



Treasury Financial Manual

Bulletin No. 2019-03

Retention: May 31, 2019

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

Subject: Intragovernmental Custodial and Non-Entity Collections—Other Than the General Fund of the U.S. Government

1. Purpose

This Treasury Financial Manual (TFM) Bulletin introduces two new United States Standard General Ledger (USSGL) accounts and introduces modifications for other USSGL accounts. These changes allow for the reporting and proper intragovernmental elimination of balances, and allow activity for custodial and non-entity transactions from the collecting entity to the receiving entity, where the receiving entity is not the General Fund of the U.S. Government (General Fund).

This Bulletin provides implementation guidance for departments and agencies in the interim until the expected May 2019 publication of revised TFM Volume I, Part 2, Chapter 4700.

USSGL account attributes and related descriptions can be found on the [USSGL](#) website.

2. Background

During Fiscal Year (FY) 2018 and prior, reporting custodial and non-entity balances and activities between two federal agencies (neither of which were the General Fund) required the use of USSGL accounts that were under Reciprocal Category (RC) 29 (Non-Reciprocating). Although custodial and non-entity collection and disposition between two agencies lends itself to intragovernmental elimination, it was determined that due to a lack of available USSGL accounts and certain attribute limitations, agencies were not able to properly eliminate at the governmentwide level.

In addition to the changes outlined below, new guidance was developed to provide the collecting and receiving entities with a roadmap of the proper transactions and effects of the custodial collections for a Treasury Account Symbol (TAS) other than the General Fund. This implementation guidance contains two parts, exchange and non-exchange for custodial collection, see the [USSGL Implementation Guidance](#) website.

3. Prospective Changes

A. Creation of USSGL account 198100—"Receivable from Custodian or Non-Entity Assets Receivable from

a Federal Agency–Other than the General Fund of the U.S. Government," and USSGL account 571300–"Accrual of Amounts Receivable from Custodian or Non-Entity Assets Receivable from a Federal Agency–Other Than the General Fund of the U.S. Government."

B. Change in Title of USSGL account 198000 to "Asset for Agency's Custodial and Non-Entity Liabilities–General Fund of the U.S. Government," and USSGL account 571200 to "Accrual of Agency Amount to Be Collected–Custodial and Non-Entity–General Fund of the U.S. Government."

Beginning in FY 2019 reporting in Period 2, USSGL accounts 198100 and 571300 will be available to record custodial and non-entity collection balances and accruals for TAS other than the General Fund. The titles of USSGL accounts 198000 and 571200 have been modified to indicate that these are only to be used when the collection will be transferred to the General Fund.

C. New Sub-Category.

A new sub-category has been added in Appendices 6 and 7 of TFM Volume 1, Part 2, Chapter 4700, which is titled "Custodial and Non-Entity Transactions–Other Than the General Fund of the U.S. Government".

D. New Reciprocal Categories (RCs) and Modification of RCs

The following new RCs have been added under the "Custodial and Non-Entity Transactions–Other Than the General Fund of the U.S. Government" sub-category:

- RC 10–Includes USSGL accounts 198100(F), 298000(F) and 298500(F); previously 298000 and 298500 were under RC 29 and 198100 did not exist.
- RC 13–Includes USSGL accounts 599700(FX) and 599800(FX); previously 599700 and 599800 were under RC 09.
- RC 14–Includes USSGL accounts 571300(FX), 599000(FX) and 599100(FX); previously 599000 and 599100 were under RC 29, and 571300 did not exist.
- RC 15–Includes USSGL accounts 599700(FE/T) and 599800(FE/T); previously 599700 and 599800 were under RC 09.
- RC 16–Includes USSGL accounts 571300(FE/T), 599000(FE/T), 599100(FE/T), 599300(F), and 599400(F); previously 599000, 599100, 599300 and 599400 were under RC 29, and 571300 did not exist.

E. Effects on USSGL guidance and TFM Volume I, Part 2, Chapter 4700

The [USSGL](#) guidance and TFM Volume I, Part 2, Chapter 4700, Appendices 6 and 7, were updated with all changes provided. Additional guidance will be updated throughout FY 2019 to include all other changes.

4. Application

Custodial and Non-Entity Transactions–Other Than the General Fund of the U.S. Government

Each Federal Program Agency (FPA) must determine if the activity they are reporting is custodial or non-entity. The following section was developed as guidance for agencies that have custodial activity as defined in Federal Accounting Standards Advisory Board (FASAB), Statements of Federal Financial Accounting Standards (SFFAS) No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, or non-entity activity as defined in SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, and SFFAS No. 31, *Accounting for Fiduciary Activities*.

It is anticipated that most activity reported in this sub-category will be related to custodial activity, which is categorized under non-entity assets. There may be limited cases that are not considered custodial, where one FPA holds non-entity assets for another FPA outside the General Fund. However, custodial collections are the norm for this sub-category, and thus are the focus of this section.

This section assumes the FPA is in one of two types of participants; the collecting entity or the receiving entity. The collecting entity is defined as the entity that collects the custodial funds, or non-entity asset, from a non-federal entity, or in limited instances, from a federal entity. The receiving entity is defined as the federal or non-federal entity to which the collecting entity transfers the custodial funds or non-entity assets collected.

The custodial and non-entity category consists of exchange and non-exchange transactions impacting assets and liabilities. In general, the collecting entity will have a liability to the receiving entity (at any point) if it holds funds that it must remit to the receiving entity. In addition, some collecting agencies will accrue collections anticipated from the public (net of allowance, if applicable) which will also create a liability to the receiving entity. The collecting and receiving entities should develop processes to ensure that the amount of liability, from the collecting entity to the receiving entity, reconciles with the asset being recorded by the receiving entity.

When the collecting entity receives the collections, it must transfer those funds to the receiving entity as quickly as possible. In doing so, the collecting entity will avoid a liability and the receiving entity, in most cases, will have those funds available for the authorized purpose for which the related law was written.

Revenue Type and Trading Partner

Accounting for custodial collections begins when an FPA collects funds on behalf of another FPA, or an FPA books a receivable for funds to be collected on behalf of another FPA (net of allowance, if applicable). In most cases, these funds are collected from the public. At the point of collection or accrual, the collecting entity increases its Fund Balance with Treasury (FBwT), or receivable, and either exchange or non-exchange revenue with the source from which the funds were received. In addition, the receipt of these funds or recognition of the receivable created a liability to the receiving entity which must be recorded. It is at this point in which the collecting entity records the liability that the trading partner must be identified. In instances where the trading partner is unknown, the custodian must use Trading Partner (TP) 999 (Unidentified).

It is imperative that the collecting entity knows how the receiving entity records the collections. If the receiving entity reports the transfer-in of custodial collections as exchange, then the collecting entity must report the collections for others, accrued collections for others, and custodial collections transferred out as exchange. The same situation applies for non-exchange. Since the exchange/non-exchange attribute is determined by how the receiving entity records the transactions in its financial statement, **it is the responsibility of the receiving entity to communicate to the collecting entity how it recorded the transactions, to ensure that the collecting entity can also record its side of the transactions the same way (i.e. exchange vs. non-exchange)**. If the two FPAs do not agree, not only at the USSGL level, but also at the exchange/non-exchange attribute level, they will be reporting activity in different RCs, which will cause intragovernmental elimination issues.

Roles and Responsibilities

The collecting entity (or TAS) initiates the collection or accrual of resources and the receiving entity (or TAS) receives the resources. Unlike fiduciary transactions, these transactions do not have an authoritative

source or a specific agency that determines proper balances and accounting methods. Therefore, the trading partners must determine revenue types, establish appropriate accounting data, and communicate with each other to confirm proper account postings and eliminations. The collecting entity must confirm balances of custodial liabilities (both FBwT held by the collecting entity and receivable accrued by the collecting entity) so that the receiving entity can properly report their asset. The receiving entity must confirm the revenue type with the collecting entity so that the collecting entity can properly eliminate. Prompt communication will ensure consistent accounting treatment by both trading partners, to the extent possible, and the efficient posting of transactions within the same accounting period.

Effective Date

This Bulletin is effective immediately.

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