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# Treasury Financial Manual

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Transmittal Letter No. 601

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

## 1. Purpose

This transmittal letter releases I TFM 1-2000: Financial Operations Startup Procedures for New Federal Entities. This chapter instructs new Federal entities on how to establish basic fiscal operations prescribed by the Department of the Treasury's (Treasury's) Financial Management Service (FMS), and the Office of Management and Budget (OMB).

**Note:** FMS is phasing out the printed distribution of TFM releases. This update will be the last printed release for this chapter. Users may access the TFM via the Internet at the following website: <http://www.fms.treas.gov/tfm/index.html>. Effective December 2001, all TFM releases will be available on the Internet only.

## 2. Page Changes

### Remove

Table of Contents for Part 1 (T/L 546)

I TFM 1-2000 (T/L 546)

### Insert

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I TFM 1-2000

## 3. Effective Date

Upon receipt.

## 4. Inquiries

Direct questions concerning this transmittal letter to:

Directives Management Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway  
Hyattsville, MD 20782  
Telephone: 202-874-9940

Richard L. Gregg  
Commissioner

Date: May 5, 2001

## Part 1—Chapter 2000

# FINANCIAL OPERATIONS STARTUP PROCEDURES FOR NEW FEDERAL ENTITIES

This chapter instructs new Federal entities on how to establish basic fiscal operations prescribed by the Department of the Treasury's (Treasury's) Financial Management Service (FMS), and the Office of Management and Budget (OMB).

### Section 2010—Purpose

This Treasury Financial Manual (TFM) chapter addresses startup procedures. Appendix 1 includes a table that provides a “checklist” for those procedures. The “References” column directs users to relevant sections and chapters.

### Section 2015—Authority

According to 31 United States Code 3513, the Secretary of the Treasury must prepare reports on the financial operations of the U.S. Government. It also requires that each executive agency furnish information and reports about its financial condition and operations if requested by the Secretary.

In addition, OMB Circular No. A-127-Revised (Transmittal Memorandum No. 1), section 7-a, establishes the following requirement for agencies regarding financial systems:

“The design of the financial management systems shall reflect an agency-wide financial information classification structure that is consistent with the U.S. Government Standard General Ledger, provides for tracking of specific program expenditures, and covers financial and financially related information.”

Users may access the U.S. Government Standard General

Ledger (SGL) website at <http://www.fms.treas.gov/ussgl/index.html>.

### Section 2020—Account Symbols and Titles

Treasury, in collaboration with OMB and the relevant administrative agency, assigns, amends, changes and discontinues account symbols and titles. Account symbols and titles represent individual appropriations, receipts and other fund accounts. Agencies post appropriations or spending authorizations granted by Congress with expenditures and receipts to these accounts. They report to Treasury and OMB using these accounts.

To establish new accounts, agencies:

- (1) Contact OMB for approval (see OMB Circular No. A-11, section 79.3).
- (2) Submit a letter to FMS requesting new accounts, including the following:
  - Statement that OMB has approved accounts.
  - Type of fund.
  - Proposed account title.
  - Statutory authority.
  - Agency and bureau needing the fund.

FMS assigns account symbols and titles, fund groups, and fund account definitions per the principles and guidelines in Chapter 2, Title 7, of the *General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies*. See also I TFM 2 1500.

FMS provides a listing of all assigned symbols and titles in the *Federal Account Symbols and Titles (FAST) Book*, a TFM Volume I supplement. To access an online version of the FAST Book, see website: <http://www.fms.treas.gov/fastbook>. FMS updates the online version monthly. To remove an account or agency from the FAST Book, agencies must submit a letter to FMS' Finance Management Branch (FMB). See the Contacts page.

### Section 2025—Appropriation Warrants

Treasury issues an FMS 6200: Department of the Treasury Appropriation Warrant, to establish the amount and period of availability of moneys the agency is authorized to withdraw from Treasury's central accounts. Thirteen annual appropriation acts, as well as supplemental appropriation acts, are passed each year. These appropriation acts provide budget authority to obligate and expend funds from Treasury for specific purposes. After reconciliation with OMB, Treasury prepares appropriation warrants.

If Congress does not enact a regular appropriation, Treasury issues a continuing resolution warrant by agency request. Refer to I TFM 2-2000 for the agency requirements for requesting a continuing resolution warrant.

If enacted legislation other than an appropriation act provides spending authority (or an appropriation), agencies must submit a letter to Treasury requesting the amount of the appropriation and citing the legal authority. The citation should include the United States Code, if possible, or the Statutes at Large. This requirement includes submitting letters to request appropriations from unavailable receipts, indefinite accounts, rescissions and surplus warrants. In some cases, Treasury may request additional information from the agency.

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### **Section 2030—Nonexpenditure Transactions**

Agencies complete Standard Form (SF) 1151: Nonexpenditure Transfer Authorization, to reflect increases and decreases between appropriation, fund and other accounts. Agencies must include a valid statutory authority as well as a withdrawal and credit within the same appropriation group. They must submit the SF 1151 to FMB no later than the seventh workday of the current month to be effective in the preceding month.

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### **Section 2035—Subclass Authorization**

After the Budget Reports Branch (BRB) receives the agency's letter of request, it determines whether subclass codes are necessary to capture data below the appropriation or fund level for tracking purposes. If so, BRB establishes the subclass codes.

Subclass codes include 88 (Investments in U.S. Public Debt Securities) and 98 (Redemption of U.S.

Public Debt Securities). Assigning these distinctive subclass codes allows BRB to isolate investment and redemption activity for detailed analysis, if necessary.

BRB prepares and sends agencies a copy of form BA 7103: The Department of the Treasury Sub-Classification Authorization, authorizing use of the subclass code. The agencies must use the subclass code when reporting monthly outlay activity on the SF 224: Statement of Transactions. Subclass codes are reported on an account in parentheses immediately before the main account. For example, (88)0960700 is the appropriate format for reporting a subclass code.

For detailed information on subclass authorizations, refer to I TFM 2-3330.20. For additional assistance on subclass authorizations, contact BRB (see the Contacts page).

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### **Section 2040—Requesting an Agency Location Code (ALC)**

An ALC is a 3-, 4- or 8-digit symbol uniquely identifying each agency that reports payments and collections. It is similar to a bank account number and must appear on all documentation sent to FMS to ensure proper reporting.

Agencies that do their own disbursing (and submit an SF 1218: Statement of Accountability (Foreign Service Account) or SF 1219: Statement of Accountability) are assigned a 3- or 4-digit ALC. See I TFM 4-6000 for detailed instructions.

Agencies not performing their own disbursing must submit a written request to FMB. See the Contacts page. Upon approval, FMB assigns an 8-digit ALC and notifies the agency in writing of the ALC assignment. The assignment process takes approximately 30 days.

See I TFM 2-3320 for a detailed explanation of ALCs and I TFM 4-2000 for detailed information on disbursing procedures.

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### **Section 2045—Arranging for Government On-Line Accounting Link System II (GOALS II) Service**

FMS has automated many of its accounting and reporting tasks via the GOALS applications. Agencies can access many of the FMS-required reports as well as information through GOALS II. It is imperative that agencies establish GOALS II service as quickly as possible. Agencies can transmit an SF 224, SF 1219 and the SF 1220: Statement of Transactions According to Appropriations, Funds and Receipt Accounts, via GOALS II. The GOALS II applications also allow Treasury regional offices to report disbursements and give agencies their undisbursed balances. For additional information concerning GOALS II, agencies can access the website at <http://www.fms.treas.gov/goals>.

The recommended system requirements for GOALS II include the following:

- Pentium processor with 32 MB RAM.
- SVGA monitor and video card.
- Mouse (with right and left buttons).
- 56 KB modem and an analog telephone line for data calls (similar to a fax line).
- Microsoft Windows 9x and Windows NT 3.51. Windows 9x and Windows NT users will need "Dial-Up Networking" using point-to-point protocol (PPP) provided on Windows installation diskettes.

Agencies use an Internet browser to access GOALS II via modem or via their Internet service provider. They should make arrangements with the GOALS Customer Support staff for a contract to use this system. The GOALS Customer Support staff also advises agencies on training, troubleshooting and general system use.

## 2045.10—Reports Required

### *SF 224: Statement of Transactions*

The SF 224 provides Treasury with a monthly statement of payments and collections at the appropriation level for departments and agencies for which Treasury disburses. Agencies submit it electronically using GOALS II.

FMS publishes this information in the *Monthly Treasury Statement of Receipts and Outlays of the United States Government (MTS)*.

Refer to I TFM 2-3300 for instructions on the preparation of the SF 224.

Contact the GOALS Customer Support staff for information concerning GOALS II transmissions (see the Contacts page).

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### Section 2050—Arranging for Federal Agencies' Centralized Trial-Balance System (FACTS I)

Annually agencies must submit a preclosing adjusted trial balance (ATB) over GOALS I at the Treasury appropriation/fund group level using U.S. Government SGL accounts. Agencies also must transmit electronically the FACTS NOTES report over the FMS Intranet. This data provides FMS with information used to compile the *Financial Report of the U.S. Government*, which is required by the Government Management Reform Act.

See I TFM 2-4000 and contact the Financial Reports Branch for more information on ATB submission and FACTS I. See the Contacts page.

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### Section 2055—Arranging for Federal Agencies' Centralized Trial-Balance System (FACTS II)

Treasury administers the FMS- and OMB-designed FACTS II. Agencies submit preclosing adjusted trial balances

every quarter via FACTS II. This automated reporting system allows agencies to do one financial data submission for the following:

- SF 133: Report on Budget Execution and Budgetary Resources.
- FMS 2108: Yearend Closing Statement.
- Much of the initial data that appears in the prior year column of the Program and Financing (P&F) Schedule of the President's Budget.

Agencies may submit information through FACTS II using private contractors or reimbursable public offerors. OMB Circular No. A-34, Appendix C, provides a list of public service offerors.

The recommended system requirements for FACTS II include the following:

- Pentium processor with 32 MB RAM.
- SVGA monitor and video card.
- Mouse (with right and left buttons).
- 56 KB modem and an analog telephone line for data calls (similar to a fax line).
- Microsoft Windows 9x and Windows NT 3.51. Windows 9x and Windows NT users will need "Dial-Up Networking" using point-to-point protocol (PPP) provided on Windows installation diskettes.

Agencies must contact the GOALS Customer Support staff for FACTS II training and assignment of user identification. They contact BRB for questions regarding the FACTS II application. See the Contacts page.

Refer to the FMS website <http://www.fms.treas.gov/ussgl/factsii/index.html> for instructions and

preparations on setting up the FACTS II application.

## 2055.10—Reporting Data Required

### *Yearend Closing Data (FMS 2108)*

At the end of each fiscal year, agencies submit the following financial results via the FACTS II application:

- Unexpended balances of appropriations;
- AND
- Obligated and unobligated fund account balances.

Refer to I TFM 2-4200 for reporting instructions for the yearend closing data. FMS publishes this data in the *U.S. Government Annual Report Appendix*. See website <http://www.fms.treas.gov/ussgl/factsii/index.html> for instructions and preparations for the FACTS II application. For additional information, contact BRB (see the Contacts page). Also, agency personnel, as required, should attend the Yearend Closing Seminar. This seminar provides the most current reporting and legislation-specific guidance. To register, contact BRB (see the Contacts page) and the Center for Applied Financial Management (telephone: 202-874-9560).

Additionally, FMS releases the annual TFM Yearend Closing Bulletin (usually in August). This document advises agencies on reporting procedures and requirements for fiscal yearend.

### *Budget Execution and Budgetary Resources Data (SF 133)*

Agencies submit budget execution and budgetary resources data quarterly via the FACTS II system. The SF 133 allows OMB to review Federal expenditures and obligations against approved apportionments.

For information on the SF 133, refer to OMB Circular No. A-34 or contact OMB. See the Contacts page.

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### Section 2060—Disbursing Officers' Reports

Disbursing officers and agencies report monthly accountability and transactions on one of the following forms:

- FS 488: Foreign Currency Statement of Transactions and Accounts Current.
- SF 1218.
- SF 1219.
- SF 1220.
- SF 1221: Statement of Transactions According to Appropriations, Funds, and Receipt Accounts (Foreign Service Account).

U.S. Disbursing Officers (USDOs) report on the SF 1218, SF 1221, and FS 488. Domestic Disbursing Officers

(DOs) and agencies use the SF 1219 and SF 1220.

See I TFM 2-3100 for a detailed explanation of disbursing officers' reports. See I TFM 4-2000 for detailed information on bill-paying mechanisms.

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### Section 2065—Making Deposits

Agencies with an ALC that want to deposit funds locally with a federally insured financial institution must contact the Banking Operations Branch (BOB) to request that deposit banking services be established. BOB will review the request. If it is beneficial to the Government and accepted by the proposed financial institution, BOB will formalize the arrangement with the financial institution.

See I TFM 5-4000 for a detailed explanation of general depositary bank arrangements. See I TFM 5-4500 for information regarding making deposits

by wire transfer. Also see I TFM 5-6000 for information regarding depositing foreign currency and checks drawn on foreign banks.

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### Section 2070—Other Requirements

Part 6 of TFM Volume I provides important procedural guidance concerning specific Government financial operations. Agencies should review Part 6 for agency-specific requirements. In particular, the following chapters may apply to most Federal agencies:

- I TFM 6-8000, Cash Management.
- I TFM 6-9000, Securing Government Deposits in Federal Agency Accounts.
- I TFM 6-4000, On-Line Payment and Collection (OPAC) System.

## Contacts

***For general information on and distribution of the TFM, FAST Book and TFM Yearend Closing Bulletin, contact:***

Directives Management Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 5C16  
Hyattsville, MD 20782  
Telephone: 202-874-9940  
Fax: 202-874-9907

***For information regarding FAST Book appropriation account symbols and titles, appropriation warrants or SF 1151s, contact:***

Budgetary Control Section  
Finance Management Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 632F  
Hyattsville, MD 20782  
Telephone: 202-874-9950  
Fax: 202-874-9944

***For information regarding the SF 224, SF 1219, SF 1220, and 8-digit ALCs, contact:***

Document Control Section  
Finance Management Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 5D24  
Hyattsville, MD 20782  
Telephone: 202-874-9900  
Fax: 202-874-9944

***For information regarding FACTS I and ATB submissions, contact:***

Financial Reports Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 500B  
Hyattsville, MD 20782  
Telephone: 202-874-9910  
Fax: 202-874-9907

***For information regarding subclass authorizations, the FMS 2108 and FACTS II, contact:***

Budget Reports Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 518D  
Hyattsville, MD 20782  
Telephone: 202-874-9880  
Fax: 202-874-9966

***For information regarding 4-digit ALCs and non-FMS or State Department disbursing, contact:***

Check Reconciliation Branch  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 711A  
Hyattsville, MD 20782  
Telephone: 202-874-8150  
Fax: 202-874-8536

***For information regarding GOALS, contact:***

GOALS Customer Support Staff  
Financial Management Service  
Department of the Treasury  
3700 East-West Highway, Room 807A  
Hyattsville, MD 20782  
Telephone: 202-874-8270  
Fax: 202-874-6170

***For information regarding the SF 133, contact your OMB budget representative.***

***The TFM and its amendments are available on FMS' website, <http://www.fms.treas.gov>.***

## Procedures Checklist Table

<b>Task</b>	<b>Purpose</b>	<b>Requirements</b>	<b>Frequency</b>	<b>Contact</b>	<b>References</b>
Access the TFM on-line.	Access Treasury instructions regarding receipt, deposit and reporting of Federal funds.	See website <a href="http://www.fms.treas.gov/TFM/index.html">http://www.fms.treas.gov/TFM/index.html</a> .	On an as-needed basis	Directives Management Branch (DMB), 202-874-9940	See Purpose and Plan of TFM (introductory material to Part 1).
Access the FAST Book on-line.	Obtain listing of Federal account symbols.	See website <a href="http://www.fms.treas.gov/fastbook/index.html">http://www.fms.treas.gov/fastbook/index.html</a> .	Monthly to view updates	Directives Management Branch (DMB), 202-874-9940	See Purpose and Plan of TFM (introductory material to Part 1) and Section 2020 of this chapter.
Access the SGL on-line.	Comply with OMB account structure guidance.	See website <a href="http://www.fms.treas.gov/ussgl/index.html">http://www.fms.treas.gov/ussgl/index.html</a> .	On an as-needed basis	Financial Standards and Reporting Branch, 202-874-6308	See OMB Circular No. A-127 Rev., section 7-a, and Section 2015 of this chapter.
Have account changed or removed from FAST Book. Set up a new fund symbol.	Provide reporting and reconciliation.	Send letter of request to FMB. See the Contacts page.	Determined by agency (discontinuation) or legislation (change)	Finance Management Branch, 202-874-9950	See I TFM 2-1500 and Section 2020 of this chapter.
Obtain appropriation/deappropriation warrants.	Establish appropriation amounts in accounts.	Submit a letter of request, if not appropriated in annual appropriations/deappropriations act.	Determined by legislation	Finance Management Branch, 202-874-9950	See I TFM 2-2000 and Section 2025 of this chapter.
Establish ALC.	Provide reporting and classification.	Submit written request to FMB (if FMS will do disbursing for agency: 8-digit ALC) or the CRB (if agency will do its own disbursing: 3- and 4-digit ALCs).	One-time request	Finance Management Branch, 202-874-9900 or Check Reconciliation Branch, 202-874-8150	See I TFM 2-3300 and Section 2040 of this chapter.



<b>Task</b>	<b>Purpose</b>	<b>Requirements</b>	<b>Frequency</b>	<b>Contact</b>	<b>References</b>
Establish GOALS contract.	Automate reporting procedures.	Contract established between agency and GOALS Customer Support staff. Agency chooses desired GOALS options.	Initial contact plus training and maintenance	GOALS Customer Support staff, 202-874-8270	Call GOALS Customer Support staff for brochure and training/user materials. See Section 2045 of this chapter.
Establish FACTS I access.	Submit pre-closing adjusted trial balance and report accrual revenues and expenses.		Annually	Financial Reports Branch, 202-874-9910	See I TFM 2-4000.
Establish FACTS II access.	Submit SF 133 and SF 2108.		SF 133 – quarterly SF 2108 – annually	Budget Reports Branch, 202-874-9880	See OMB Circular No. A-34 and I TFM 2-4200.
Submit SF 224: Statement of Transactions (8-digit ALC).	Report receipts and outlays.	Transmit via GOALS II.	Monthly	Finance Management Branch, 202-874-9900	See I TFM 2-3300 and Section 2045.10 of this chapter.
Submit SF 133: Report on Budget Execution and Budgetary Resources.	Allow OMB to review Federal expenditures and obligations against approved apportionments.	Transmit via GOALS.	Quarterly (This report is now collected through FACTS II.)	Budget Reports Branch, 202-874-9880	See OMB Circular No. A-34 and Section 2055.10 of this chapter.
Submit FMS 2108: Yearend Closing Statement.	Report on unexpended appropriation balances.	Transmit via GOALS. FMS provides specific instructions and reporting deadlines in the annual TFM Yearend Closing Bulletin released by mid-August.	Annually (This report is now collected through FACTS II.)	Budget Reports Branch, 202-874-9880	See I TFM 2-2000, Yearend Closing Bulletin, and Section 2055.10 of this chapter.
Submit SF 1151: Non-expenditure Transfer Authorization	Increase/decrease fund accounts.	Submit via fax or mail.	Determined by legislation	Finance Management Branch, 202-874-9950	See I TFM 2-2000 and Section 2030 of this chapter.

Task	Purpose	Requirements	Frequency	Contact	References
Submit SF 1218: Statement of Accountability (Foreign Service Account); SF 1221: Statement of Transactions (Foreign Service Account); and FS 488: Foreign Currency Statement of Transactions and Accounts (4-digit ALC).	Provide U.S. Disbursing Officers' reports on appropriations, receipts and outlays.	Transmit via consolidated SF 1218 and 1221 tape, and Foreign Currency Accounting System tape.	Monthly	For consolidated tape, Finance Management Branch, 202-874-9900  For Foreign Currency Accounting System tape, International Funds Branch, 202-874-8610	See I TFM 2-3100 and Section 2060 of this chapter.
Submit SF 1219: Statement of Accountability, and SF 1220: Statement of Transactions (3- or 4-digit ALCs).	Provide Domestic Disbursing Officers' reports on receipts and outlays.	Transmit via GOALS II (except for military agencies).	Monthly	Finance Management Branch, 202-874-9900	See I TFM 2-3100 and Section 2060 of this chapter.
Transmit pre-closing adjusted trial balance.  Submit FACTS I.	Provide information on revenue balances and expenses incurred.  Report on accrual revenues and expenses.	Report via FACTS I.  Transmit via GOALS II.	Annually  Annually	Financial Reports Branch, 202-874-9927	See I TFM 2-4000 and Section 2050 of this chapter.
Establish banking arrangements for daily deposit and other banking activities.	Provide full range of deposit and withdrawal activity required by agency operations.	Maintain a minimum value of deposit activity, \$100,000.	Request evaluation of desired bank or authorization to use established location.	For domestic service, Banking Operations Branch, 202-874-6900  For overseas service, International Funds Branch, 202-874-8610	See I TFM 5-4000, 4500 and 6000; I TFM 6-4000, 8000 and 9000; and Sections 2065 and 2070 of this chapter.

**PART 1 - INTRODUCTION**

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