers. See TFM [Volume I, Part 2, Chapter 5100](#), Sections 5130 and 5135 for more information on agencies' responsibilities to reconcile their collections.

#### **Section 1555—Reversals, Returns, and Refunds**

On occasion, funds from a collection transaction must be reversed or returned to the payor. Fiscal Service reverses or returns transactions in limited circumstances, such as if the transaction was defective in some way. However, in most cases, the payor initiates the reversal or return through the payment system used for the original transaction.

The rules governing reversals and returns vary by payment system. In some cases, reversals and returns are not allowed, while in others the reversals or returns are allowable for some time after the original transaction occurred. In many cases, the payment systems provide that the recipient (in this case, the federal agency) can approve or contest the reversal or return.

Outside of the payment systems processes, federal agencies may be approached by payors and be requested to issue refunds for transaction amounts. Agencies, under their own authorities, can make their own decision to make a return payment to the payor in the requested amount (agency determines re-payment, which is justified under agency program authorities). Fiscal Service will disburse these payments, at the direction of the agency, provided the agency certifies the payment in accordance with the requirements of 31 U.S.C. § 3528.

Federal agencies should be aware of the risks that come from having two separate means (that is return/reversal and agency refund) to make a payor whole. If a payor manages to receive both a return or a reversal through a payment system

and also a refund through an agency, the payor has wrongfully received double payment. There also is risk that a federal agency's refund payment may be made to the wrong person, whereas the payment systems typically ensure that a reversal or return is sent back to the same financial institution account that was used for the original transaction. For these reasons, a reversal or return through a payment system is generally preferable to a federal agency's refund disbursed by Fiscal Service.

#### **Section 1560—Electronic Data**

In providing collection services, Fiscal Service (including its depositories and agents) may process both financial data and agency program data. Fiscal Service retains financial data in electronic data format (summary and transaction-level detail) consistent with its mission to provide collection and cash management services. For instance, this electronic data includes voucher data and information needed for Fiscal Service government-wide accounting purposes, such as Treasury Account Symbols and ALCs. Agency program data refers to all electronic data processed by Fiscal Service when providing collection services on behalf of a federal agency for that agency's benefit. As an example, agency program data includes information from agency forms that Fiscal Service may process on an agency's behalf when performing the collection service. A federal agency typically requires access to all of its agency program data that Fiscal Service may have, as well as access to at least some financial data.

Generally, Fiscal Service retains, and provides a federal agency access to, the agency's financial and program data used for collection purposes for at least 7 years. Fiscal Service retains financial data or agency program data for a longer period of time if required to do so by a court or by law. The agency also may retain a copy of the financial data and federal program agency data pertaining to transactions that Fiscal Service processed on behalf of the agency. However, the agency may elect to have Fiscal Service alone retain this electronic data. In accordance with its guidelines, Fiscal Service uses and gives access to data. Fiscal Service may not customize data formats for individual federal agencies. In some cases, data may be archived and not immediately accessible.

A federal agency must provide Fiscal Service with prompt written notice to a division director or higher level if the agency requests Fiscal Service to retain electronic data for longer than 7 years or to produce records. Fiscal Service acknowledges that in some cases it may not have discretion to reject such requests, as may be the case when a request is made to hold records beyond 7 years due to actual or pending litigation. However, Fiscal Service does not automatically agree to such requests if it is not legally required to do so. Fiscal Service's decision depends on the facts surrounding the request, including whether the agency already has its own copy of the electronic data.

Although an agency may be able to use Fiscal Service systems to respond to a Freedom of Information Act (FOIA) request it receives, Fiscal Service does not accept or answer a FOIA request on an agency's behalf.

Fiscal Service does not necessarily retain or provide access to financial data and agency program data in each and every Fiscal Service system that processes

that data. Except to the extent that it is legally precluded from doing so, Fiscal Service may elect to consolidate data into, or limit access to data by agencies to, a smaller number of systems, rather than maintain copies of data or provide access in multiple systems.

#### **Section 1565—Security Controls**

The design, structure, implementation, and oversight of security controls for collection services provided by Fiscal Service (including its depositaries and agents) is the responsibility of Fiscal Service.

At a federal agency's request, Fiscal Service makes available certain documentation pertaining to these security controls, including copies of security certification and accreditation documentation, as well as third-party review and audit documents.

The amount of documentation that Fiscal Service makes available to federal agencies is generally limited to a standard package of documents. Furthermore, Fiscal Service may place limits on the distribution of sensitive security documentation, including a limitation to on-site reviews at Fiscal Service. At its discretion, Fiscal Service may provide only edited or summary versions of this documentation.

#### **Section 1570—Property**

Fiscal Service may require that particular property (hardware, software, communication lines, etc.) be used for collection services, and used exclusively for that purpose, even if paid for by the federal agency.

Fiscal Service may provide property to a federal agency free of charge, on a cost-reimbursable basis, or may require the agency to acquire the property on its own.

A federal agency must return Fiscal Service property (including that of agents and depositaries) upon request.

#### **Section 1575—No Warranty**

Fiscal Service strives to provide financial services that meet or exceed commercial best practices, but it does not provide any warranties or guaranties to federal agencies it services, including any warranties of merchantability or fitness for a particular purpose. Consequently, neither Fiscal Service nor its depositaries nor agents will pay a penalty to a federal agency for failing to meet specific uptime or other service level metrics.

#### **Contacts**

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**Summary of Updates**

<b>Section No.</b>	<b>Section Title</b>	<b>Summary of Change</b>
1520	Terms and Definitions	Deleted terms and definitions
1520	Terms and Definitions	Added verbiage and hyperlink redirecting readers to the TFM Glossary