



Treasury Financial Manual

Transmittal Letter No. 591

Volume I

To: Heads of Government Departments, Agencies and Others Concerned

1. Purpose

This transmittal letter releases I TFM 4-10000: Delegation of Disbursing Authority. This chapter prescribes procedures and policies by which the Department of the Treasury, Financial Management Service (FMS), delegates the authority to disburse public money to officers and employees of other Federal agencies. It is consistent with FMS's continuing oversight over agencies that are delegated disbursing authority. This chapter also establishes review and reporting requirements and specifies certain responsibilities and liabilities of such agencies.

This chapter does not pertain to Federal agencies that are granted authority to disburse public money by statute.

2. Page Changes

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3. Effective Date

Upon receipt.

4. Inquiries

Direct questions concerning this transmittal letter to:

Office of the Chief Disbursing Officer
Financial Management Service
Department of the Treasury
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Richard L. Gregg
Commissioner

Date: August 3, 2000

Part 4—Chapter 10000

DELEGATION OF DISBURSING AUTHORITY

This chapter prescribes procedures and policies by which the Department of the Treasury, Financial Management Service (FMS), delegates the authority to disburse public money to officers and employees of other Federal agencies in accordance with 31 U.S.C. § 3321(b). It is consistent with FMS's continuing oversight over agencies that are delegated disbursing authority. This chapter also establishes review and reporting requirements and specifies certain responsibilities and liabilities of such agencies.

This chapter does not pertain to Federal agencies that are granted authority to disburse public money by statute. See e.g., 31 U.S.C. § 3321(c).

Section 10010—Authority

Section 3321(b), title 31, U.S.C. provides that, for economy and efficiency, the Secretary of the Treasury may delegate the authority to disburse public money to officers and employees of other Federal agencies.

Section 10015—Standards for Delegating Disbursing Authority

FMS delegates disbursing authority in limited cases for purposes of “economy and efficiency,” consistent with the requirements of 31 U.S.C. § 3321(b). Thus, FMS will approve an executive agency's request for delegated disbursing authority only if, among other things:

- An agency requires a particular level of service for disbursing funds that FMS cannot provide;
- The delegation would be more efficient and cost effective to the Federal Government and the public;

AND

- The requesting agency submits its request for delegated disbursing authority, in writing, to the Department of the Treasury's Chief Disbursing Officer (CDO). The request must include adequate documentation that provides assurance to the Department of the Treasury (Treasury) that the agency, if delegated disbursing authority, will maintain effective internal controls and comply with pertinent security guidelines.

Section 10020—Delegated Disbursing Authority Document

In those limited cases when FMS, in its sole discretion, determines that an agency has met the requirements to be delegated disbursing authority, FMS will execute a written Delegated Disbursing Authority Document (Document). The Document sets forth specific terms, conditions and limitations of the particular delegation.

FMS has the authority to amend the specific terms of this Document, as necessary and appropriate. Before

FMS finalizes any amendment, it will provide advance notice to the agency, in writing, setting forth the specific purpose and reasons for the proposed amendment. FMS will give the agency the opportunity to submit comments on any proposed amendment. However, FMS retains sole decision-making authority to finalize amendments to the Document.

Section 10025—Authorities of Treasury's Chief Disbursing Officer

When Treasury's CDO delegates disbursing authority to an agency in accordance with 31 U.S.C. § 3321(b), the CDO:

- Maintains oversight authority over the disbursing function as demonstrated, in part, by the terms of this chapter. Consistent with this authority, the CDO retains the authority to revoke an agency's disbursing authority delegation.

- Has the right to require that the agency's operations be inspected and examined to ensure compliance with delegated disbursing authority requirements.
- Prescribes and approves procedures for disbursing functions such as I TFM Part 4 and the separate review guide that FMS will provide by November 2000 as a supplement, separate from this chapter.
- Requires agencies with delegated disbursing authority to submit immediately to the CDO any irregularity in their accounts involving such disbursement activity.

Section 10030—Responsibilities and Liabilities of the Agency with Delegated Disbursing Authority

An agency that is delegated disbursing authority by the CDO under 31 U.S.C. § 3321(b) assumes significant responsibilities and liabilities, including but not limited to:

- The responsibilities and liabilities of a disbursing official and cashier as set forth under 31 U.S.C. §§ 3322, 3325 and 3528.
- The full accountability and liability for all disbursements issued under the delegation. The duties and functions related to the delegation shall not be delegated by the agency to another party without consultation and prior written approval by the CDO.
- The responsibility to report all disbursements made under the delegation in the agency's payment accounting reports to FMS, using the appropriate agency accounting codes, as authorized by FMS. As stated in Section 10025, the agency must submit immediately to the CDO any irregularity in accounts

involving disbursement activity. Furthermore, the agency is responsible for resolving any irregularities or discrepancies associated with such reports.

- The responsibility to submit check issuance data in a timely and accurate manner to FMS no later than the close of business of the week in which the issue dates occur and at month's end. See e.g., I TFM 4-6025.10. FMS must receive this information within the required timeframe to carry out properly its check reconciliation responsibilities to decline final payment and/or reclaim payment on certain improperly negotiated Treasury checks or counterfeit checks. See generally 31 CFR Part 240.
- The responsibility to comply with applicable Treasury offset guidelines established under the authority of 31 U.S.C. § 3716(c).
- The responsibility to comply with FMS guidelines concerning applicable requirements to include a payee's taxpayer identifying number on payment vouchers in accordance with 31 U.S.C. § 3325(d).
- The responsibility to comply with all applicable electronic funds transfer (EFT) system requirements including those related to message authentication and enhanced security, unless explicitly waived in writing by the CDO.

Section 10035—Oversight Requirements

The following paragraphs discuss agency requirements.

10035.10—General Requirements

Agencies that are delegated disbursing authority must:

- Follow all applicable regulations and payment, accounting and reconciliation policies and procedures set forth by Treasury and the Federal Reserve System.
- Practice effective security and internal control measures as prescribed by FMS (in Treasury Directive 71-10, etc.), the General Accounting Office (GAO) and the Office of Management and Budget (OMB).

Section 10035.20—Review and Self-Certification Reporting Requirements

- Every 2 years, the agency with delegated disbursing authority shall conduct a review of its disbursing operations to ensure compliance with the following:
- Requirements set out in any applicable Delegation of Disbursing Authority Document executed in accordance with Section 10020 of this chapter.
- Pertinent statutory, regulatory and Treasury Financial Manual requirements.
- The Federal Managers' Financial Integrity Act of 1982 (FMFIA), Pub. L. No. 97-255 (31 U.S.C. § 3512).
- The Federal Financial Management Improvement Act of 1996 (FFMIA), 31 U.S.C. § 3512, note.

Following such review, agencies shall report to FMS whether they comply with these requirements by submitting a self-certification report. The first self-certification report to FMS will cover the fiscal year ending September 30, 2001. FMS will advise agencies of the due date of this first report and all subsequent reports. FMS also will provide agencies with the self-certification form to be included in the report. To the extent that an agency cannot certify that it complies

with a specific requirement, the report must document the agency's planned corrective action to achieve compliance within an identified timeframe.

With regard to FMFIA, the self-certification form will focus solely on FMFIA Section 2 reports (internal controls) and Section 4 reports (financial management systems). See 31 U.S.C. §§ 3512(d)(2) and (d)(2)(B); see also OMB Circulars A-123 and A-127 for further information on Section 2 and Section 4 requirements. Specifically, an agency must self-certify that its Section 2 and Section 4 reports provide reasonable assurance that the agency is in compliance with FMFIA Section 2 and Section 4 requirements. To the extent that an agency self-certifies "non-compliance" or "qualified assurance" with Section 2 and Section 4 requirements, it must identify all material weaknesses and its corrective action plan to achieve compliance within an identified timeframe.

With regard to FFMIA, the self-certification form will focus solely on FFMIA, Section 803(a), which requires each agency to "implement and maintain financial management systems that comply substantially with Federal financial management systems requirements." Specifically, the agency will be required to certify that it complies with Section 803(a) requirements, if applicable, and that this determination has been verified by independent audit, as referenced under FFMIA, Section 803(b). See 31 U.S.C. § 3512, note. To the extent that an agency self-certifies non-compliance with Section 803(a), it must identify "resources, remedies, and intermediate target dates necessary to bring the agency's financial management systems into substantial compliance" with Section 803(a). See FFMIA, Section 803(c)(3) (discussing requirement for a remediation plan to achieve compliance).

The self-certification form will include a checklist and appropriate

space for the agency to provide information on corrective or remediation plans, if necessary. FMS will provide guidance to agencies on format and procedures for submitting the self-certification report back to FMS in a supplemental review guide, separate from this chapter.

Section 10035.30—Risk Assessment

When an agency's self-certification report indicates the agency is not in compliance with one or more stated requirements, FMS, in its sole discretion, may determine it is necessary that a risk assessment of the agency's disbursing system(s) be conducted. In making such a determination, FMS may consider such factors as the status and utility of the corrective and remedial plans identified by the agency to achieve compliance. The risk assessment is intended to evaluate, among other things, agency-identified deficiencies or material weaknesses in financial management systems, operations, and accounting and reconciliation procedures that may adversely affect the agency's disbursing performance. The agency will develop, and submit to FMS, a plan for conducting the risk assessment. The plan will include identifying the party who will conduct the assessment. Risk assessments will be conducted in accordance with FMS's Risk Assessment Guide or another guide that meets Treasury's standards and is approved by FMS. At FMS's discretion, agencies will provide FMS with a copy of their FMFIA Section 2 and Section 4 reports, FFMIA Section 803(a) reports, and other audit information as part of any risk assessment.

Section 10035.40—Failure to Submit Required Self-Certification Reports and Information Required by a Risk Assessment

If an agency does not comply with the review and self-certification reporting requirements provided under paragraph 10035.20, or respond to requests for information in connection with a risk assessment as provided under paragraph 10035.30, Treasury's CDO will notify the agency, in writing, of a final date certain for complying with such requirements. The CDO reserves the right to revoke the agency's disbursing authority delegation in accordance with Section 10040 if it fails to respond adequately to the terms of this written notice by the indicated final date certain deadline.

Section 10040—Termination of Delegated Disbursing Authority

The CDO may terminate an agency's delegation of disbursing authority if FMS determines, in its sole discretion, that:

- The risk assessment conducted under paragraph 10035.30 warrants such an action;
- The agency fails to respond adequately to the terms of the written notice from the CDO referenced in paragraph 10035.40;
- The agency fails to comply with any of the responsibilities and liabilities of an agency with delegated disbursing authority, including, but not limited to, those responsibilities and liabilities listed under Section 10030;

OR

- The agency fails to comply with the terms of the Delegated Disbursing Authority Document

executed under the authority of Section 10020.

In addition, the CDO periodically will review whether the agency continues to meet the standards for delegation of disbursing authority as set forth under 31 U.S.C. § 3321(b) and Section 10015. The CDO may terminate an agency's delegation of disbursing authority when FMS determines, in its sole discretion, that

the agency no longer meets such standards.

The CDO will notify the agency, in writing, that its delegation of disbursing authority is being terminated. Before any termination action is taken, FMS and the agency will work together to resolve all outstanding questions and issues. If this effort is unsuccessful, FMS will consult with the agency to determine

an appropriate effective date for termination and the resumption of Treasury-disbursed services. In determining the effective termination date, FMS and the agency will consider the mission of the agency and the needs of its payees. If FMS and the agency cannot reach a mutual decision on the effective date for termination, FMS will determine the effective date and notify the agency.

Contacts

Direct inquiries concerning this chapter and submit required reports and self-certification documents to:

Office of the Chief Disbursing Officer
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