



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Foreign
Agricultural
Services

April 27, 2000

FMD-00-006

SUBJECT: Requirements and Procedures Pertaining to
Operating Advances

TO: Cooperators With Overseas Offices

1400
Independence Ave., SW
Stop 1042
Washington, DC
20250-1042

BACKGROUND

The Office of Inspector General recently conducted an audit of several USDA agencies to assess their implementation of prescribed cash management controls. Several general observations were made with regard to advances provided to nonprofit organizations (NPO's) under the FMD: 1) some NPO's did not maintain the funds in interest bearing accounts; and 2) some NPO=s did not return interest earned on the advance to the U.S. Treasury. The purpose of this notice is to clarify the requirements and procedures pertaining to operating advances made under the FMD.

POLICY:

- The FMD generally operates on a reimbursable basis. However, several cooperators with foreign offices supported with project funds have received revolving fund operating advances.
- Operating advances should be limited to the minimum amounts needed for normal operating requirements. The level of the operating advance must be reviewed annually to determine if it can be reduced.
- FMD cooperators must deposit and maintain operating advances in insured, interest-bearing accounts, unless such accounts are prohibited by law or custom of a host country.
- Any interest earned on an advance belongs to the U.S. Government. Interest earned should be

remitted in U.S. dollars directly to FAS as soon as a cumulative total of \$200 is credited by the bank, but in no case less than once annually as of each September 30. Make checks payable to the Treasurer of the United States and mail to the Marketing Operations Staff, FAS, USDA.

ACTION: This notice is effective May 1, 2000.

DENISE J. HUTTENLOCKER
Deputy Director
Marketing Operations Staff