

CHAPTER 6

PAYMENTS AND CASH MANAGEMENT ACTIVITIES

1. INTRODUCTION

- a. **PURPOSE:** This chapter delineates Department of Energy (DOE) procedures and policies for federal payments and cash management activities. Guidance herein supplements the guidance provided in the Treasury Financial Manual (TFM) published by the Bureau of the Fiscal Service, U.S. Department of the Treasury (Treasury).
- b. **LEGAL AUTHORITIES:** Public Law 104-134, the Debt Collection Improvement Act of 1996 (DCIA); United States Code (USC), Money and Finance Sections 31 USC 3527-3528, 31 USC 3325, and 31 USC. 7701; and Internal Revenue Code Sections 26 USC 6041 and 26 USC 6050. Additional legal authorities are cited in this chapter.
- c. **APPLICABILITY:** This chapter applies to Departmental elements and contractors, including the National Nuclear Security Administration (NNSA). The Power Marketing Administrations (PMAs) are subject to this chapter unless superseded by statutory authority.¹

This chapter addresses Federal payments and cash management activities, including payments to DOE site and facility contractors. Applicable requirements for DOE site and facility management contractors relating to DOE payments are discussed in section 2.f. of this chapter. Site and facility management contractors are subject to the other specific provisions of the chapter contract activities include support for federal payments and cash management efforts. Site and facility management contractors should adopt applicable payment and cash management guidance in this chapter when consistent with contract requirements.

d. EXCLUSIONS:

- (1) SmartPay Program. The U.S. General Services Administration (GSA) SmartPay Program will provide charge cards to be used for purchases and travel payments. This chapter does not establish policies for the SmartPay program. The DOE Office of Management (MA) administers the travel card and purchase card programs and will provide policy guidance applicable to DOE card programs.
- (2) Advance Payments. The accounting treatment and financial controls for advance payments are discussed in Chapter 7 of the *Financial Management Handbook*.

¹ The Federal Columbia River Transmission System Act, the Government Corporation Control Act, etc.

- (3) Collections. Collections for Reimbursable work discussed in Chapter 13.1 and general collections are discussed in Chapter 13.2 of the *Financial Management Handbook*.
- (4) Intragovernmental Payments and Collections. DOE uses Treasury's Intragovernmental Payment and Collection (IPAC) systems for most intragovernmental payments and collections. IPACs are subject to the Treasury rules and regulations.

2. REQUIREMENTS

a. General Requirements.

- (1) The Designated Financial Officer or Equivalent, establishes and maintains implementing procedural guidance for cash management activities as needed and monitors compliance with Departmental policy.
- (2) DOE will use Electronic Funds Transfer (EFT) consistent with statutory authority for payments and consistent with Treasury regulations and guidance.
- (3) The Office of Management and Budget (OMB) requires use of electronic invoicing for appropriate federal procurements.² The DOE Vendor Invoicing Portal and Electronic Reporting System (VIPERS) meets the OMB requirement and is the primary invoicing mechanism for DOE.
- (4) Payments and invoicing for DOE entities using the Standard Accounting and Reporting System (STARS) are processed by the Payment Services Team (PST) within the DOE Office of the Chief Financial Officer (OCFO) Office of Finance and Accounting.
- (5) Improper Payments and Payment Recapture Audit Requirements. Departmental Elements will comply with guidance issued by the OCFO Office of Finance and Accounting to implement the requirements of OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Appendix C, Requirements for Payment Integrity Improvement.
- (6) Procedures for accounting for cash from receipt to final disposition will include safeguards and internal controls.³
- (7) Departmental Element's financial staff involved in recording cash transactions are responsible for recording the transactions accurately and maintaining the needed records and documentation.

² OMB Memorandum M-15-19, "Improving Government Efficiency and Saving Taxpayer Dollars Through Electronic Invoicing"

³ DOE O 520.1B, "Financial Management and Chief Financial Officer Responsibilities"

(8) Segregation of duties must be maintained to minimize the loss from theft, fraud, and error, assessed annually as part of the internal control evaluation process.

b. Payments to Non-Federal Entities. A principal objective of control over payments is to verify accurate payment of federal payments.⁴

(1) Electronic Funds Transfer (EFT). DOE payments will be made by EFT.⁵ Specific EFT requirements relating to contract payments are specified in 48 CFR 32.11.

(2) System for Award Management Registration. Contractors and financial assistance recipients must be registered with the System for Award Management (SAM), unless a recipient is exempted under the applicable regulations.⁶

DOE uses SAM to obtain payment recipient Taxpayer Identification Number (TIN), Data Universal Numbering System number (DUNS) or successor entity identifier, banking information, legal business name, address, and government points of contact.

(3) Taxpayer Identification Numbers. Each contractor doing business with the Department will furnish a Taxpayer Identification Number to the agency.⁷ Individuals and invitational travelers will furnish a Social Security Number (SSN). Foreign vendors declining the option to register in SAM will provide an Internal Revenue Service (IRS) form W-8. Use of the TIN and SSN are required as directed by this chapter.

(a) Use SAM to obtain TIN when only a valid DUNS or successor entity identifier is provided.

(b) Use the TIN or SSN to collect and report any delinquent amounts arising out of the contractor's relationship with the government.⁸

(c) TIN or SSN of the contractor or individual receiving payment is mandatory with each certified voucher prepared by DOE payment offices and provided to a disbursing official.⁹

(d) TIN or SSN is mandatory for reporting of certain contract information and payment information to the Internal Revenue Service (IRS).¹⁰

⁴ I TFM Part 4, "Disbursing"; I TFM Part 5, "Deposit Regulations"; 5 CFR 1315, "Prompt Payment"; 48 CFR 32.11

⁵ Pursuant to Public Law 104-134, the Debt Collection Improvement Act of 1996 (DCIA), and 31 CFR 208

⁶ 48 CFR 4.11 (for contractors) and 2 CFR 25 (for financial assistance recipients),

⁷ Public Law 104-134, the Debt Collection Improvement Act of 1996 (DCIA)

⁸ 48 CFR 4.902

⁹ 31 USC 3325(d)

¹⁰ 48 CFR 4.903-4.904

- (e) In accordance with Prompt Payment Act requirements, invoices provided for payment will include the TIN or SSN.¹¹
- (f) Federal Backup Withholding Requirements. The DOE payment offices will begin backup withholding immediately,¹² when:
 - 1. Contractor refuses to provide a TIN;
 - 2. IRS notifies DOE which vendor is subject to backup withholding; or,
 - 3. IRS notifies DOE which vendor furnished an incorrect TIN.
 - 4. Backup withholding will be computed as directed in IRS Publication 1281, “Backup Withholding for Missing and Incorrect Name/TIN(s).”
- (4) Assigned Payments. Assigned payments will meet the requirements of I TFM Part 3 Chapter 6100, Centralized Offset of Assigned Payments; and other requirements established in this chapter.
 - (a) For third party assignments requested by vendors or individuals for contracts, purchase orders, or financial assistance agreements, DOE payment offices will:
 - 1. Obtain an official third party assignment from the entity or individual due payment from DOE.
 - 2. Verify that the third party recipient has an active registration in SAM.
 - 3. Obtain approval of the assignment from the invoicing approving official.
 - 4. Confirm that the assignment is valid with the applicable responsible official in procurement or the program office. The responsible official could be the COR or the contracting officer.
 - (b) For third party assignment requests for settlements (such as Equal Employment Opportunity cases) in which there is no related DOE contract or agreement, the SAM rules do not apply and the court order applies. DOE payment offices will receive approved legal documents directing the payment and will obtain a memorandum from the applicable DOE budget office specifying the DOE funding source to be used for the payment. The approved legal documents will include an EFT banking form with instructions for payment.

¹¹ 31 CFR 1315.9

¹² 26 USC 3406, Internal Revenue Code

- (c) For assigned payments, DOE payment offices will verify that the entity or individual requesting the assignment does not owe a debt to the federal government. The DOE payment offices will verify if the entity or individual due the payment owes any debts that have been referred to the Treasury Offset Program (TOPS). Access to TOPS can be made through the Treasury's Do Not Pay System. If the entity or individual is listed in the TOPS database as owing funds to the government, the payment cannot be assigned to a third party. The payment will instead be directed to the entity or individual owed the payment for TOPS to collect the funds owed to the federal government.
- (5) IRS Reporting and Withholding Requirements. DOE is subject to the IRS reporting requirements for the payment of services and will file information returns for each calendar year for applicable payments.¹³ Applicable IRS requirements and forms are identified in this chapter.
- (a) IRS instructions mandate minimum reporting criteria. DOE entities making payments may report contractor payments below the minimum reporting criteria for ease of reporting.¹⁴ Information includes contractor's TIN or SSN as directed in paragraph 2.b.(3).
- (b) Type of forms filed by DOE include:
- 1099-MISC (Miscellaneous Income);
 - 1099-INT (Interest Income);
 - 1099-G (Certain Government Payments);
 - 1099-C (Cancellation of Debt);
 - 1099-NEC (Non-employee Compensation) (beginning calendar year 2020);
or,
 - 1042-S (Foreign Person's U.S. Source Income Subject to Withholding).¹⁵
- (c) The PST handles IRS reporting for the agency with the exception of Bonneville Power administration (BPA), Western Area Power Administration (WAPA) and Federal Energy Regulatory Commission (FERC). The PST also prints and mails IRS forms for the Southwestern Power Administration (SWPA) and Southeastern Power Administration (SEPA).

¹³ 26 USC 6041A and 26 USC 6050M, Internal Revenue Code

¹⁴ IRS.gov

¹⁵ See Rev. Proc. 99-50, which is available on page 757 of Internal Revenue Bulletin 1999-52

2. Provide a reliable way to estimate payment performance; and,
3. Verify the integrity of prompt payment reporting.

The requirement for a prompt payment quality control program applies to DOE entities making payments, including the PST and PMAs. A sample checklist for a quality control program can be found in the supplemental material posted at the financial policy iPortal page.

- (b) Accelerated Payments to Small Businesses. OMB Memorandum M-17-26 encourages federal agencies to accelerate payments to small businesses and prime contractors with small business subcontractors.
 - (c) Financial Assistance Payments. Financial assistance recipients may be paid by reimbursement when permitted by 2 CFR 200.305. While the payment of invoices for financial assistance agreements is not legally subject to the same prompt payment requirements as contract payments, Financial Assistance regulations require that payments be made promptly. Specifically, that invoices will be paid as soon as practical to meet the requirements of 2 CFR 200.305(b), which states that “payments methods must minimize the time elapsing between the transfer of funds from Treasury or the pass-through entity and the payment by the non-Federal entity.”
- (2) Payment and Proper Invoice Documentation. To verify that payments are properly authorized and correct, documents usually needed are a contract, an invoice, and a receiving report or equivalent.

Copies of contracts and receiving reports are not usually included with the invoice, the contracting officer or contracting officer representative is responsible for verifying that invoices are consistent with contract requirements and goods and services have been provided. See paragraph 2.c.(3)(e) of this chapter.

5 CFR 1315.2(y) states, “Invoice means a bill, written document or electronic transmission, provided by a vendor requesting payment for property received or services rendered.”

5 CFR 1315.9 and 48 CFR 32.9 lists the requirements for payment documentation to support payment of invoices and interest penalties. A proper invoice must meet the requirement of 5 CFR 1315.9(b). The term invoice can include receiving reports and delivery tickets when contractually designated as invoices.

(3) Processing Invoices for Payment. DOE business practices conform to the standards and notices to vendors contained in 5 CFR 1315.4.

(a) Maintaining Documentation. DOE will maintain paper or electronic documentation.²⁰ Copies of invoices including supporting documents provided with the invoice are maintained by the DOE payment offices electronically. The records are stored six years after final payment or cancellation, a longer retention is required for business use.²¹ The contracting officer or delegated official is responsible for maintaining documentation for the proper review of invoices (see paragraph 2.c.(3)(e) of this chapter).

(b) Receipt of invoice. Paper invoices will be stamped on the face of the invoice with the date it is received by the designated DOE entity and recorded as received. Paper invoices for DOE and NNSA will be provided to the PST.

Invoices provided through the Vendor Invoicing Portal and Electronic Reporting System (VIPERS) will be logged through an interface with the accounting system and the date received will be the date provided by the vendor. The date represents constructive receipt by DOE and is the date that will be used in timing payments. As stated in 5 CFR 1315.4, for the purposes of determining a payment due date and the date on which interest will begin to accrue if a payment is late, an invoice is deemed to be received:

1. For invoices that are mailed, the date a proper invoice is actually received by the designated DOE entity if the DOE entity annotates the face of the invoice with date of receipt at the time of receipt. For invoices electronically transmitted, the date a readable transmission received by the designated DOE entity, or the next business day if received after normal working hours;
2. On the date placed on the invoice by the contractor, when the DOE entity fails to annotate the invoice with date of receipt of the invoice at the time of receipt (such invoice must be a proper invoice); or,
3. On the date of delivery, when the contract specifies that the delivery ticket may serve as an invoice.

(c) Determination of a valid invoice.

1. Each invoice will be reviewed as early as practicable after receipt to determine if the invoice is a proper invoice;²²

²⁰ 5 CFR 1315.9

²¹ National Archives and Records Administration's General Records Schedule 1.1

²² 5 CFR 1315.9(b)

3. 30 days after the start of the payment period,²⁵ if omitted in the contract, if discounts are declined, and if accelerated payment methods are unused.

(b) Adjustments due to untimely notification of an improper invoice. The vendor will be notified of an improper invoice within seven days of the date DOE receives the invoice according to 5 CFR 1315.4(c)(2). If the vendor is notified after the seventh day, the number of days permitted for payment of the corrected proper invoice will be reduced by the number of days between the seventh day and the day notification was transmitted to the vendor. Calculation of interest penalties, if any, will be based on an adjusted due date reflecting the reduced number of days permitted for payment.

(5) Accelerated Payment. DOE is encouraged to accelerate payments to small businesses and prime contractors with small business subcontractors whenever possible.²⁶

Payments may be accelerated for a single invoice under \$2,500, a small business (as defined in Federal Acquisition Regulation (FAR) 19.001), and emergency payments, as directed in 5 CFR 1315.5.

(6) Payment Date. Payment will be considered to be made on the Treasury settlement date for an electronic funds transfer (EFT) payment or the date of the check for a regular Treasury check payment. Payments falling due on a weekend or federal holiday may be made on the following business day without incurring late payment interest penalties.

(7) Payments for Partial Deliveries. DOE will pay for partial delivery of supplies or partial performance of services after acceptance, unless specifically prohibited by the contract. Payment is contingent upon a proper invoice if required by the contract.

(8) Late Payment Interest Penalties. Penalties will be paid as directed in 5 CFR 1315.10. DOE uses the Treasury Bureau of the Fiscal Service on-line calculator for determining late payment penalties. The Prompt Payment Act specifies that DOE will pay any late payment interest penalties (including any additional penalties cited under 5 CFR 1315.11) from the funds available for the administration of the program for which the penalty was incurred.²⁷ DOE Payment offices will notify offices of an interest penalty paid.

(9) Discounts. Payments will be made early to take advantage of early payment discounts whenever possible.²⁸ Early payment discounts should not be taken if the early payment date does not leave adequate time for invoice review, as determined by

²⁵ 5 CFR 1315.4(f)

²⁶ OMB Memorandum M-17-26, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda*

²⁷ Public Law 97-177, Prompt Payment Act

²⁸ 5 CFR 1315.7

the invoice approving official. If a discount is taken in error, the discount amount will be paid along with any applicable interest.

The Treasury Bureau of the Fiscal Service website has an online calculator for determining if it is cost effective to take a discount when considering the government's current cost of money. The PST verifies the cost of money on an annual basis to determine if it is necessary to check the online calculator for specific payments.

- (10) Rebates. The commercial purchase card payment dates will be based on an analysis of the total costs and total benefits to the federal government. A rebate formula is provided in 5 CFR 1315.17 and at the Treasury Bureau of the Fiscal Service website.

d. Accountable Officers for Treasury Payment Systems.

- (1) General Requirements. An accountable officer is a government official or employee who, on behalf of the United States, receives and maintains public funds, certifies vouchers, or maintains or draws checks on accounts of the United States, including accounts in depository banks designated by the Secretary of the Treasury.

A certifying officer is a government official whose job is or includes certifying vouchers (including voucher schedules or invoices used as vouchers) for payment. Refer to I TFM, Part 4A, Chapter 3000, for information on procedures for appointing certifying officers and 31 USC. 3528, as amended, for the legal responsibilities of a certifying officer.

Treasury requires that DOE designate certifying officers for payments made using Treasury systems, including the Treasury Automated Standard Application for Payments (ASAP), Treasury Secure Payment System (SPS), and International Treasury Services (ITS). DOE entities making payments using the ASAP system are required to have individuals who can certify the payments. DOE entities making payments using SPS and ITS are also required to have certifying officers for operating systems. DOE entities making payments using SPS will also have designated data entry operators, who cannot be the same individuals as the certifying officers.

- (2) Certifying Officer Responsibilities. DOE certifying officers must follow Treasury guidance in the TFM²⁹ and certifying officers must also complete Treasury training.
- (3) Designation of Certifying Officers within DOE.
 - (a) Authority to designate certifying officers. Consistent with I TFM, Part 4A, Chapter 3025, the DOE Secretary of Energy has delegated the authority to

²⁹ Volume I, Part 4A, Chapter 3000

designate certifying officers to the DOE Chief Financial Officer.³⁰ This authority is re-delegated to the OCFO Office of Finance and Accounting Director, who re-delegates the authority to senior managers who serve as delegating officials. Individuals with the authority to designate certifying officers can also designate data entry operators.

Delegations of Authority are valid for a period of 2 years. The OCFO Office of Finance and Accounting maintains the listing of delegation officials and coordinates with individuals who have this authority with the Treasury.

- (b) Designation of certifying officers and data entry operators. Delegating officials appoint DOE certifying officers and data entry operators using current Treasury forms. Each delegating official will:
1. Designate certifying officers using Treasury FS Form 210CO, designation for certifying officer, or current form, and current procedures specified in I TFM, Part 4A, Chapter 3000;
 2. Designate data entry operators using Treasury FS Form 210DEO, or current Treasury Department Form and current procedures specified in I TFM, Part 4A, Chapter 3000; and,
 3. Monitor certifying officers and data entry operators within the organization to verify the authority granted is current and to respond to Treasury renewal requests as requested.
- (4) Advance Payment Decisions.
- (a) Accountable officers may apply for and obtain from the appropriate Department legal counsel an opinion on the legality of any obligation or claim presented to them for approval, certification, or payment. Accountable officers and other Departmental employees may seek opinion from DOE's Office of the General Counsel (specifically the Office of the Assistant General Counsel for General Law) when access to program counsel is unavailable. Employees of the NNSA may seek such an opinion from the General Counsel of NNSA.
- (b) The Department will stop recovery of a payment from an official if the official obtained an opinion from the appropriate Department legal counsel that the payment could legally be made, or if the circumstances otherwise was unnecessary to bring suit against the official.
- (5) Personal Liability for Accountable Officers. Under the concept of pecuniary liability, accountable officers may be held liable for the financial cost of errors made; physical

³⁰ Department of Energy Delegation Order No. 00-013.00D To the Chief Financial Officer, Section 1.5

loss or deficiency of money; and deficiency in an account balance of an illegal, improper, or incorrect payment, and credit the account for the deficiency.

In accordance with the Department of Justice's Office of Legal Counsel 1991 opinion, Comptroller General's Authority to Relieve Disbursing and Certifying Officials From Liability (15 Op. O.L.C. 80), the DOE Secretary of Energy delegated the authority to the DOE Chief Financial Officer to grant relief from accountability for losses or deficiencies of disbursing officers, cashiers, or other accountable officers.³¹

Accountable officers may be granted relief if:

- (a) Payment was made in good faith and reasonable care by the official;
- (b) Certification was based on official records;
- (c) No law specifically prohibited the payment; and,
- (d) Government received value for the payment.

e. Advance Payments through the Automated Standard Application for Payments (ASAP).

- (1) General. This Treasury application is an electronic payment and information system operated by the Federal Reserve Bank (FRB) of Richmond. ASAP is a system through which grantee organizations and DOE contracts approved for advance funding can draw funds from accounts pre-authorized by federal agencies.
- (2) Payments under Financial Assistance Instruments. ASAP is the default mechanism for making payments to DOE financial assistance recipients. ASAP payments for financial assistance minimize the time between the transfer of funds from Treasury and the payment by recipients, consistent with the requirements of 2 CFR 200.305.
- (3) ASAP 1031. ASAP 1031 is an ASAP module used under a checks paid letter of credit (LOC) financing arrangement to pay the Department's site and facility management contractors and other major contractors. The use of ASAP 1031 is limited to federal programs operating in a checks paid environment, where a financial institution serves as the payment requestor drawing funds to cover checks paid by it on behalf of a federal agency.
- (4) Payment Procedures. The grantee or contractor financial institution will provide an electronic payment request through the ASAP system to the FRB of Richmond. FRB

³¹ Department of Energy Delegation Order No. 00-013.00D To the Chief Financial Officer, Section 1.7

of Richmond processes the request and sends the payment to the recipient's bank account.

(5) **Departmental Element Responsibilities.** The OCFO Office of Finance and Accounting or Designated Financial Officer, if applicable, will provide instructions regarding responsibilities for Departmental Elements that are serviced by the OCFO Office of Finance and Accounting or by the Designated Financial Officer. Principal responsibilities include:

- (a) Enrollment of recipients with the Treasury Bureau of the Fiscal Service,
- (b) Set up of accounts for the recipients in the ASAP system,
- (c) Input of authorizations,
- (d) Certification of authorizations in Treasury's Secure Payment System, and
- (e) Reconciliation of accounting records to ASAP account(s).

f. Payments to Site and Facility Management Contractors. Checks paid LOC funding through the Treasury ASAP system³² is used to provide financing for site and facility management contractors and other major contractors when specified by the contract. Contractors authorized to use checks paid LOC funding will be in compliance with the FAR and Department of Energy Acquisition Regulation (DEAR) advance payment and contract financing requirements.³³ A special financial institution account agreement with DOE, the contractor, and the financial institution is mandatory by Treasury for a checks paid LOC account.³⁴ Sample forms for the solicitation of banking services and sample agreements are maintained by the DOE OCFO Office of Financial Policy and Audit Resolution at the Financial Policy iPortal page.

(1) **Checks paid LOC Funding Accounts.** Checks paid LOC accounts set up in ASAP 1031 require prior notice to the Treasury ASAP 1031 project office. Notification of a checks paid LOC account will be provided by the Designated Financial Officer, one month prior to the proposed implementation date. If the purpose of the account remains the same and DOE changes the financial institution or the contractor, a notification will still be provided. Designated Financial Officers will use the ASAP 1031 LOC enrollment process and provide any necessary enrollment forms to the appropriate Treasury Regional Finance Center.

³² <https://www.fiscal.treasury.gov/asap/>

³³ 48 CFR sections 32.4, 932.4 and 970.32

³⁴ II TFM, Part 4, Chapter 5000, "Letter of Credit – Federal Reserve Bank System Operational Requirements"

(2) Operations.

- (a) The amount of the daily cash drawdown must be sufficient to maintain the contractor's account balance at the servicing financial institution as close to zero, as administratively possible.
- (b) Subsidiary demand accounts, such as payroll, will not be prefunded and will be included in the drawdown to cover checks paid LOC against the main checks paid LOC payments account.
- (c) DEAR 970.5232-2 Payments and Advances, or FAR 52.232-12 Advance Payments, establishes the requirements for use of the contractor's checks paid LOC funding account.
- (d) Immediately upon determination that an expenditure of advanced funds is not permitted in accordance with the contractual arrangement, the contracting officer or Designated Financial Officer, as appropriate, will notify the recipient and require the return of such funds.³⁵ Funds will be returned within 30 days from the date of the notification by DOE.
- (e) Contractors will provide a Summary of Cash Activity Report for the prior month's account activity to the OCFO Office of Finance and Accounting no later than 12:00 p.m. local time on the first business day of the succeeding month. The monthly drawdown activity is reported to the OCFO Office of Finance and Accounting through the contractor interface file. Copies of ASAP 1031 reports will be retained and used for monthly reconciliation with Treasury.

Designated Financial Officers may establish more specific timelines and review procedures for the Summary of Cash Activity Report.

- (f) Restoration of the financial institution's reserve account is accomplished on the same day by drawing on the DOE account at FRB of Richmond.
- (g) The financial institution is compensated for services performed by providing an invoice for fees incurred.
- (h) The financial institution posts collateral with the Federal Reserve Bank to perform services as a financial agent of the federal government and protect public money in cases of insolvency.³⁶ Additional information is available on the Treasury website.³⁷

³⁵ I TFM Part 4A Chapter 2045.10

³⁶ 31 CFR 202

³⁷ IRS Treasury Collateral Management & Monitoring, <https://fiscal.treasury.gov/tcmm/>

- (3) **Monitoring.** Designated Financial Officers will perform a quarterly review of the checks paid LOC account. The primary considerations in this process are to verify the financial institution is paid for the services performed, account balances are minimized, and account balances over the prescribed insurance limit are properly collateralized. At a minimum, the review will entail an analysis of the account statements to determine if:
 - (a) Accounts are being operated correctly by the financial institution,
 - (b) Financial institution is being compensated in accordance with the checks paid LOC funding account agreement (or checks paid LOC financial arrangement),
 - (c) Financial institution is maintaining the level of collateral commensurate with the account balances, including overdrafts and excess drawdowns.
- (4) **Overdrafts and Excess Drawdowns.** Although drawdowns under a checks paid LOC account arrangement are made with the intent of maintaining the cash balance in the recipient's bank account as close to zero as administratively feasible, overdrafts and excess balances may occur. In such cases, the procedures to be followed are:
 - (a) **Overdrafts.** On the first business day following an overdraft, the financial institution will draw down an amount equal to the net sum of the overdraft, offset by any receipts.
 - (b) **Excess Balances.** An excess account balance results when a financial institution makes a drawdown from the ASAP 1031 account for more funds than needed to cover the net of the receipts and payments for the day in the contractor's account. The financial institution must return any excess balances to FRB of Richmond the same day if possible. If the financial institution is unable to return the excess balances by that time on the day of the occurrence, the excess balances will be used to offset the next business day's drawdown, and any remaining excess will be returned to FRB of Richmond before 5:45 p.m.
 - (c) **Penalties on Excess Funds.** If the financial institution has a pattern of excess drawdowns and fails to correct the problem after written notice from the Department, the financial institution will be assessed interest on excess balances at the Federal Funds Rate for the month(s), and the special financial institution account agreement will be terminated. The penalty amount will be credited to account 089X1435, General Fund, Proprietary Interest, Not Otherwise Classified, or to another account specifically authorized by Treasury.
- (5) **Closeout.** After outstanding payment items have been cleared or a stop payment order has been issued, the remaining authorized balance in the checks paid LOC funding account at FRB of Richmond must be reduced to zero and the account closed in the ASAP 1031 system.

- (6) Reporting and Reconciliation Requirements. In order to reconcile with DOE accounts, contractors are required to record expenditures based on the paid transactions listed in the ASAP 1031 report.