



Treasury Financial Manual

Chapter 1500

GENERAL TERMS AND CONDITIONS GOVERNING COLLECTION SERVICES

This Treasury Financial Manual (TFM) chapter sets out general terms and conditions governing collection services that the Bureau of the Fiscal Service (Fiscal Service) provides to meet the needs of multiple Federal agencies. It does not apply to collection services that the Fiscal Service provides to meet the needs of a single Federal agency. Nor does it apply to disbursements (except where specifically noted) or debt collection services.

Section 1510—Authority

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

Section 1515—Purpose

By placing general terms and conditions governing collection services into this TFM chapter, the length and complexity of agreements between the Fiscal Service and Federal agencies can be reduced or eliminated. Furthermore, this reduces the risk that the various agreements that the Fiscal Service enters into with Federal agencies may contain provisions that vary or conflict from one agreement to the next. Finally, it allows provisions to be updated without having to renegotiate agreements with multiple agencies.

Section 1520—Other Provisions

This chapter sets out general terms and conditions governing the use of collection services provided by the Fiscal Service 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 the Fiscal Service may assess to an agency. If necessary, these will be addressed in one or more separate agreements between authorized representatives of the Fiscal Service and the 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 and in agreements with agencies.

Section 1525—Conflict Between TFM and Agency Agreement

If the terms and conditions of any agreement that the Fiscal Service has executed with a Federal agency conflict with this chapter, then the agreement has priority.

Section 1530—Depositaries and Agents

The Fiscal Service has statutory authority to designate qualified financial institutions and Federal Reserve

Banks as depositories 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 the Fiscal Service, which can designate a depository or agent to provide the services the agency seeks, as appropriate. The agency can only receive the depository and agent services that the Fiscal Service has approved for the agency. The agency can receive those services only from the depository or agent that the 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 the Fiscal Service has designated the depository or agent to provide the agency. Instead, the agency must coordinate all requests for additional services through the Fiscal Service for proper consideration. The Fiscal Service may change a depository or agent providing services to the agency without permission of the agency.

Section 1535—Account Ownership

Aside from a demand deposit account that the Fiscal Service establishes with a financial institution for an agency that has authority to hold funds outside of Treasury, any demand deposit account that the Fiscal Service establishes with a financial institution solely for a Federal agency's deposits is owned and controlled exclusively by the U.S. Treasury and not by the agency. An agency is without 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 Treasury, but goes ahead and establishes an account in its name anyway (contrary to statutory and/or Treasury requirements), the agency is required to advise Treasury immediately of the account. Moreover, if the 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 Treasury). In addition, Treasury is authorized to assert immediate control over the account.

Section 1540—Required Use of Fiscal Service Services

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

Section 1545—Payment Network Rules

In addition to provisions 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 the 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.

Section 1550—Voucher Numbers

For a given Federal agency or Federal agency cash flow, the Fiscal Service summarizes credits and debits through voucher information that includes a voucher number. In response to the requests of Federal

agencies, the Fiscal Service has sometimes customized the sequence or ordering of voucher numbers and has provided advance notice of expected voucher numbers. However, the 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, the Fiscal Service may refuse to continue these practices when transitioning collection services from a legacy program to a new program.

Section 1555—Reversals, Returns, and Refunds

On occasion, funds from a collection transaction must be reversed or returned to the payor. The 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 is justified under agency program authorities). The 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 the Fiscal Service.

Section 1560—Electronic Data

In providing collection services, the Fiscal Service (including its depositories and agents) may process both financial data and agency program data. The 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 Agency Location Codes. Agency program data refers to all electronic data processed by the 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 the Fiscal Service may host or 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 the Fiscal Service may have, as well as access to at least some financial data.

The Fiscal Service retains and provides a Federal agency access to both financial data and its agency program data for at least 7 years. The 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 the Fiscal Service processed on behalf of the agency. However, the agency may elect to have the Fiscal Service alone retain this electronic data.

The Fiscal Service uses its standards in using and giving access to data. The 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 the Fiscal Service with prompt written notice to a division director or higher level if the agency requests the Fiscal Service to retain electronic data for longer than 7 years or to produce records. The 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, the Fiscal Service does not automatically agree to such requests if it is not legally required to do so. The 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 the Fiscal Service systems to respond to a Freedom of Information Act (FOIA) request it receives, the Fiscal Service does not accept or answer a FOIA request on an agency's behalf.

The 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, the Fiscal Service may elect to consolidate data or access to data into a smaller number of systems, rather than maintain copies of some 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 the Fiscal Service (including its depositories and agents) is the responsibility of the Fiscal Service.

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

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

Section 1570—Property

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

The 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 depositories) upon request.

Section 1575—No Warranty

The 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 the Fiscal Service nor its depositaries or agents will pay a penalty to a Federal agency for failing to meet specific uptime or other service level metrics.

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