



Treasury Financial Manual

Chapter 3100

CERTIFYING PAYMENTS AND RECORDING CORRESPONDING INTRAGOVERNMENTAL RECEIVABLES IN THE FEDERAL GOVERNMENT'S JUDGMENT FUND

This chapter prescribes guidance, procedures, and forms necessary to submit requests for payment from the Judgment Fund for certain judgments and settlements against the United States.

Section 3110—Scope and Applicability

This chapter supplements the Department of the Treasury's (Treasury) regulations at 31 CFR Part 256, *Obtaining Payments from the Judgment Fund and Under Private Relief Bills* (see the [Judgment Fund](#) web page). It also provides detailed information on the forms used to request payment from the Judgment Fund, the process used to collect reimbursements to the Judgment Fund, and the recording as well as reporting of intragovernmental receivables related to payments from and reimbursements to the Judgment Fund.

Section 3115—Authority

The following authorities and regulations govern the policies set forth in this chapter:

- 31 U.S.C. § 1304, 41 U.S.C. § 7108(c), 5 U.S.C. § 2301 note, 31 CFR Part 256, and 5 CFR Part 724.

Section 3120—The Bureau of the Fiscal Service's Role in Certifying Payments from the Judgment Fund

Congress established the Judgment Fund, which is a permanent indefinite appropriation, to pay:

- Certain judicial and administrative monetary awards against the United States, and
- Amounts owed under compromise agreements negotiated by the U.S. Department of Justice in settlement of claims arising in actual or imminent litigation.

Fiscal Service administers and certifies payments from the Judgment Fund. As stated in Treasury regulations at 31 CFR § 256.1, Fiscal Service certifies payments from the Judgment Fund when the following four criteria have been met:

- Awards or settlements are final,
- Awards or settlements are monetary (that is, they require the payment of specific sums of money awarded against the United States),

- One of the authorities specified in 31 U.S.C. § 1304(a)(3) provides for payment of the award or settlement from the Judgment Fund, and
- Payment may not legally be made from any other source of funds.

Section 3125—General Guidance for Requesting Payments

3125.10—Core Requirements for Agency Submission to Fiscal Service to Request Payment from the Judgment Fund

Submitting agencies must submit Fiscal Service forms and supporting documentation required by Treasury regulations at 31 CFR Part 256 and this chapter to request a payment from the Judgment Fund. See the [Judgment Fund](#) web page for the full text of 31 CFR Part 256. The "submitting agency" for litigative awards is the agency responsible for defending the United States in court. In most instances, that is the Department of Justice. For administrative awards, the "responsible and/or submitting agency" is the agency authorized to settle the claim. See 31 CFR § 256.10.

- Agencies may submit payment requests using one of the following methods:
 - The Judgment Fund Internet Claims System (JFICS, a web-based system),
 - Esker Fax (a secure fax system), or
 - Mail (to include Federal Express and courier services).

Requests submitted through Esker Fax or mail must be made on Fiscal Service's forms and must include all required supporting documentation. The required Fiscal Service forms for requests submitted by Esker Fax or mail are identified below:

- FS Form 194: Judgment Fund Transmittal,
- FS Form 196: Judgment Fund Award Data Sheet,
- FS Form 197: Judgment Fund Voucher for Payment, and
- Fax Cover Sheet (if sent by Esker Fax).

The above forms can be downloaded from the [Judgment Fund Forms](#) web page.

For JFICS submissions, the submitting agency enters the required information into JFICS and submits the request to Fiscal Service electronically. If the payment request is submitted directly through JFICS, the agency must include in its submission a copy of all necessary supporting documents, including the settlement agreement or judgment. In some instances, FS Form 197 can be used as the settlement agreement. JFICS does not accept some file formats. If the agency's supporting documentation for the request is in such a format, the document should be submitted by Esker Fax.

Treasury regulations at 31 CFR § 256.12 details the supporting documentation that must accompany agencies' payment requests. As stated in 31 CFR § 256.13, agencies must also include a valid taxpayer identification number (TIN) for each person legally entitled to payment on all payment requests, unless one of the exceptions listed in the Fiscal Service TIN Policy applies. The TIN policy can be found on the [Taxpayer Identification Number \(TIN\) Policy](#) web page.

3125.20—Additional Information for Payments to or on Behalf of Insured Claimants or Insurers

In addition to the supporting documentation specified in 31 CFR § 256.12, agency requests for payments made on behalf of an insured claimant to an insurer must include documentation supporting the payee's authority to receive such a payment, as specified below.

- If an insurance company or some other insurer has not made payment to or on behalf of the insured claimant (for instance, an unreimbursed deductible amount) before it presents a claim for payment to the U.S. Government, the responsible agency must document the insurer's authority to collect that amount on behalf of the insured claimant.
- If an insurance company or some other insurer has made payment to or on behalf of an insured claimant before the insured presents the claim to the U.S. Government, the responsible agency must document the insured claimant's authority to collect the insured portions of the claim on behalf of the insurer.

Section 3130—Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism

Executive Order 13224 prohibits transactions with persons who commit, threaten to commit, or support terrorism. The Department of the Treasury's Office of Foreign Assets Control (OFAC) maintains the Specially Designated Nationals (SDN) and Blocked Persons list, which provides a list of individuals and entities covered by Executive Order 13224. The SDN and Blocked Persons list also includes the additional restrictions found in the Foreign Assets Control regulations at 31 CFR Chapter V.

The Judgment Fund Branch does not make or certify payments, or draw checks or warrants, payable to an individual or organization listed on the SDN and Blocked Persons list. The Judgment Fund Branch consults the [SDN and Blocked Persons](#) list before making payments.

Direct questions concerning Executive Order 13224 or the SDN and Blocked Persons list by following the contact information on the [OFAC](#) website.

Section 3135—Agencies' Reimbursement Obligations

As stated in 31 CFR § 256.40, agencies are required to reimburse the Judgment Fund for payments made pursuant to the Contract Disputes Act, 41 U.S.C. § 7108(c), and payments subject to the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act), 5 U.S.C. § 2301, note. In such cases, Fiscal Service sends a reimbursement notice to the responsible agency. A notice is sent within 30 business days from the date of the payment from the Judgment Fund for payments arising out of Contract Dispute Act cases, and within 15 business days from the date of the payment from the Judgment Fund for payments arising out of No FEAR Act cases.

3135.10—Contract Disputes Act – Agencies' Reimbursement Obligations

Upon receipt of a reimbursement notice in a Contract Disputes Act case, an agency has 45 business days to repay the Judgment Fund or contact the Judgment Fund Branch to make written arrangements for reimbursing the Judgment Fund. An agency is non-compliant with the reimbursement requirement of the Contract Disputes Act if it fails to reimburse or make timely arrangements for reimbursement. An agency that fails to respond to a Contract Disputes Act reimbursement notice is identified as non-responsive in any reports on Contract Disputes Act reimbursements requested or required by Congress.

3135.20—No FEAR Act – Agencies' Reimbursement Obligations

Upon receipt of a reimbursement notice in a No FEAR Act case, an agency has 45 business days to repay the Judgment Fund or contact the Judgment Fund Branch to make written arrangements for reimbursing the Judgment Fund. An agency is non-compliant with the reimbursement requirement of the No FEAR Act if it fails to reimburse or make timely arrangements for reimbursement, as required by Office of Personnel

Management (OPM) regulations at 5 CFR § 724.104. OPM's regulations also require Fiscal Service to post an annual report of agencies that have failed to reimburse the Judgment Fund or contact Fiscal Service within 45 business days after receipt of a reimbursement notice. To view the report, a link is provided on the [Judgment Fund Non-Compliance](#) web page. The agency remains on this report until it reimburses the Judgment Fund or makes written arrangements for reimbursement.

Section 3140—Accounting Requirements for Judgment Fund Payments and Reimbursements

The Interpretation of Federal Financial Accounting Standards, Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions: An Interpretation of Statement on Federal Financing Accounting Standards (SFFAS) No. 4 and SFFAS No. 5*, requires agencies to recognize liabilities and expenses when unfavorable litigation outcomes are probable and the amount can be estimated. To retrieve the Interpretation, visit the [Federal Accounting Standards Advisory Board \(FASAB\)](#) website.

3140.10—Accounting for Non-Reimbursable Payments

In accordance with SFFAS No. 4, as amended by SFFAS No. 30, *Inter-Entity Cost Implementation*, the costs of program outputs must include the costs of services provided by other entities, whether or not the providing entity is fully reimbursed, such as losses in litigation proceedings (Judgment Fund transactions). SFFAS No. 30, issued in August 2005, requires full implementation of the inter-entity cost provision in SFFAS No. 4.

In accounting for unreimbursed costs, reporting entities should refer to the following for guidance:

- Relevant SFFAS, such as SFFAS Nos. 4, 5, and 30 (see [FASAB's](#) website),
- Relevant SFFAS Interpretations, such as Interpretation No. 2 and No. 6 (see [FASAB's](#) website),
- [U.S. Standard General Ledger](#), and
- Fiscal Service's [Intragovernmental Transaction Guide](#) – Treasury Financial Manual (TFM) Volume I, Part 2 Chapter 4700, Appendix 6.

Reporting entities also should consult the Judgment Fund Branch (see Contacts) for information needed to properly record inter-entity costs for payments made from the Judgment Fund.

The following is a brief scenario for recording transactions related to a non-reimbursable Judgment Fund payment.

- An agency has determined that the probability of a legal claim ending in a loss against the federal agency is probable and the loss can be estimated. The agency recognizes an expense and contingent liability for the full amount of the expected loss.
- The Judgment Fund is determined to be the appropriate source for payment of the claim. The agency reverses the contingent liability and recognizes an imputed cost and imputed financing source with Treasury as the trading partner. The agency should use trading partner "020." Fiscal Service records it as a non-federal expense.

3140.20—Accounting for Reimbursable Payments (Contract Disputes Act and No FEAR Act Payments)

The following is a brief scenario for recording transactions related to a reimbursable Judgment Fund payment:

- An agency has determined that the probability of a legal claim ending in a loss against the federal agency is probable and the loss can be estimated. The agency recognizes an expense and contingent liability for the full amount of the expected loss.
- The Judgment Fund is determined to be the appropriate source for payment of the claim. The agency reverses the contingent liability and records a payable to the Judgment Fund (trading partner "020"). Fiscal Service records an expense in the permanent indefinite account (that is, the Judgment Fund), records the receivable from the agency in a miscellaneous receipt account, and posts the revenue.
- If the agency does not have available funds and is seeking a supplemental appropriation or is pursuing a reimbursement plan with Fiscal Service, then the federal agency reverses the contingent liability and records an accrued liability and future-funded expense.
- If the agency has arranged a reimbursement plan with Fiscal Service, then the federal agency reverses the contingent liability and records an accrued liability and operating expense.
- When an agency reimburses the Judgment Fund, the agency reduces the liability to Fiscal Service and its Fund Balance with Treasury. Fiscal Service records the reimbursement in a miscellaneous receipt account. The receivable with the agency is reduced.

For information on the accounting for the Judgment Fund, contact the Judgment Fund Branch (see Contacts).

3140.30—Confirmation Process

The [Intragovernmental Transaction Guide](#) (TFM Volume I, Part 2, Chapter 4700, Appendix 6) provides the policies for federal program agencies to account for and reconcile transactions occurring within and between each other. On a quarterly basis, Fiscal Service posts the outstanding receivables and revenue balance for that period for both Contract Disputes Act and No FEAR Act payments to its website. In addition, at the close of every quarter, Fiscal Service sends the agency intragovernmental contacts confirmation notices that reflect outstanding receivables and revenue reported for that period. With the exception of the confirmation notice for the final quarter, agencies have 30 calendar days from the end of the quarter to respond to Fiscal Service at Judgment.Fund@fiscal.treasury.gov, regarding the accuracy of the amounts reported by Fiscal Service. With respect to the confirmation notice for the final quarter, agencies must respond by the deadline provided annually of that year. Agencies must provide supporting documentation (for example, Intragovernmental Payment and Collection System transactions, canceled checks) for any changes they want made to the posted balances. This process facilitates the reconciliation and reporting of these receivable balances and improves the quality of agency reporting.

Agencies' outstanding balances are posted on the following Fiscal Service's websites:

- The [No FEAR Act](#), and
- The [Contract Disputes Act](#).

3140.40—Financial Statement Accounting and Disclosure Requirements for Judgment Fund Receivables

Fiscal Service reports receivables arising from payments under the Contract Disputes Act, No FEAR Act, and includes them in the appropriate disclosures in accordance with OMB Circular No. A-136, *Financial Reporting Requirements*. The receivables are presented on the balance sheet at their net realizable value. They are reported in the asset section under intragovernmental receivables.

Contacts

For information on the accounting for the Judgment Fund, contact:

Bureau of the Fiscal Service
Judgment Fund Branch, Mail Stop T5-A
PO Box 1328
Parkersburg, WV 26106-1328
Telephone: Toll free 866-277-1046; 202-874-6664
Email: Judgment.Fund@fiscal.treasury.gov
Website: [Judgment Fund](#)
Forms: [Judgment Fund Forms](#)

For information concerning Executive Order 13224 or the SDN and Blocked Persons list, contact:

The Department of the Treasury's [Office of Foreign Assets Control \(OFAC\)](#) or call 202-622-2490.