

T-391

RECONCILIATION  
PROCEDURES  
MANUAL

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TAB 1

INTRODUCTION AND OVERALL PROCEDURES

Bureau of Indian Affairs  
Treasury Reconciliation Procedures Manual

Introduction

This RECONCILIATION PROCEDURES MANUAL is designed as a desk top reference resource for reconciling cash activities and balances as maintained by the U.S. Treasury (Treasury) versus cash activities and balances as reported by the Bureau of Indian Affairs, Office of Trust Funds Management (BIA-OTFM) must adhere.

As a Federal Agency, the BIA-OTFM is subject to all Federal reporting requirements as they apply to the receipt and disbursement activities of funds maintained in the Treasury for the BIA-OTFM. Specific reporting requirements are delineated in the Treasury Fiscal Requirements Manual for reports to Treasury and in Circular No. A-34, Memorandum No.11 dated August 26, 1985 for reports to the Office of Management and Budget (OMB).

The Manual begins with a Reporting Environment and Overview section. In this section, the user is provided with a basic overview and understanding of the BIA-OTFM's reporting environment and the relationships between the organizations involved. Descriptions of reports and other reporting processes also are presented.

Next comes a section on Flowcharts. This section is designed for and is helpful especially for information flow analysis and, getting a feel for the "big picture".

The bulk of the manual provides detail, step-by-step, reconciliation procedures, as well as, examples of completed reconciliations. Detail procedures are provided on the handling of various types of reconciling items.

And lastly, as with virtually any procedures manual, there are Appendices in the back providing information that supplements the procedures themselves.

As alluded to above, these reconciliation procedures were developed with the objective of ensuring, but not necessarily guaranteeing, that all transactions were properly recorded by BIA-OTFM and reported pursuant to existing Federal reporting requirements.

U.S Treasury Reporting Systems Background

Treasury functions as the "bank" and as disbursing agent for the Bureau. Unlike a commercial bank, however, when Treasury checks are written by the Bureau, the amounts are deducted from the Bureau's ~~Indian Trust Funds~~, regardless of when (and whether) the checks written are eventually negotiated by payees. As a result, Treasury receives the benefit of using the cash between the time the check is written and when it clears Treasury.

Treasury can receive funds on behalf of the tribes either in the form of a deposit made at Federal depository institutions or SF1081 transfers or through an electronic fund transfer to the Federal Reserve Bank of New York. The term Federal Reserve Bank (FRB) refers to any district bank or branch bank in the federal reserve system. The Treasury is a client with the FRB and maintains an account at the FRB. The FRB, through the Treasury Financial Communications System (TFCS) provides capability for automated receipt and processing of fund transfers. EFT deposits received for the Bureau can be obtained by accessing this data base. The Bureau and FRB's are required to report cash activity to Treasury and Treasury in turn reports differences between the two entities to the Bureau. The Bureau may access this information through the Governmental Online Accounting Link System (GOALS).

In general Treasury will adjust its books for unreconciled variances which are outstanding for six months by recording unreconciled variances in suspense accounts. The reconciliation procedures are designed to clear reconciling differences prior to the six month grace period before items are transferred into a Treasury's suspense account. Additionally, the reconciliation procedures are utilized to clear amounts which are currently in Treasury suspense accounts. The basic objectives of the reconciliation process are similar to balancing a bank account. Treasury reports discussed later in the Treasury Reports section of this manual, function as the bank statements which are reconciled to TFMS reports. The reconciliations allow us to identify and resolve differences as they occur.

Treasury assigns an Agency Location Code (ALC) to all agencies within the government. An ALC is an 8 digit number that identifies each agency within the government. The numbers are configured as follows:

- 14- - first two digits denote the department ( #14 identifies the Department of Interior),
- 20- - next two digits denote the bureau within the department (#20 is assigned to BIA),
- 06xx the last four digits identify the division or office within the Bureau.

The following is a list of ALC's used by the Bureau:

- 14200699 - Had been used for appropriated funds and trust funds through 9/30/91 and appropriated funds thereafter..
- 14200650 - Is mainly used for Investment activity for all trust funds.
- 14x4844 - Is a disbursing symbol for IIM funds.
- 14200651 - Implemented in 1991, accounts for trust funds previously accounted in 14200699.

Treasury assigns Appropriations to the Bureau. Appropriations are assigned to identify funds segregated within Treasury (Federal accounting environment). The following is a list of appropriations for which cash activity is reported:

- 5240 - Operation and Maintenance, Indian Irrigation Systems
- 5648 - Power Systems, Indian Irrigation Projects
- 6039 - Individual Indian Money
- 6140 - Alaskan Native Escrow Fund
- 8060 - Bequest of George C Edgeter
- 8364 - Contributed Funds
- 8365 - Indian Tribal Funds
- 8366 - Cooperative Fund (Papago)
- 8368 - Navajo Rehabilitation Trust Fund
- 6822,3220,6875 - Various Clearing or suspense Accounts

The following ALC is assigned to Minerals Management Services (MMS) to report appropriation 8365 deposits:

- 14170001 - MMS activity (SF1081 Royalty activity).

This manual covers reconciliation procedures for trust fund activities in ALC's 0650, 0651, and 4844. The manual also includes reconciliation procedures for appropriation 6039 and 8365 MMS deposits.

### Treasury Reporting Forms Prepared by the Bureau and Submitted to Treasury

#### *SF224 (Statement of Transactions)*

A Statement of Transactions is prepared monthly for each ALC assigned to the Bureau. The SF224 is manually prepared by Branch of Tribal Trust Funds for ALC 0650 and 0651. The SF224 lists all collections and disbursements made for each appropriation under respective ALC's (see above listing of commonly used appropriations). Funds include Tribal Funds, Individual Indians Monies, Contributed Funds, and Alaska Native Escrow Funds. Appropriated Funds which includes funding for various programs, and Administrative costs to operate the Bureau are not accounted for by the Office of Trust Funds Management in the monthly SF224 but occasionally there may be some administrative costs included. MMS prepares its own SF224 to report to Treasury the SF1081 Mineral receipts which affected Bureau ALC's (see MMS SF224 discussed below). The SF224 is electronically transmitted on GOALS to Treasury.

#### *SF133 (Report on Budget Execution)*

A Report on Budget Execution is prepared and submitted to OMB. The SF133 is required by OMB monthly and is used to report summary level activity. The SF133 and the SF224 should be in agreement. This report is manually prepared based on SF224's information for ALC's 0001, 0699, 0650 and 0651. If the SF224 and or the SF1219/1220 are incomplete or in error, then the SF133 is also incorrect. The SF133 data is reconciled to Form 6653 which is also generated by Treasury. Figures from the SF1219/1220 report which is prepared by Investments is also used. Currently a SF133 report is prepared monthly by OTFM for appropriations 8365, 8366, 8368, 8060, and 8563.

#### *SF1219 (Statement of Accountability)*

The SF1219 is required of each accountable officer and is to be submitted to Treasury on a monthly basis. Two SF1219's reports are prepared monthly, one by the Branch of Investments and one by the Branch of IIM. The SF1219 reports total deposit and disbursement activities at a summary level for its respective ALC. This report is due no later than the third working day following the close of the reporting accounting month.

#### *SF1220 (Statement of Transactions According to ALC's, Funds, and Receipt Accounts)*

The SF1220 is required to be submitted to Treasury on a monthly basis. The SF1220 identifies disbursements and collections processed for each appropriation under respective ALC's for each accounting period and operating period. The SF1220 is the supporting detail to the SF1219.

Note: The SF1219/1220 are prepared Manually from TFMS balances. The SF224 and SF133 are prepared from accomplished source documents processed by Bureau agencies, areas, and central offices and may not necessarily reflect what has been posted to the TFMS. Some reasons why the reports do not agree to the TFMS include: 1) timing differences, i.e. a receipt collected in a remote site on the last day of the month might not be posted to the TFMS, 2) nonreceipt of documentation, i.e. investment documents reported on the SF224 might not be received by the Division of Trust Funds Accounting on a timely basis if at all, 3) source documents posted to the TFMS may not be available or may have been misfiled and thus are not included in the SF224, 4) posting errors to either the TFMS, SF224 or both.

## Bureau Generated Reports

### *TFS3510 (for ALC 4844)*

The Treasury TFMS 3510 (TFS3510) is generated by Albuquerque ISSDA Check Reporting System weekly and identifies the beginning and ending check number, month, total checks issued, and total dollar amount of checks issued. This report summarizes all Daily Disbursement Reports (DDR's) that are submitted to Treasury on magnetic tape along with a copy of the TFS3510 on a weekly and monthly basis. Treasury summarizes all disbursements which are reported on the TFS3510 on a Check Transmittal Report. This report is used to reconcile between the TFMS report and the Check Payment Reconciled Transmittal Status Report.

### *SF224 E Z Trieve Report (for ALC 0650)*

This report is generated from the E Z Trieve database management program which is used to sort information from source documents into a useable form that facilitates in reporting SF224 information. The report summarizes all of ALC 0650 investment activity for a month. This report is sorted by document type by ALC, whereas the associated Treasury reports are summarized by document description.. This report is generated by manually compiling source documents, setting up a code sheets and inputting pertinent investment information into E Z Trieve similar to the input process for both the TFMS and the Money Max System. Document information is then sorted in E Z Trieve by appropriation, by description, and by transaction type (Receipts, Refund or Disbursement). This report is then used to prepare the SF224 which is submitted to Treasury.

### *MMS SF224 Detail Report*

MMS prepares its SF224 for Treasury and monthly basis. Its SF224 report will reflect collections made on behalf of the BIA. This report is generated monthly by MMS and is used to track the detail of minerals and oil, gas and other royalty receipts which are reported by MMS its the monthly SF224. MMS receipts are supported by checks, EFT's and etc. which are collected by MMS. Transfers of funds between MMS and BIA are supported by SF1081's. The SF1081 merely provide the accounting necessary to move money into TFMS and to reflect what MMS reported to Treasury.

### *TFMS Reports*

The Bureau's accounting system (TFMS) was designed to account primarily for appropriated funds and to generate automated reports such as the SF224 and the SF133's. Since both trust and appropriated funds were entered into the same system through FY91, different accounting codes were designed to identify different types of transactions and to ensure trust transactions were recorded in the proper accounts and fund groups (see below). A monthly activity report is generated from the TFMS for Tribal and IIM ALC's for fund group 3, 5, &6. These reports are generated from the TFMS cash accounts which include all 101.xx and 102.xx for Tribal Funds and 104.xx for IIM Funds (this is programmed on TFMS and is called ART008). However, they exclude beginning cash balances and other cash suspense accounts which don't affect cash activity (101.10, 101.20, 101.32, 102.10, and 102.20). The report is sorted by document description and date (VT, TT, AW, VS, etc.) to facilitate in reconciling to Treasury reports. The reports also exclude all documents related to overnight investments which are encoded on the TFMS as appropriation 8365. The General Ledger Detail List will also be used in the reconciliation process for Power, Irrigation and IIM investments which are recorded under area Z51. The TFMS is set up by fund group and each has its own accounting data depending on the collection, disbursement and reporting requirements. The following list identifies Bureau fund groups and commonly used ALC's and appropriations:

<u>Fund Group</u>	<u>Description</u>	<u>ALC</u>	<u>Appropriation</u>
1	General and Special (Appropriated Funds)	0651/0699	6875/3220
2.	Revolving Funds	0699	Various non-trust fund
3.	Power and Irrigation	0650/0699	5248/5246
4.	Contributed and Alaska Native Escrow Fund	0650/0651/0699	8366/8368/8563/6140
5.	Tribal Funds	0650/0651/0699	8365
6.	Individual Indian Monies	0650/4844/0699	6039

### Reports provided by Treasury

Treasury produces various reports for the Bureau that are essential in the reconciliation process. Detail use of each available report is explained later in subsequent sections of the manual. A brief descriptions of each is provided below:

#### *Treasury Form 6652 (Statement of Differences)*

The Statement of Differences (SOD) is generated by Treasury from the SF224 reporting process. The SOD reflects summary totals of deposits and disbursements as reported to Treasury, (excluding SF1081 transactions) and represents difference between what actually happened at Treasury versus what BIA says happened at Treasury. Unresolved variances noted on this report will be placed in Treasury suspense accounts after six months as discussed above in the introduction paragraph.

#### *Treasury Form 6653 (undisbursed appropriation account ledger)*

This report is prepared by Treasury and summarizes all deposit and disbursement activity as reported to Treasury by the Bureau and MMS on SF224's and SF1219/1220 reports and beginning and ending balances. This report identifies total net disbursements by ALC and which includes SF1081 transactions.

#### *Monthly Deposit Ticket/Debit Voucher Support List*

This report contains the detail of the deposits reported on Form 6652. This report is necessary to reconciling deposits per TFMS versus what was collected/receipted at Treasury and is available for both Tribal and IIM.

#### *Agency Confirmation Report*

This report summarizes monthly disbursements as reported via SF1166's to Treasury by the Bureau. The total per this report should equal the total disbursements noted on the SOD and if it is not in agreement specific follow-up procedures are identified in the reconciliation procedures section. This report is not available for IIM (see below 90 Day Old or Greater report). This report is reconciled to the TFMS.

#### *90 Days Old or Greater ( for ALC 4844 only)*

This report is generated by Treasury and identifies all small Checks which have cleared FRB'S but have not been reported to Treasury by the Bureau within 90 days of clearing. Although the Bureau Central Office reports check via magnetic tape and TFS3510's the unreported Checks originate from Area Offices which generate manual checks and are slow in reporting to the Central Office. This report is received only in months where checks have cleared and remain un-reported for 90 days.



*Check Payment Reconciled Transmittal Status Report (for ALC 4844)*

This report is generated by Treasury and summarizes all check ranges and total range amounts which have been reported to Treasury by the Bureau. This report is necessary to reconcile check range (number/Dollar) differences before they become items in the 90 Days Old or Greater report.

Conclusion

This purpose of the introduction section is to familiarize the reconciler with general Treasury and Bureau terms, procedures, reports and standard forms that will be referenced throughout the remaining sections of this manual. Detail reconciliation procedures including examples are contained in subsequent sections of this manual. However, reference to introduction material is recommended until a complete working knowledge of terms, procedures, report and standard form listed above has been acquired.

### Supervisory Review Procedures

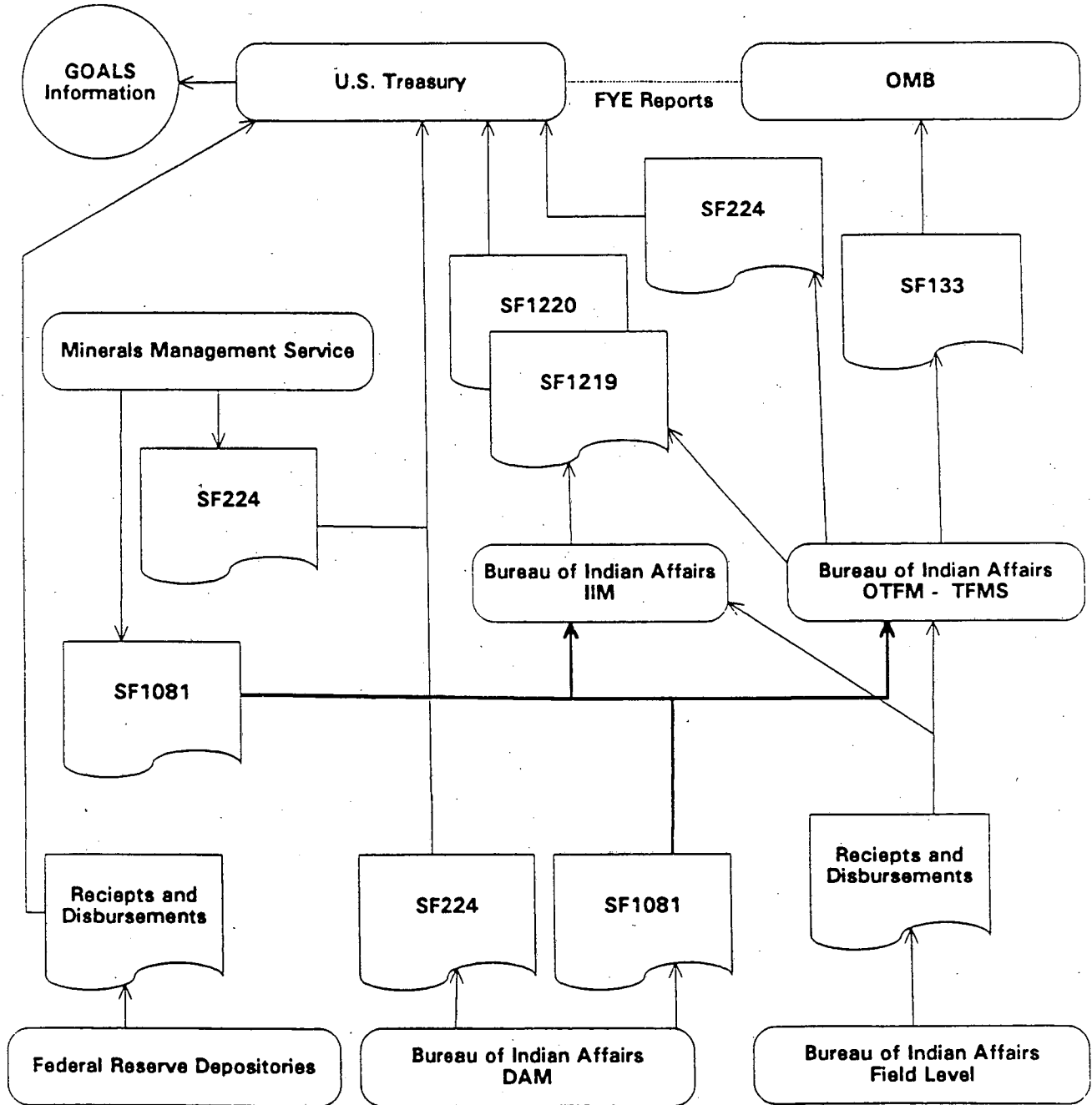
Management assigned to review monthly reconciliations will ensure that reconciliations are being completed in a timely and efficient manner. The following review procedures are required by assigned Management:

1. Obtain the monthly reconciliation folder and ensure that Treasury and TFMS totals are properly agreed between required reports, such as Form 6652, 6653, SF1219/1220, SF224 and related TFMS Reports.
2. Agree the supporting reconciling item detail to the total variance between reporting entities.
3. Review reconciling items and disposition notes to ensure that reconciling items were properly cleared.
4. Initial all work which is reviewed and return monthly folders and comments/suggestions for follow-up to reconcilers.
5. Ensure that reconciliations are maintain and stored by fiscal year.

TAB 2

REPORTING FLOWCHARTS

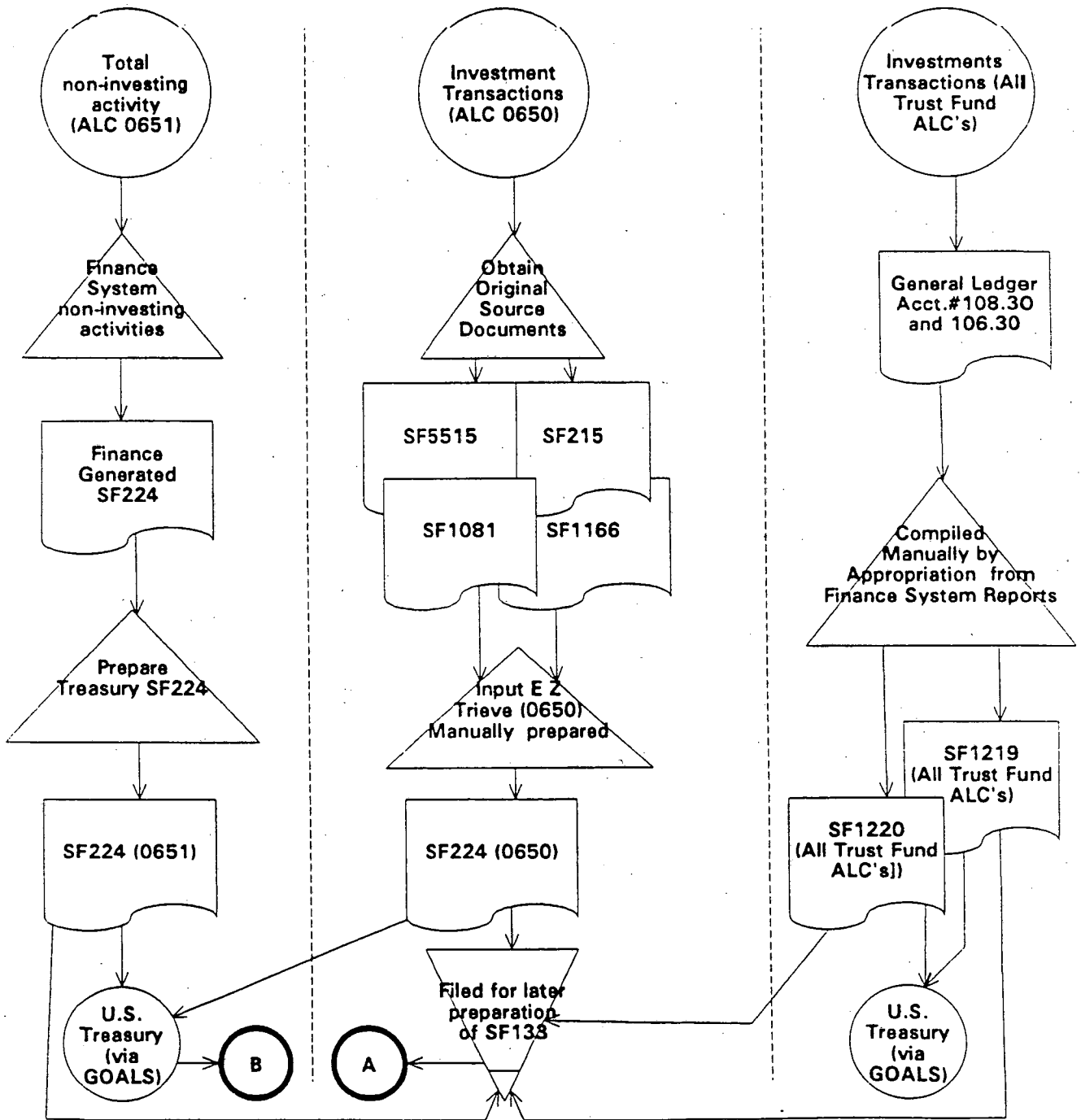
Bureau of Indian Affairs  
Reporting Cycle



Tribal Trust  
Fund Treasury  
Reporting  
Flow Chart

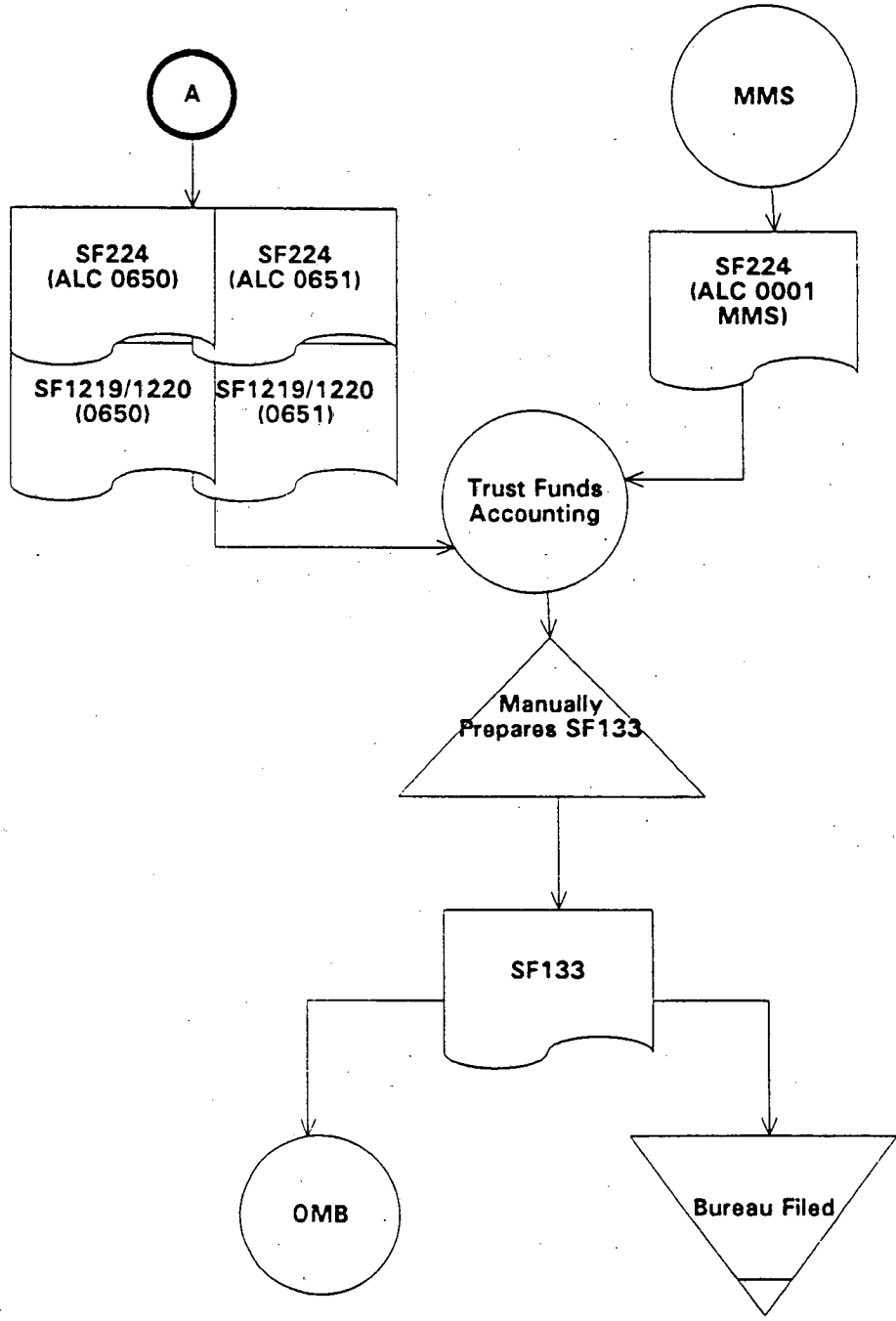
Division of Trust Fund Accounting

Division of Trust Fund Investments



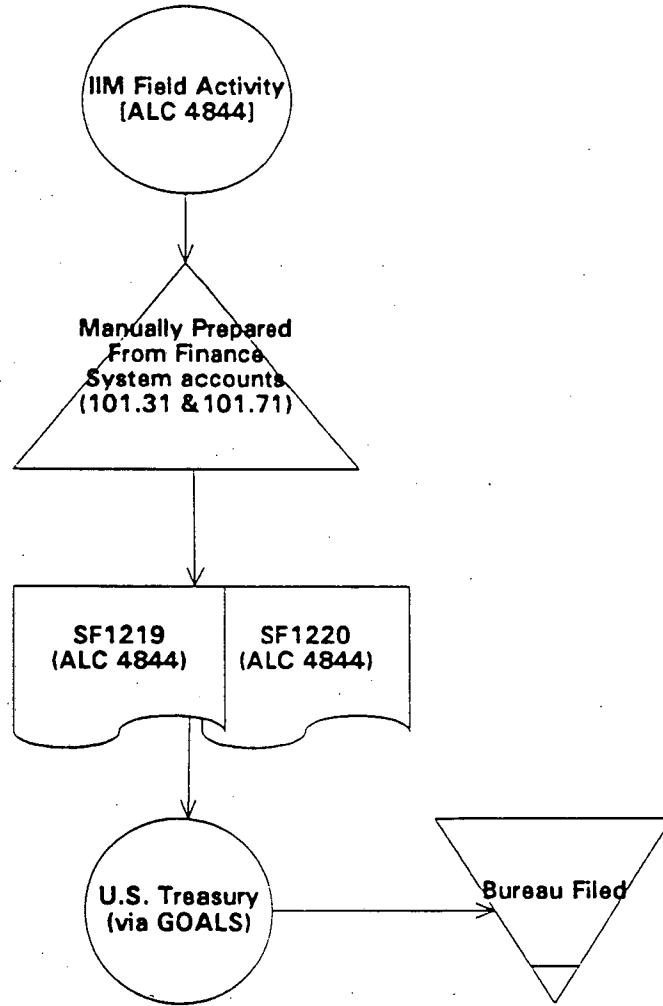
SF133  
Flowchart  
Diagram

Division of Trust Fund Accounting



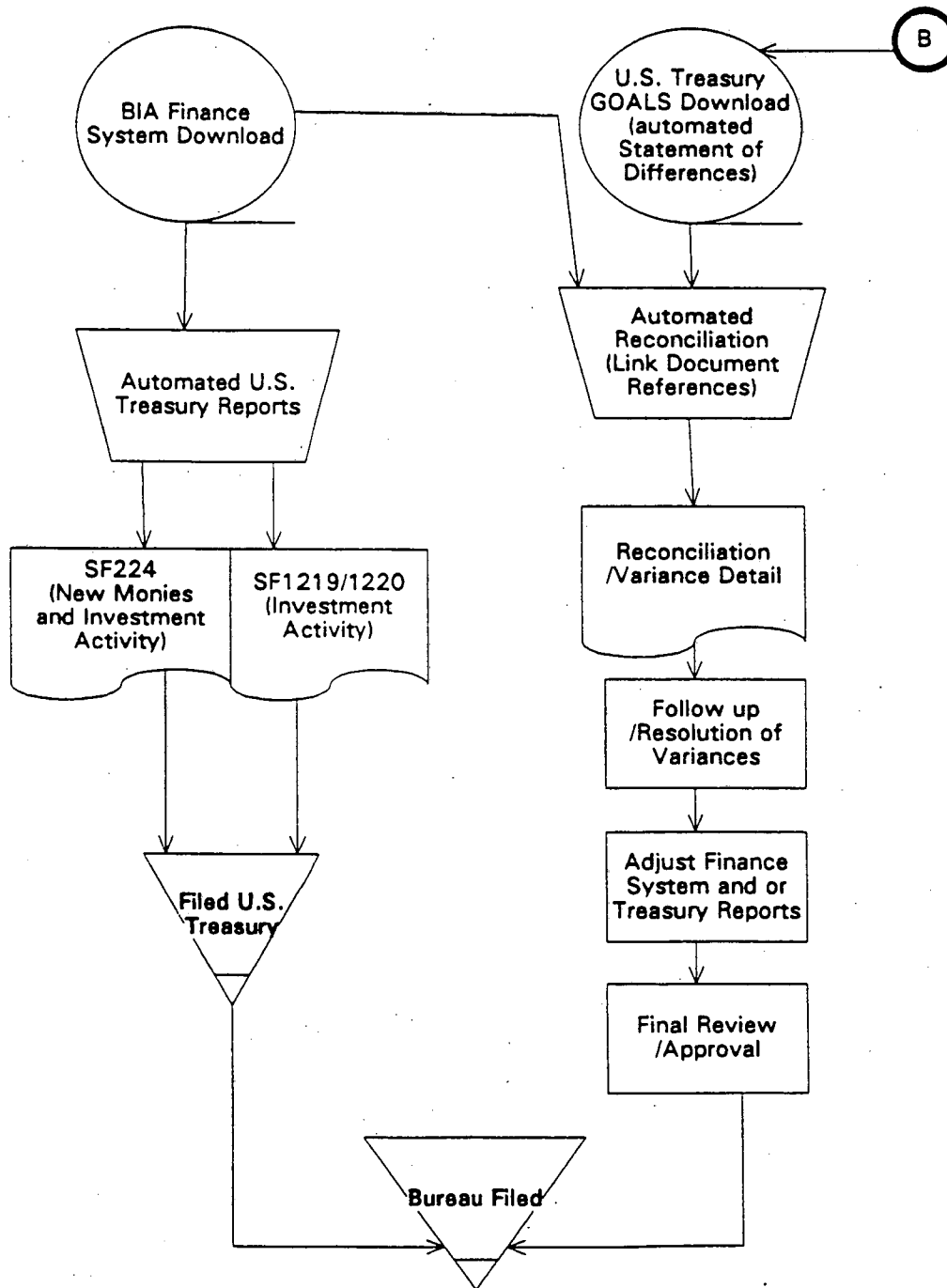
IIM Treasury  
Reporting  
Flow Chart

Division of Trust Fund Accounting  
Branch of IIM



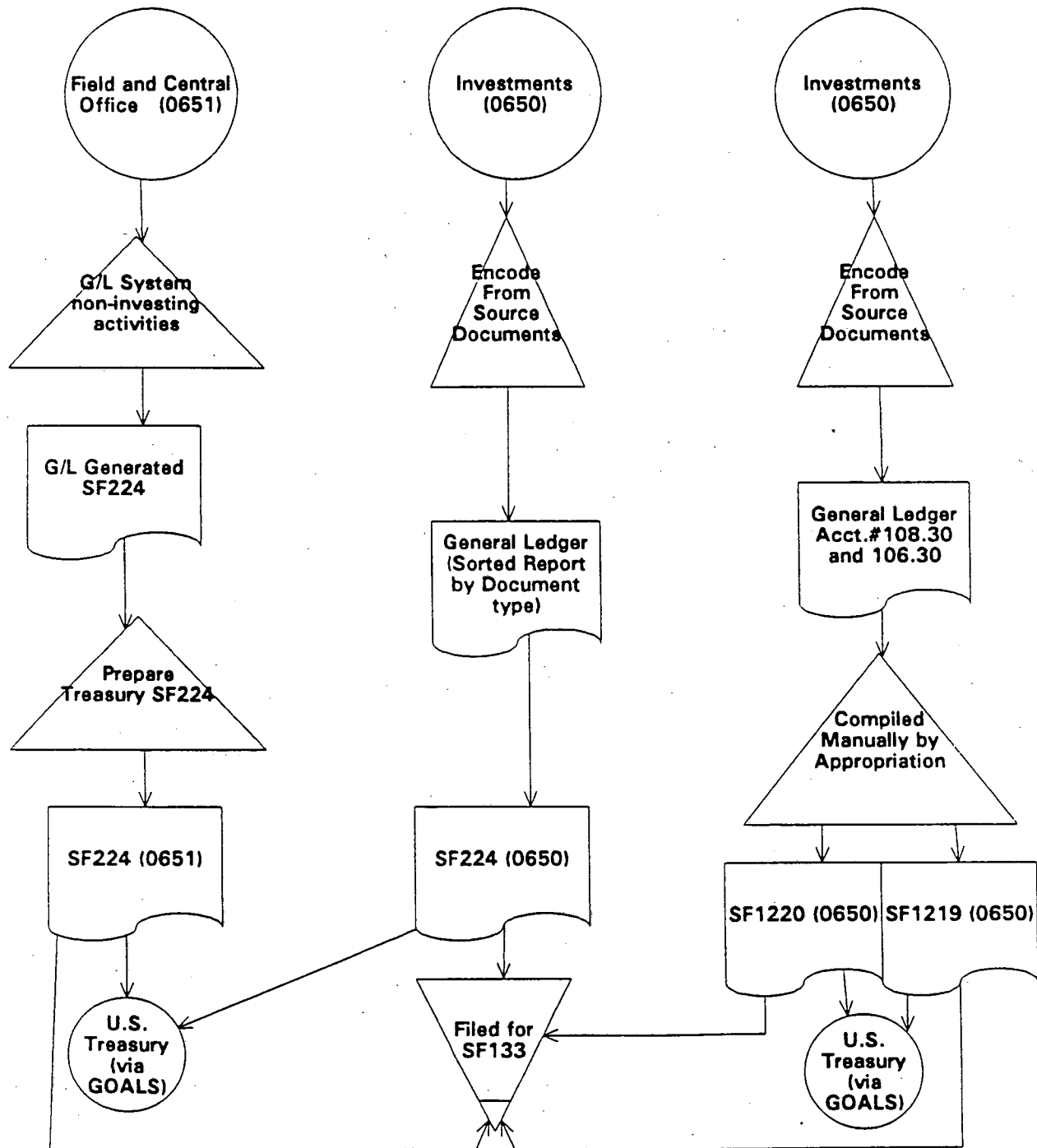
Bureau of Indian Affairs  
Automated Reconciliation  
Flowchart

Division of Trust Fund Accounting Branch of Reporting

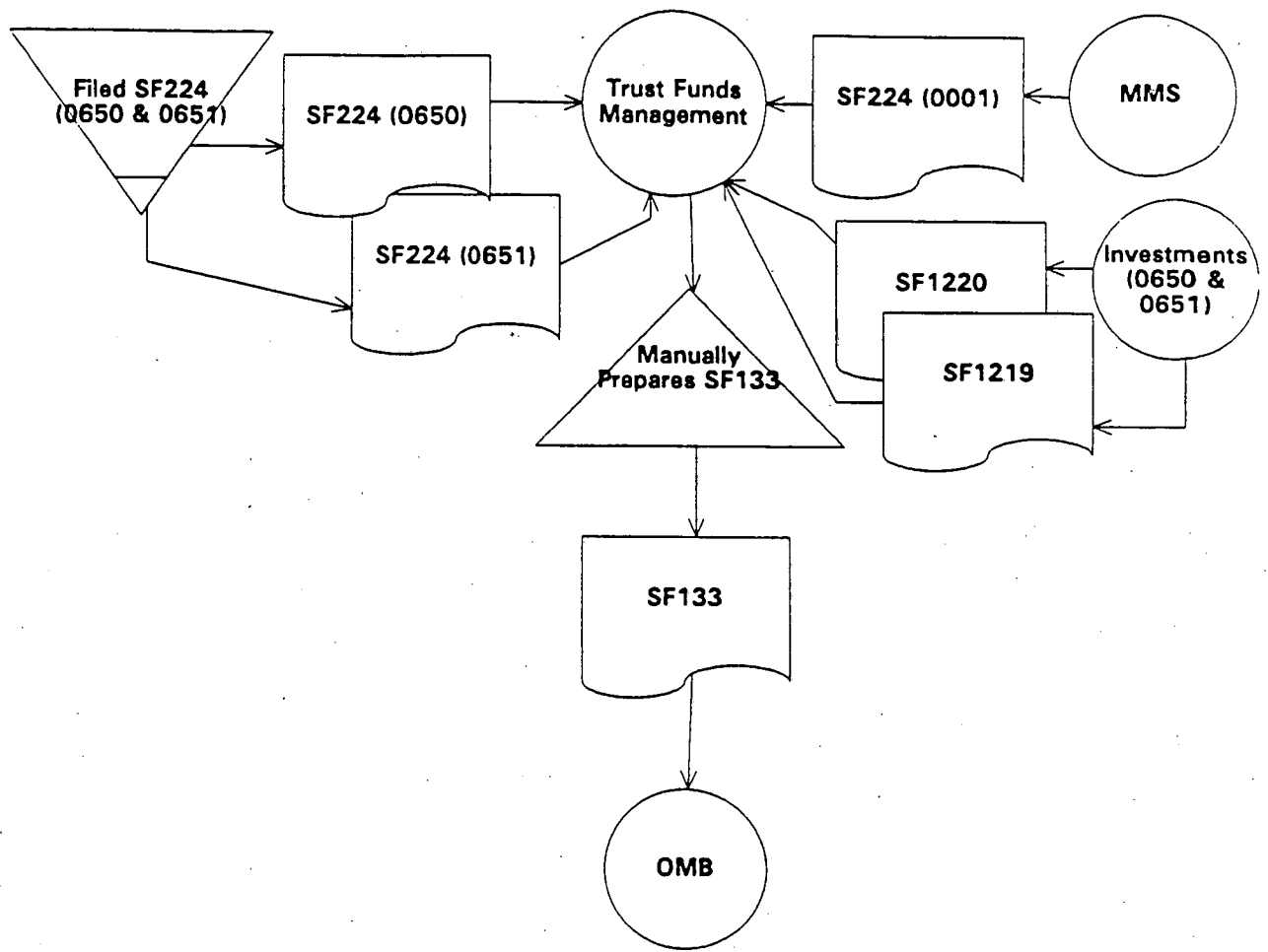




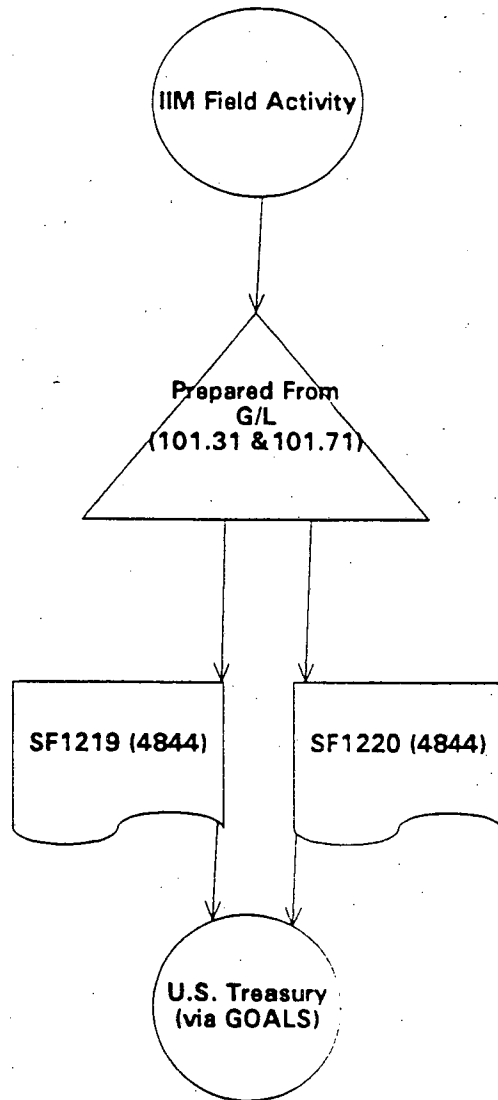
**Tribal Trust Fund Treasury  
Reporting Flow Chart  
(Revised per this Manual)**



SF133  
Flowchart  
Diagram



**IIM Treasury  
Reporting  
Flow Chart**



TAB 3

EXAMPLE OF ALC  
0650 RECONCILIATION

## ALC 0650 Receipts

### *General Information*

Currently, the BIA has a fiduciary responsibility to invest the Trust funds held in trust. There are two vehicles with which to invest funds. One is the overnight investment which is a daily Treasury Security investment and the other is long term investments processed by the BIA. Trust funds are deposited into Treasury via FRB's and can be in the form of cash or wire transfer. A Certificate of Deposit-Standard Form 215 (deposit ticket) must be used to make these deposits. Once the funds are received by BIA they are recorded into the subsidiary accounts which identifies them down to the tribal level. ALC' 0650 is used to track investment receipts (maturities) which are noted on the TFMS as "AW" and "TT" documents. The Following reports and procedures should be followed when performing the monthly 0650 receipt reconciliation:

### *Objectives:*

To determine

- a. Whether receipts have been properly recorded in the TFMS in accordance with current Bureau Policies and Procedures.
- b. Whether receipts have been properly reported to Treasury and OMB in accordance with current Treasury and OMB Manual reporting procedures.
- c. Whether the cash activity reported by the Bureau reconciles with cash activity reported to Treasury by FRB's.
- d. Whether the amounts noted on the SOD have been properly reconciled and corrections made to the TFMS or Treasury as needed.

### *Procedures:*

1. Obtain the TFMS detail report of all AW's and TT's for fund group 5. This report summarizes all investment maturities, excluding ALC 8365 overnight investment activity for that month.
2. Obtain the GLDL for fund group 3, 4, and 6 for area Z51. These reports identify all investment activity by fund group.
3. Obtain Treasury Form 6652 microfiche and copy the *Monthly Deposit Ticket/Debit Voucher Support List and Statement of Difference*. This report summarizes all receipts which were reported by FRB's to Treasury for a given month along with the total variance between reporting entities.
4. Obtain the Treasury Form 6653 and copy the month to be reconciled. This report identifies summary level totals as reported from the SF1219/1220 and SF224.
5. Create a spreadsheet from TFMS reports in step 1 and 2 that contains the document description, date, amount per fund group(3,4,5, and 6) and total amount of all fund groups. On the same spreadsheet summarize amounts from the *Monthly Deposit Ticket/Debit Voucher Support List* by day. For instance, all amounts with the same day are added up then the total is

placed on the spreadsheet as the total per Treasury. Subtract the total per Treasury from the total per Bureau, this amount represents the variance.

6. Research all reconciling items by reviewing prior months reconciliations, Treasury reports and TFMS reports to ensure that amounts were properly reported. A significant portion of the reconciling items will relate to Buy-Outs and SF1081 Treasury Transfers as these amounts are not reported on detail GOALS reports. These amounts are reported on the SF224. The reconciler should agree these variance to the JV of SF1081 and document this in the Margin by noting B/O or TS. A small portion of variances are due to the difference noted on the SF215 reconciliation.

- a. Obtain prior months reconciliations, Treasury reports and TFMS reports that were used in step 4 above. Place a standard tickmark next to all variations which can be reconciled as timing differences (see standard tickmark sheet).
  - b. Investigate remaining unticked reconciling documents by reviewing deposit tickets and contacting the appropriate Area or Agency that is responsible for record keeping. Document the results of your work by placing letter notes next to amounts and a brief description of each letter note on a memo pad. The documentation should include contact persons name, phone number and resolution of the variance, including hard copies of any other support obtained (copies of Deposit Tickets, Debit Vouchers or other receipt support).
  - c. Review subsequent month Treasury and TFMS reports to ensure that all items in step b have subsequently been cleared. Follow up procedures should continue until all reconciling items have been cleared.
7. Obtain a copy of the monthly SF1219/1220 which was submitted by the Bureau for the month being reconciled and agree the total receipt amount per the SF1219/1220 to the TFMS reports noted in step 1 and 2.
8. Create a folder to track and document your reconciliation efforts by month. The folder must include copies of all reports(TFMS reports, SF1219/1220, Treasury Form 6653, Treasury Form 6652 and associated Monthly Deposit Ticket/Debit Voucher Support List), reconciliation spreadsheets, supporting documentation for reconciling items and written disposition of such items
9. Management review and supervision.
10. Points noted in management review are cleared.
11. File is stored for later reference and record keeping.