



BUREAU OF THE  
**Fiscal Service**  
U.S. DEPARTMENT OF THE TREASURY

# Funds Held Outside Of Treasury

Chad Morris and Margot Kaeser  
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The principal objectives of control of disbursements are to ensure that all disbursements are legal, proper, and correct and that all disbursements are accurately recorded, reported, and reconciled in a timely, efficient manner.

# Session Learning Objectives

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- Learn the definition of Funds Outside of Treasury (FHOT)
- Become familiar with statute and policies governing FHOT
- Understand when an FHOT may be needed
- Learn how to request an FHOT
- Learn about properly accounting for FHOT funds
- Learn how and when to properly report FHOT



# Statute and Policies Governing FHOT

- **31 U.S.C. § 3302**
- **I TFM 6-3200, Section 3220**



“Federal agencies receiving or holding public money from any source are statutorily required to deposit these funds into the U.S. Treasury, unless otherwise authorized by law. Except as otherwise provided by law, the Fiscal Service, as part of its mission, is the agency responsible for collecting, holding, disbursing, and accounting for public money on behalf of most Federal agencies. Consequently, Federal agencies generally may not hold public money outside of the U.S. Treasury and must deposit all public money into an account in the name of the U.S. Treasury....”

# Statute and Policies Governing FHOT

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- **31 U.S.C. § 3302**
- **I TFM 4A-3000, Section 30165,**

“A federal entity must have legal authority to hold funds outside of Treasury because an imprest fund is a fixed cash or petty cash fund in the form of currency or coin that has been advanced to a cashier as “Funds Held Outside of Treasury.” **Imprest funds are an exception to the general rule that federal entities receiving public money from any source are statutorily required to deposit these funds into the U.S.”**

# Statute and Policies Governing FHOT

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- **First**, in rare cases, a federal entity may have statutory authority to hold money without depositing it to the U.S. Treasury.
- **Second**, a federal entity may have implied authority to hold funds outside of Treasury if it has explicit statutory disbursing authority
- **Third**, a federal entity may obtain a delegation of disbursing authority from Treasury's CDO, if, for reasons of economy and efficiency, the CDO determines such a delegation would be appropriate."

# Statute and Policies Governing FHOT

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- **I TFM 4A-2000, Section 2050.20—Cash Advances**
- “It is the responsibility of grantor federal entities to monitor the cash management practices of their recipient organizations to ensure that federal cash is not maintained by them in excess of immediate disbursing needs. Federal entities must establish systems and procedures to assure that balances are maintained and commensurate with immediate disbursing needs, excess balances are promptly returned to the Treasury....”

# Statute and Policies Governing FHOT

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- **I TFM 4A-3000, Section 30140.20—Operating Account Balance Limitations**
- “All Accountable Officers must ensure the amount of foreign exchange purchased with U.S. dollars (together with the balance on hand) is commensurate with **immediate disbursing requirements, not to exceed a 5 to 7 business day supply,** in order to:
  - Minimize local currency operating bank balances,
  - Minimize losses due to rate devaluations, and
  - **Avoid premature drawdowns on the TGA.**”

# Statute and Policies Governing FHOT

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- ***31 USC § 3513***
- **I TFM 2-5100, Section 5130.10—Posting Agency Transactions to the USSGL**

“Agencies must post account transactions to the USSGL and must prepare an adjusted trial balance at least monthly to verify that debit and credit postings are equal and to validate the data. ”

# Statute and Policies Governing FHOT

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- **I TFM 2-3400, Section 3440.30—Federal Account Symbols Requirements**

“Entities use Treasury Account Symbols and Business Event Type Codes to report on cash and investments held outside of the U.S. Treasury and changes in non-federal securities. They submit data to the Treasury using the following Business Event Type Codes (BETCs):

- Funds Held Outside the Treasury, Credit – FHOTXC; Adjustment to Funds Held Outside the Treasury, Credit – FHOTXCAJ; Funds Held Outside the Treasury, Debit – FHOTXD; Adjustment to Funds Held Outside the Treasury, Debit – FHOTXDAJ are used to report cash held outside of the U.S. Treasury, for both budgetary accounts and deposit funds.....”

# Statute and Policies Governing FHOT

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- **I TFM 2-3400, Section 3445—Reconciling Cash and Investments Held Outside of the U.S. Treasury**

“ Each entity must do the following:

- Reconcile all transactions involving cash and investments held outside of the U.S. Treasury on a periodic basis, but no less frequently than quarterly, and
- Develop policies, systems, and operating procedures that ensure cash and investment activity reported on the entity's ATB and Statements of Transactions reported to Treasury, as applicable, reconcile with the entity's accounting records and related statements and reports received from financial institutions.”

# When would an FHOT be needed?

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- For reasons of economy and efficiency
- When the Federal entity needs an FHOT to support a specific program
- If Fiscal doesn't have the services available to support entity's program

# Requesting an FHOT

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As a preliminary matter, before a federal entity contemplates establishing an imprest fund, the federal entity should first:



- Discuss that option with Fiscal Service to determine if an alternative approach might be more suitable

# Requesting an FHOT

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- Submit written request to Linda Chero CDO and AC DDM with a cc to the Division Director of POD. Letter should:
  - Outline program FHOT will support and why FHOT is needed to support the program
  - Program's legal status (authority, statute)
  - TGA bank\* and location for the funds
  - How and who will be responsible for the control and reporting
  - Include a request, if needed, for a waiver to the 5-7 days of funds on hand, EFT [31 U.S.C. § 3332(f) and 31 CFR § 208.4
- Include a letter from the requesting entity's office of chief counsel that weighs in on legal status of program

\*A depository, a financial institution designated by the Department of the Treasury (Treasury) to hold public money and perform other services per 31 CFR 202.

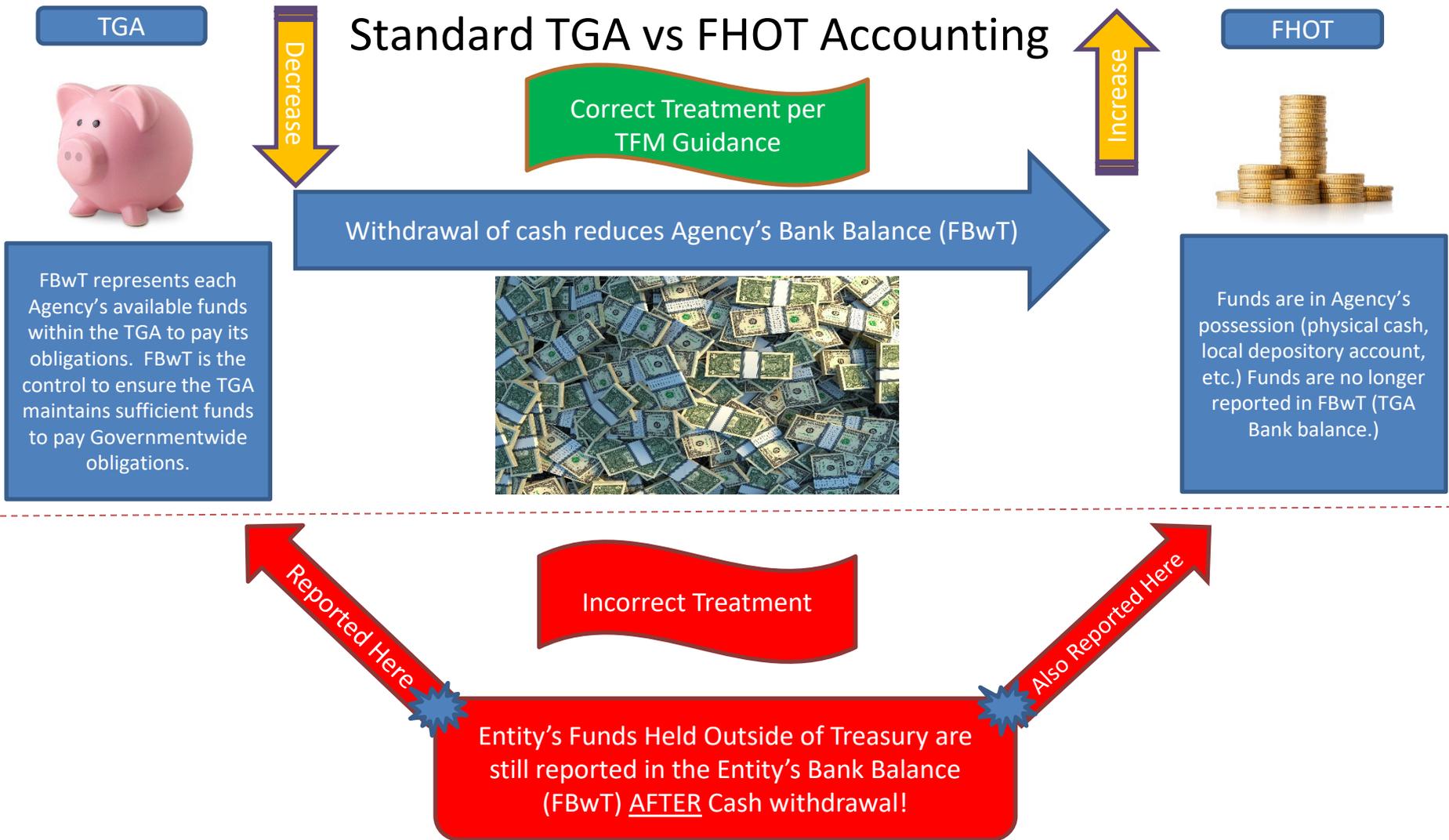
# Properly Accounting and Reporting FHOT

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- Funds are either IN the TGA or OUTSIDE the TGA
- Common scenarios with BETC detail can be found in TFM 2-3400 Appendix 1
- Proper reporting is validated by GTAS edits
- Reclassifications are often needed to ensure proper reporting

# Properly Accounting and Reporting FHOT





# Contact Information

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## **Primary Contact DDM Policy**

Name: Margot Kaeser

Title: Director, Policy and Oversight Division

Phone: 202-345-3680

Email: [margot.kaeser@fiscal.treasury.gov](mailto:margot.kaeser@fiscal.treasury.gov)

## **Primary Contact Fiscal Accounting**

Name: Chad Morris

Title: Manager, Cash Accounting Branch

Phone: 304-480-6848

Email: [chadwick.morris@fiscal.treasury.gov](mailto:chadwick.morris@fiscal.treasury.gov)