

DEPARTMENT OF THE TREASURY

OPERATING CIRCULAR

**RESPONSIBILITIES RELATING TO
NON-CREDIT REFORM BORROWING
ACCOUNTS**

Effective Date: July 1, 2014

**DEPARTMENT OF THE TREASURY
OPERATING CIRCULAR**

**RESPONSIBILITIES RELATING TO NON-CREDIT REFORM BORROWING
ACCOUNTS**

TABLE OF CONTENTS

Chapter 1000	General information	1
Section 1010	Purpose.....	1
Section 1015	Authorities.....	1
Section 1020	Applicability	1
Section 1025	Definitions.....	2
Chapter 2000	Responsibilities relating to the establishment of Non-Credit Reform Accounts for Program Agencies	6
Section 2010	Borrowing authority	6
Section 2015	Policies relating to MOUs between Treasury and Program Agencies.....	6
Section 2020	Obtaining an account identification code from OMB for each Non-Credit Reform Account.....	7
Section 2025	Establishing each Non-Credit Reform Account within Fiscal Service's central accounting and financial reporting system	7
Section 2030	Establishing each Non-Credit Reform Account within Fiscal Service's Federal Borrowings Program accounting system	8
Section 2035	Procedures relating to enrollment in CARS	9

Section 2040	Procedures relating to enrollment in the IPAC System.....	9
Chapter 3000	Responsibilities relating to requesting Advances from Treasury	10
Section 3010	Loaning funds to Non-Credit Reform Accounts from Treasury	10
Section 3015	Policies and procedures relating to borrowing as needed	10
Section 3020	Policies relating to Business Days	10
Section 3025	Policies relating to the investment of borrowed funds	11
Section 3030	Policies relating to advanced notification	11
Section 3035	Policies relating to disbursement notification.....	11
Section 3040	Policies relating to the determination of Interest Rates for Advances from Treasury	12
Section 3045	Policies and procedures relating to capitalized interest	12
Section 3050	Responsibilities, policies, and procedures relating to Advance transactions	12
Chapter 4000	Responsibilities relating to interest payments and Principal repayments to Treasury	14
Section 4010	Paying interest and repaying Principal to Treasury from Non-Credit Reform Accounts	14

Section 4015	Policies relating to Business Days	14
Section 4020	Procedures relating to the computation of interest on Advances from Treasury	15
Section 4025	Policies relating to Interest Payment Dates	16
Section 4030	Policies relating to early repayments of Principal	16
Section 4035	Policies and procedures relating to maturities	16
Section 4040	Policies and procedures relating to late payments	17
Section 4045	Responsibilities, policies, and procedures relating to interest payment transactions	17
Section 4050	Responsibilities, policies, and procedures relating to Principal repayment transactions	18
Chapter 5000	Accounting responsibilities relating to Non-Credit Reform Accounts	19
Section 5010	Accounting responsibilities.....	19
Section 5015	Fiscal Service’s monthly Federal Borrowings Program reports	19
Section 5020	Program Agency reconciliation responsibilities	19
Section 5025	Intragovernmental eliminations	20
Chapter 6000	Reporting responsibilities relating to Non-Credit Reform Accounts	21
Section 6010	Treasury's general reports	21

Section 6015 Responsibilities relating to specific reporting requirements.....	21
Chapter 7000 Miscellaneous provisions.....	22
Section 7010 Revisions to this Operating Circular.....	22
Section 7015 Contacts	22

**DEPARTMENT OF THE TREASURY
OPERATING CIRCULAR**

**RESPONSIBILITIES RELATING TO NON-CREDIT REFORM BORROWING
ACCOUNTS**

**Chapter 1000
General information**

Section 1010 Purpose

The purpose of this Operating Circular is to communicate the responsibilities, policies, and procedures that the Department of the Treasury (Treasury) has established for those federal agencies which have been granted authority by law to borrow funds from Treasury, other than federal agencies that borrow from Treasury under the Federal Credit Reform Act of 1990, as amended. The accounts of these federal agencies are referred to in this Operating Circular as “Non-Credit Reform Accounts.” This Operating Circular generally describes the responsibilities, policies, and procedures that Treasury and the federal agencies that have programmatic responsibility for the use of these borrowed funds have relating to these Non-Credit Reform Accounts. The federal agencies that have programmatic responsibility for the Non-Credit Reform Accounts are referred to in this Operating Circular as “Program Agencies.” This Operating Circular generally does not relate to repayable appropriations made to Program Agencies for their Non-Credit Reform Accounts.

Section 1015 Authorities

Many federal statutes have established special accounts in the Treasury of the United States, generally to serve as accounting devices for tracking the receipts and disbursements of the particular federal programs authorized by statutes. Certain of these statutes authorize Program Agencies to borrow from or issue obligations to Treasury and authorize Treasury to purchase such obligations as a means of effectuating an Advance to these Non-Credit Reform Accounts. Besides establishing the borrowing authority, the statutes often specify borrowing limitations, expiration of the borrowing authority, the purpose of the Non-Credit Reform Account, how the Interest Rate will be determined, and various other items that apply to that specific Non-Credit Reform Account. The governing language used in the statutes often varies among Non-Credit Reform Accounts. Program Agencies shall request Advances for their Non-Credit Reform Accounts only to the extent and in accordance with the terms and conditions prescribed by statute.

Section 1020 Applicability

Treasury will develop a separate Memorandum of Understanding (MOU) between Treasury and the Program Agency for each Non-Credit Reform Account to set forth the specific policies and procedures of Treasury regarding the particular Non-Credit Reform Account and

describe the respective responsibilities of Treasury and the Program Agency relating to the Non-Credit Reform Account. The provisions of this Operating Circular apply to such new Non-Credit Reform MOUs and govern:

- a) the establishment of Non-Credit Reform Accounts for Program Agencies (see Chapter 2000);
- b) the requesting of Advances from Treasury (see Chapter 3000);
- c) the payment of interest and repayment of Principal to Treasury (see Chapter 4000);
- d) the accounting responsibilities relating to Non-Credit Reform Accounts (see Chapter 5000); and,
- e) the financial reporting responsibilities relating to Non-Credit Reform Accounts (see Chapter 6000).

Treasury and the Program Agency for a particular Non-Credit Reform Account may agree to supplement or supersede the provisions of this Operating Circular by means of a written MOU between Treasury and the Program Agency.

Anywhere that the statute or the MOU directly conflicts with this Operating Circular, the statute or MOU will prevail.

No provisions of any agreements made between Treasury and the Program Agency or any Advances made under an agreement made between Treasury and the Program Agency may be amended, modified, supplemented, waived, discharged, or terminated orally. Any amendment, modification, supplement, or termination shall be mutually agreed upon by Treasury and the Program Agency and must be in writing in order to be effective. Either party to the agreement may make a request for an amendment, modification, supplement, waiver, or termination.

Any forbearance on the part of Treasury from enforcing any term or condition of this Operating Circular shall not be construed to be a waiver of such term or condition, or acquiescence by Treasury in any failure on the part of the Program Agency to comply with or satisfy such term or condition.

This Operating Circular does not apply to accounts that fall under the Federal Credit Reform Act of 1990, as amended.

Section 1025 Definitions

In this Operating Circular, unless the context indicates otherwise:

Advance means a borrowing of funds by the Program Agency from Treasury.

Agency Location Code (ALC) means the four-, or eight-digit symbol assigned by Treasury that uniquely identifies each agency that reports receipts and disbursements to Treasury. It is similar to a bank account number, and is used by Treasury to ensure correct financial reporting. One ALC may be used to report information for multiple government accounts.

Business Day means any day on which both Treasury and the Federal Reserve Bank (FRB) of New York are open for business.

Business Event Type Code (BETC) means a code that indicates the type of activity being reported (collection, disbursement, etc.). BETCs are used in combination with the Treasury Account Symbol to determine the transaction's effect on the Program Agency's fund balance with Treasury.

Central Accounting Reporting System (CARS) means the web-based front-end interface to Fiscal Service's central accounting and financial reporting system. Program Agencies will need to enroll in the BPD Module of CARS. Advance and repayment transactions will be submitted by Program Agencies through the Agency Transaction Module of CARS.

Expenditure Transfer means a movement of funds that involves an outlay of budgetary resources from one government account and a receipt or collection to another government account.

Fiscal Service means the United States Department of the Treasury's Bureau of the Fiscal Service.

Federal Borrowings Branch (FBB) means the branch within Fiscal Service that administers the Federal Borrowings Program on behalf of Treasury.

Federal Borrowings Program means Treasury's activities, policies, and procedures of loaning funds to Program Agencies that have legislative authority to borrow from Treasury for specific purposes.

General Fund Receipt Account means an account credited with all receipts not earmarked by law for a specific purpose. Interest is among the items credited to a General Fund Receipt Account.

Interest Payment Date means each of the particular dates on which the payment of interest is due.

Interest Rate means the annual percentage rate used to accrue interest on the Principal amount of Advances.

Intragovernmental Payment and Collections (IPAC) System means the web-based Fiscal Service application in which Program Agencies submit interest payments. The primary purpose

of the IPAC System is to provide a standardized interagency fund transfer mechanism for federal agencies. The IPAC System facilitates the intragovernmental transfer of funds, with descriptive data from one federal agency to another.

Late Charge means interest on any Overdue Amount, computed as set forth in Section 4040 of this Operating Circular.

Late Charge Rate means a rate which is equal to one and one-half times the rate to be determined by Treasury taking into consideration the prevailing market yield on the remaining maturity of the most recently auctioned 13-week United States Treasury bills.

Local Conditions means unforeseeable conditions beyond the control and without the fault of Treasury or the Program Agency, being: act of God, fire, flood, severe weather, epidemic, quarantine restriction, explosion, sabotage, act of war, act of terrorism, riot, civil commotion, lapse of the statutory authority of Treasury to raise cash through the issuance of Treasury debt instruments, disruption or failure of the Treasury electronic communication systems, closure of the federal government or any unforeseen or unscheduled closure or evacuation of the offices of Fiscal Service or the Program Agency.

Maturity Date means the date on which an Advance from Treasury becomes due and payable.

Memorandum of Understanding (MOU) means the borrowing agreement established between Treasury and the Program Agency that sets forth the terms and conditions of the Program Agency's Advances from Treasury.

Non-Credit Reform Account means an account for the Program Agency that does not fall under the Federal Credit Reform Act of 1990, as amended, which has been granted authority by law to borrow from Treasury.

Non-Expenditure Transfer means a movement of funds transacted through CARS that does not involve an outlay, but serves only to adjust amounts available in government accounts. Non-Expenditure Transfers do not appear in Treasury's reports or in the budget documents as receipts or expenditures.

OMB means the Office of Management and Budget in the Executive Office of the President.

Operating Circular means this Operating Circular dated as of July 1, 2014.

Overdue Amount means any payment of any amount owing to Treasury that is not made when and as due.

Principal means the nominal amount of an Advance and any capitalized interest.

Program Agency means, for a Non-Credit Reform Account, the federal agency that has

programmatic responsibility for the funds borrowed from Treasury.

Sub-Cohort means a breakdown of the account by project, program, or risk category.

Treasury Financial Manual (TFM) means the Department of the Treasury's official publication of policies, procedures, and instructions concerning financial management in the federal government.

Treasury means the United States Department of the Treasury, as well as the Secretary of the Treasury and/or the General Fund of the Treasury insofar as they relate to the Federal Borrowings Program.

Treasury Account Symbol (TAS) means the receipt, expenditure, appropriation, and other fund account symbols and titles as assigned by Treasury.

Chapter 2000

Responsibilities relating to the establishment of Non-Credit Reform Accounts for Program Agencies

Section 2010 Borrowing authority

Legal authority is required to allow the Program Agency to borrow from Treasury and for Treasury to loan to the Program Agency. Before exercising its borrowing authority, the Program Agency must contact OMB. OMB will help the Program Agency in, among other activities, setting up any financing and General Fund Receipt Accounts with the Fiscal Service. Fiscal Service, as well as other involved offices at Treasury, including the Fiscal Assistant Secretary and the Assistant Secretary of Financial Markets, will review the statute authorizing or requiring Treasury to loan funds to a Non-Credit Reform Account to ensure that the statute provides sufficient legal authority for Treasury, acting through Fiscal Service, to make Advances, as well as to determine the permitted Advances for the Non-Credit Reform Account and any restrictions or requirements that apply to the Advances. The review occurs either before or at the time the Program Agency requests account establishment within Fiscal Service's central accounting and financial reporting system, as described in Section 2025 of this Operating Circular. Upon completion of the review, Fiscal Service, other involved Treasury offices, and the Program Agency, will begin creating the MOU. Terms and conditions contained in the MOU will be based upon the specific requirements set forth in the statute authorizing borrowing from Treasury, and the responsibilities, policies, and procedures set forth within this Operating Circular.

The statute granting the Program Agency borrowing authority may contain limitations on the authority that the Program Agency is granted. The Program Agency is responsible for ensuring that no Advances are requested that exceed any borrowing limitations set forth in the statute. While Fiscal Service may also monitor any statutory borrowing limitations, the Program Agency must ensure full compliance before requesting Advances. The combined total amount of outstanding Advances from Treasury may not exceed the maximum amount authorized by law to be outstanding at any one time. Capitalized interest shall be included when determining the total amount of Advances outstanding.

If the statute granting the Program Agency borrowing authority contains language specifying a date as to when the Program Agency's borrowing authority expires, the Program Agency may not request Advances after such date.

Treasury offers a variety of funding options for Non-Credit Reform Accounts so long as they are within the authorities permitted by the statute granting the Program Agency's borrowing authority.

Section 2015 Policies relating to MOUs between Treasury and Program Agencies

The MOU between Treasury and the Program Agency for each Non-Credit Reform Account will memorialize the specific policies and procedures of Treasury regarding the

particular Non-Credit Reform Account and describe the respective responsibilities of Treasury and the Program Agency relating to the Non-Credit Reform Account. The MOU will incorporate this Operating Circular, as well as any requirements specified by the statute granting borrowing authority and any OMB circulars regarding federal credit such as OMB Circular No. A-129. Treasury and the Program Agency for a particular Non-Credit Reform Account may agree to supplement or supersede the provisions of this Operating Circular within the written MOU between Treasury and the Program Agency.

Treasury's policy is to require annual renewals of all MOUs on or before September 30, to be effective October 1 of the same calendar year. This allows Treasury and each Program Agency to review their MOU at least once per year to discuss any changes or updates, and to ensure that the terms and conditions remain current. The annual renewals will also allow the parties to discuss the practicability of structuring the MOU to meet Treasury's policies and procedures.

Section 2020 Obtaining an account identification code from OMB for each Non-Credit Reform Account

It is the responsibility of the Program Agency to contact its OMB representative to obtain an account identification code for the purpose of establishing the Non-Credit Reform Account within OMB's budget system. Program Agencies should refer to OMB Circular A-11 (Preparation, Submission, and Execution of the Budget), which may be found at http://www.whitehouse.gov/omb/circulars_all_current_year_all_toc, Section 79 (The Budget Data System), for directions on how to obtain an OMB account identification code for a new Non-Credit Reform Account. Fiscal Service will base the Treasury Account Symbol (TAS), as described in Section 2025 of this Operating Circular, on this OMB account identification code.

Section 2025 Establishing each Non-Credit Reform Account within Fiscal Service's central accounting and financial reporting system

It is the responsibility of the Program Agency to submit a letter to Fiscal Service requesting that the necessary TASs, including a General Fund Receipt Account number, be assigned for purposes of establishing the Non-Credit Reform Account within Fiscal Service's central accounting and financial reporting system. This occurs after OMB has assigned an account identification code to the Non-Credit Reform Account. Program Agencies should refer to the Treasury Financial Manual Volume I, Part 2 (Central Accounting and Reporting), Chapter 1500 (Description of Accounts relating to Financial Operations), which may be found at <http://tfm.fiscal.treasury.gov/v1/p2/c150.html>, for directions on how to obtain TASs, including General Fund Receipt Account numbers, for new Non-Credit Reform Accounts. The TASs, including General Fund Receipt Account numbers, are published in the Federal Accounts Symbols and Titles (FAST) book, which can be found at <http://www.fms.treas.gov/fastbook>. TFM Volume I, Part 2, Chapter 1500 also includes the address, telephone number, and fax number of the area within Fiscal Service to which letters requesting the assignment of a new TAS should be sent.

After Fiscal Service has assigned the necessary TASs, including a General Fund Receipt

Account number, to a new Non-Credit Reform Account, Fiscal Service will notify the Program Agency of the account symbols, the official account title, and reference the statutory authority for the account. This notice is referred to as the “Treasury Announcement”.

When the Program Agency requests a loan from Treasury to a Non-Credit Reform Account, the Advance transactions need to be segregated from the normal receipt and expenditure transactions of the Non-Credit Reform Account for purposes of Fiscal Service's central accounting and financial reporting system. It is the responsibility of the Program Agency in such circumstances to request Fiscal Service to assign subclass codes to the TAS for the Non-Credit Reform Account to capture the Advance data beyond the fund level. Program Agencies should refer to the TFM Volume I, Part 2 (Central Accounting and Reporting), Chapter 3300 (Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses), which may be found at <http://fm.fiscal.treasury.gov/v1/p2/c330.html>, particularly Section 3330.20 (Classifying Transactions Reported on FMS 224s, Section I), for directions on how to request subclass codes to report special transactions such as Advances. TFM Volume I, Part 2, Chapter 3300 also includes the address, telephone number, and fax number of the area within Fiscal Service to which requests for subclass codes for TASs should be sent.

After Fiscal Service has assigned subclass codes to the TAS for a Non-Credit Reform Account, Fiscal Service will prepare and send to the Program Agency a notice communicating the subclass codes for that account. This notice is referred to as a “Subclassification Authorization”.

Section 2030 Establishing each Non-Credit Reform Account within Fiscal Service’s Federal Borrowings Program accounting system

After Fiscal Service has assigned a TAS to a new Non-Credit Reform Account, it is the responsibility of the Program Agency to notify and request Fiscal Service to establish the Non-Credit Reform Account within Fiscal Service’s Federal Borrowings Program accounting system. This request should be delivered via email to Borrowings@bpd.treas.gov, and must include the TAS, General Fund Receipt Account number, and ALC assigned by Fiscal Service. The request should also include the names, email addresses, telephone numbers, and fax numbers of the Chief Financial Officer and any other necessary points of contact for the Program Agency.

When Fiscal Service and the other involved Treasury offices conclude that the Non-Credit Reform Account is authorized to receive Advances from Treasury, as described in Section 2010 of this Operating Circular, the Fiscal Service will establish the Non-Credit Reform Account within Fiscal Service’s Federal Borrowings Program accounting system that is distinctly identified by the TAS and title.

If the statute authorizing or requiring Treasury to loan funds to a Non-Credit Reform Account also establishes special reporting or accounting requirements for the account, such that Fiscal Service’s Federal Borrowings Program accounting system has to be modified or enhanced to accommodate the special reporting or accounting requirements, it is the responsibility of the Program Agency for the account to work with Fiscal Service to establish mutually acceptable arrangements for the modifications or enhancements.

Section 2035 Procedures relating to enrollment in CARS

To enroll in the CARS Authority Transactions Module (ATM), which allows Program Agencies access to the Agency user roles for Advance and repayment transactions, Program Agency representatives can visit the CARS homepage at <https://www.gwa.fms.treas.gov/gwa.html>. On the CARS logon page, there will be an “enroll” button. This will direct users to the Treasury User Provisioning System homepage where users will create Treasury Web Application Infrastructure (TWAI) IDs. Users are required to select the enrollment option and have the request routed to their supervisor for approval. It is important to note that users will not be able to enroll or make modifications to their access unless their supervisor is already enrolled. Users will also be required to establish answers for authentication questions in the event of forgotten passwords. Once the answers to these authentication questions are established, users may reset their own passwords by clicking on the “Forgot Password” link on the CARS logon page. Additional enrollment information may be found at <http://www.fms.treas.gov/cars/forms.html>. Program Agencies can also call the Treasury Support Center at (877) 440-9476 for additional assistance.

Section 2040 Procedures relating to enrollment in the IPAC System

To enroll in the IPAC System, users must first have an established TWAI ID, as described in Section 2035. A User Request Form, which can be found at <http://fms.treas.gov/ipac/gettingstarted.html>, will need to be completed and signed by the user's manager. Program Agency management will then forward the request form to the Program Agency representative responsible for providing systems access, known as the “agency administrator”. The agency administrator will then need to send the form to Fiscal Service. Once the form is received, Fiscal Service will send an email with further instructions to the employee requesting access.

Chapter 3000

Responsibilities relating to requesting Advances from Treasury

Section 3010 Loaning funds to Non-Credit Reform Accounts from Treasury

Subject to all of the applicable conditions specified herein, Fiscal Service shall approve each properly executed Advance transaction. Treasury shall be under no obligation to make any Advance unless and until all applicable conditions have been satisfied.

Treasury shall make each Advance by an internal transfer of funds from Treasury to the Non-Credit Reform Account of the Program Agency. For value received, Program Agencies will promise to pay Treasury such amounts as may be advanced from time to time by Treasury to the Program Agency. Subject to the restrictions in this Operating Circular describing certain circumstances under which an Advance requested by the Program Agency will be made on a later date, Treasury shall make each Advance on the date requested by the Program Agency.

In the event that Local Conditions prevent Fiscal Service from making an Advance on the date that the Advance is requested to be made by the Program Agency, then Fiscal Service shall make such Advance as soon as the Local Conditions cease to prevent Fiscal Service from making such Advance.

Program Agencies should establish contingency procedures for conducting Advance transactions with Fiscal Service in the event that the Program Agency offices are temporarily closed due to Local Conditions. Program Agencies are strongly encouraged to share such contingency plans with Fiscal Service.

Section 3015 Policies and procedures relating to borrowing as needed

Advances will be requested only at times and in amounts necessary to meet the immediate cash disbursing needs of the Program Agency. Immediate cash disbursement means disbursement within 60 calendar days of the Advance. Advances will be made from time to time by Treasury on an as needed basis to fund the Program Agency, as evidenced by an approved form of request from the administrator of the Program Agency (or other such authorized representative) as a Non-Expenditure Transfer transaction through the Agency Transaction Module of CARS. Requests for Advances will be made in accordance with the forms and procedures for warrant and Non-Expenditure Transfer transactions set forth in the TFM, Volume 1, Part 2, Chapter 2000 which can be found at <http://tfm.fiscal.treasury.gov/v1/p2/c200.html>.

Section 3020 Policies relating to Business Days

Whenever the date set forth in the “Effective Date” field within CARS for an Advance request falls on a day on which either Treasury or the Federal Reserve Bank (FRB) of New York

is not open for business, the requested Advance that would otherwise be made on such date shall be made on the next Business Day thereafter.

Section 3025 Policies relating to the investment of borrowed funds

Advances shall not be requested for investment purposes. If the Program Agency has both an Advance and an investment of funds on the same day with both maturing the following Business Day, Treasury will decrease the Interest Rate on the invested funds, to the extent that the invested funds do not exceed the amount of the Advance, so that the Interest Rate on the invested funds equals the Interest Rate on the Advance. If the Interest Rate on the invested funds is less than the Interest Rate on the Advance, the Interest Rate on the invested funds will not increase. This will be necessary to preclude any arbitrage profits. Generally, Program Agencies shall disinvest before requesting an Advance for their accounts.

Section 3030 Policies relating to advanced notification

Treasury requires advanced notification prior to the requested date for the Advance. The advanced notification must be received by Treasury in the form of an Advance transaction submitted through CARS on or before the third Business Day prior to the requested date for the Advance. If the advanced notification is not received on or before the third Business Day prior to the requested date for the Advance, then Fiscal Service will make the Advance as soon as practicable thereafter, but in any event not later than the third Business Day after the request for the Advance is received by Treasury. In the event that the Program Agency wishes to rescind a request for an Advance, email notification from the Program Agency containing the request for rescission must be received by Treasury prior to 3:00 p.m. (Eastern Time) on the Business Day immediately preceding the requested date for the Advance. Failure to notify Treasury of a rescission in a timely manner may result in a late fee if specified in the MOU.

Section 3035 Policies relating to disbursement notification

The Program Agency acknowledges that it must comply with all Treasury reporting requirements that apply to cash disbursements. As of the effective date of this Operating Circular, the reporting requirements are:

- A minimum of two Business Days advanced notice for cash disbursements totaling \$50 million up to \$500 million; and
- A minimum of five Business Days advanced notice for cash disbursements totaling \$500 million or more.

The current reporting requirements are set forth in the TFM Volume I, Part 6, Chapter 8500 which can be found at <http://tfm.fiscal.treasury.gov/v1/p2/c850.html>. These reporting requirements may be revised by Treasury from time to time. Program Agencies should confirm reporting requirements prior to any disbursement of funds.

Section 3040 Policies relating to the determination of Interest Rates for Advances from Treasury

Unless otherwise specified in the statute, the Interest Rate for each Advance shall be established by Treasury, on the basis of the determination of the Treasury yield curve as of the close of business (at or near the 3:30 p.m. Eastern Time trading day close) on the Business Day before disbursement.

Section 3045 Policies and procedures relating to capitalized interest

If the Program Agency is unable to pay interest on any Advance when it comes due, the Program Agency may borrow an amount equal to the interest due in order to make the interest payment on time. This amount will be reported as capitalized interest but shall be treated as an Advance and count toward the applicable statutory borrowing limitation. Capitalized interest shall accrue interest, and be subject to the same terms and conditions as other Advances requested by the Program Agency. Advances requested to pay interest shall be evidenced by a Non-Expenditure Transfer transaction effected through CARS, and the corresponding interest payment shall be made via the IPAC System.

Section 3050 Responsibilities, policies, and procedures relating to Advance transactions

Advance transactions will be accomplished using CARS. The Program Agency will prepare a Non-Expenditure Transfer transaction within CARS, which must include the following information:

- Transaction Date and Effective Date (both of these dates must be the same as the Requested Advance Date);
- The amount, which when added to outstanding amounts borrowed under the authorizing statute, does not cause the resulting sum to exceed any borrowing limitations set forth in statute;
- Interest Rate (if available);
- Maturity Date; and,
- Sub-Cohort (if applicable).

The effective date of Advance transactions submitted through CARS must not be a date that is earlier than the date the transaction is submitted through CARS; the effective date may be a date that is later than the date the transaction is submitted.

Depending on specific circumstances set forth in the statute or the MOU, additional information may be required to be included on the Non-Expenditure Transfer transaction in CARS. The Program Agency is responsible for ensuring that all of the required information on the Non-Expenditure Transfer transaction is correct. If all of the required information is entered correctly, Fiscal Service will approve the transaction in CARS. If the information is incorrect, the transaction will be rejected in CARS and Fiscal Service will contact the Program Agency to provide the reason for rejecting the transaction. All necessary corrections and/or changes specified by Fiscal Service must be made prior to resubmission of the transaction.

In the event that a same day Advance is needed, the Advance transaction must be certified by the Program Agency by 3:00 p.m. (Eastern Time) in order to be approved on the same day and to be reported in the accounting period of the same day. Fiscal Service will complete the internal transfer of funds to the Non-Credit Reform Account only after the Non-Expenditure Transfer transaction has been approved by Fiscal Service in CARS and the transaction has a status of posted to Fiscal Service's central accounting and reporting system. Same day Advance requests received after 3:00 p.m. (Eastern Time) will be rejected.

Chapter 4000

Responsibilities relating to interest payments and Principal repayments to Treasury

Section 4010 Paying interest and repaying Principal to Treasury from Non-Credit Reform Accounts

Subject to all of the applicable conditions specified herein, Fiscal Service will approve each properly executed interest payment and Principal repayment transaction.

Each payment of principal on an Advance made by the Program Agency shall be made when and as due, in immediately available funds, by an internal transfer of funds from the Non-Credit Reform Account to Treasury. This transfer shall be made using CARS.

The outstanding Principal amount of each Advance shall be due and payable on the Maturity Date for the respective Advance. When there are multiple outstanding Advances with the same Maturity Date, repayments of Principal will be applied against the Program Agency's outstanding Advances, on a first in, first out (FIFO) basis (i.e. payments shall be applied in sequence, first, to the earliest-made Advance outstanding at the time of repayment). Each payment made shall be applied, first, to the payment of Late Charges (if any), then to the payment of unpaid accrued interest, and then to outstanding Principal. Interest payments, as described in Section 4045 of this Operating Circular, with corresponding Principal repayments shall be submitted by the Program Agency and received by Fiscal Service on or before the date of Principal repayment. Principal repayments with corresponding interest payments due on the same date will not be approved by Fiscal Service in CARS until such time that the corresponding interest payment is received in the IPAC System.

In the event that Local Conditions prevent the Program Agency from making an interest payment or a Principal repayment of any amount owing under this Operating Circular when and as due, then the Program Agency shall make such interest payment or Principal repayment as soon as the Local Conditions cease to prevent the Program Agency from making such interest payment or Principal repayment. Late Charges, as defined in Section 4040 of this Operating Circular, will not be assessed for this period; however, interest will continue to accrue at the established Interest Rate.

Program Agencies should establish contingency procedures for conducting interest payment and Principal repayment transactions with Fiscal Service in the event that the Program Agency offices are temporarily closed due to Local Conditions. Program Agencies are strongly encouraged to share such contingency plans with Fiscal Service.

Section 4015 Policies relating to Business Days

Whenever an interest payment, maturity, or other scheduled payment date falls on a day on which either Treasury or the FRB of New York is not open for business, the payment that would otherwise be made on such date shall be made on the next Business Day thereafter. This

Section shall not change the Interest Payment Date, the computation of interest defined in Section 4020 of this Operating Circular, and shall not result in a Late Charge defined in Section 4040 of this Operating Circular.

Section 4020 Procedures relating to the computation of interest on Advances from Treasury

Unless otherwise specified in the statute, interest on Advances shall be computed on the basis of (1) actual days elapsed from (but not including) the date on which the respective Advance is made (for the first payment of interest due for the respective Advance) or the previous Interest Payment Date (for all other payments of interest due for the respective Advance), to (and including) the date of repayment (for the last payment of interest due for the respective Advance) or the next Interest Payment Date (for all other payments of interest due for the respective Advance) and (2) the actual days elapsed from (but not including) the previous Interest Payment Date to (and including) the next Interest Payment Date, such number being annualized by multiplying the result of 12 months in a year divided by the number of months in the interest payment period. The time component of the interest calculation is as follows:

$$T = AD / (PD \times (12 / M))$$

Where T = time.

And,

AD = actual days elapsed from (but not including) the date on which the respective Advance is made (for the first payment of interest due for the respective Advance) or the previous Interest Payment Date (for all other payments of interest due for the respective Advance), to (and including) the date of repayment (for the last payment of interest due for the respective Advance) or the next Interest Payment Date (for all other payments of interest due for the respective Advance).

And,

PD = actual days elapsed from (but not including) the previous Interest Payment Date to (and including) the next Interest Payment Date.

And,

M = months in interest payment period.

The amount of interest due is equal to the product of the Principal amount, the Interest Rate, and the time, as follows:

$$I = P \times R \times T$$

Where I = the amount of interest due, P = the Principal amount, R = the Interest Rate, and

T = time.

Section 4025 Policies relating to Interest Payment Dates

Unless otherwise specified in the statute, interest will be due and payable semi-annually on March 31 and September 30. Other Interest Payment Dates may be negotiated provided that the Program Agency can provide sufficient justification, although Treasury requires the interest payment frequency to be at a minimum annually.

Section 4030 Policies relating to early repayments of Principal

Unless otherwise specified in the statute, early repayments will be calculated at the market value (not par). Upon Treasury receiving at least five Business Days prior notice, the Program Agency may repay any Advance in whole or in part on any Business Day before the Maturity Date of the Advance. Early repayment of any Advance shall be at a price which would result in a yield on the amount prepaid, from (but not including) the date of the early repayment to (and including) the date of maturity, equal to the Treasury's new issue rate for issues of marketable Treasury securities with comparable maturities, computed by Treasury as of the close of business two days prior to the date of the early repayment using standard calculation methods of Treasury, plus accrued interest on the amount prepaid to (and including) the date of the early repayment.

If the interest payment corresponding with an early repayment of Principal is submitted by the Program Agency after the effective date of the early repayment transaction, the early repayment transaction will be rejected in CARS.

In the event that the Program Agency wishes to rescind a request for early repayment of Principal, email notification from the Program Agency containing the request for rescission must be received by Treasury prior to 3:00 p.m. (Eastern Time) two Business Days prior to the requested early repayment date. Failure to notify Treasury of a rescission in a timely manner may result in a fee as specified in the MOU.

Section 4035 Policies and procedures relating to maturities

Each Advance shall mature on the Maturity Date specified by the Program Agency in the respective Non-Expenditure Transfer transaction submitted through CARS requesting the Advance, provided that the Maturity Date selected by the Program Agency meets all criteria set forth in the statute and the MOU. Maturity Dates shall coincide with an Interest Payment Date and interest shall be due at maturity. If the Program Agency is unable to repay an Advance on the Maturity Date, the Program Agency may request an Advance from Treasury to repay the original Advance (payment borrowing Advance), so long as the Maturity Date specified by the Program Agency for the payment borrowing Advance meets all criteria set forth in the statute and the MOU. The Program Agency will immediately notify the Treasury if, at any point, it reasonably appears that the Program Agency will be unable to repay its outstanding obligations when they come due. The Program Agency will work closely with Treasury and OMB to obtain

an appropriation or other funding to satisfy its obligations in full.

Section 4040 Policies and procedures relating to late payments

In the event that any payment of any amount owing to Treasury becomes an Overdue Amount, then the amount payable shall be such Overdue Amount plus interest thereon computed as set forth below.

(1) The Late Charge shall accrue from the scheduled payment date for the Overdue Amount until the date on which payment is made.

(2) The Late Charge shall be computed on the basis of: (1) actual days elapsed from (but not including) the scheduled payment date for such Overdue Amount to (and including) the date on which the payment is made and (2) a 365 day year. Such that:

$AD / 365$

Where AD = actual days elapsed from (but not including) the scheduled payment date for such Overdue Amount to (and including) the date on which the payment is made.

(3) The Late Charge shall accrue at the Late Charge Rate.

(4) The initial Late Charge Rate shall be in effect until the earlier to occur of (A) the date on which payment of the Overdue Amount and the amount of the accrued Late Charge is made, or (B) that date which is 91 days after the scheduled payment date for such Overdue Amount. In the event that the Overdue Amount and the amount of the accrued Late Charge are not paid on or before that date which is 91 days after the scheduled payment date for such Overdue Amount, then the amount payable shall be the sum of the Overdue Amount and the amount of the accrued Late Charge, plus a Late Charge on such sum accruing at a new Late Charge Rate to be then determined in accordance with (3) above. For so long as any Overdue Amount remains unpaid, the Late Charge Rate shall be redetermined in accordance with the principles of (3) above at 91-day intervals from the scheduled payment date for such Overdue Amount, and shall be applied to the Overdue Amount and all amounts of the accrued Late Charge to the date on which payment of the Overdue Amount and all amounts of the accrued Late Charge is made.

Section 4045 Responsibilities, policies, and procedures relating to interest payment transactions

Payment of interest or other non-Principal amounts shall be made using the IPAC System. Interest payments shall be made to Treasury as cash payments and may not be made using any form of credits. Program Agencies will process an interest payment through the IPAC System and record the payment on the Statement of Transactions (224). The amount from the IPAC transaction is reported automatically to the General Fund Receipt Account on the Statement of Transactions (224) based on TAS and Business Event Type Code (BETC). Generally, each Non-Credit Reform Account has a separate and specific General Fund Receipt

Account established through Fiscal Service. The seven-digit General Fund Receipt Accounts for Program Agencies will generally start with 020 and are to be used as Treasury's TAS for the purpose of Expenditure Transfer transactions in the IPAC System. It is the responsibility of the Program Agency to enter the payment transactions into the IPAC System as well as to enter the correct ALCs, TASs, and BETCs. For guidance on how to submit IPAC transactions, Program Agencies should reference <http://fms.treas.gov/ipac/manuals.html>. Program Agencies can also forward questions to IPAC@stls.frb.gov or call the Fiscal Service help desk at (304) 480-7777.

Section 4050 Responsibilities, policies, and procedures relating to Principal repayment transactions

Principal repayment transactions will be accomplished using CARS. The Program Agency will prepare a Non-Expenditure Transfer transaction within the system, and will need to include the following information:

- Transaction Date and Effective Date (these must be the same date);
- Amount to be repaid;
- Interest Rate;
- Maturity Date; and,
- Sub-Cohort (if applicable).

The effective date of Principal repayment transactions submitted through CARS must not be a date that is earlier than the date the transaction is submitted through CARS; the effective date may be a date that is later than the date the transaction is submitted.

Depending on specific circumstances set forth in the statute or the MOU, additional information may be required to be included on the Non-Expenditure Transfer transaction in CARS. The Program Agency is responsible for ensuring that all of the required information on the Non-Expenditure Transfer transaction is correct. If all of the required information is entered correctly, Fiscal Service will approve the transaction in CARS. If the information is incorrect, the transaction will be rejected in CARS and Fiscal Service will contact the Program Agency to provide the reason for rejecting the transaction. All necessary corrections and/or changes specified by Fiscal Service must be made prior to resubmission of the transaction.

The transfer of funds for repayments of Principal must be certified by the Program Agency in CARS and interest payments must be entered by the Program Agency into the IPAC System by 3:00 p.m. (Eastern Time) on the date set forth in the Effective Date field within CARS in order to be approved on the same day and to be reported for the same day and in the accounting period of the same day. Transactions received after 3:00 p.m. (Eastern Time), will be approved on the following Business Day; will be reported for the following Business Day and in the accounting period of the following Business Day; and will be considered late.

Chapter 5000

Accounting responsibilities relating to Non-Credit Reform Accounts

Section 5010 Accounting responsibilities

Section 9105 of title 31 of the United States Code requires government agencies, which include Program Agencies for Non-Credit Reform Accounts, to, among other things, prepare financial statements covering all accounts and associated activities and have the financial statements audited.

Section 5015 Fiscal Service's monthly Federal Borrowings Program reports

Each month, Fiscal Service will post at <http://www.treasurydirect.gov/govt/reports/tbp/tbp.htm> a Detail Principal and Accrued Interest Balances Report for each TAS that has borrowed from Treasury as well as a General Ledger Balances Report that shows Fiscal Service's balances for Loans Receivable, Capitalized Interest Receivable, Interest Receivable, and Interest Revenue for each Program Agency that had a balance with Fiscal Service in any of those Standard General Ledger (SGL) accounts. The General Ledger Balances Report also displays Fiscal Service's balances for Gains and Losses with any Program Agency to which those SGL accounts apply. The Detail Principal and Accrued Interest Balances Report shows the Principal and accrued interest broken down by specific Advances and/or transactions. Program Agencies that do not have internet access may call Fiscal Service's Federal Borrowings Branch at (304) 480-7488 to obtain a copy of the report.

Section 5020 Program Agency reconciliation responsibilities

To ensure the integrity and accuracy of the financial reports and information that Fiscal Service obtains, Treasury requires Program Agencies to reconcile data on the account balances they maintain with the Treasury on a regular and recurring basis. Fiscal Service provides the Program Agency access to Fiscal Service's updated data, which can be found at <http://www.treasurydirect.gov/govt/reports/tbp/tbp.htm>, on a monthly basis about the account balances the Program Agency maintains with the Treasury through the CARS Account Statement.

Fiscal Service will make monthly Detail Principal and Accrued Interest Balances and Summary General Ledger Balances Reports available to Program Agencies. Program Agencies should use the balances from these reports for reconciling their CARS Account Statement. If Program Agencies have questions regarding reconciliation of these reports, they may call (304) 480-7488 or email Borrowings@bpd.treas.gov.

It is the responsibility of the Program Agency to post all account activity transactions that are reported to Fiscal Service to a corresponding account in the Program Agency's internal accounting system. It is also the responsibility of the Program Agency to reconcile its internal account balances with corresponding account balances in Fiscal Service's central accounting and

financial reporting system.

Section 5025 Intragovernmental eliminations

Program Agencies should refer to the TFM Volume I, Part 2 (Central Accounting and Reporting), Chapter 5100 (Reconciling fund Balance with Treasury Accounts), which may be found at <http://tfm.fiscal.treasury.gov/v1/p2/c510.html>, for guidance on how to reconcile their internal account balances with account balances in Fiscal Service's central accounting and financial reporting system. TFM Volume I, Part 2, Chapter 5100 also provides the address, telephone number, and fax number of the area within Fiscal Service to which questions on account reconciliation may be addressed.

Program Agencies are also required to reconcile intragovernmental transactions. OMB and Treasury require Program Agencies that borrow from Treasury to reconcile elements of their balances, including Loans Payable, Accrued Interest Payable, Capitalized Interest Payable, and Interest Expense. Following the close of each quarter, Fiscal Service submits balances of borrowing accounts, including Non-Credit Reform Accounts, to the Governmentwide Treasury Account Symbol Adjusted Trial Balance System. Quarterly, it is the responsibility of the Program Agency for a Non-Credit Reform Account to use the Governmentwide Treasury Adjusted Trial Balance System to reconcile and confirm account balances. If Program Agencies have questions regarding reconciling their intragovernmental transactions, they may call (304) 480-7488 or email Borrowings@bpd.treas.gov.

Additional guidance can be found in the following publications:

OMB Bulletin A-136 (Financial Reporting Requirements), which may be found at http://www.whitehouse.gov/sites/default/files/omb/assets/circulars/a136/a136_revised_2013.pdf.

TFM Bulletin No. 2013-04 Attachment 2 – Intragovernmental Transaction (IGT) Guide, which may be found at <http://tfm.fiscal.treasury.gov/v1/bull/13-04.pdf>.

Chapter 6000

Reporting responsibilities relating to Non-Credit Reform Accounts

Section 6010 Treasury's general reports

Section 3513 of the United States Code requires Treasury to prepare reports that will inform the President, Congress, and the public on the financial operations of the United States Government. In fulfillment of this mandate, Fiscal Service publishes the Daily and Monthly Treasury Statements of Receipts and Outlays of the United States Government, the quarterly Treasury Bulletin, and the annual Financial Report of the United States Government.

Section 6015 Responsibilities relating to specific reporting requirements

Treasury prepares and distributes a number of reports and statements, on the financial management and operations of the United States Government. To support this effort, Program Agencies are required to submit the financial information through the following systems to Fiscal Service:

- The Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS);
- The Governmentwide Fiduciary Report System (GFRS); and
- The Federal Agencies' Centralized Trial-Balance System (FACTS I).

Reporting requirements and instructions for these systems are found in the TFM Volume 1, Part 2, Chapter 4700 (Agency Reporting Requirements for the *Financial Report of the United States Government*), which may be found at <http://tfm.fiscal.treasury.gov/v1/p2/c470.html>. Program Agencies not reporting to GTAS during fiscal year 2014 will be required to complete additional reporting, not listed above, as outlined in TFM Volume 1, Part 2, Chapter 4700.

In addition, various statutes require Treasury to report annually to Congress on the financial condition and operations during the preceding fiscal year of particular Non-Credit Reform Accounts and on the expected conditions and operations of these accounts during a specified number of years in the future. In fulfillment of the mandate for publishing information on the financial condition and operations of the particular Non-Credit Reform Accounts during the preceding fiscal year, Fiscal Service will compile the information from its central accounting and financial reporting system, the Program Agency, and Fiscal Service, and publish the information annually in one of the issues of the quarterly Treasury Bulletin. The Treasury Bulletin may be found at <http://tfm.fiscal.treasury.gov/v1/bull.html>.

Chapter 7000 Miscellaneous Provisions

Section 7010 Revisions to this Operating Circular

This Operating Circular may be revised from time to time by Treasury. The text of this Operating Circular found at <http://www.treasurydirect.gov/govt/apps/tbp/tbp.htm> will be updated to reflect any revision of the Operating Circular on the effective date of that revision. When the Program Agency submits to Fiscal Service, after the effective date of a revision to this Operating Circular, a request for an Advance, that Program Agency is deemed to agree to all of the provisions of that revision to this Operating Circular unless the statute or its MOU with Treasury conflicts with a provision of this Operating Circular, in which case the statutory or MOU provision shall prevail.

Section 7015 Contacts

For Advances from Treasury, repayments to Treasury, and interest payments to Treasury:

Federal Borrowings Branch
Bureau of the Fiscal Service
Department of the Treasury
Parkersburg Warehouse & Operations Center Dock 1
257 Bosley Industrial Park Drive
Parkersburg, WV 26101
Telephone: 304-480-7488
Fax: 304-480-5277
E-mail: Borrowings@bpd.treas.gov
Web site: <http://www.treasurydirect.gov/govt/apps/tbp/tbp.htm>

For Non-Credit Reform Account transactions and accounts with subclass codes:

Budget Reports Division
Financial and Budget Reports Directorate
Government-Wide Accounting
Bureau of the Fiscal Service
Department of the Treasury
Prince George's Metro Center II, Room 518D
3700 East-West Highway
Hyattsville, MD 20782
Telephone: 202-874-9880

For Non-Credit Reform Account symbols and appropriations:

Budget and Appropriation Analysis Section
Budget Reports Division

Financial and Budget Reports Directorate
Government-Wide Accounting
Bureau of the Fiscal Service
Department of the Treasury
Prince George's Metro Center II, Room 5D07
3700 East-West Highway
Hyattsville, MD 20782
Telephone: 202-874-9950