

APPENDIX A: Glossary

(Terms Used In This Supplement)

ACH Rules – The Operating Rules and the Operating Guidelines published by NACHA – the Electronic Payments Association, a national association of regional member clearing house associations, ACH Operators, and participating financial institutions located in the United States.

Addenda Record – An ACH record type that carries the supplemental data needed to completely identify an account holder(s) or provide information concerning a payment to the Receiving Depository Financial Institution and the Receiver.

Agency – Any department, instrumentality, office, commission, board, service, or corporation owned or controlled by the Government of the United States. *The term agency does not include a Federal Reserve Bank.*

Agency Location Code (ALC) – A unique 4- or 8-digit number assigned by the Financial Management Service (FMS) to identify agency stations and offices and is used on agency accounting reports and documents.

Annual Item Volume – The number of transactions per year. For collections, a designation of low annual item volume signifies 10,000 or fewer items. A designation of medium annual item volume signifies 10,001 to 120,000 per year. A designation of high annual item volume signifies more than 120,000 items.

Appropriation – A statute, under the jurisdiction of the House and Senate Committees on Appropriations, that generally provides authorization for Federal agencies to incur obligations and make payments out of the Treasury for specified purposes.

Authentication – The process of determining whether someone or something is, in fact, who or what it is declared to be. In private and public computer networks (including the Internet), authentication is commonly done through the use of logon passwords.

Automated Clearing House (ACH) – A funds transfer system governed by the NACHA Operating Rules that provides for the interbank clearing of electronic debit and credit entries for participating financial institutions.

Automated Standard Application for Payments (ASAP) – A recipient-initiated payment and information system, designed to provide a single point of contact for the request and delivery of Federal funds.

Availability of Funds – The length of time between the origination of a payment by the remitter and the receipt of usable funds by the receiver.

Billing – The means by which the Government places a demand for payment against an entity that is indebted to the Government. Procedures encompass all steps from the determination of services rendered or goods delivered to the presentation of the document to the payer.

Biometrics – The science and technology of measuring and statistically analyzing biological data. In information technology, biometrics usually refers to technologies for measuring and analyzing human body characteristics such as fingerprints, eye retinas and irises, voice patterns, facial patterns, and hand measurements.

Cash Flow – Each category of incoming funds including specific program sources, reimbursements from travelers, and collection of overpayments; and disbursements including payroll, vendors, and travel. These categories may be divided further to indicate a specific type of collection or disbursement mechanism. An individual agency program may have one or more separate cash flows.

CASH-LINK – An electronic cash concentration and information system used to manage the collection of U.S. Government funds throughout the world and provide deposit information to Federal agencies. When operational, the Web-based CASHLINK II system will replace the current CASH-LINK system.

Cash Management Improvement Act – An Act to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the Federal Government and the States.

CASH TRACK – A system that processes cash position management data from the Federal Reserve Banks, Internal Revenue Service, Bureau of the Public Debt, CASHLINK II, and other miscellaneous sources.

Collection – The receipt of funds by one source from another for the payment of goods and/or services.

Commercial And Government Entity (CAGE) Code – A five-character identification number used extensively within the Department of Defense.

Credit Card – A machine-readable plastic card that has been issued, usually by a financial institution (FI), to individuals offering an instant line of credit for low-dollar purchases.

Customer Assistance Staff – A component of the Financial Management Service, Regional Financial Center, that provides customer assistance to other government entities, the Federal Reserve Banks, financial institutions, and the public.

Data Universal Numbering System (DUNS) Number – A unique nine-character identification number provided by the commercial company Dun & Bradstreet.

Deposit – Money that is being or has been transferred to the credit of the Treasury. This type of transfer can be made by agencies or directly by the remitter. All such transfers are effected through a financial institution. Deposit also refers to the act of making a transfer of money to the credit of Treasury by an official of an agency.

Deposit Cutoff – A time predesignated by a financial institution beyond which transactions presented, or actions requested, will be deferred to the next banking day's business.

Deposit (Next Day) – A deposit made before the cutoff time on the day following the day the funds are received by the agency.

Deposit (Same Day) – A deposit made before the cutoff time on the same day the funds are received by the agency.

Depository or Designated Depository – A bank or other financial institution that has been designated by FMS to receive monies for credit to Treasury.

Designated Financial Agent – A financial institution designated by the Secretary of the Treasury as a depository and financial agent of the U.S. Government. A designated financial agent of FMS provides financial services to Federal program agencies and the public.

Digital Certificate – An electronic “credit card” that establishes the certificate holder's credentials when doing business or other transactions on the Web. It is issued by a certification authority (CA). It contains the certificate holder's name, serial number, expiration date, a copy of the certificate holder's public key (used for encrypting messages and digital signatures), and the digital signature of the certificate-issuing authority so that a recipient can verify that the certificate is real.

Digital Signature – An electronic signature that can be used to authenticate the identity of the sender of a message or the signer of a document, and possibly to ensure that the original content of the message or document that has been sent is unchanged.

Direct Payment – An electronic transfer of funds authorized in advance by the remitter, permitting a Federal agency to collect payments automatically on a predetermined date. It is sometimes referred to as a preauthorized debit (PAD).

Disbursement – The initiation of an electronic funds transfer (EFT) transaction or other methods of drawing funds from accounts maintained by the Government.

Dollar Volume – The total dollar value of all individual items. A designation of low-dollar volume signifies \$0 to \$1,000. A designation of medium-dollar volume signifies \$1,001 to \$25,000. A designation of high-dollar volume signifies more than \$25,000.

Electronic Funds Transfers (EFT) – Delivery systems used to transfer funds electronically, in lieu of issuing paper checks. The funds are transferred through computers, magnetic tapes, automated teller machines, or telephones (i.e., Automated Clearing House (ACH) and Fedwire Deposit System (Fedwire)).

Electronic Transfer Account (ETASM) – A low-cost account designed by the Department of the Treasury to provide individuals who receive Federal payments (benefit, wage, salary, or retirement) the ability to receive their payments electronically. Any individual who receives a Federal benefit, wage, salary, or retirement payment is eligible to open an ETASM.

Federal Payment – Any payment made by a Federal agency. The term includes, but is not limited to: (1) Federal wage, salary, and retirement payments; (2) vendor and expense reimbursement payments; (3) benefit payments; and (4) miscellaneous payments including, but not limited to, inter-agency payments; grants; loans; fees; principal, interest, and other payments related to United States marketable and non-marketable securities, overpayment reimbursements; and payments under Federal insurance or guarantee programs for loans.

Federal Reserve Bank – Serves as the Nation's central bank and the Federal Government's fiscal agent. It processes electronic payments, including ACH, for the Federal Government, handling Federal Government deposits and checks, and supervising and regulating Federally-chartered financial institutions.

Federal Reserve System – The Federal Reserve System consists of the Board of Governors in Washington, DC, 12 regional Federal Reserve Banks, and 25 branches.

Financial Institution – Any bank, savings and loan association, or Federal or State-chartered credit union.

Float – The period of time that elapses between two collection or disbursement activities, specifically defined as follows:

- ➔ **Billing Float:** The average amount of time between the provision of goods or services and the issuance of an invoice.
- ➔ **Collection Float:** The average amount of time between the financial institution sending a check to the drawee bank and receiving usable funds.
- ➔ **Mail Float:** The average amount of time between the remitter mailing the payment and receipt of the payment in the agency or the direct receipt by a financial institution for credit to the U.S. Treasury.
- ➔ **Processing Float (Collections):** The average amount of time between the initial receipt of the payment in the agency's mailroom and receipt of the related deposit by the depository.
- ➔ **Processing Float (Disbursements):** The average amount of time between the receipt of goods or services by an agency and the issuance of payment.

Lockbox (paper) – A post office box established by a financial institution for the purpose of receiving paper-based payments to an agency.

Lockbox (electronic) – An account established by a financial institution for the purpose of receiving ACH payments to an agency.

Magnetic Ink Character Recognition (MICR) – Machine-readable magnetic characters encoded at the bottom of checks. The “MICR Line” includes from left to right: bank identification number, account number, check number, and, after encoding, check amount.

Mechanism – A tool or system through which funds are collected or disbursed.

Monies – Currency, negotiable instruments, and/or demand deposits (checks) owed to or collected by an agency.

NACHA - The Electronic Payments Association – The trade association that sets automated payment standards that govern the ACH system for financial institutions nationwide.

Nonrecurring Transaction – A transaction that occurs once or at infrequent and undetermined intervals.

OMB Circular – A circular issued by the Office of Management and Budget relating to cash management policies to be followed by all Government agencies.

Payment – A sum of money transferred to a recipient in satisfaction of an obligation.

Posting – The process of recording debits and credits to individual account balances.

Preauthorized Debit – An electronic transfer of funds authorized in advance by the remitter, permitting a Federal agency to collect payments automatically on a predetermined date.

Prompt Payment – Requires Federal agencies to pay their bills on time or pay interest on payments made to vendors after the due date.

Recurring Transaction – A transaction that occurs repeatedly with the same party.

Regional Financial Center (RFC) – The Financial Management Service's regional centers that act as the Government Disbursing Office for Treasury-disbursed payments.

Regional Operations Center (ROC) – FMS has two Regional Operation Centers that process all FMS Information Technology business processes. The two ROCs are located in Hyattsville, MD (HROC) and Kansas City, MO (KROC). HROC is the primary location for all FMS processing except Social Security Administration (SSA) and Supplemental Security Income (SSI) monthly payment processing which is performed at KROC.

Remittance Express (REX) – Remittance Express is a program designed to improve and streamline the process by which private sector remitters initiate payments (ACH credits) to the Federal Government. REX allows a Federal agency to use the ACH network to receive payments from its remitters.

Settlement Date – The date on which the participating financial institutions or their correspondents are scheduled to be debited or credited by the Federal Reserve for the exchange of electronic entries through the ACH.

Standard Form –

SF 215 – Deposit Ticket. A standard Government accounting document used by agencies for crediting deposits to the account of the U.S. Treasury.

SF 1166 – Voucher and Schedule of Payments. A standard Government accounting document used to schedule payments in place of transmitting individual basic vouchers and supporting documents to the Financial Management Service's Regional Financial Centers.

SF 5515 – Debit Voucher. A standard Government accounting document used to debit the account of the U.S. Treasury.

SF 3881– ACH Vendor/Miscellaneous Payment Enrollment Form. An optional form that agencies may use to enroll their vendors in the Vendor Express Program.

Treasury Financial Manual – The manual issued by the Financial Management Service containing procedures to be observed by all agencies, Federal Reserve Banks, and financial institutions with respect to payments, collections, central accounting, financial reporting, and other governmentwide fiscal responsibilities of the Department of the Treasury.

Treasury's Operating Cash Balance – Operating funds in the Treasury General Account and the Treasury Tax and Loan Accounts.

Vendor Payment – The electronic transfer of funds and payment-related information used by the Federal Government for payments to businesses that provide goods and services to Federal agencies and other payment recipients, such as State/local governments and educational institutions.

Virtual Private Network (VPN) – A private data network that makes use of the public telecommunication infrastructure, maintaining privacy through the use of a tunneling protocol and security procedures. Using a virtual private network (VPN) involves encrypting data before sending it through the public network and decrypting it at the receiving end.