

Reclamation Manual

Directives and Standards

Subject:	Deposit of Cash Receipts and Administrative Review of Collection Activities
Purpose:	To document the Bureau of Reclamation's responsibilities and procedures for the deposit of cash receipts and for the administrative review of collection activities. The benefit of this Directive and Standard (D&S) is the Reclamation-wide standardization of collection activities.
Authority:	Department of Treasury (Treasury) Financial Manual (TFM), Vol.1 , Part 5, <i>Deposit Regulations</i> ; Department of the Interior Cash Management Handbook , Chapter 4, <i>Collections and Deposits</i>
Approving Official:	Director, Mission Support Organization
Contact:	Business Analysis Division, Compliance and Audit Team (84-27410)

1. **Introduction.** Reclamation personnel who receive funds for the United States, must keep proper records, provide adequate physical control over such funds, and place the collections under accounting control promptly after receipt. Administrative reviews of collection activities ensure Reclamation's cash management maintains appropriate accounting and internal controls.
2. **Applicability.** This D&S applies to all Reclamation personnel involved in the collecting or administrative review of receipts.
3. **Definitions.**
 - A. **Authorized Collection Officer (ACO).** An ACO is a Reclamation employee who is responsible for the collection and deposit of funds. Designation of the ACO must be in writing by the appropriate authority in accordance with the Reclamation Manual (RM) [Delegations of Authority](#), Paragraph 5.D. and 6.H.(4).
 - B. **Automated Clearing House (ACH).** ACH is a central distribution and settlement point for transferring funds electronically between an originating depository financial institution and a receiving depository financial institution.
 - C. **Cash Management.** Cash management encompasses practices and techniques that accelerate and control collections, ensure prompt deposit of receipts, improve control over disbursement methods, and eliminate idle cash balances.
 - D. **Daily Abstract of Remittances, Standard Form (SF) 7-487.** The Daily Abstract of Remittances is a form listing all collections received by mail, hand delivered to the office, and/or collected at recreation sites. See Appendix A for additional information.
 - E. **Electronic Funds Transfer (EFT).** EFT is the use of electronic methods (e.g., computers, magnetic tapes, automated teller machines, and telephones) in lieu of

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issuing paper checks. These systems include ACH, Fedwire Deposit System, and point-of-sale terminals. In certain instances, EFT also includes credit card transactions.

- F. **Fedwire Deposit System.** The Fedwire deposit system is a wire transfer collection system whereby remitters can instruct their banks to transfer payments by the Federal Reserve Communications System to Treasury's main account at the Federal Reserve Bank of New York. All remitters making individual payments of \$100,000 or more to the Federal government, although smaller dollar payments may be appropriate depending on the circumstances, should use Fedwire.
 - G. **Lockbox.** The lockbox is a collection and processing service provided by a financial agent that accelerates the flow of funds to the Treasury's general account, and processes associated data. This service includes collecting Reclamation's mail from a specified post office box; sorting, totaling, and recording the payments; processing the items; making the deposits; and transferring the funds. Reclamation will receive remittance data via the Lockbox Report either by hard copy or electronic format.
 - H. **Over the Counter (OTC) Channel Application Network (OTCnet).** OTCnet is a web-based application that integrates check capture and deposit reporting functionalities in one system. OTCnet enables Federal agencies which receive OTC collections for checks to convert the checks to electronic instruments for settlement.
 - I. **OTCnet Check Capture.** OTCnet check capture is a process which enables Reclamation to scan paper domestic checks through a check reader that captures scanned check information and sends it to OTCnet electronically.
 - J. **Treasury Collection Information Repository (CIR).** The Treasury CIR is a web-based tool that provides information on deposits and collections. The Treasury CIR report reflects deposits (voucher type 215) and debit vouchers (voucher type 5515). See Appendix B for an example of this report.
4. **Responsibilities.**
- A. **Authorized Collection Officer or ACO.** ACOs are designated in writing in accordance with the RM *Delegations of Authority*, Paragraph 5.D and 6.H.(4). They are responsible for collecting and depositing funds including:
 - (1) keeping proper records;
 - (2) reconciling checks, money orders, etc. received to the Daily Abstract of Remittances;
 - (3) providing adequate physical control over funds received;
 - (4) depositing the funds promptly in accordance to Paragraph 6; and

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- (5) requesting authorized regional finance office personnel to generate a bill in the Financial and Business Management System (FBMS).
- B. **Regional Finance Officers.** The regional finance officers are responsible for performing or overseeing the required semi-annual administrative reviews of individuals designated to handle cash.
- C. **Regional Finance Office Personnel.** The regional finance office personnel and Financial Services and Accounts Receivable (FSAR) personnel are responsible for the daily reconciliation of the lockbox receipts and the creation of the bills in FBMS.
- D. **Finance and Accounting Division, Fiscal Services and Accounts Receivable or (FSAR) Personnel.** FSAR personnel are responsible for the daily reconciliation of the lockbox receipts and collecting the results of the administrative reviews when conducting Reclamation-wide management control reviews.
- E. **Mailroom and Other Personnel.** Personnel whose job description includes opening the official mail are responsible for logging all checks, money orders, cash, etc. received in the mail onto the Daily Abstract of Remittances (Appendix A) and providing the completed form along with all remittances to the ACO.
5. **Receipts.**
- A. Reclamation uses the electronic lockbox which enables the remitter to provide payments by paper remittance (mailing a paper check, money order, etc.) or electronic remittance (ACH, wire transfer, etc.). Reclamation's objective is to promote the use of electronic remittance or mailing paper instruments directly to the lockbox. Regions must discourage customers from mailing or hand carrying remittances to a Reclamation office. Re-mailing to a designated ACO (rather than the lockbox) must not be a routine practice.
- B. Reclamation deposits collections at a financial institution when the consolidation of receipts at a central location by an ACO is more efficient than mailing the receipts daily from the regional office to the lockbox.
- C. Mailroom personnel responsible for opening official mail log all checks, money orders, etc. on the Daily Abstract of Remittances (see Appendix A). They must record foreign and domestic remittances on separate Daily Abstract of Remittances forms and submit the forms to the ACO daily.
- D. The ACO reconciles the Daily Abstract of Remittances to the individual remittances received from the mailroom personnel and signs the form signifying receipt. The ACO forwards the checks and a copy of the Daily Abstract of Remittances to the lockbox. See Paragraph 6 for the frequency of deposits.

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- E. If a bill was not previously generated, the ACO requests the regional finance office to generate a bill for collection. The regional finance office creates the bill for collection in FBMS and provides the reference number to the ACO to record on the Daily Abstract of Remittance.
 - F. The Denver office follows the procedures in Paragraphs 5.C. through 5.E. except the ACOs in FSAR process the checks via OTCnet Check Capture instead of mailing them to a lockbox.
 - G. Financial institutions process collections through the Treasury CIR. FSAR processes the customer payment in the FBMS for all regions, except for the Mid-Pacific (MP) Region. FSAR emails the CIR to the MP Region who posts the payments in either FBMS or BORWORKS. Appendix B provides an example of the Treasury CIR report.
6. **Frequency of Deposits.**
- A. Reclamation deposits accumulated currency and coin collections when the total reaches \$100. At a minimum, regardless of the amount of currency and coin collections accumulated, Reclamation will make deposits by Thursday of each week (or the preceding day in the event of a Thursday holiday). If a deposit is made before Thursday of a given week, another deposit on Thursday is not necessary if currency and coin receipts total less than \$100.
 - B. Reclamation must deposit receipts totaling \$5,000 or more on the same day received. Collections, except for currency and coin collections, totaling less than \$5,000 may be accumulated and deposited when the total reaches \$5,000. However deposits must be made by Thursday of each week, regardless of the amount accumulated.
 - C. Collections representing repayments of outstanding travel advances and collections for a bill for collection are deposited daily to avoid dunning notices and interest and penalties.
 - D. For collections processed using OTCnet, FSAR must scan the checks daily regardless of the total amount.
7. **Retention.** FSAR receives copies of the processed checks, money orders, etc. through the Electronic Check Processing Treasury System and/or from the lockbox. FSAR forwards the copy of the check and any supporting documentation to the regions. The regions maintain copies of the processed checks for 7 years in accordance with Reclamation's *Information Management Handbook*, Volume II, Chapter 6, Class Code FIN 9.00. FSAR retains physical checks processed through OTCnet Check Capture for at least 10 business days to ensure there are no problems with the file transmission. All checks and copies of checks must be safeguarded prior to destruction.

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8. Reconciliations.

- A. **Regional Finance Office and FSAR.** Regional finance office and FSAR personnel, other than an ACO, reconcile the lockbox receipts to the bills of collection for each customer daily using the Summary Lockbox Report (also known as the 180 Report). The total receipts recorded from each customer must equal the total collected in the lockbox. FSAR reconciles the lockbox receipts for the Denver office.
- B. **FSAR and MP Region.** FSAR and MP Region reconcile all receipts daily using the Cash Recon report in FBMS to the Treasury CIR. MP Region reconciles the receipts for their region and FSAR reconciles the receipts for all remaining regions. This ensures all receipts recorded in FBMS are reconciled to the receipts recorded by Treasury.

9. Administrative Review.

- A. Regional finance officers are responsible for performing or overseeing a semi-annual administrative review of the following individuals designated to handle cash:
 - (1) employees authorized by position description or designation, to open mail, sell products/materials, tickets, etc.;
 - (2) formally designated ACOs; and
 - (3) individuals, such as office heads, authorized to handle receipts in an emergency or in the event of everyone else's absence.
- B. Regional finance officers use the administrative review to determine whether the region has sufficient internal controls including segregation of duties. See Appendix C for additional information. Questions to consider when conducting the review include:
 - (1) Are collections handled ONLY by those individuals designated to receive funds?
 - (2) Are the written designations of ACOs on file with a copy to the Director, Policy and Administration (attention 84-52100)?
 - (3) Is there adequate segregation of duties between persons handling cash receipts and accounting and operating functions (e.g., the person handling cash receipts does not issue the bill for collection, reconcile the lock box receipts)?
 - (4) Have the official duties of the ACO changed since the last review to include any billing or accounts receivable functions?
 - (5) Are the instructions for the Reclamation SF 7-487, Daily Abstract of Remittance (Appendix A) being followed?
 - (6) Are pre-numbered deposit receipts used to record cash sales?

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- (7) Is TFM Part 5, Deposit Regulations instructions for cash management being followed?
 - (8) Are the deposits received reconciled with the deposits recorded by Treasury?
 - (9) Were all collections logged during the week of receipt, deposited, and recorded timely in FBMS?
 - (10) Are management's safeguarding of asset responsibilities being met?
 - (11) Have all discrepancies noted in the last review been satisfactorily corrected?
- C. FSAR collects the completed administrative review forms. FSAR pulls a sample of the reviews to check for segregation of duties, appropriate management review, and completeness.

10. Related References.

- A. Government Accountability Office's [*Policy and Procedures Manual for Guidance of Federal Agencies*](#), Title 7, Chapter 5 – Collections.
- B. Debt Collection Improvement Act of 1996.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

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