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# Treasury Financial Manual

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## Chapter 3200

### **POLICY FOR PROVIDING DEPOSITARY AND OTHER FINANCIAL SERVICES TO FEDERAL AGENCIES (T/L 670)**

This chapter describes the factors that determine when the Bureau of the Fiscal Service (Fiscal Service) will pay for certain collection and payment services and when the Fiscal Service will require a Federal agency to reimburse it for the cost of such services.

#### **Section 3210—Background**

The Revenue Collections Management Assistant Commissioner area (RCM) and the Payment Management Assistant Commissioner area (Payment Management) of the Fiscal Service provide depositary and other financial services to Federal agencies using a network of Federal Reserve Banks (FRBs) and financial institutions designated by the Fiscal Service to act as depositaries and/or fiscal and financial agents. In general, the Fiscal Service provides to other Federal agencies a range of collection and payment services at no cost to the agency. In some cases, the Fiscal Service may offer to other Federal agencies, on a reimbursable basis, specialized services that are related to but outside of the scope of the collection or payment process, or alternatively, a new customized solution that is not currently part of the Fiscal Service's menu of services.

#### **Section 3215—Authority**

The Secretary of the Treasury has authority to collect receipts and pay funds drawn on the Treasury (31 U.S.C. § 321, 3301, 3321).

Unless otherwise authorized, all public money must be deposited in the Treasury or with depositaries designated by the Secretary (31 U.S.C. § 3302). To collect public money, the Secretary may offer a variety of collection services. The Secretary is authorized to charge a fee to any agency that fails to deposit its funds in a timely manner (31 U.S.C. § 3720).

Except as provided by statute or delegated to other agencies by the Secretary, only officers and employees of the U.S. Department of the Treasury may disburse public money (31 U.S.C. § 3321). The Secretary may designate a depositary to pay public money (31 U.S.C. § 3327). The Secretary is authorized to charge a fee to any agency that fails to disburse its funds in a timely manner (31 U.S.C. § 3335).

The Secretary may designate a financial institution as a depositary and/or financial agent, and when acting as a depositary or agent, that financial institution must perform all such reasonable duties as the Secretary requires (12 U.S.C. § 90, 265, and similar statutes). FRBs are Treasury's fiscal agents pursuant to Federal law (12 U.S.C. § 391).

The Secretary has delegated these responsibilities to the Fiscal Service, a bureau of the U.S. Department of the Treasury.

### **Section 3220—Legally Required Services**

Federal agencies receiving or holding public money from any source are statutorily required to deposit these funds into the U.S. Treasury, unless otherwise authorized by law. Except as otherwise provided by law, the Fiscal Service, as part of its mission, is the agency responsible for collecting, holding, disbursing, and accounting for public money on behalf of most Federal agencies. Consequently, Federal agencies generally may not hold public money outside of the U.S. Treasury and must deposit all public money into an account in the name of the U.S. Treasury using one of the various collection mechanisms established by the Fiscal Service.

The Fiscal Service provides these financial services to Federal agencies using fiscal or designated financial agents or depositories, generally at no cost to the agency. These services, referred to as “nonreimbursable” services in this document, typically encompass depository services and standard remittance processing for disbursement, collection, and accounting for the settlement of funds.

Examples of services that Federal agencies must obtain from the Fiscal Service include:

- Collection of fees, fines, or other monies;
- Deposit of monies into an account at a financial institution; and
- Disbursement of funds to the public.

### **Section 3225—Legally Authorized Services**

The Fiscal Service is authorized to perform other financial services reasonably related to its core mission of providing central collection and payment services to Federal agencies.

Examples of services that the Fiscal Service is legally authorized, but not required, to provide to Federal agencies include:

- Lockbox-related services, such as detail sorting, special handling, photo-copying, custom file assembly, and issuance of receipts; and
- Custom cash management and other financial services in closed environments, such as military bases or Federal prisons.

Legally authorized services may be provided on either a reimbursable or nonreimbursable basis. Section 3235 discusses the criteria that the Fiscal Service considers when determining whether a service should be provided on a reimbursable or nonreimbursable basis.

### **Section 3230—Existing and Best-Suited Fiscal Service Collections and Payment Mechanisms**

The Fiscal Service continuously strives to improve the Government’s overall cash management by working with Federal agencies to determine the most cost-efficient and effective cash management methods that

will meet agencies' missions and goals. In most cases, the Fiscal Service's existing array of depository and financial services are the most cost-efficient and effective cash management methods of meeting an agency's requirements.

The Fiscal Service has sole discretion to decide which of its existing services provide the most efficient, cost-effective, and/or best-suited mechanism for a particular agency's needs. If an agency chooses not to use the most efficient mechanism provided by the Fiscal Service, then an agency may have to pay for those services along with an inefficiency charge imposed by the Fiscal Service.

### **Section 3235—Criteria for Determining Whether a Financial Service Will Be Provided on a Reimbursable or Nonreimbursable Basis**

The determination of whether the Fiscal Service will provide a particular financial service on a reimbursable or nonreimbursable basis depends on several factors. In general, the Fiscal Service is more likely to decide to provide a particular financial service on a nonreimbursable basis when it determines, in its sole discretion, that one or more of the following apply:

- The financial service directly facilitates the timely processing of collections or payments;
- The financial service has a significant positive impact on the ability to manage the Government's cash position or account for funds;
- The information required to be gathered with a transaction does not hinder the timely deposit of the collection or processing of the payment;
- Only Treasury-designated agents and depositories, or a Fiscal Service-approved subcontractor, may provide the service (that is, collecting, holding, disbursing, or accounting for public money), as opposed to financial services that the agency may perform or acquire on its own;
- The financial service advances more effective and centralized collections or payments;
- The financial service is for a collection other than a user fee (user fees should be priced to include the cost of collections and therefore should be reimbursed);
- The financial service is, or with minimal effort can be, offered Governmentwide, as opposed to a service that is customized for the needs of only one or a few agencies; or
- The Fiscal Service believes that providing the financial service is in the best interests of the Government.

### **Section 3240—Economy Act Considerations**

The Fiscal Service expects Federal agencies to fulfill the requirements imposed on them under the Economy Act (31 U.S.C. § 1535). It is the sole responsibility of the Federal agency seeking reimbursable services from the Fiscal Service to ensure its agency's compliance with the Economy Act.

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## **CONTACTS**

***Contact the office below with inquiries or written requests.***

Department of the Treasury  
Bureau of the Fiscal Service  
Bank Policy and Oversight Division  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-6751

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## **Transmittal Letter No. 670**

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### **Volume I**

#### **To: Heads of Government Departments, Agencies, and Others Concerned**

##### **1. Purpose**

This transmittal letter releases new TFM Volume I, Part 6, Chapter 3200: Policy for Providing Depository and Other Financial Services to Federal Agencies. This chapter describes the factors that determine when the Bureau of the Fiscal Service (Fiscal Service) will pay for certain collection and payment services and when the Fiscal Service will require a Federal agency to reimburse it for the cost of such services.

##### **2. Page Changes**

###### **Remove**

###### **Insert**

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Table of Contents for Part 6 (T/L 669)

Table of Contents for Part 6

Table of Contents for Volume I (T/L 668)

Table of Contents for Volume I

##### **3. Effective Date**

This transmittal letter is effective immediately.

##### **4. Inquiries**

**Direct questions concerning this transmittal letter to:**

Department of the Treasury  
Bureau of the Fiscal Service  
Bank Policy and Oversight Division  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-6751

A handwritten signature in black ink, appearing to read 'D. Lebryk', with a stylized, cursive script.

David A. Lebryk  
Commissioner  
Date: November 8, 2011