

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 in accordance with generally accepted accounting principles. 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:	Finance Policy & Programs Division; Policy, Compliance, & 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. **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 (Automated Clearing House (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 Authorized Collection Officer (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 Reclamation Form (RF) 7-487, Daily Abstract of Remittances¹ (see Appendix A for a copy of RF 7-487). They must record foreign and domestic

¹ Reclamation Intranet > Forms > 7-Forms

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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 4 for the frequency of deposits.
- 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 Financial and Business Management System (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 3.C. through 3.E. except the ACOs in the Accounting Services Division, Revenue and Reimbursable Support Team (RRST) process the checks via Over the Counter (OTC) Channel Application Network (OTCnet) Check Capture instead of mailing them to a lockbox.
- G. Financial institutions process collections through the Treasury Collections Information Repository (CIR). RRST processes the customer payment in FBMS for all regions, except for the California Great Basin (CGB) Region. The CGB Region posts the payments in either FBMS or BORWORKS. Appendix B provides an example of the Treasury CIR report.

4. 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 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, RRST scans the checks daily regardless of the total amount.

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5. **Retention.** RRST and CGB receive copies of the processed checks, money orders, etc. through the Electronic Check Processing Treasury System received from the lockbox. The RRST and CGB Region maintain copies of the processed checks for 7 years in accordance with Reclamation's *Information Management Handbook*, Departmental Records Schedule code² 1.3.11. RRST 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.

6. **Reconciliations.**
 - A. **Regional Finance Office and RRST.** Regional finance office and RRST 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. RRST reconciles the lockbox receipts for the Denver office.

 - B. **RRST and CGB Region.** RRST and CGB Region reconcile receipts daily using the Cash Recon report in FBMS to the Treasury CIR. CGB Region reconciles the receipts for their region and RRST reconciles the receipts for all remaining regions. This ensures all receipts recorded in FBMS are reconciled to the receipts recorded by Treasury.

7. **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, sell 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 Program (attention 84-52100)?

² Reclamation Intranet > Quick List > Records and Info. Management > Records > DRS Subject Index Linked

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- (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 or 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 RF 7-487, Daily Abstract of Remittance (Appendix A) being followed?
 - (6) Are pre-numbered deposit receipts used to record cash sales?
 - (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. RRST collects the completed administrative review forms. RRST pulls a sample of the reviews to check for segregation of duties, appropriate management review, and completeness.

8. 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.

9. Definitions.

- A. **Authorized Collection Officer or 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 [Delegations of Authority](#), Paragraph 3.D. and 4.H.(4).
- B. **Automated Clearing House or 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.

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- 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, Reclamation Form or RF 7-487³.** 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 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 receives remittance data via the Lockbox Report either by hard copy or electronic format.
 - H. **Over the Counter Channel Application Network or 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 or 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.
10. **Review Period.** The originating office will review this release every 4 years.

³ Reclamation Intranet > Forms > 7-Forms

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.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____