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**Management of the financial resources and as regards the
contracting of financial agents: comparison between the Brazilian
government model and the American standard**

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1. Introduction

More and more the society pressures their governments for more efficiency and so that they accomplish the activities of the possible best way and at least cost. In this context, the government's financial administration takes over a fundamentally important role for the state operation.

Of the government's financial administration is expected an equal performance to that observed in the private sector, in other words, it is understood that to maximize the result of cash management is vital so much for companies' success as for the government's success.

In the figurative sense, the government's financial administration works of similar form to a big condominium. If it is much better to use the tools of contributions levies, that represents the resources entrance, of administration of the financial availabilities, that represents the flow of the available money, and, finally, of expenditures, about the expenses accomplishment form, then the financial result of the entity and associates' satisfaction will be better.

However, due to the process differences between public sector and the private sector, perhaps this is not the best comparison instrument, mostly because it is difficult to evaluate the development apprenticeship that determined government finds. In this way, the comparison between governments can be a more effective tool than comparison of governments to the private sector to represent the current form of management of the financial availabilities.

In this sense, the research objectified traces a relation among mechanisms used by the Brazilian government and by the American government. For, in the federal area, the research represents the tax collecting process, the financial resources management process and, finally, one of the expenditure processes, focused on the social security payments.

Besides the economic difference between Brazil and the United States, important and similar actions are observed in the financial management instruments improvement, including control and transparency of the public money. After the end of 1980s, both countries did significant changes in the process of financial administration, which provided great advances in the resources rationalization process.

That modernization process is continuing, with great impact projects being led nowadays, which demonstrates the interest of the two countries as improving continually the process of financial management, objectifying maximize results and to reduce costs.

The integration of the financial institutions to the process of financial management of the two countries presents different situations. In the United States the banks aggregate more specific procedures of financial intermediation to the process, perhaps because of the great quantity of existing entities in the country. In Brazil, the financial agents own an active role in the tax collecting and in the social security payments, perhaps because to the process of bank concentration started on the 1970s and of the banks territorial expansion process.

2. Brazil – federal government model of financial resource management

2.1. Economic context and the “*Conta Movimento*”

At the beginning of the 1980s, Brazil started to face difficulties due to the elevated external debts occurred in decades of 1960 and 1970, because the international finance market no longer kept the same resources flowing for the developing countries, besides the increase of the world interest rate.

The high interest rates and the difficulty rolling the accumulated debt provoked the phenomenon called black September (1982). According to Gremaud (1999, p. 270), the Polish and the Argentine insolvency, and the Mexican moratorium provoked the end of resources flow to the developing countries, which caused Brazil to resort to financial help of the International Monetary Fund – IMF.

The fiscal situation found by the IMF negotiators, according to Giambiagi (2001, p. 125), was terrible, especially with the elevated public deficit. The three main problems they found were that: the real value of this deficit is unknown, control instruments were absent from the public expenses, and the Keynesian ideas weighed dominant at that time.

The inflation, that at the beginning of decade was in 110.2% for year, it reached 235.1% for the year 1985 (Gremaud, 1999), which was the first year of the New Republic, as characterized by the return of a civil government. In 1986, the federal government launched the Plano Cruzado with the goal of controlling the inflationary growth, introducing new coin and setting prices, wages and exchange rate. In the same year, the federal government established the Plano Cruzadinho objectifying control consumption and the Cruzado II with focus on the control of the public deficit.

In 1987, the inflation went up, provoking prices and wages increase, while the country tried to reserve significant loss due to the debits in the Trade balance, which carried the government to announce the moratorium in the foreign debt payment in February, 1987 (Gremaud, 1999).

In this same year the Plano Bresser was launched, which caused new economic shock, with prices and wages new freezing, cambial devaluation, and reduction proposal of the

public deficit. In 1988, the annual inflation reached 1,037.6% for year, which carried to the country to a new economic plan: the Plano Verão.

Concerning the time political centralization model, that strengthened the federal government in detriment to the state and municipal districts Teixeira (1994, p. 9) points out that 1970s' economic growth, helped by external loans, confused the fragile model of valid public administration, that was mined with 1980s' crisis.

According to Albuquerque (2006, p. 54) and Giambiagi (2001, p. 115), in the middle of the 1980s the federal government cohabited with a budgets multiplicity represented by: the general budget of the Union, of Social Security, of the state owned companies, the monetary, and the debt account. Each one of these was approved by a different authority, which fact prevented the adequate visualization of the public accounts.

The general budget embraced the revenues and fiscal expenses, and it was the only debated and approved in the National Congress. The monetary brought the monetary and non-monetary control of the Union, which included the fomentation and cambial policies execution. According to Piscitelli (2003, p. 55), the monetary budget is “...*nothing more was than government's financial programming.*”

The existence of the monetary budget, according to Piscitelli (2003), contradicted the universalities principle observance when the Union fiscal budget was elaborated, and had for purpose “...*the payment means control of the monetary offer,*” contemplated, for example :

“Direct subsidies to the operations of product commercialization, like wheat, sugar and alcohol, to the policy of minimum prices, to the stocks regulators formation, as well as indirect subsidies linked in credit for priority sectors (agriculture, energy and export).”

These fomentation policies were performed by means of the instrument called “*Conta Movimento*”, kept on the Bank of Brazil, which was opened when the Central Bank of Brazil was created, by means of the Law 4.595/64, with the initial purpose of evening up the bank reserves between Bacen and BB.

According to Mendes (1996, p. 60), “*the exercise of the monetary authority was dual, divided between Central Bank and Bank of Brazil, this last through the "Conta Movimento" ...*”, and to the Bacen were attributed atypical functions, acting, for times, as funds and programs manager and fomentation bank, among another. The same understanding is given by Giambiagi (2001, p. 111), when it mentions that the “*Conta Movimento*” in BB made possible the simultaneous existence, in practice, of two monetary authorities.

That account, opened in March 1965, had transitory character, there would be until the definitive structuration of the Central Bank and should register only the debits and credits for services performed by BB due to Bacen. However, in practice, according to Giambiagi (2001, p. 113), that account proceeded to represent a kind of “*right to withdraw*” against Bacen, what, according to author, jeopardized the accomplishment of an adequate monetary programming, besides being a financing source.

In reason of their special characteristics, it was kept up to 1986, a period in which the relationship between BB and Bacen was performed, practically, by that instrument. For André de Lara Rezende, in a speech published in September 2006 by The Economist Magazine, that account and the monetary budget constituted a Brazilian institutional aberration.

Among the problems generated in consequence of this mechanism, according to Piscitelli (2003), stands out the deficit coverage lack generated in the monetary budget, which would explain the disordered process of monetary expansion and of public debts. To Giambiagi (2001), the account transformed in to a powerful instrument to inject or to contract liquidity in the national financial system.

This understanding is corroborated by Godoy (1998), in the work “*Brazil Treasury Securities: Analysis and proposals is further development*”, whose understanding belongs to that the monetary budget allowed the monetary expansion to finance Brazilian public deficit. To Canuto (2001), the result of that account was BC's Transformation in an instrument for expenses and subsidies of credit budgetary extra.

The integration between fiscal budget and the monetary budget had beginning in the budgetary proposal of 1986, submitted to the National Congress in 1985, when they were included part of the operations until then performed by Bank of Brazil and by Bacen on behalf of the National Treasury, referring to the fomentation operations.

Having in mind that the budgetary consolidation demanded the adaptation of several operational mechanisms, the unification process occurred gradually in the period of 1986 – 1990. The fiscal budget of 1988, approved by the Law 7632/87, hampered the creation or recognition of not foreseen expenses in the General Budget of the Union, including subsidies and other responsibilities of the National Treasury.

With the approval of the Federal Constitution, in 1988, the Union budget was completely integrated, contemplating the fiscal budget, of the social security budget and of the state owned company's investments budget. For Godoy (1998), this unification finished definitively with executive's possibility generates deficits without previous approval. According to Piscitelli (2003, p. 56), the process was completely concluded only from the budget of 1990, as it foreseen in CF88.

2.2. The management model and SIAFI system

In Albuquerque's understanding (2006), the Union financial resources centralization had their first actions in decade of 1930, when of the creation of bank accounts on the Bank of Brazil, with the purpose of sheltering government's federal transactions. In decade of 60, the unit of cash was present by means of the articles 56, of the Law 4.320/64, and 92, of the Decree-law 200/67.

In this context, up to 1986, according to STN (1999), the Federal Government cohabited with administrative problems that complicated the adequate administration of the public resources, as well as the preparation of the unified annual budget, with highlight for:

- ? Phase displacement in the accounting book-keeping – the lapse up to 45 days between month closing and the production of the budgetary demonstrative, financial or patrimonial, turned unviable the managerial use of the accounting information;
- ? Use of inadequate methods – most Unidades Gestoras¹ (UG) adopted manual procedures for control of the budgetary and financial availabilities;

¹ Unidade Gestora (UG) - Budgetary or administrative unit power lunge of managing budgetary and financial resources, own or under decentralization.

- ? Inconsistency of the used data – the utilization of many information sources, generated by the systems integration lack, caused the data incompatibility, plaguing the decisions; and
- ? Multiplicity of bank accounts – the existence of a great quantity of current accounts kept in the banks complicated the financial administration.

In complement, according to Giambiagi (2001), the non-existence of a joint accountability of the expenses turned the public account very confused and that there were no adequate instruments for planning and financial control.

With the goal of overcoming the pointed deficiencies and to supply the Federal Government with modern, computerized, secure and effective instruments for the public expenses control, able to generate reliable managerial information and in the adequate time, the National Treasury Secretary, created by means of the Decree 92.452, of March 10, 1986, idealized the Operating Account system and the model of the operating and managerial system, requesting its development to Serpro - Serviço Federal de Processamento de Dados².

The proposed model had as focus the Union cash unification, following the determinations contained in the Decree-law 200/67, in its article 92, with the goal of obtaining larger operational economy and to rationalize the payment financial programming execution.

To attend the referred Decree, the Executive published the Decree 92.452 that treats, in the Chapter I, of the unification of the financial resources of the National Treasury, as well as the general characteristics of its operation, attributing, until then, the resources centralization on the Bank of Brazil for posterior advance to the Central Bank.

According to Albuquerque (2006), the transfer of the Operating Account from BB to Bacen had as proposal, as well, finish with the institutional confusion until then existing between BB, Bacen and the National Treasury. This way, it would fit of the BB exercise agent's financial role of the National Treasury by means of previous allocation of budgetary resources, eliminating itself any possibility of indirect financing of the public expenses.

² Serpro – Serviço Federal de Processamento de Dados, public company entailed to the Finance Ministry, created by the Law 4.516/64.

This way, the closing process of the "*Conta Movimento*," occurred in the context of the new institutional arrangements implemented in 1986; it occurred by means of the freezing balance of the account of Bacen in BB, accomplishing itself the encounter of accounts between BB, Bacen and the National Treasury. The operations performed by BB, in the Treasury's name proceeded depending of the previous resources delivery and BB was authorized to perform typical operations of institutions of the financial system, stopping the function of monetary authority.

For Piscitelli (2003, p. 132), only in 1988, by means of the Normative Instruction 10, of September, 1988, by STN, the Operating Account of the National Treasury, in Bacen, were indeed institutionalized, with the purpose of receiving the financial availabilities of the Union.

The article 164, of the Federal Constitution of 1988, determined that the Union cash availabilities would be deposited on the Central Bank. This way, the financial resources kept in bank current account were gradually transferred to the Operating Account, finishing with the multiplicity of accounts in banks.

With the implementation of the Operating Account, all government's federal availabilities proceeded being kept in Bacen. This way, all the resources levied by the Union and its autarchies and public foundations are deposited and spent exclusively through that account of the National Treasury, whose regulation is made by the National Treasury Secretary, established by means of the Medida Provisória 2.170-36, of August 23, 2001.

According to the Normative Instruction 04/2004, of STN, and the 5th article of the Law 7.862/89 and MP 2.170/2001 that Secretary admits the existence of bank accounts just to attend existing particularities for the resources administration, and some need STN's previous authorization.

However, the accompaniment mechanisms of the financial institutions, instituted by the Bacen, allow identifying these availabilities kept outside of the Operating Account, with the goal of composing the resources base of the federal government. The STN also has legal authorization to request this information to the banks, because they are public resources.

In the case of the National Institute of Social Insurance - INSS, having in mind the existing regulation, until the final decade of 1990s the resources continued centralized in BB.

However, given the increasing negative results of the accounts of Social Service, the federal government decided, at the end of 1998, accomplishing to the recommendation 013/98, of September, 29, 1998, of the Control Commission and Fiscal Administration – CCF, also transfer INSS's Accounts for the Operating Account, registering the resources in a specific account.

The support system, denominated SIAFI – System Integrated of Financial Administration of the Federal Government, was implemented in January 1987, under assistance of the Normative Instructions of STN 022 and 024, of December 22 and 29, 1986, respectively (Piscitelli, 2003).

For Castro and Lima (2000, p. 79), “...with the goal of promoting the modernization and the systems integration of financial programming, of budgetary execution and of accountability...”, and with the main purpose of to process and to control the budgetary execution and the financial execution of the agencies of the federal direct public administration, of the autarchies, of the foundations and of the state owned companies that make part of the fiscal budget and/or in the budget of the social security.

In STN's understanding (1999), Siafi was developed with the purpose of attending to the goals:

- ? Standardize the procedures of the federal public administration, by means of adequate mechanisms to make possible the control of the budgetary, financial and accounting execution;
- ? Optimize the financial administration, allowing to hasten the financial programming and to optimize the resources utilization of the National Treasury;
- ? Control in the right time the budgetary and financial execution and to allow the public accounting offers managerial information and that is available to all the levels of the federal public administration; and
- ? Provide transparency to the public expenses.

Complementing the goals identified by STN, Castro and Lima (2000) suggests that SIAFI would allow the physical and financial accompaniment of the budget, in analytic level, the State and Municipal districts balancing consolidation, the national and external debt control, as well as the voluntary transfers.

It is a system that processes and controls the activities related with the Union's financial resources administration, which allows to centralize and to standardize the budgetary, financial, patrimonial and accounting execution. According to Albuquerque (2006, p. 325), SIAFI “...is the most important Federal government's instrument of the accompaniment and control of the budgetary, accounting and financial execution”.

Regarding the use modality of SIAFI by UG, it can be classified as total or partial. The total use occurs when the acts and facts processing of an agency occurs totally by SIAFI (Castro and Lima, 2000), comprehending the full utilization of the budgetary and financial procedures in the standard SIAFI, inclusive regarding the plan of accounts.

In the modality of partial use, that is just used for some entities of the indirect administration of the federal government, comprehends the financial control only of the resources made available through the General Budget of the Union – OGU.

Concerning the access to the system, SIAFI classifies on UG on-line and UG off-line. To UG interlinked on-line, according to STN (1999) is allowed the direct access to the system, so that they execute all its daily operations, like data entrance or several consultations, in real time. In UG's off-line case, according to Pires (1999), the access occurs in indirect form, and its information in the system is performed by other units.

SIAFI has, according to Castro and Lima (2000), its safety based on several principles and instruments that, for STN (1999), aim to discipline access and to assure the system and data integrity.

Among these mechanisms stand out the safety system, navigation and habilitation – PASSWORD, that allows the access authorization, in different levels and profiles, and the one of conformity, that comprehends the daily (checks the existence of skilled document for the accounting record), the accounting (if all the acts and facts were adequately registered) and the one of operators (confirm or disable unit users).

The access level – that varies from 1 to 9 – is attributed to each operator at the moment of his registration and indicates to which ones information will have access, and the most including levels only are conceded by the National Treasury Secretary's means.

According to Pires (1999), the acts of budgetary, financial management and/or patrimonial administration in SIAFI are performed by means of UG, and they are classified in UG Responsável - working programs accomplishment, UG Executora – administration acts and UG Setorial – make the execution acts functional supervision and are separated in budgetary, financial, accounting and auditing.

The data entrance in SIAFI, in other words, the acts and facts book-keeping accomplished by the public administration, it is made by means of constant documents of the system like the Nota de Dotação – ND (foreseen credits in OGU), the Nota de Empenho – NE (expenses implication), and the Bank Order of Payments – OB (commitments payment).

For the expenses accomplishment, STN decentralizes the resources or makes available financial limit for the Government sectorial financiers, which pass on to the subordinated units, only involving accounting record in SIAFI.

To transform the acts and administrative facts in automatic accounting records, SIAFI has an events' table that is used by UG, of standardized form all over the country, constituting, according to Castro and Lima (2000, p. 84), “*SIAFI's logical basis.*”

The events' table contemplates all the possible accounting records, preventing the entrance of inconsistent registrations in the System. From the information entrance, SIAFI performs all the appropriated accounting records, as well as the update in real time of the accounting demonstrative.

All available tools in the system SIAFI allow the federal government to register and to control the origin of all the available financial resources in the Operating Account in Bacen, as well as the destination given to these resources.

This way, despite the whole UG's money be in a unique account, each unit identifies clearly its part, in other words, allows visualizing analytically since the transactions of the smallest UG of the country until the global situation of the Union (Mello, 1998).

SIAFI's structure enables the integration with the various managerial systems, through the information change in the magnetic file. This way, SIAFI can receive and supply data among human resources and payroll management systems, management and patrimonial control, budgetary planning, stocks control, and tributes levies.

Considering the new model of the Federal Government's administration, defined by the Reform Plan Director of the State, STN understands that there will be a transition of an excessively bureaucratic model for a managerial model, corroborating the need to SIAFI's improvement, from the new concepts and functionalities incorporation.

In this context and aiming allow the assistance of these demands with efficiency, quality and in the adequate time, that Secretary began the modernization process with the Project SIAFI Century XXI, which contemplates not only the modernization but also the new Information System of the National Treasury.

At the same line, for STN understands that this Project will allow to attend with flexibility and efficiency to the new demands in the budgetary administration and financial management of the Federal Government, besides improving the rights and obligations control of the National Treasury, as well as to improve the public expenses transparency, considering that the new system will turn agiler the new functionalities implementation, managerial inclusive.

The new SIAFI will improve the information level of the Federal Government, so much under the budgetary focus, financial management, patrimonial administration, economic analysis, as of costs, in operational and managerial levels.

SIAFI, because of its magnitude and performance, awoke the interest of international entities, like the International Monetary Fund, and of some countries such as Mexico, Russia, China, Dominican Republic, among others. In 2006, according to Albuquerque (2006), the system was presented to the Organization of the United Nations as a success case in the control and transparency of the public expenses.

SIAFI is a system in constant evolution, having suffered, since its implantation, several adaptations and optimizations to keep itself up-to-date technically, accompanying the evolution of legal, conjoined and economic- financier order of the country, having as principle seek to attend better and better the needs to internal and external users. However, its larger highlight was the implantation, in September 1988, of the National Treasury Operating Account kept in Brazil's Central Bank.

2.3. Regulation

The systematic of centralization of the federal financial resources in the National Treasury Operating Account on the Central Bank is based in the disposed in article 164, of the Federal Constitution of 1988. However, there is a legal framework constituted by Medidas Provisórias, laws, decrees and normative instructions that regulate such definition.

Regarding the Medidas Provisórias, highlight for MP 2.170-36, of August 23, 2001, that discloses the cash resources administration of the National Treasury and MP 2.179-36, of August 24, 2001, that discloses the financial relationship between Union and Bacen.

Concerning the laws, highlight for the Law 9.027, of April 12, 1995, that regulates the availabilities remuneration of the National Treasury, and for the Law 4.320, March 17, 1964, that institutes the general rules for Union budget and balancing elaboration and control (art. 56).

Concerning the Decrees, highlight for the Decree 3.590, of September 06, 2000, that discloses the Federal System of Financial Administration, by the Decree 93.872, of December 23, 1986, of the cash resources unification of the National Treasury, by the Decree-law 1.755, of December 31, 1979, of the levies and restitution of federal revenues, and by the Decree-law 200, of February 25, 1967, of the Federal Administration organization (art. 92).

The main Normative Instruction concerning the subject is number 04, of August 30, 2004, of the National Treasury Secretary, about the operation of the Operating Account of the National Treasury.

2.4. The Central Bank and the Bank of Brazil role

Concerning the Operating Account, defined by the Federal Constitution of 1988, Bacen is the agent trustee of all government's Federal financial availabilities. Therefore, it competes to the Central Bank centralize the receipt and to manage the resources levied by the banks, keep the respective accounting records, as well as, register and to control, in specific account, the levies of the social security revenue.

In this context, Bacen receives financial resources of all the integrant financial institutions of the net collector, by means of the Brazilian Payments System, making the debit of the reserve accounts of all the involved banks and the credit to the account of the National Treasury and INSS.

The resources kept in Bacen are conciliated daily with the existing records close to SIAFI, to keep the perfect relation between both systems. Established by Law, Bacen calculates and gathers to the account of the Treasury, the corresponding value to the remuneration of the existing availabilities – see item 2.5, what constitutes an expense for the Central Bank and revenue for the Treasury.

Bacen also makes available for UG the possibility of financial application in daily or fixed term, whose revenue, in spite of continuing in the Operating Account, constitutes financial revenue of the unit and not general of the National Treasury.

Finally, it competes to the Bacen respect the payment orders of the National Treasury, arising of SIAFI, to make possible the accomplishment of the federal government financial obligations, making the accounting records in debit of the Operating Account and the credit in the banks addressees reserve, that then they accomplished the specified services such as pensioners payments, civil servants payments, judicial deposits, among other expenses.

The Bank of Brazil performs agent's financial role of the Operating Account, established by the Normative Instruction 4, besides taking part, in terms equality, of the Union revenues net collector and of the pensioners and civil servants payments.

Daily, Bank of Brazil receives by the National Treasury the analytic information of the payments to be performed for government's federal vendors and of Bacen the corresponding

financial resources in its bank reserve, which will be used to make the payments authorized by UG.

The Bank makes the payments conciliation; it verifies the information of the current accounts nominated for credit, certifies that the managers had formal authorization to make the payment and makes the credit to the favored in every bank, including BB.

Several are the payment modalities made daily by means of the bank orders of the National Treasury, involving payments in cash in BB's branch, credit in current account in the property BB and in other banks, shipments for the exterior, carriers payments of public services, funding for credit operations with budgetary resources of the Union, among others.

Daily the Bank change information with SIAFI, informing the payments eventually returned by several reasons and makes the resources correspondent transfer for the Operating Account in Bacen.

The Bank also is the authorized financial agent to keep agencies current account of the federal government, properly authorized by the legislation in force, rendering information, when asked by the control agencies, of all the active accounts kept in the institution.

In the same way that Bacen, Bank of Brazil also makes the remuneration of these resources, according to the valid legislation, making the amount withdrawal due to the National Treasury Operating Account – see item 2.5.

2.5. The resources remuneration

Regarding the financial resources kept in the Operating Account, the National Treasury receives Central Bank remuneration, which happens on the kept daily balance in that account, according to the definition contained in the Medida Provisória 2.179-36/2001.

The remuneration index corresponds to the arithmetic average rate of the profitability of the Internal Public Debt Securities of the National Treasury in the hands of Brazil's Central Bank.

The relative resource to the remuneration constitutes expense for Bacen and capital revenues for the National Treasury. In year of 2006, Bacen gathered the amount of R\$ 26,6 billion in the quality of remuneration to the Treasury, as illustrated below, extracted of the report of the result of National Treasury – December, 2006.




TABELA A.3 - RELACIONAMENTO TESOURO/BANCO CENTRAL (*)

R\$ milhões

	Dez2005	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez2006
I. RECEITAS ORÇUNDAS DO BACEN	12.206,9	2.687,9	7.353,6	3.760,9	14.840,6	8.268,0	41.246,1	29.637,3	10.769,1	17.349,5	22.489,1	12.239,2	16.253,8
I.1. Emissão de Títulos	8.480,2	0,0	8.469,8	0,0	12.334,4	8.188,8	39.396,3	19.289,3	9.971,2	14.824,1	20.829,2	9.838,2	16.890,8
I.2. Remuneração das Obrigações	3.717,8	2.070,0	3.797,2	2.010,0	2.419,0	2.979,0	1.797,7	1.029,4	1.084,4	2.901,4	1.794,0	2.262,7	2.597,8
I.3. Remuneração das Apto. Financeiras das Ugs	32,8	111,0	176,7	219,4	95,7	132,4	86,1	132,0	102,0	95,0	92,8	109,2	74,7
I.4. Resultado do Banco Central	0,0	0,0	0,0	1.004,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
II. DESPESAS NO BACEN	47.904,8	380,0	4.860,8	800,0	27.997,1	39.287,0	13.882,0	39.239,8	17.286,0	6.979,3	28.289,0	13.890,9	18.990,8
II.1. Resgate de Títulos	41.842,2	0,0	4.000,0	500,0	22.508,1	23.000,0	10.038,6	24.739,2	13.200,0	4.300,0	20.859,0	9.162,9	12.107,0
II.2. Resgate de CPMP	6.062,6	380,0	860,8	300,0	4.900,0	7.287,0	3.843,4	4.500,6	4.086,0	1.779,3	7.430,0	4.728,0	2.308,1
III. RESULTADO (I - II)	-35.697,9	2.307,9	2.492,8	2.960,9	-13.156,5	-22.019,0	27.407,1	-13.192,5	-6.516,9	11.370,2	-5.799,9	-1.651,7	-2.737,0

(*) Cada receita, sujeito a alteração.

In the availabilities kept outside the Operating Account, the financial institutions should remunerate the National Treasury, with base in the observed daily balances, to the average rate of the Special System of Sale and of Custody (Selic), like defined by means of the Law 9.027/95.

Bank of Brazil is the main financial institution trustee of these resources outside Bacen. The amount of these resources nowadays is residual regarding the amount of the Operating Account, and the BB gathered to the National Treasury, in 2006, in the quality of availabilities remuneration, the amount of R\$ 359 million, as report of Result of National Treasury (2006).

2.6. Considerations

According to Albuquerque (2006), the model implantation of the National Treasury Operating Account was an essential measure to optimize the Union resources administration, contributing, this way, for the costs reduction of the public debt.

It adds that the system allowed eliminating the great majority of the bank accounts, existing mostly on the Bank of Brazil, hastening the levies resources flow of the federal revenues for the Operating Account.

For Giambiagi (2001, p. 142), the cash centralization contributed the control mechanisms improvement, as well as to eliminate important focuses of public monetary waste.

It constituted considerable advance under the managerial point of view and of transparency of the public accounts. In Tavares' understanding (2004), the closing of the "*Conta Movimento*" was structured to "...prevent the inflationary financing of fiscal expenses not authorized by the National Congress."

For Pires (1999) and Feijó (2006), there was no prejudice in the local administration, because the processing centralization did not introduce any rigidity or restriction to the expense accomplishment by UG, considering itself that each one works with financial previously defined limits and kept the availabilities identification of each unit.

For Pires (1999), the centralization of the budgetary and financial execution brought benefits for the procedures regulation, jobs knowledge and execution sowing. Also improving the accounting functions, with focus in the reports analysis and control and managerial information, which were a creation specific objective of SIAFI.

On the other hand, the economist J. Carlos de Assis, in his article "March in the fiscal politics", it considers that it was a mistake closing the account "*Conta Movimento*". For him, the "*Conta Movimento*" was not inflationary, but the new system that replaced the account dry up money of the economy.

According to the article, the Bank of Brazil account was a partial imitation of the North American fiscal system, that presupposes the Treasury's eventual expense before the revenue effective receipt, considering that Assis called it "...an absolutely rational system...", pointing out that the expense is determined by the budget approved by the Congress.

Concerning the system of resources maintenance of the federal government exclusively in Bacen, there are opinion divergences regarding its pertinence. For Duarte (2004), that considers the subject polemic, the availabilities should continue under Bacen's monopoly, keeping the system of cash availabilities remuneration, under the argument that without that resources the due budgetary control is lost.

Also, Duarte goes beyond the current model, when he proposes that the applied availabilities in funds “extramercado” also be *‘monopolized’* by the Central Bank – today these resources are applied to the Bank of Brazil.

However, for Barbosa (2000), the centralization of these resources in Bacen imposes to that autarchy the need to include the levies movement and government's federal expenses in the control of the monetary base. Barbosa understands that the existence of the current account of the Treasury on the Bacen causes expansions or restrictions in the money market that carry the conflicting evaluations about the effectiveness and the opportunity of its existence.

In the same work, Barbosa (2000) cites positioning attributed Ogasavara, manifested in the work *“The account of the Treasury on the Central Bank”*, in which also suggests the sowing of the Treasury account among commercial banks, which would minimize Bacen's defensive intervention in the execution of the monetary politics. The control of the unified cash management should occur by means of computer science system and not by the grouping of the financial resources.

Still about the availabilities maintenance in Bacen, in Albuquerque (2006), the subject is treated as a negative aspect of the model, that finishes for carrying *“...some flow management difficulties of available resources in the economy”*, which demands the adoption of special measures do not affect the economy liquidity.

3. Brazil – federal government and the contracting of financial agents

Having in mind the territorial inclusion of the financial institutions, present largely of the Brazilian municipal districts, as well as the standardization process evolution of the services and of the systems, the Federal Revenue, the Social Security Revenue, as well as the INSS, not keep there own structure to perform the revenue levies services and benefit payments, respectively.

An exception to this system is the tributes levies performed directly by the National Treasury, through available mechanism close to SIAFI, by which the UG retains the tributes incidents on the value due to the government's federal vendors and makes the respective collection, like foreseen by the Decree 4.529/2002. However, this system is not available for the taxpayers to gather the tribute directly, without the utilization of a financial institution.

In this context, the annual negotiation with the banks occurs in Febraban – Brazilian Federation of the Banks³, where the service installment technical criteria, the remuneration terms, as well as the contractual terms are all defined. Eventual operational alterations during the year also are submitted to the banks by means of Febraban.

Concluding the negotiation process, each institution signs an individual contract with government agencies. All the banks that attend to the requisites established by the government legislation can make part of the revenues net collector and of benefits payment.

Nowadays, the Social Security Revenue relies on a net collector formed by 27 financial institutions and the Federal Revenue relies on 34, while the benefits net payer of INSS is formed by 31 banks.

The contract of these services by the Brazilian government is regulated by means of the Law 8.666/93, which define all the procedures and relative rules of the Union bidding and contracts process, besides eventual exceptions.

³ The Febraban, founded in 1967, is the main representative entity of the Brazilian bank sector, acting in the invigoration of the financial system and its relations with society, objectifying contribute for the economic and social development of the Country. It gathers 114 associated, of a total of 161 bank institutions (2005), which represent 94% from the system. (Febraban, Perfil Institucional, 2006, pg. 2).

For the levies and benefits payment, considering that the government defines the tariff value and the services standardization itself, the contract is accomplished based on article 25 of that law, given the fact that there is not competition.

With the Law 11.457, of March 16, 2007, the Brazil's Federal Revenue – RFB was created, more popularly known as the Super Revenue, which unifies the Federal Revenue and the Social Security Revenue. However, until the processes coalition occurs completely, old procedures remain valid.

3.1. Rendering of tax collecting services

The Union tax collecting is performed by means of three distinct instruments, defined by means of the article 109, of the Law 11.439, of December 29, 2006, that disclose the budgetary guidelines for 2007 - LDO, with formats and specific criteria as the use purpose. For each one of them there are the regulation rules sent by the respective managers.

DARF – Collecting Document of Federal Revenues is used to the levies of federal tributary revenues and has its rules defined by the Federal Revenue Secretary of the Finance Ministry. GPS – Document of Social Security Revenue is the instrument to levy social security contributions, being its use is still regulated by the Social Security Revenue Secretary of Social Security Ministry.

Finally, GRU – Union Collection Document, that is used to levy all the other Union revenues and is regulated by the National Treasury Secretary – STN, also entailed to the Finance Ministry.

The services rendered by the banks are regulated, in the case of the federal levies – DARF –, by means of the Portaria MF nº 479, December 29, 2000, SRF nº 26/09, September 20, 2001, SRF/CORAT nº 36, October 25, 2001 and SRF/CORAT/COTEC nº 38, October 20, 2001, by the Manual of Technical Specification of the Bank Automation - Version 12 and by the Service Rendering Contract.

In GPS's case, the assistance is by means of the Normative Instruction 03, July 14, 2005, of SRP and by the Service Rendering Contract. In treating itself GRU, the regulation is published by means of the Normative Instruction 03, February 12, 2004, of STN, by the

Decree 4.950, January 09, 2004, that disposes the revenue levies of agencies, funds, autarchies, foundations and too many integrant entities of the fiscal budgets and of the social security, and, finally, by the Service Rendering Contract.

In 2006, the revenues levies managed by the Federal Revenue reached the total amount of R\$ 378 billion, object of 89 million DARF welcomed, with an average value of R\$ 4.2 thousand for received document. The receipt of social security revenues reached the amount of R\$ 120 billion, involving the treatment of 93 million documents, with average of R\$ 1.3 thousand for received document.

The GRU was liable for the receipt of R\$ 84 billion, by means of 12 million documents, with an average of R\$ 7 thousand per document. Thus, the total levied by the three instruments reached R\$ 582 billion, while the documents quantity belonged to 194 million, what generates an order average of R\$ 3 thousand per levied.

In that year, both of the largest federal financial institutions - BB and Caixa – collected, together, 28.61% from the total resources levied by means of DARF and of 36.03% by GPS. In every system, the electronic levies represented 46.2% of DARF's and 49.8% of GPS received.

According to the normative existing and with the service rendering contract, the banks advance, in up to three days, the analytic information of the documents levied of the taxpayers for the processing centers of the federal government, which is conciliated with the resources reviewed to Bacen.

In DARF's case, the information is sent to Serpro, while GPS's data are sent to Dataprev (Empresa de Tecnologia e Informações da Previdência Social), witch is a public company entailed to Social Security Ministry, who was created by means of the Law 6.125/74.

The financial institutions are paid by means of tariffs and float. The top for the receipt tariffs of DARF are defined by means of the Decree 2.920, of December 30, 1998, that foresees the payment of R\$ 1.39 to the transactions performed in cashier window and R\$ 0.60 to the transactions performed in electronic process.

The same landing is foreseen for GPS; however the tariffs are regulated by the Decree 3.635, of October 18, 2000. Yet for GRU is not foreseen the tariffs payment.

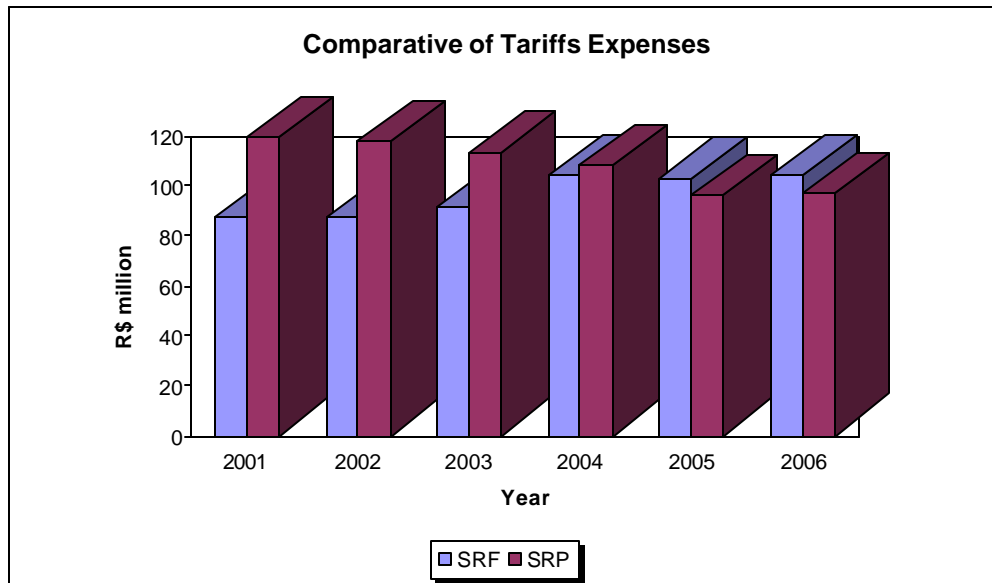
Besides the tariffs, by the valid rules, the resources remain for a business day with the collector agents, what characterizes, as well, remuneration to the banks. Accomplished the period of float, the levied resources are transferred to the National Treasury Operating Account in Bacen (see item 2.2). In GRU's case, which has only Bank of Brazil as agent collector and is not paid with tariff, the resources are reviewed in two business days.

In the period from 2001 to 2006, the bank's Union expenses with the tax collecting managed by SRF, they grew 20.76%, due to the quantity elevation of DARF levied by the system, reaching R\$ 104 million that year. Considering that they received 89 million DARF in 2006, the average tariff was in about R\$ 1.17 per document levied by the Federal Revenue.

In Social Service's case, at the same period, there was a fall of expenditures, of the order of 25.87%, due to INSS's effort and of the National Treasury's effort in the meaning of reducing the costs of that autarchy, relying on Febraban's partnership in the meaning of conceding rebates on the value of the monthly invoices. With that movement, the expenses fell and reached, in the last year, the volume of R\$ 96.7 billion.

Considering that they received 93 million GPS, the average tariff, in 2006, belonged to the order of R\$ 1.04 per levied document, about 11% smaller than that of the Federal Revenue. The picture below demonstrates the annual expenses with tariffs, in the period from 2001 to 2006, accomplished by the Federal Revenue and by the Social Security Revenue. The average tariff between both institutions reached R\$ 1.11 per levied document, equivalent to \$.52⁴.

⁴ Dollar quotation in December, 29, 2006 = R\$ 2,13 (Central Bank of Brazil).



3.2. Payment of social benefit services

The benefits payment is regulated, mostly, by the Laws 8.212, which addresses the organization of the Social Security and institutes the costing respective plan, and 8.213, that addresses the Benefits Plans of Social Security, both published of July 24, 1991. Also by the Decree 3.048, of May 06, 1999, that approves Social Security's Regulation.

In 2006, Social Security Ministry, by means of INSS, made the order benefits payment of R\$ 159 billion, closing the year with about 24 million beneficiaries who receive pensions and retirements, exclusively by means of the bank net.

Besides the benefits payment, for which are the banks emit and deliver the payment card, the bank net also renders the services related to annual confirmation of life of the secured and of the Social Security Census, that aims to update the cadastral data for the Social Service.

According to year's data of 2006, of Febraban, considering that they were accomplished 291 million payments by means of the banks, the average salary per benefit payment reached the value of R\$ 547.00. From the total of made payments, 36.8% were performed by means of credit in beneficiaries' current account, which is considering a modality of electronic payment.

BB and Caixa are responsible for the payment of 39.4% of the whole system, representing more than 9 million attended pensioners every month by the agencies, ATM and correspondents. The picture below demonstrates the benefits main payers, in 2006.

INSS - PAGAMENTO DE BENEFÍCIOS - MERCADO - QUANTIDADE														
2006 MÊS	BANCO BRASIL		CAIXA FEDERAL		BRADESCO		HSBC		ITAÚ		DEMAIS		TOTAL	
	QTDE	%	QTDE	%	QTDE	%	QTDE	%	QTDE	%	QTDE	%	QTDE	%
Janeiro	5.863.172	24,45	3.521.495	14,69	4.410.594	18,39	1.139.811	4,75	2.580.889	10,76	6.461.557	26,95	23.977.518	100,00
Fevereiro	5.848.920	24,03	3.515.823	14,45	4.404.869	18,10	1.134.377	4,66	2.575.655	10,58	6.855.586	28,17	24.335.230	100,00
Março	5.916.229	24,34	3.539.983	14,57	4.425.157	18,21	1.144.348	4,71	2.600.152	10,70	6.678.342	27,48	24.304.211	100,00
Abril	5.898.405	24,38	3.528.836	14,59	4.413.113	18,24	1.134.878	4,69	2.589.213	10,70	6.627.525	27,40	24.191.970	100,00
Maió	5.963.658	24,55	3.551.685	14,62	4.423.368	18,21	1.135.657	4,67	2.596.527	10,69	6.623.603	27,26	24.294.498	100,00
Junho	5.927.043	24,45	3.558.475	14,68	4.611.311	19,03	1.132.792	4,67	2.602.931	10,74	6.405.182	26,43	24.237.734	100,00
Julho	5.990.872	24,50	3.605.127	14,74	4.626.324	18,92	1.144.413	4,68	2.634.265	10,77	6.455.396	26,40	24.456.397	100,00
Agosto	5.969.025	24,31	3.675.205	14,97	4.668.722	19,02	1.151.730	4,69	2.655.122	10,82	6.429.240	26,19	24.549.044	100,00
Setembro	6.018.818	24,40	3.729.212	15,12	4.694.353	19,03	1.157.682	4,69	2.663.726	10,80	6.404.890	25,96	24.668.681	100,00
Outubro	6.027.361	26,44	3.855.073	16,91	4.709.643	20,66	1.150.417	5,05	2.654.297	11,64	4.403.551	19,31	22.800.342	100,00
Novembro	6.099.547	24,56	3.932.801	15,84	4.807.602	19,36	1.145.771	4,61	2.484.833	10,01	6.364.927	25,63	24.835.481	100,00
Dezembro	6.054.188	24,28	3.990.982	16,01	4.822.621	19,34	1.143.502	4,59	2.658.874	10,66	6.261.426	25,11	24.931.593	100,00
	71.577.238	24,55	44.004.697	15,09	55.017.677	18,87	13.715.378	4,70	31.296.484	10,73	75.971.225	26,05	291.582.699	100,00

Source: Febraban

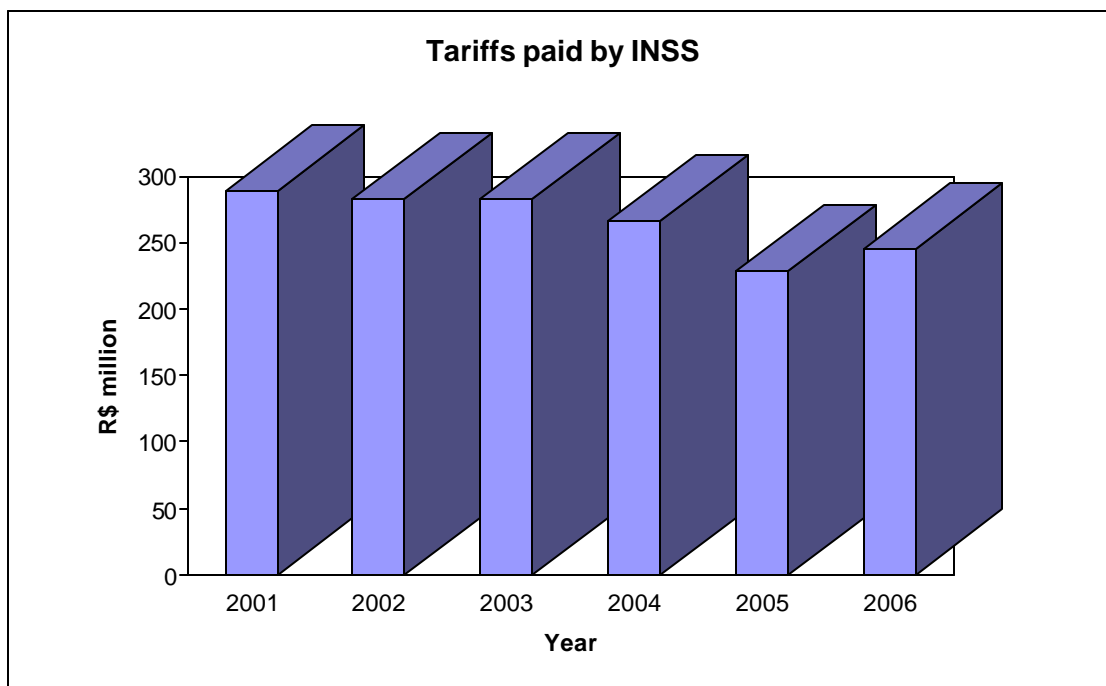
The valid normative and the service rendering contract define the information form and period of advance on the payments made to the beneficiaries, which are sent to Dataprev. In the benefits case not paid for any reason, besides the information, the banks return the resources for the Treasury Operating Account, in the foreseen contractual term.

As in the revenues levies, the financial institutions also are paid by means of tariffs and floating. The tariffs for benefits payment of INSS are defined by means of the Decree 3.635, of October 18, 2000, that defines the due maximum value in modality function in which the benefit is paid to the favored.

It addresses previous Decree that will be paid R\$ 0.30 to the credit account modality, R\$ 0.74 to payments in cashier window, R\$ 1.07 to payment cards, R\$ 2.20 when performed in special agencies and R\$ 4.05 to the eventual payments of benefits – PAB. Just for the payments performed in special agencies, the value charged nowadays by the banks (R\$ 1.98) does not reach the limit established by the referred Decree.

The INSS's expense of bank tariffs in order to make the payment of the social benefits, in the period from 2001 to 2006, had a reduction of 15.3 %. This reduction is due to the efforts undertaken by the federal government and by Febraban to minimize Social Service's expenses, relying on rebates in the total values of annual tariffs due to each bank.

For the accomplishment of this service, INSS spent, in 2006, the total of R\$ 244.8 million. Considering that they were performed 291 million payments of social benefits, the average tariff reaches the amount of R\$ 0.84 per benefit paid, equivalent to \$ 0.39⁵. The picture below presents the tariffs amount paid by INSS, in the period from 2001 to 2006.



⁵ Dollar quotation in December, 29, 2006 = R\$ 2,13 (Central Bank of Brazil).

4. United States – federal government model of financial resource management

4.1. The management model

The Financial Management Service (FMS) manages the government's disbursement and collection systems, provides central accounting and financial reporting for the government as a whole, and provides guidance to federal program agencies in cash management, credit administration, debt collection, accounting systems, investment management, and the use of technology in financial activities.

The evolution of FMS and its predecessor organizations, such as the Bureau of Accounts and Deposits (later renamed Bureau of Accounts) and the Bureau of Public Debt, must be seen in context of the growth and ever increasing complexity of America's financial system over the course of two centuries.

The U.S. Treasury Department was created by an Act of Congress on September 2, 1789. The Congress directed the Treasury to provide for the collection, safeguarding, and disbursement of public money, and to maintain a system to account for the government's collections and payments. Individual departments and independent agencies conducted most disbursing functions without Treasury oversight. Most federal payment functions remained decentralized until 1933.

In 1940, Congress approved a reorganization plan which created Treasury Department's Fiscal Service with three components: Bureau of Accounts, Bureau of Public Debt, and the Office of Treasury of United States.

For the Department of Treasury, a new era began in January 1974 when a Fiscal Service reorganization plan established the Bureau of Government Financial Operations (BGFO) and merged all of the Bureau of Accounts' functions under the new bureau. BGFO also assumed most functions of Office of Treasury, except those performed by now defunct Cash Division.

In 1984, BGFO was renamed FMS. Through the application of sound cash management practices and increased utilization of automated payments, collections, and

accounting and reporting systems, the old Bureau of Government Financial Operations evolved to the government's central financial manager.

However, big transformations in financial management occurred from the National Performance Review (NPR), launched in 1993, in the project context “*Creating a Government that Works Better and Costs Less*”. The program was made of thirteen great working fronts to improve the financial administration, five fronts to build a strong financial management infrastructure and eight fronts acting to adopt good business practices. The estimate was that the government would save about US\$ 350 million after the measures implementation.

Relative to the financial management, one of the activities (FM01) called Accelerate Issuance of Federal Accounting Standards, came from the diagnosis that “*The federal government is the only major entity in the United States operating without generally accepted accounting standard. This is so despite repeated legislative requirements for standards and numerous unsuccessful efforts by both executive and legislative branches to develop standards, agree on them, and implement them*” (NPR 1993).

According to report, The Office of Management and Budget (OMB), the General Accounting Office (GAO) and the Department of Treasury never reached agreement on accounting standards, so “... *agencies accounting procedures and systems have consequently evolved unevenly and inconsistently over years, contributing to the financial management problems that exist today*” (NPR 1993).

To solve these deficiencies three great actions were proposed, as specified below, aligned to the future's vision that “*The public deserves a clear, concise, accurate financial accounting of the nation's books*” (NPR 1993):

- ? Issue a comprehensive set of federal financial accounting standards;
- ? Create an independent federal financial accounting standards board with power to develop, publish, and interpret accounting principles and standards for the federal government, if a comprehensive set of accounting standards is not issued; and
- ? Dedicate staff to the Federal Accounting Standards Advisory Board (FASAB) to develop a high-level set of cost accounting standards.

Another working front (FM03) called “Fully Integrate Budget, Financial and Program Information”, came from the verification that:

“Financial and program managers must be accountable for program results and fiscally responsible for their resources. They must be able to provide information that is essential to monitor budgets and operating performance, support good financial stewardship, and prevent waste or fraud. To meet these needs, financial systems must process, track, and provide accurate, timely, internally consistent, and readily accessible information on financial activity in most cost-effective and efficient manner” (NPR 1993).

To the program, Government financial systems should provide basic accounting functions for accurately recording and reporting financial transactions. They should also be a basic vehicle for the integrated budget, financial, and program information that managers will use to make decisions on their programs.

Financial management systems must reflect how the federal government seeks to manage its activities, and must support these activities through integration of program functions and the use of current technology.

According to NPR, serious financial management system problems have been reported by audits and by agencies themselves. In the report, OMB’s 1992 agency inventory of 878 agency financial systems reveals some stunning facts about condition of federal financial systems, of which over 30% of these systems are over 10 years old and in over 18%, age could not be established with certainty.

In this context, they proposed five actions, as specified below:

- ? Ensure that agency financial systems are in compliance with revised OMB Circular A-127;
- ? Establish an innovation fund for financial systems development;
- ? Provide interagency funding mechanisms for joint development financial systems projects;

- ? Establish a clearinghouse of financial systems applications, cross-servicing, and best practices; and
- ? Dedicate a core of financial systems personnel to develop cost accounting systems requirements.

To the Treasury, FMS strives to continually improve the government's performance by managing financial infrastructure in support of federal agencies. The Service employs many advanced technologies that were in their infancy or non-existent recently when BGFO was established. FMS is continuing to improve its products and services through initiatives such as Electronic Funds Transfer, Treasury Offset Program, Electronic Federal Tax Payment System, and various electronic commerce initiatives.

The financial resources of the Treasury are kept in a bank account close to the FED, who acts as the American government's banker (see item 4.3). Thus, all the resources levied by the government agencies, as well as her accomplished payments, are centralized and managed in this account.

According to the Treasury cash flow, the Federal Reserve, since 1978, can invest the Treasury's excess resources – Treasury Investment Program (TIP) – in private financial institutions authorized to take part in the Treasury Tax and Loan Service (TT&L). The applications are performed daily, obeying the entrances and exit resources chronogram of the Treasury account.

Financial institutions that agree to establish a Main account retain federal tax payments collected from their corporate customers. In addition, these financial institutions may choose to participate in receiving additional funds from Treasury in form of Direct or Dynamic Investments. A financial institution agrees to pay interest to the Treasury for the use of these funds (see item 4.4).

According to the FED, these institutions have three classifications, as below:

- ? *Collector* - A financial institution that accepts electronic and/or paper tax payments from its corporate customers. The amount of paper tax deposits collected by institution is withdrawn from the financial institution's Reserve

account for deposit to the Treasury's account on the business day that the Federal Reserves Bank receives AOC information supporting deposits;

- ? *Retainers* - A financial institution that accepts electronic and/or paper tax payments from its corporate customers. Retainers may retain tax deposits depending on their balance limit, collateral value and account balance. All investments in Retainer's TT&L account must be fully collateralized, and the institutions pay interest to the Treasury for use of the funds; and

- ? *Investors* – Financial institutions that may retain a portion of tax deposits received through electronic and/or paper tax payments and/or accept funds from the Treasury, via Direct Investments, Dynamic Investments or Special Direct Investments. All investments in an Investor's TT&L account must be fully collateralized, and the institutions pay interest to the Treasury for use of the funds.

The government uses several systems to help the accounting, financial and budgetary administration, among which are Electronic Federal Tax Payment System (EFTPS), CA\$HLINK, Debt Collection, Electronic Funds Transfer (EFT), Electronic Transfer Accounts (ETA), GFRS FACTS I and II, GOALS II, Shared Accounting Module (SAM) and Cash Management Improvement Act (CMIA).

Relative to the support systems to the management, FMS is working on Government Wide Accounting Modernization Project (GWA) to provide more timely, useful and accurate information among federal program agencies, FMS, Office of Management and Budget and financial community. This improvement is pertinent with the future vision of the government by NPR in 1993:

“Technology now allows data to be collected part of normal program operations--not as a separate task--and made available to all appropriate individuals. Automated systems can be programmed to alert supervisors to ACTIONS falling outside established norms. Such controls would allow program managers to make timely decisions, eliminating most staff approvals prior to action. The government could monitor accountability for program managers' decisions with an

effective computer/telecommunications infrastructure, thus letting managers focus on performance, not process and paperwork.”

The GWA Project addresses the central accounting and reporting functions and processes associated with budget execution, accountability, and cash/other asset management. This includes collection and dissemination of financial management and accounting information from and to federal program agencies.

According to Treasury, GWA also includes business processes in FMS that are related to ledger accounting for each appropriation, fund, and receipt account's Fund Balance with Treasury, General Ledger accounting for the cash and monetary assets of the Government, and the preparation of a Monthly Treasury Statement and the U.S. Government Combined Statement and Appendix.

In addition, GWA will improve information timeliness and accuracy to support improved financial analysis and decision-making and will improve access to that information by federal program agencies and other users. The project will support these goals by eliminating redundant reporting of financial information, enabling agencies to balance and monitor on a daily basis their financial accounts at the Treasury.

The next significant milestone in a multi year modernization effort is to provide FPAs access to their financial data through an Internet Web-based system. Using this system, FPAs will be able to obtain an account statement of their fund balance with Treasury within 24 hours after submission of their end of the month accounting data. Currently, FPAs cannot obtain this data until the 10th workday following the end of each calendar month.

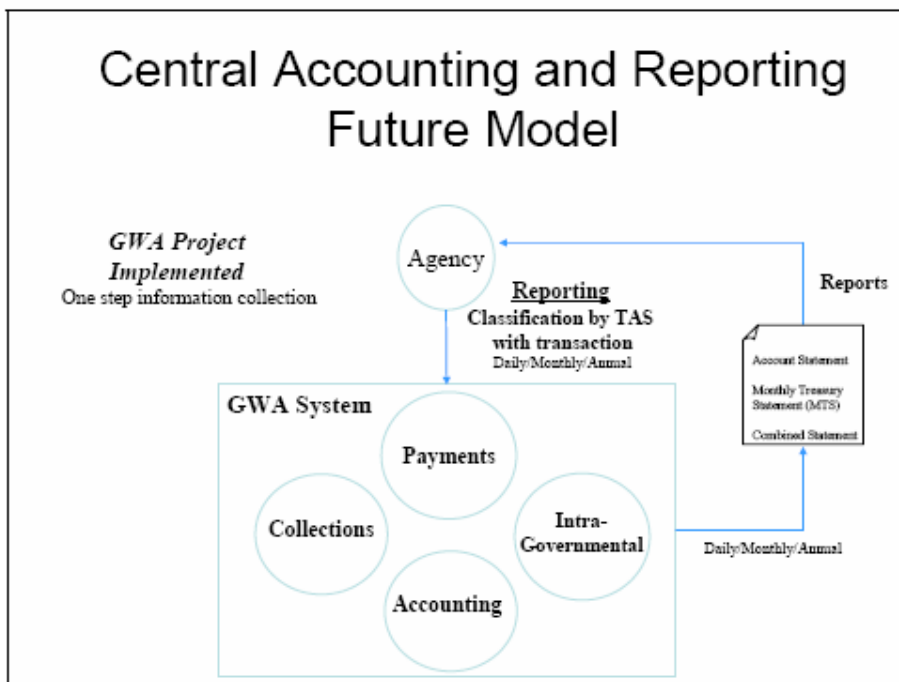
According to FMS, the modernization search reaches these benefits:

- ? Capture Treasury Account Symbol (TAS) information for payments, deposits and intra-governmental transactions at the earliest possible time and record transactions directly to the FMS record of the Agency's Fund Balance with the Treasury;

- ? Provide agencies with an Account Statement (similar to bank statements provided to customers) of their Fund Balance with the Treasury, which presents appropriation and non-expenditure activity, as well as, payments, deposits, and intra-governmental actions that affect Fund Balance with the Treasury;
- ? Provide federal agencies with capability to "drill down" to lower levels of detail from higher level entries appearing on Account Statements to support research and reconciliation;
- ? Improve the usability and currency of government-wide financial information to support management and oversight of government resources;
- ? Eliminate multiple levels of reconciliation currently required to validate the central accounting system fund balance with program information maintained by the federal agencies;
- ? Minimize data redundancy and enhance data sharing between FMS central accounting system, financial service provider systems and agency core financial systems to support users and stakeholders; and
- ? Provide federal agencies with one- stop-shopping using Internet technology to both provide and retrieve data and information from the Treasury (FMS).

The GWA has the Security and Administration Module (Security) which is an online security and enrollment system that allows users to easily obtain and manage their access to GWA Modules, i.e. the Account Statement and Release 1 (Borrowing from the Treasury, Non-Expenditure Transfers, and Warrant Journal Vouchers).

The GWA will integrate information of Intragovernmental Payments and Collection (IPAC), Payments (TDO NTDO), Collections (IPAC) and Central Accounting System (STAR). The illustration below demonstrates GWA's flow.



As a result of the support systems evolution, it is possible for the Treasury to announce the information related to administration's transparency with more agility. Example of the published information consists of the attachment 1 – daily treasury statement.

4.2. Regulation

The main regulation is formed by:

- ? United States Constitution;
- ? Government Management and Reform Act of 1994 – to provide a more effective, efficient, and responsive Government;
- ? Debt Collection Improvement Act of 1996 (DCIA) – in response to a steady increase in the amount of delinquent non-tax debt owed to the United States, and concern that appropriate actions were not being taken to collect this delinquent debt;
- ? Federal Financial Management Improvement Act of 1996 – to advance Federal financial management by ensuring that Federal financial management systems provide accurate, reliable, and timely financial management information to the government's managers;
- ? Treasury Financial Manual (TFM) – the Department of the Treasury's official publication for financial accounting and reporting of all receipts and disbursements of the Federal Government. Treasury's Financial Management Service (FMS) issues the

TFM to provide policies, procedures, and instructions for Federal departments and agencies, Federal Reserve Banks, and other concerned parties to follow in carrying out their fiscal responsibilities;

? Office of Management and Budget Circulars:

- o A-102, A-110, A-123, A-125, A-127 e A-129;

? Code of Federal Regulations :

- o 5 CFR Part 1315;
- o 31 CFR Parts 202, 203, 205, 206, 208, 210, 225 and 380; and
- o 48 CFR Parts 13, 15, 32, 52.

4.3. The Federal Reserve and the financial institutions role

Relative to the administration of the financial availabilities of the Federal Government, the Federal Reserves executes the agent's fiscal role of the U.S., centralizing the Treasury account and offering a variety of services for the government, by means of reimbursing expenses incurred by the installment of these services (in 2005 were reimbursed about U\$ 371 million).

According to the FED (2005), *“services performed for the Treasury include maintaining Treasury’s bank account; Processing payments; and issuing, safekeeping, and transferring securities.”*

About of the federal government’s account, the FED centralizes the derived receipts of the levies of the federal revenues and manages it. Considering the government's cash flow, the FED invests the government’s excess resources in accounts kept close to the financial institutions trustees.

For the FED, this investments administration inclusively facilitates the implementation of the monetary politics. The FED makes the monitoring of these resources invested to assure its return according to the needs of the Treasury’s cash flow.

The FED, by means of their regional branches, also process the deposits in cash and check received by the federal agencies, making the respective credits in the Treasury’s account and rendering the information for the interested agencies.

In the payments of the federal government, when made by means of a check, the money is withdrawn from the FED, keeping in mind that the FED centralizes the Treasury's resources. In 2003, the FED processed 267 million checks for the Treasury.

Finally, the FED competes to process the payment orders of the Treasury, arising from the payment system of the FMS, to make possible the accomplishment of the financial obligations of the federal government. The FED makes a withdrawal from the Treasury account and put the credit in the banks' reserve account, using itself to many developed operational instruments. In 2003, they performed 914 million payments due to the Treasury.

Concerning the financial institutions, according to FMS (2006), the government relies on one of the world's largest levies processes, with more than 10 thousand participating financial institutions. Considering the several modalities of existing levies, they compete to respect the customers orders, made directly to the bank or close to the government's federal applications, and make the withdrawal in the accounts and remitting the resources for the Treasury account, closed to FED.

The financial institutions, by means of accreditation, also can retain in its reserve account the levied resources or to receive Treasury's new resources, according to the investments policy of the FED and of the accreditation option FI (FED, 2006), by means of interest rate payment on the kept or received amount. It fits to the FI to deliver the revenue resources and the emolument established by the FED, in credit for Treasury account.

Concerning the payments performed by the federal government, the financial institutions execute the inverse process, receiving the resources daily in its bank reserve account and making the credit to the beneficiary of the resources. In the payments made by means of checks, it fits the instrument processing normal process.

4.4. The resources remuneration

About the financial resources kept in the participants financial institutions of the Treasury Tax and Loan (TT&L), the Treasury receives remuneration based on FED Funds Rate less 25 basis points. This rate, however, is subject have change with notice from the Treasury. According to own Treasury, the resources kept in the banks are paid to an interest rate very competitive.

In the fiscal year 2005-2006, according to the Daily Treasury Statement of September 29, 2006, the Treasury received U\$ 921 million in the quality of remuneration from the T&L Depositories.

4.5. Considerations

According to the FMS (2002), *“Treasury single account system yields significant advantages to the Federal Government, resulting in reduced operations cost, improved control over funds, and better control over debt issuance”*. The aim is to minimize the float time that elapses between steps in financial transactions, particularly collections.

In Mello (1998), the researches indicated that the American federal system of government financial administration was inefficient for the management of the government financial information *“...because, according to own govern American, its system is not reliable, flexible, fast, integrated and precise and neither it gets managers' results.”*

According to the Semiannual Report to Congress 2002 – Office of Inspector General Treasury, *“Treasury’s security program and practices need improvement”*. In the strategic planning 2003-2008, Department of the Treasury admits that only after the GWA modernization project conclusion is that the government will strengthen the Federal financial management, improving the quality, opportunity, accuracy and integrity of the financial information, for, so, contribute for the managerial decisions.

According to KPMG’s report, constant of the Annual Financial Report 2006 FY 2005, of Department of the Treasury, p. 175, *“...Department’s financial management systems are not in substantial compliance with requirements of the Federal Financial Management Improvement Act of 1996.”* At the same report is cited that the Treasury made significant progress in FY2005 in better linking and integrating budget, financial, and performance data.

The Department of the Treasury, in the Annual plan fiscal 2007, arises the need to improvement of the systematic of management when it registers *“...Treasury needs to provide effective corporate leadership in order to resolve serious bureau an program office deficiencies that adversely affect of performance of Treasury as a whole...”*

According to the President's Management Agenda (PMA), three of the five foreseen initiatives are directed to the improvement, control and integration financial, budgetary and expenditures.

According to Lynn (2006, P. 114), PMA represents the “...*spirit of New Public Management...*” The New Public Management, according to Radin (2006), also is a spread concept in the scope of the World Bank in the sense of carrying to the public sector the administration practices of the private sector.

5. United States – federal government and the contracting of financial agents

5.1. Rendering of tax collecting services

“The collection and control of money is critical to any government.”

The Financial Management Service (FMS)

According to Financial Management Service (FMS), the Treasury bureau charged with broad financial management responsibilities - including disbursing payments, collecting revenue, and maintaining government's accounts, the tax collecting by the American government is performed by specific FORMs and by means of several mechanisms, whose characteristic of the main are below specified, according to FMS (2002):

a) Electronic Funds Transfer (solutions made available by FMS)

- ? Automated Clearing House (ACH) – the taxpayer, following the orientations of the collector agency, authorizes the financial institution to send the resources for the Treasury account or authorizes the government to debit his current account;
- ? Pay.gov – taxpaying authorizes, via internet, debit in current account or in credit card;
- ? Plastic Card Network (PCN) – taxpayer for making payments by means of debit or credit card in the agency counter, by phone or by internet;
- ? Paper Check Conversion (PCC) or Point of Sale (POS) Check Conversion – government's agency receives the taxpayer's check, it copies and it complements the information in own system, that generates the debit for the withdrawn bank; and
- ? Fedwire Deposit System (FDS) – for payments above U\$ 100 thousand, the taxpayer orders to his bank the transfer by the modality FDS, who we resemble to ACH.

b) Cash and Checks

- ? Federal Reserves Banks – the payments in cash or check received by the government's agencies are sent to deposit in the nearest Federal Reserve, by means of FMS's authorization. The received checks follow exclusively this systematic;
- ? Treasury General Account Depositories (TGA) – the federal agencies send the deposits for the financial institutions authorized by FMS for documents processing, observed the minimum value for deposit. In this case, IF process the deposits make the capture and send the information to the Treasury and to the collector agency;
- ? International Treasury General Account Depositories (ITGA) – similar process to TGA, however it is performed by foreign associate financial institution; and
- ? Lockbox – post office box installed in associate financial institutions to receive payments destined to the federal agencies. IF open and makes the envelopes processing, capturing and remitting the information.

Concerning the delinquent debts, two other instruments are used by the government. The first is performed by the FMS, named Debt Collection, and it consists in retain up to 15% of the payments performed to the insolvent taxpayer by the government's agencies, inclusive social benefits, until the total amortization of the debt.

Another, initiated in 1998, involves the private entities contract to charge delinquent debts, denominated PCA. In 2003, five private agencies rendered that service for FMS and levied, in five years of operation of the systematic, approximately U\$ 156 million.

According to FMS, the government levies solutions are anchored in three big systems: the Electronic Federal Tax Payment System (EFTPS), the Treasury Tax and Loan Program (TT&L), which also shelters the Treasury Investment Program/Paper Tax System, and the CA\$H-LINK and the CA\$HLINK II (it concentrates the resources and the information).

The EFTPS was originally introduced in 1996, but in September 2001, FMS and IRS launched a new Internet application, EFTPS-online, which offers all businesses and

individuals convenience of making their federal tax payments electronically 24 hours a day, 7 days a week, instead of using checks. In fiscal year 2006, EFTPS collected nearly \$1.92 trillion, with \$283.6 billion collected over the Web through EFTPS-online.

According to Department of the Treasury, FMS administers world's largest collections system, gathering more than \$2.9 trillion annually through a network of more than 10,000 financial institutions. The FMS collects more than 79% through electronic transactions.

It also manages collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines and proceeds from leases. According to financial report of the Treasury, of the resources levied in 2006, U\$ 837 billion correspond to the levies for the social security.

Working with the IRS, FMS is aggressively undertaking several efforts to increase usage of EFTPS. According to FMS's strategic planning for the period 2003-2008, the goal is to collecting 90% of the financial volume and 60% of the transactions volume by the electronic source, notably with the goal of reducing costs of the bank services.

The tax collecting services are regulated, among another, by The Debt Collection Improvement Act of 1996, the main law under which FMS collects non-tax debts owed to federal agencies, the Taxpayer Relief Act of 1997, 31 CFR Part 202 – Depositories and Financial Agents of the Federal Government, Part 203 – Payment of Federal Taxes and the Treasury Tax and Loan Program, and, finally, Treasury Financial Manual.

The financial agents that render tax collecting services are classified in three kinds, as the treatment given to the financial flow. The collectors just levy and review automatically the resources for the Treasury, retainers levy and retain the resource in its reserve account in the form established by FED and investors, which levy, retains the resources and still can receive new resources of the Treasury account.

Besides the authorized agents, the government still accepts the institutions participation that is not integrant of TT&L. The levies by means of the modality TGA represented, in 2006, just 2% of the volume of received resources.

According to information of the Department of the Treasury, in the Annual

Performance Report 2006, average cost to process a Federal Revenue Collection Transaction was \$1.10 per form.

5.2. Payment of social benefit services

The services of the social security are regulated by the Social Security Act is P.L. 74-271 (49 Stat. 620), approved August 14, 1935, Code of Federal Regulations 21 and 42, Program Operations Manual System, Chief Financial Officer's Act of 1990, among another.

In 2006, according to report of the Social Security System, were paid US\$ 577 billion in benefits, closing year with approximately 53 million benefited people.

They were accomplished 597,5 million payments, and 83% were made through the Electronic Funds Transfer (EFT), by means of credit in the current account of the favored in the banks. In this way, 496 million were considered electronic payments and 101.5 million considered not electronic.

The beneficiary can opt for receiving his credit in current account, debit card or check. If the beneficiaries do not own a current account in financial institution can opt by a simplified account, denominated Electronic Transfer Account (ETA), which has a monthly tariff maxim of \$3 to the customer.

Concerning the debit card, called Direct Express Card, the beneficiary is exposed to a monthly tariff of \$1.92 and for check; the beneficiary is not exposed to bank tariffs.

According to FMS's estimate, the unitary cost of the payments by check belongs to U\$.86, while the electronic payment (EFT) belongs to U\$.09. Considering this estimate, the total cost for benefits payment of the social security would reach the amount of \$131 million, equivalent to \$.22 for new release.

6. Brazil and United States – comparison between the two models

“Accrual accounting and budgeting reforms are argued to increase the transparency of public asset usage, and thereby improve both government accountability and the efficiency of resource allocation.”

(Irene S. Rubin and Joanne Kelly, 2005)

Financial resource management

Brazil and United States use the model of a single account in the local Central Bank to centralize all the levied financial resources, manage financial resources and make obligatory payments.

The research indicates that utilization of the centralized account serves as an important instrument for financial administration rationalization, for the reduction of financial costs and to optimize financial expenses programming.

One of the main differences observed in the two models is in the availabilities management, more precisely in the administration of the excess financial resources. In Brazil, those resources remain under the guard and administration of the Central Bank, which is responsible for the remuneration.

Bacen also needs to adopt specific procedures to manage the monetary politics, considering that these resources were dried out of the economy.

In the United States, FED manages the availabilities according to the receipts and payments flow foreseen by Department of Treasury. However, FED uses a model of investments in finance market, in the same way that a big company does.

The excess resources are offered to the financial institutions authorized according to the investments policy of FED. Thus, the costs with the resources remuneration stays with the finance market, where there are already, as well, rules of monetary politics pre-established, reducing the adjustment pressure by FED.

In this context, according to Osborne (1995), the change in the cash investment policy of the governments can “...*have an important influence in the capital offer in different markets.*” Considering that the resources attractive volume favors the negotiation with the banks in the sense of impelling determined government policies of fomentation, like credit and investment direction to set sectors.

Concerning the performed payments from the central account, since the middle of the 1990s, the Brazilian government extinguished the payment of any expense by means of checks, including social benefits and payroll. Thus, all SIAFI's derived payments are accomplished electronically for the favored. In the United States, actions are observed to reduce the payment by means of check emission, which represents about 20% from the total.

The support systems to the centralized administration are constant evolution object to accompany state modernization, changes in the economy and the legal modifications. Still present lacks, mostly in managerial information and systems integration.

Two projects are already in course and are going to provide a quality big jump in the administration systems of the two countries. In the Brazilian case, the larger impact project is called SIAFI Century XXI, while in the American government case is GWA, which will have a task even challenging, because the systems quantity to integrate is significant.

In spite of there being a big effort in provide transparency in the government's financial administration; the research indicated that the American government is ahead of Brazil in the disclosure of the financial information, like the constant daily bulletin of the attachment 1.

Rendering of tax collecting services

Regarding the tax collecting services, it contract of the financial institutions is similar and occurs by adhesion. If they are ready to accomplish the terms by installment of the services, the financial agents can run for to render the service.

In Brazil, the collection of federal tributes is all concentrated on banks, which ones execute the information levies documents capture service for posterior advance to the

government processing systems. This way, the government's agencies do not own structure to make DARF, GPS and GRU receipt.

In the United States, the collection of federal tributes is based on federal agencies, by means of payment through an electronic system, as in the FMS's case, or a structure of physical receipt of Forms.

In this model, the banks have accessory role in the direct levies – about 5% from the total is performed of similar form to Brazil – and a fundamental role regarding the clients' base, be to originate accounting record, be to accomplish government electronic environments derived accounting record.

While in Brazil the electronic receipts do not reach 50% from the levied total, in the United States reaches 80%. The strategic planning of the American government demonstrates the interest in even to increase the electronic tax collection developing new electronic solutions.

The actions undertaken by the American government seek to make potent the electronic instruments already existing and to offer new options. In the Brazilian government's case, the modernization projects that could make possible change of the model of tax collection, like: the payments solution of the federal government, the automatic debit and the credit card are still being debated.

The Brazilian payments system, the chambers of electronic processing do not make withdraws in the financial institutions reserve account, because of this there is a government's larger dependence regarding the banks in the offer of the electronic solutions.

In the American model, the financial institutions can opt for retaining the resources levied in its bank reserve account. The resources they transform in a capitation with interest rate 0.25 smaller than the average rate of the government.

In Brazil, who is totally centralized in the Operating Account on the Central Bank, the banks can just retain the resources for a business day, paying integral interest rate and still composing the base of compulsory.

In 2006, the unitary average cost to levy a tribute in Brazil belonged to \$.52. By the American Treasury estimate, the unitary cost belonged to \$1.10.

Payment of social benefit services

In the United States model the dependence regarding the financial institutions is limited in credit in the current accounts and to the checks payment, differently of the Brazil, where the payment process has a larger involvement of the banks, which goes besides the crude credit in account.

The mechanisms for payment to the beneficiaries are very similar, except by the check use, which was already eliminated in the Brazilian process. The payment for credit in current account, simplified account and debit card are common. In Brazil, for the card and for the simplified account there are not bank tariffs, differently of the American model.

While in Brazil the payment by means of credit in current account, considered electronic payment, does not reach 40% from the total, in the United States it reaches 83%. With that, the unitary average cost for credit belongs to \$.39 in the Brazilian case and \$.22 in the American model. In Brazil about 24 million monthly credits are made and in the United States approximately 49 million.

In the American model, the payments of the social security are performed by the solutions made available by FMS, in other words, follows government's standardization, while in Brazil these services are exclusive for the Social Security.

7. Final considerations – conclusion and recommendations

Many characteristics of each country can be analyzed when it seeks a comparison, such as economy size measured by the GDP, market regulation, economically active population, tax burden, taxpayer culture, participation of the financial system, among other so many.

However, letting aside these factors, the government's cash flow management present many similarities, that allows one to develop the comparisons to deliver to the administration the best practices for the public sector to adopt. Admittedly, the practices adopted in other countries always are going to depend on a very discerning and selective analysis regarding its introduction in the national system.

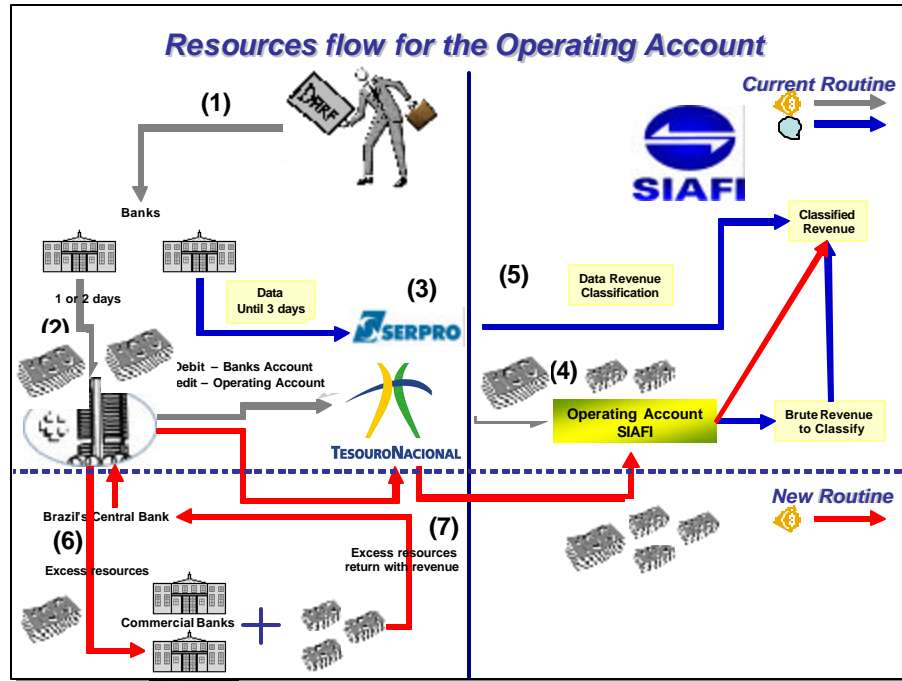
In this context, Brazil and the United States have been seeking to improve their administration process of the federal financial resources, investing in the integration and improvement of the accounting and control systems, as well as in information technology to subsidize managerial decisions, giving sequence to the occurred transformations since the 1980s.

The resources' centralization in a single account, system adopted by both, allows maximizing the use of the public resources, making it effect governments' financial programming. Thus, the financial administration tool implemented by Brazil is suitable with the best practices adopted by a developed economy, in this case, of the United States.

The significant difference was found in the remuneration form of the financial availabilities of the two models. Having in mind that the model of Operating Account on the Central Bank is already consolidated in Brazil and considering the technological advance of the systems, it would be a significant advance for Bacen's administration, for federal government and for economy to adopt the investment model of the Federal Reserve in U.S.

Among the advantages would be to reduce of Bacen's expense, which is also an expense of the National Treasury, and also would facilitate the administration of the Operating Account, principally in the country monetary politics administration. It also would contribute to elevate the resources amount for credit operations, mostly for investment and fomentation.

The implementation of financial management recommendations would depend on adjustment in the current legislation, which could occur by means of decree edition. It also would be necessary normative edition by STN and by Bacen, beyond the intervening systems adaptation. The picture below presents the proposal flow.



Concerning the tax collecting model, the United States offers to the taxpayers a very large variety of electronic solutions that makes it less dependent on financial institutions than the Brazilian model, in spite of the two countries present cost structure of similar levies, as well as contract form of the financial agents.

An important step to Brazil would be to prioritize the projects of electronic solutions for tributes payment, many of which already discussed, accompanied by communication process to stimulate the use by the taxpayers, of similar form to automation observed in the process of income tax annual declarations reception by the Federal Revenue.

Afterwards, the Brazilian payments system could allow the clearing houses to make deductions in current accounts in any financial institution. In this scenario, the government would stay less dependent on banks and the tariffs would be paid from the client's base use and no longer by the tax collecting services.

The payment process of social benefits presents similarity in the costs and in the agents' financial contract. There is a great American effort to end payments of social security by check, carrying all the payments for the electronic system, which already occurs in Brazil.

The Brazilian payment model also sought to preserve the beneficiary, since it does not allow the banks to cover any tariff that is directly linked in credit for insurance payment, which also diverges from the American model. This way, simplified accounts and payment cards are exempt of tariffs, since they carry a social goal of including this public.

The evolution of the Brazilian system would involve solutions that reduced Social Security's dependence of on services of the financial institutions, by only crediting current accounts or debit cards.

However, in this case, costs and benefits analysis becomes very necessary, because in the current model banks aggregate some services to the pensioners and that, probably, would not have been offered.

In the tributes collections would be necessary Bacen changed clearing house regulation, beyond partner's systems adaptation. The RFB should publish rules for the electronic payments and to negotiate the value of the new bank tariffs. For the benefit payments would be necessary to change the legislation regarding the credit in current account and to negotiate new tariffs.

Finally, the comparison of the Brazilian financial administration with the model adopted by the United States government demonstrated that Brazil has a process of financial administration aligned with the standards of public management used by such a developed and globalize economy as the American.

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Attachment 1



DAILY TREASURY STATEMENT
Cash and debt operations of the United States Treasury
Tuesday, March 20, 2007
(Detail, rounded in millions, may not add to totals)

Type of account	Closing balance today	Opening balance		
		Today	This month	This fiscal year
Federal Reserve Account.....	\$ 5,325	\$ 5,471	\$ 5,194	\$ 5,431
Tax and Loan Note Accounts (Table VI).....	30,819	33,734	8,517	46,676
Total Operating Balance.....	\$ 36,147	\$ 39,205	\$ 11,511	\$ 52,127

Deposits	Today	This month to date	Fiscal year to date	Withdrawals	Today	This month to date	Fiscal year to date
Agriculture Loan Repayments (misc).....	\$ 17	\$ 206	\$ 2,180	Carmody Credit Corporation programs.....	\$ 75	\$ 510	\$ 21,063
Carmody Credit Corporation programs.....	40	1,085	5,123	Defense Vendor Payments (EFT).....	1,928	18,310	139,927
Customs and Certain Excise Taxes.....	121	1,363	15,440	Education Department programs.....	304	4,010	43,157
Deposits by States:				Energy Department programs.....	100	1,304	12,507
Supplemental Security Income.....	0	4	1,913	Federal Employees Insurance Payments.....	204	2,674	24,311
Unemployment.....	15	251	9,522	Fed. Highway Administration programs.....	101	1,161	13,621
Education Department programs.....	72	808	9,406	Federal Salaries (EFT).....	152	6,987	71,147
Energy Department programs.....	25	232	3,291	Food and Nutrition Service (misc).....	102	2,117	15,844
Estate and Gift Taxes.....	20	1,197	11,693	Food Stamps.....	60	1,264	9,904
Federal Reserve Earnings.....	0	1,232	32,447	GSA programs.....	52	1,054	7,242
Foreign Deposits, Military Sales.....	4	962	6,712	Health and Human Services Grants (misc).....	270	3,820	34,060
FTDs Received (Table IV).....	872	34,906	265,597	Housing and Urban Development programs.....	105	3,559	25,154
Housing and Urban Development programs.....	34	356	3,119	Interest on Treasury Securities.....	3	1,785	91,053
Individual Income and Employment				Justice Department programs.....	34	854	8,445
Taxes, Not Withheld.....	494	6,404	107,560	Labor Dept. progrs (excl. unemployment).....	22	673	5,863
Interest rec'd from Fed. Depositories.....	1	20	528	Medicaid.....	508	10,925	86,965
Justice Department programs.....	10	340	2,355	Medicare.....	1,307	25,279	201,769
Postal Service.....	445	5,779	49,570	NASA programs.....	11	713	5,565
Public Debt Cash Issues (Table II-B).....	905	283,958	2,125,424	Postal Service Money Orders and Other.....	145	2,775	23,889
Other Deposits:				Public Debt Cash Redemptions (Table II-B).....	132	237,684	1,964,300
Defense Finance & Accounting Service.....	61	402	4,024	Social Security Benefits (EFT).....	42	27,652	215,631
Environmental Protection Agency.....	150	150	150	Temporary Assistance for Needs			
Minerals Management Serv/Collectors.....	197	455	4,839	Families (HHS).....	100	1,115	8,199
				Unemployment Insurance Benefits.....	168	2,160	15,552
				Veterans Affairs programs.....	81	1,467	11,563
				Other Withdrawals:			
Total Other Deposits.....	408	5,911	32,430	Agriculture Loan Payments (misc).....	52	52	563
Change in Balance of Uncollected Funds (closing balance \$180).....	-148	-51	-38	IRS Tax Refunds Individual (EFT).....	92	-31,078	111,281
Transfers from Depositories.....	10,095	164,187	1,444,007	Transportation Security Admin. (DMS).....	4	62	967
Total Federal Reserve Account.....	13,025	506,132	4,109,490	Undersified.....	1,314	24,314	142,529
Tax and Loan Note Accounts:				Total Other Withdrawals.....	1,401	80,996	394,025
FTDs Received (Table IV).....	1,573	120,539	795,401	Transfers to Depositories.....	5,698	56,130	672,748
Transfers from Federal Reserve Account (Table VI).....	5,608	66,150	672,748	Total Federal Reserve Account.....	13,167	506,990	4,109,613
Total Tax and Loan Note Accounts (Table VI).....	7,181	186,689	1,428,149	Tax and Loan Note Accounts:			
				Transfers to Federal Reserve Account (Table VI).....	10,095	164,187	1,444,007
Total Deposits (excluding transfers).....	\$ 4,501	\$ 465,483	\$ 3,420,885	Total Withdrawals (excluding transfers).....	\$ 7,559	\$ 440,847	\$ 3,436,815
				Net Change in Operating Cash Balance.....	\$ -3,058	\$ -24,636	\$ -15,080

This statement summarizes the United States Treasury's cash and debt operations for the Federal Government. Treasury's operating cash is maintained in an account at the Federal Reserve Bank of New York and in Tax and Loan accounts at commercial banks. Major information sources include: Federal Reserve Banks, Treasury Regional Financial Centers, Internal Revenue Service Centers, Bureau of the Public Debt and various electronic systems. Information is presented on a modified cash basis. Deposits are reflected as received and withdrawals are reflected as processed.

SOURCE: Financial Management Service, Department of the Treasury

Note: The Daily Treasury Statement (DTS) is available by 4:00 p.m. the following business day on the Financial Management Service (FMS) website www.fms.treas.gov/dts. For more information, call the Cash Forecasting Division at 202-414-9199. The DTS is also available on the Department of Commerce's "State of the Nation" website: <http://www.state.usa.gov/son>. For more information regarding this system, please call 202-482-1596.

Tuesday, March 20, 2007

TABLE III-A—Public Debt Transactions

(Stated at face value except for savings and retirement plan securities which are stated at current redemption value.)

Issues	Today	This month to date	Fiscal year to date	Redemptions	Today	This month to date	Fiscal year to date
Marketable:				Marketable:			
Bills:				Bills:	\$ 0	\$ 201,264	\$ 1,583,648
Regular Series.....	\$ 0	\$ 245,218	\$ 1,606,128	Notes.....	0	0	327,267
Cash Management Series.....	0	21,000	85,001	Bonds.....	0	1	4,040
Notes.....	0	8,000	358,380	Federal Financing Bank.....	0	0	0
Bonds.....	0	0	72,014				
Inflation-Protected Securities Increment.....	41	775	-2,350	Nonmarketable:			
Federal Financing Bank.....	0	0	0	United States Savings Securities.....	61	168	8,678
Nonmarketable:				Government Account Series.....	133,238	1,899,032	15,104,074
United States Savings Securities.....	0	297	2,900	Domestic Series.....	0	0	145
Cash Issues Plus.....	0	543	3,604	Foreign Series.....	0	0	0
Interest Increment.....	130,352	1,808,117	15,210,669	State and Local.....	24	4,470	32,501
Government Account Series.....	0	0	146	Other.....	47	189	8,200
Domestic Series.....	0	0	0				
Foreign Series.....	450	9,616	69,260	Total Issues.....	\$ 136,898	\$ 2,194,548	\$ 17,400,293
State and Local Series.....	46	1,071	8,432	Total Redemptions.....	\$ 133,390	\$ 2,136,715	\$ 17,069,274
Other.....				Net Change in Public Debt Outstanding.....	\$ 3,507	\$ 59,832	\$ 331,019

TABLE III-B—Adjustment of Public Debt Transactions to Cash Basis

Transactions	Today	This month to date	Fiscal year to date
Public Debt Cash Issues:			
Public Debt Issues (Table III-A).....	\$ 136,898	\$ 2,196,596	\$ 17,400,293
Premium on New Issues.....	0	64	152
Discount on New Issues.....	0	0	0
Bills (-).....	0	3,267	22,455
Bonds and Notes (-).....	0	0	162
Federal Financing Bank (-).....	0	0	0
Government Account Transactions (+).....	136,352	1,908,117	15,250,669
Interest Increment on United States Savings Securities (+).....	0	543	3,604
Inflation-Protected Securities Increment.....	41	775	-2,671
Total Public Debt Cash Issues.....	\$ 505	\$ 283,958	\$ 2,125,424
Public Debt Cash Redemptions:			
Public Debt Redemptions (Table III-A).....	\$ 133,390	\$ 2,136,715	\$ 17,069,274
Premium on Debt Buyback Operation.....	0	0	0
Discount on Debt Buyback Operation (-).....	0	0	0
Federal Financing Bank (-).....	0	0	0
Government Account Transactions (+).....	133,228	1,899,032	15,104,974
Total Public Debt Cash Redemptions.....	\$ 132	\$ 237,588	\$ 1,964,300
Withdrawn from Federal Reserve Acc.....			

TABLE III-C—Debt Subject to Limit

Balance Transactions	Closing balance today	Opening balance		
		Today	This month	Fiscal year
Debt Held by the Public: ¹	\$ 5,033,010	\$ 5,032,628	\$ 4,970,111	\$ 4,843,121
Intragovernmental Holdings.....	3,894,984	3,891,828	3,706,000	3,663,853
Total Public Debt Outstanding.....	8,837,993	8,834,456	8,776,111	8,506,974
Less: Debt Not Subject to Limit:				
Other Debt.....	504	504	504	506
Unamortized Discount.....	73,079	73,225	72,757	72,286
Federal Financing Bank.....	14,000	14,000	14,000	14,000
Plus: Other Debt Subject to Limit Guaranteed Debt of Government Agencies.....	72	72	73	96
Total Public Debt Subject to Limit.....	\$ 8,750,482	\$ 8,746,748	\$ 8,696,021	\$ 8,420,279
Statutory Debt Limit.....	\$ 8,965,000	\$ 8,965,000	\$ 8,965,000	\$ 8,965,000

As of March 20, 2005, permanently increased the statutory debt limit to \$8,165 billion. Unamortized Discount represents the discount adjustment on Treasury bills and zero-coupon bonds (amortization is calculated daily).

TABLE IV—Federal Tax Deposits

Classification	Today	This month to date	Fiscal year to date
Withheld Income and Employment Taxes.....	\$ 1,837	\$ 111,402	\$ 846,124
Individual Income Taxes.....	27	272	2,632
Railroad Retirement Taxes.....	1	285	2,254
Excise Taxes.....	13	3,087	20,407
Corporate Income Taxes.....	961	41,414	165,005
Federal Unemployment Taxes.....	4	58	2,284
Estate and Gift Taxes & Misc IRS Receipts.....	2	45	393
Change in Balance of Unclassified Taxes.....	-326	1,713	1,842
Total.....	\$ 2,520	\$ 159,092	\$ 1,049,300
Taxes Receipts were deposited in:			
Federal Reserve Account.....	181	2,718	19,804
Collector Dispositions.....	662	32,188	245,193
Tax and Loan Accounts.....	1,573	120,539	755,401
Inter-agency Transfers.....	75	3,648	28,302

TABLE V—Tax and Loan Note Accounts by Depository Category

Balance Transactions	Type of Depository			Total
	A	B	C	
Opening Balance Today.....	\$ 39	\$ 285	\$ 6,401	\$ 31,734
Deposits:				
Taxes Received (Table IV).....	6	37	1,530	1,573
Transfers to Depositories.....	0	0	8	8
Special Direct Investments.....	0	0	0	0
Term Investments.....	0	0	0	2,000
Repo Investment.....	0	0	0	3,600
Withdrawals:				
Treasury Inflation.....	0	0	5,484	5,884
Depository Inflation.....	2	19	192	212
Special Direct Investments.....	0	0	0	0
Term Investments.....	0	0	0	0
Repo Investment.....	0	0	0	4,000
Closing Balance Today.....	\$ 42	\$ 313	\$ 2,263	\$ 30,819

TABLE VI—Income Tax Refunds Issued

Classification	Today	This month to date	Fiscal year to date
Individual.....	\$ 205	\$ 43,346	\$ 141,473
Business.....	283	2,720	22,741

¹The par value of securities held by Treasury under repurchase agreements plus the inflation compensation, less unamortized discount on bills was \$1,968 million.