



Treasury Financial Manual

Chapter 3400

ACCOUNTING FOR AND REPORTING ON CASH AND INVESTMENTS HELD OUTSIDE OF THE U.S. TREASURY

This chapter provides federal departments and entities with the Department of the Treasury (Treasury) accounting and reporting policies and procedures on cash not deposited in a Treasury General Account (TGA) and investments in non-federal securities. It also includes guidance on cash and investments held outside of the U.S. Treasury and the requirements for accountable officers who have responsibilities for funds received, certified, disbursed, and held in their custody.

Section 3410—Background

Treasury, as the federal government's financial organization, estimates federal cash needs; and receives, holds, and disburses funds. The Treasury also provides the accounting and record keeping necessary for overall federal governmental financial control.

Most of the transactions that federal entities report to the Treasury in their appropriation accounts, other funds, and receipt accounts directly relate to the cash operations of the Treasury and the budget receipts and budget outlays of the federal government. Therefore, integrated into the Treasury's cashflow system is the budgetary control system that relates every disbursement made and collection received to the authorizing appropriation, fund, or receipt account established by the Treasury in recognition of congressional intentions cited in public laws. Together the cash and interrelated budgetary control systems form the nucleus for the Treasury's Central Accounting Reporting System (CARS).

In summary, an integration of the following enables the Secretary of the U.S. Treasury to fulfill the responsibility for financial reporting to the President, the Congress, and the public on the operations of the federal government:

- The financial results of congressional appropriation and receipt authorizations,
- Executive, legislative, and judiciary program entity payments and collections,
- Federal Reserve Banks (FRBs), domestic and foreign financial institutions, and certain Treasury offices with custodial operations,

and

- The disbursing and collecting officers' accountability for cash and investments held outside of Treasury accounts.

The federal government's interest in cash and investments held outside of Treasury accounts further extends to requiring federal entities to secure by collateral the deposits made in non-Treasury bank accounts to the extent that the deposits exceed the protection covered by the Federal Deposit Insurance Corporation. For the Treasury requirements with respect to collateral activities, see [TFM Volume I, Part 6, Chapter 9000](#).

Section 3415—Authority

Under the regulations in [31 U.S.C. § 3302](#), accountable officers who serve as disbursing and collecting officers of the federal government must deposit all of their collections into the U.S. Treasury, except as provided by another law. Accountable officers who hold funds outside of the U.S. Treasury can only do so pursuant to specific legislative authority. Similarly, entities that invest in Treasury and other federal/nonfederal securities must have their specific authority to do so granted by law.

In accordance with [31 U.S.C. § 3513](#), the Secretary must prepare reports to inform the President, the Congress, and the public on the financial operations of the federal government. In addition, each entity must furnish the Secretary with such reports and information as required to carry out central accounting and reporting responsibilities.

Section 3420—Definition of Terms

Accountable Officer—A federal government official, employee, or agent who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks upon accounts of the United States in depository banks designated by the Secretary.

Adjusted Trial Balance (ATB)—A pre-closing list of United States Standard General Ledger (USSGL) account numbers and balances (assets, liabilities, equity, revenue, and expenses) in numerical order prepared at a specified date (year-end). In the ATB, the sum of all debit balances must equal the sum of all credit balances.

Amounts in Federal Custody—Funds, as authorized through congressional or administrative action, that are subject to the control and accountability of federal government entities and/or their employees, officers, or agents.

Budgetary Funds—Amounts currently included in the budget of the United States Government or designated by the Office of Management and Budget (OMB) as belonging in the budget.

Cash Held Outside of the Treasury—Funds under the custodial responsibility of federal government entities and/or their employees, officers, or agents that are

deposited in non-TGAs or held in an imprest fund.

Fund Balance with the Treasury Account (FBWT)—FBWT is the aggregate amount of funds on deposit with the Treasury.

FBWT is increased by:

- Receiving appropriations, re-appropriations, continuing resolutions, appropriation resolutions, and allocations, and/or
- Receiving transfers and reimbursements from other entities.

It also is increased by amounts borrowed from the Treasury, Federal Financing Bank, or other entities, and amounts collected and credited to appropriation or fund accounts.

FBWT is reduced by:

- Disbursements made to pay liabilities or to purchase assets, goods, and services,
- Investments in federal securities (securities issued by Treasury or other federal government entities),
- Cancellation of expired appropriations, and
- Transfers and reimbursements to other entities or to the Treasury; and/or
- Sequestration or rescission of appropriations.

Investments Held Outside of the U.S. Treasury—Investments in federal and non-federal securities held in accounts outside of the U.S. Treasury.

Investments in Federal Securities—Investments in securities issued by Treasury or other entities of the federal government.

Investments in Non-Federal Securities—Investments in securities other than those issued by Treasury or other entities of the federal government.

Non-Budgetary Funds—Amounts in federal custody that are not to be included in the budget of the United States Government. Examples are amounts held in deposit funds such as federal payroll withholding for State and local taxes and the funds of federal prisoners.

Treasury General Account—A FRB or a depository institution (domestic or foreign), such as a commercial bank, designated by the Secretary to maintain a demand account in the name of the U.S. Treasury. It is authorized to credit deposits of public monies and/or to charge Treasury checks/Electronic Funds Transfer and other miscellaneous payments against that account.

United States Standard General Ledger (USSGL)—The USSGL, a supplement to the Treasury Financial Manual (TFM), is composed of seven major sections: 1. Chart of Accounts, 2. Accounts and Definitions, 3. Account Transactions, 4. Account Attributes for USSGL Proprietary Account and Budgetary Account Reporting, 5.

Crosswalks to Standard External Reports, 6. Crosswalks to Reclassified Statements, and 7. GTAS Validations & Edits. Entities use the Chart of Accounts and technical guidance in the USSGL to standardize federal entity accounting, which supports the standard external reports preparation required by central entities.

Section 3425—Description of Cash and Investments Held Outside of the U.S. Treasury Categories

Requirements have been developed to maintain and improve accountability control and custodial responsibility over all cash resources entrusted to the federal government by taxpayers and other depositing entities. However, two distinct categories fall within the cash and investments held outside of the U.S. Treasury responsibilities. They include **budgetary funds** and **nonbudgetary funds**. Both categories are subject to the control and accountability of federal government entities and/or their employees, officers, or agents.

Section 3430—Treasury's Policies on Entities' Requirements

In addition to developing policies, systems, and procedures to ensure cash and investment activity in Treasury and non-Treasury accounts, Treasury requires entities:

- To maintain full accountability and reconciliation control over funds owned by or in the custody of the federal government or any federal government officer, employee, or agent,
- To comply with applicable statutes regarding the deposit and/or investment of such funds, and
- To support government-wide collateral, accounting, and reporting requirements, as described in the TFM.

Section 3435—Entities' Reporting Responsibilities and Requirements

Reporting requirements set forth in this chapter apply to all departments, entities, and corporations of the federal government. It is each entity's responsibility to:

- Follow the policy and requirements set forth in this chapter, and
- Incorporate those requirements in its financial system procedures and as part of the overall audit activities.

3435.10—Financial Accounting and Reporting Requirements

Entities that deposit, hold, and/or invest funds outside of the U.S. Treasury, must record those transactions to specific USSGL accounts and report these amounts in their audited financial statements. In addition, entities must submit those amounts in their ATBs to the Treasury for inclusion in the audited *Financial Report of the United States Government*. For additional information on USSGL accounting and reporting, access the [Bureau of the Fiscal Service \(Fiscal Service\)](#) website.

3435.20—Central Accounting and Reporting Requirements

Treasury issues regular and special reports to the President, Congress, and the public on the sources of government receipts for the purposes of expensing public funds and the government's overall financial position. In addition, Fiscal Service compiles and publishes several reports, including the *Monthly Treasury Statement of Receipts and Outlays of the United States Government* and the *Combined Statement of Receipts, Outlays, and Balances of the U.S. Government*, on the cash operations and the budget receipts/outlays of the federal government. Policies and procedures in this TFM chapter also ensure that the cash-based publications report on the cash and investments held outside of the U.S. Treasury activities.

The Central Accounting Reporting System (CARS), i.e. Statement of Transactions, enables the Secretary to fully disclose and report all federal entities' cash on hand, cash on deposit with TGAs/non-TGAs, and investments in federal/non-federal securities.

3435.30—Federal Account Symbols Requirements

Entities use Treasury Account Symbols and Business Event Type Codes to report on cash and investments held outside of the U.S. Treasury activities and changes in non-federal securities. They submit data to the Treasury using the following Business Event Type Codes (BETCs):

- Funds Held Outside the Treasury, Credit - FHOTXC; Adjustment to Funds Held Outside the Treasury, Credit - FHOTXCAJ; Funds Held Outside the Treasury, Debit - FHOTXD; Adjustment to Funds Held Outside the Treasury, Debit - FHOTXDAJ are used to report cash held outside of the U.S. Treasury, for both budgetary accounts and deposit funds,
- Change in Non-Federal Securities, Credit - CNONFSC; Adjustment to Change in Non-Federal Securities, Credit - CNFSCAJ; Change in Non-Federal Securities, Debit - CNONFSD; Adjustment to Change in Non-Federal Securities, Debit - CNFSDAJ to report the investments & changes in non-federal securities (market value) for both budgetary & non-budgetary accounts, and
- Offset of Change in Non-Federal Securities, Credit - OCNONFSC, Adjustment to Offset of Change in Non-Federal Securities, Credit - OCNFSCAJ, Offset of Change in Non-Federal Securities, Debit - OCNONFSD, and Adjustment to Offset of Change in Non-Federal Securities, Debit - OCNFSDAJ are used as a contra account to report budgetary investments and changes in non-federal securities.

Entities also report on the cash and investments held outside of the U.S. Treasury activities using existing budgetary account symbols, or a deposit fund account, as appropriate. See Appendix 1 for pro-forma central accounting and reporting entries typical of most federal transactions involving cash and investments held outside of the U.S. Treasury. For additional information regarding BETCs and related GTAS edit validations, review the [BETC Guidance](#) posted on the Fiscal Service Website under the GWA Reporting section.

Section 3440—Reconciling Cash and Investments Held Outside of the U.S. Treasury

Each entity must do the following:

- Reconcile all transactions involving cash and investments held outside of the U.S. Treasury on a periodic basis, but no less frequently than quarterly, and
- Develop policies, systems, and operating procedures that ensure cash and investment activity reported on the entity's ATB and Statements of Transactions reported to the Treasury, as applicable, reconcile with the entity's accounting records and related statements and reports received from financial institutions.

Fiscal Service will report to the Office of the Fiscal Assistant Secretary of Treasury all discrepancies disclosed from periodic reviews and analysis of entities' reported cash and investments held outside of the U.S. Treasury.

Section 3445—Preparing and Submitting Prescribed Forms and Reports Statement of Transactions (Classified According to Appropriation, Fund, and Receipt Account; and Related Control Totals)

Entities use the Classification, Transactions, and Accountability (CTA) Module within CARS to report to the Treasury their results of operations, including changes to cash and investments held outside of the U.S. Treasury via a Statement of Transactions. For assistance with Business Event Type Codes (BETC) used to report changes, refer to the [BETC Guidance and Information Listing](#) on the Fiscal Service Website.

Section 3450—Adjusted Trial Balance

Entities must transmit electronically pre-closing Adjusted Trial Balances. See [TFM Volume I, Part 2, Chapter 4700](#) for guidance on completing and submitting the Adjusted Trial Balance to the Treasury.

Contacts

Direct inquiries concerning material in this chapter and Statement of Transactions, CTA Module Reporting, or using Business Event Type Codes to:

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Direct inquiries concerning the ATB reporting to:

Jaime Saling, Director

Financial Reports and Advisory Division
 Fiscal Accounting Operations
 Bureau of the Fiscal Service
 P.O. Box 1328
 Parkersburg, WV 26106-1328
 Telephone: 304-480-6485
 E-mail: financial.reports@fiscal.treasury.gov

Direct inquiries concerning the use of Treasury Account Symbols to:

Jerome Jackson, Manager
 Budget Reporting Branch
 Fiscal Accounting Operations
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Appendices Listing

Appendix No.	Form/Title
1	Cash and Investments Held Outside of the U.S. Treasury Transaction Guide-Statements of Transactions/CTA Reporting

Summary of Updates

Section No.	Section Title	Summary of Change
3415	Authority	Included hyperlinks to United State Codes
3435.10	Financial Accounting and Reporting Requirements	Included hyperlinks to additional information about USSGL
3435.30	Federal Account Symbols Requirements	Steps for submitting a Business Event Type Codes (BETCs)
3435.30	Federal Account Symbols Requirements	Added hyperlink for additional information related to BETCs and GTAS

3445	Preparing and Submitting Prescribed Forms and Reports Statement of Transactions (224) (Classified According to Appropriation, Fund, and Receipt Account; and Related Control Totals)	Updated content/information
3450	Adjusted Trial Balance	Updated content/information
Contacts	Contacts	Updated POCs, address, telephone numbers and e-mail
All		Corrected grammar and updated hyperlinks

Chapter appendices are available only in the [PDF version](#).