



Treasury Financial Manual

Bulletin No. 2008-05

Volume I

Retention: November 30, 2008

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Prior-Year Adjustment Attribute Required for Federal Agencies' Centralized Trial-Balance System (FACTS) II Reporting

1. Purpose and General Policy

This Treasury Financial Manual (TFM) bulletin notifies Federal Program Agencies (FPAs) of a requirement for processing backdated documents to a prior fiscal year in FACTS II beginning first quarter 2008.

2. Background

The Financial Management Service (FMS), in conjunction with the Office of Management and Budget (OMB), has concluded that recording prior fiscal year activity during the current fiscal year distorts budgetary reporting. OMB has shown that this practice yields a governmentwide \$25 billion discrepancy from one year's ending balances to the following year's beginning balances and results in misstatements on budget execution reports. While these misstatements are not material in the context of financial statement reporting, they are significant in the context of budget execution.

This bulletin requires FPAs to use a new United States Standard General Ledger (USSGL) attribute when submitting FACTS II trial balances used to produce the Department of the Treasury (Treasury) and OMB reports on budget execution. In addition, this bulletin provides guidance for processing prior-year backdated transactions.

3. Authority

In accordance with 31 United States Code 3513, the Secretary of the Treasury (the Secretary) must prepare reports that will inform the President, the Congress, and the public on the financial operation of the U.S. Government. These reports must include the financial information that the President requires. In addition, the head of each executive agency must give the Secretary reports and information on the agency's financial condition and operation that the Secretary requires to prepare the reports.

4. Implementation Guidance

Beginning first quarter 2008, FACTS II will include a prior-year adjustment attribute. For a definition of the prior-year adjustment attribute and a list of valid domain values, refer to TFM USSGL Supplement S2 07-02, Part 2, Section IV (see the USSGL Web site at <http://www.fms.treas.gov/ussgl>). FPAs must use this attribute to report prior-year adjustments. FPAs reporting certain adjustments that impact the Fund Balance With Treasury (FBWT) also must request that Treasury process a backdated document, that is, an FMS 224: Statement of Transactions, an FMS 1219: Statement of Accountability/FMS 1220: Statement of Transactions (According to Appropriations, Funds and Receipt Accounts), an FMS 6200: Department of the Treasury Appropriation Warrant, and/or an SF 1151: Nonexpenditure Transfer, to pass two FACTS II edit checks: Edit 7-FBWT and Edit 12-Outlays.

Treasury will use the following guidelines for processing prior-year backdated transactions from FPAs:

- Treasury will **only** backdate prior-year transactions that round to \$1 million. This range includes amounts equal to or greater than \$500,000.
- Treasury will no longer process prior-year backdated documents on a monthly basis.
- Treasury will process prior-year backdated documents every quarter when FACTS II reporting is due (December, March, June, September). Reporting must be accomplished by the third workday of the month in which the window will open and before the *Monthly Treasury Statement* is published.
- Treasury will not process any prior-year backdated documents when the FACTS II window is open, except during fourth-quarter reporting.

During midyear fiscal 2008, FMS will review the integrity and reliability of the data captured under this new policy. Based on the findings of this review, FMS may reevaluate this policy.

5. References

The following references provide additional guidance to agencies on USSGL accounts and prior-period adjustments:

- USSGL Transmittal Letter No. S2 07-02 (August 2007), revised by TFM Bulletin No. 2008-03;
- AND
- OMB Circular No. A-11.

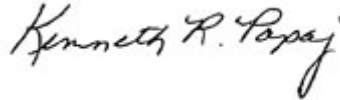
6. Effective Date

This bulletin is effective immediately.

7. Inquiries

Direct questions concerning this bulletin to:

Budget Reports Division
Financial and Budget Reports Directorate
Governmentwide Accounting
Financial Management Service
Department of the Treasury
3700 East West Highway, Room 518D
Hyattsville, MD 20782
Telephone: 202-874-8668
Fax: 202-874-9966
E-mail: budget.reports@fms.treas.gov



Date: November 19, 2007

Kenneth R. Papaj
Commissioner