



U.S. Department of Justice
Federal Bureau of Prisons

PROGRAM STATEMENT

OPI: FPI/FMB
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Cash Reporting and Reconciliation

/s/

Approved: Charles E. Samuels, Jr.
Director, Federal Bureau of Prisons

1. PURPOSE AND SCOPE

To establish guidelines and assign responsibility for recording cash transactions and reconciling the Federal Prison Industries (FPI) cash balance with the U.S. Department of the Treasury (Treasury).

FPI operates primarily on revenues generated from the sales of goods to other Government agencies rather than allocations from appropriated funds. These revenues are used for the Corporation's daily operation and are distributed in the form of salaries (inmate and staff) and vendor payments for purchasing goods and services. Therefore, FPI must manage its cash flow effectively through continuous and accurate reporting of cash transactions within FPI's financial information system.

Effective cash management depends upon the timely and accurate recording of information. Strict requirements have been developed to ensure cash transactions and availability are reported accurately to Corporate Management.

a. Summary of Changes

Policy Rescinded

P8534.07 Cash Reporting and Reconciliation – FPI (03/22/02)

- Changed references to "Millennium" to "Financial Information System."
- Added Centralized Accounts Receivable to Lexington, KY.

- Updated Treasury changes.

b. **Program Objectives.** The expected results of this program are:

- All FPI cash transactions will be recorded and reported accurately to maintain accountability.
- Guidelines will be established for reconciling cash within the financial information system and Treasury. FPI recorded cash balances with Treasury will be reconciled frequently.
- Guidelines will be established for disbursing cash in accordance with instructions received from Corporate Management.

2. FINANCIAL MANAGEMENT BRANCH (FMB) FINANCIAL MANAGER RESPONSIBILITIES

The Financial Manager in FMB is responsible for the following:

- Computing and reporting daily to the FPI Controller the amount of cash receipts and cash available for investment.
- Preparing the Corporate Weekly Cash Report to submit to the FPI Controller. This report, to be completed on the first workday of each week, must summarize the cash transactions for the prior week and present disbursing options for the upcoming week.
- Providing the Disbursement and Budget Officer the weekly authorized spending limit established by Corporate Management.

3. RECORDING TRANSACTIONS IMPACTING CASH

a. **Field Locations.** Field locations may **not** record transactions directly to any of FPI's cash accounts without authorization from the Deputy Controller. Any transactions affecting cash are processed as follows:

All payments are to be processed through the Accounts Payable module of FPI's integrated payment system, except civilian payroll. Inmate Payroll and billings received via the Reporting System (CARS) (includes Intra-governmental Payment and Collection [IPAC] transactions) are to be processed as "no-check" vouchers.

Locations with charge-backs for customer invoices must forward the applicable information to Lexington, Central Accounts Receivable (CAR) immediately for entry into the General Ledger.

Any receipts in the form of a Treasury check are to be forwarded to FPI's lockbox in accordance with the Program Statement **Central Accounts Receivable – FPI**; receipts in the form of commercial and personal checks are forwarded to Lexington, CAR.

Treasury checks issued and received by a vendor with erroneous information (wrong payee name with correct dollar amount, etc.) must be returned to the Financial Management Office, Central Disbursement, in accordance with the Program Statement **Check Cancellation – FPI**.

b. **Centralized Accounts Receivable.** The Deputy Controller, Financial Accounting and Budgeting (FAB) ensures that deposits are recorded into the financial information system daily. Depending upon the method in which funds are collected, the following accounts are used:

Checks	111000 Cash – Operating
IPAC Collections	111010 Cash – Receipts IPAC
Credit Card Collections	111020 Cash – Receipts Credit Card

c. **Financial Management Branch in Central Office.** FMB staff are to process the following transactions affecting cash:

- Inmate payroll, institution bills received via IPAC, and third-party draft payments are processed as “no-check” vouchers.
- Interest earned from investment securities purchased by the Treasury is recorded into the financial information system weekly.
- Civilian payroll must be processed in accordance with procedures in the Program Statement **Accounting Procedures for Civilian and Inmate Payrolls - FPI**.
- Treasury checks returned and reimbursements from vendors must be processed in accordance with procedures in the Program Statement **Check Cancellation – FPI**.

4. CASH RECONCILIATION

Accurate and prompt reporting of FPI’s cash balance is essential, since operations are financed by the sale of goods rather than allocations from appropriated funds. To ensure accuracy, cash reconciliation must be timely and frequent, and, under FPI’s integrated financial management system, it requires coordination between field locations, Central Office, and Lexington, CAR.

a. **Reconciling Transactions to the General Ledger.** Each location must ensure IPAC billings entered into the Accounts Payable module agree with all charges to the agency location code (ALC) and the Treasury Account Symbol and Business Event Type Code (TAS BETC), as reported by the Treasury.

All unidentified CARS disbursements Central Office receives must be reclassified to the correct ALC and TAS BETC by an IPAC correction in the same month received. However, if the unidentified charge remains at the end of the month, a Journal Voucher must be recorded to debit

General Ledger (GL) Account 299000, Other Liabilities and credit GL Account 111000, Cash. This entry must be reversed in the following month and returned to the originating agency's ALC and TAS BETC via CARS.

The Deputy Controller, FAB, ensures that all collection transactions entered into the financial information system are reconciled to related reports from external sources (i.e., Treasury check deposits agree with SF-215s from the Lockbox; IPAC collections agree with Treasury reports; Credit Card collections agree with Cash-Link reports).

Staff in FMB, Central Office, ensure that disbursements processed through the financial information system agree with ECS, Third Party Draft, and IPAC billing reports. Civilian payroll entries are reconciled to the NFC Abstract reports; the financial information system entries for income from investments must agree with reports from Treasury.

b. Reconciling the Cash Report. Each week Cash Management staff in FMB reconcile the Corporate Weekly Cash Report with amounts reported in the general ledger. Significant variances are corrected immediately; minor variances are corrected at least monthly.

c. Reconciling the General Ledger to FPI's Treasury Balance. At month's end, Corporate Reporting runs the account detail in the financial information system for accounts 110000 to 119999 to obtain the cash transactions for the current month. Transactions are sorted by type. This report is then compared to the Fund Balance With Treasury Account Statement in CARS. An additional comparison is made between the general ledger and the CARS Statement of Difference (SOD) module.

Statements of differences are to be corrected in the month they are received at the Central Office and at Lexington, CAR.

The Corporate Reporting Section, FMB, reports to Treasury, using CARS, all disbursements and any receipts made through the Central Office ALC. In addition, that section is responsible for reconciling the ending monthly cash balance for FPI with Treasury, using the Statement of Accounting transactions from CARS and the Statement of Differences (SOD).

5. WEEKLY SPENDING AUTHORIZATION

In FPI's financial management system, disbursements are made centrally. Before payment is made, the Disbursing and Budget Officer must submit a payment proposal in accordance with procedures established in the Program Statement **Accounts Payable, Internal Control Procedures, Prompt Payment and Processing Vendor Payments (FPI)**.

REFERENCES

Directives Referenced

- 8000.01 UNICOR Corporate Policies and Procedures (5/4/81)
- 8531.13 Central Accounts Receivable – FPI (4/22/10)
- 8532.07 Check Cancellation – FPI (8/7/01)
- 8532.08 Accounts Payable, Internal Control Procedures, Prompt Payment and Processing Vendor Payments (FPI) (3/15/02)
- 8570.01 Accounting Procedures for Civilian and Inmate Payrolls – FPI (6/25/01)

Other References

Treasury Financial Manual (TFM), Volume 1

ACA Standards

- American Correctional Association 4th Edition Standards for Adult Correctional Institutions: 4-4031, 4-4032, 4-4033, and 4-4034.
- American Correctional Association 4th Edition Standards for Adult Local Detention Facilities: 4-ALDF-7D-11

Records Retention Requirements

Requirements and retention guidance for records and information applicable to this program are available in the Records and Information Disposition Schedule (RIDS) system on Sallyport.