

# Government-Wide Accounting Program Initiatives

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# Governmentwide Accounting

GWA provides the central/financial accounting and reporting infrastructure for federal payments, claims, collections, central accounts and other financial transactions. This infrastructure results in the accumulations of governmentwide financial information and the publication and release of various Treasury reports.

# Governmentwide Accounting

## Central Accounting and Reporting

The Treasury Department requirements for **Central Accounting and Reporting** on the financial transactions of the United States Government are based on provisions of the following:

Constitution, Article 1, Section 9, Clause 7

Outlines requirements for a report on the receipts and outlays of the Government. It provides, in part, that “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by law; and a regular Statement of Account of the Receipts and Expenditures of all public Money shall be published from time to time.

31 USC 3513 (a)

Provides in part, “The Secretary of the Treasury shall prepare reports that will inform the President, Congress, and the public on the financial operations of the United States Government.”

# Governmentwide Accounting Financial Accounting and Reporting

The Treasury Department requirements for **Financial Accounting and Reporting** on the financial transactions of the United States Government are based on provisions of the following:

31 USC 902 (6)

**Chief Financial Officers Act of 1990**

Established CFOs in the 24 executive agencies and required them to prepare audited financial statements.

31 USC 331 (e)(1)

**Government Management Reform Act of 1994**

Mandates the publication of the Financial Report of the United States Government.

31 USC 3515 (a)

**Accountability of Tax Dollar Act of 2002**

Covers all other Executive Branch agencies except the 24 CFO agencies and requires audited financial statements from them.

# Governmentwide Accounting

- Central Accounting and Reporting
  - *Cash Accounting and Reporting*
  - *Budgetary Accounting and Reporting*
- Financial Accounting and Reporting

# Governmentwide Accounting

## Cash Accounting and Reporting

- Maintains accountability control over the Governmentwide Cash and other monetary items of the U.S. Government, which includes:
- Cash resources that are:
  - (1) Available for financing the deficit or for disposing of the surplus (i.e., Operating Cash in FRBs, TT&Ls);
  - (2) Under the responsibility and custody of the Secretary of the Treasury;
  - (3) Held in non-Treasury bank accounts.
- Other monetary accounts:
  1. U.S. Treasury Gold
  2. Mutilated Currency
  3. U.S. Treasury Checks Outstanding
  4. Deposit Funds
  5. Etc.

# Governmentwide Accounting

## Budgetary Accounting and Reporting

- Accounting and financial reporting functions for that relate to Fund Balance with Treasury data.
- Accounting and financial reporting of budgetary and non-budgetary receipts and outlays of the U.S. Government.
- Publishes a variety of financial reports:
  - The Monthly Treasury Statement (MTS)
  - The Treasury Bulletin
  - Combined Statement of Receipts, Outlays, and Balances of the United States Government.

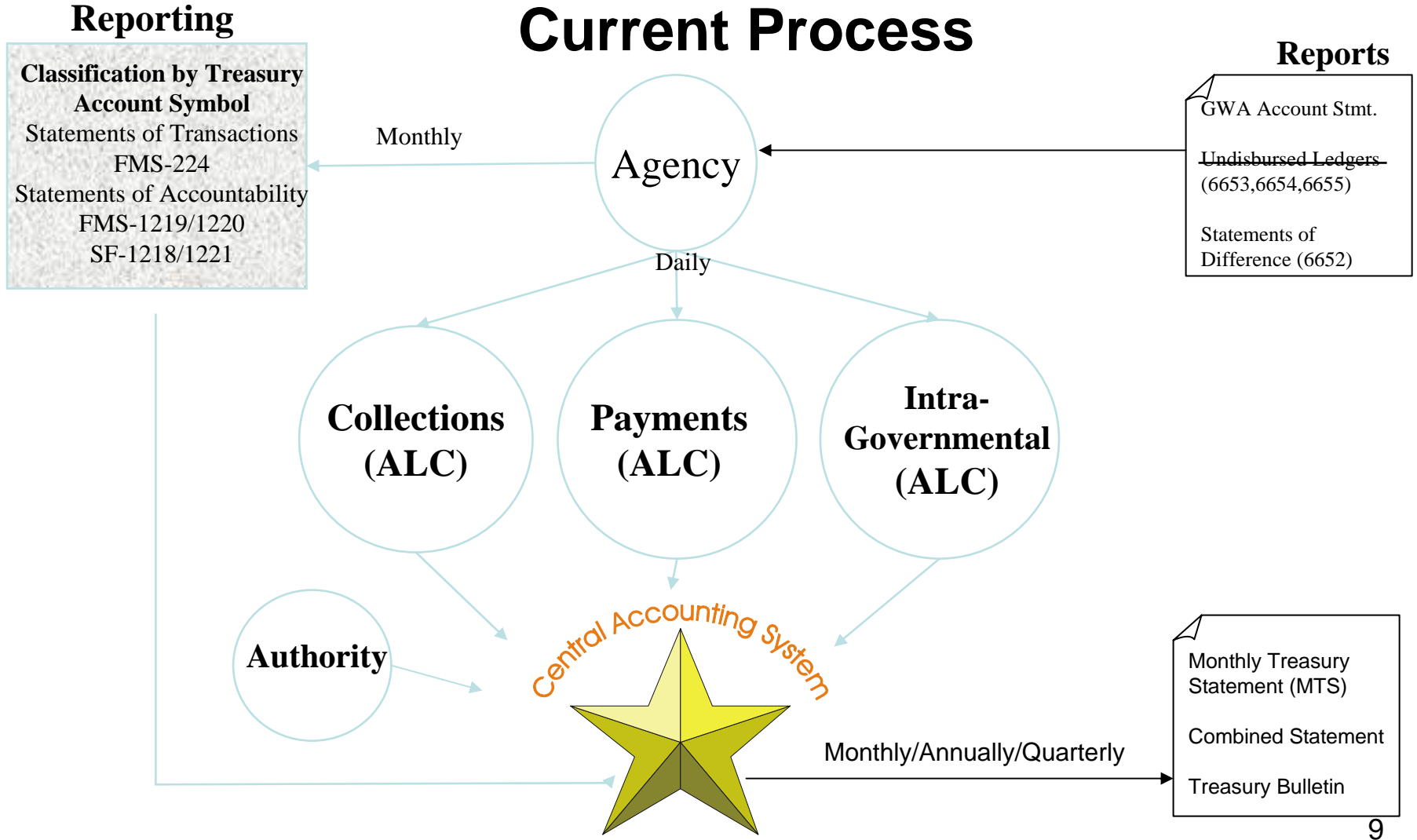
# Governmentwide Accounting

## Financial Accounting and Reporting

- Accounts for the Government's accrual-based financial results based on generally accepted accounting principles.
- Collects Financial Statements and Notes from 35 major agencies and Trial Balance data from all other smaller entities.
- Consolidates Government Financial Reporting System data
- Compiles and publishes the *Financial Report of the United States*



# Central Accounting and Reporting Current Process



*Two step information collection*

# Current Budgetary Accounting Process

## Sources of Budgetary Accounting Transactions

- Federal Program Agencies (Agency Data)
  - Statement of Transactions
  - Warrants
  - Net Expenditure Transfers
  - FACTS II

# Current Cash Accounting Process

## Sources of Cash Accounting Transactions

- Financial Institutions (Bank Data)
- Federal Reserve Banks (Bank Data)
- Federal Program Agencies (Agency Data)
- Disbursing Officers (Agency Data)

## **Current Cash Reconciliation Process**

### **Treasury Cash Reconciliations**

3 Primary Reconciliations to ensure the accuracy of reporting:

Deposits in Transit

Undistributed Payments

Checks Issued

## Current Cash Reconciliation Process

### Deposits in Transit

- Agency deposit reporting vs. CA\$HLINK II deposit Reporting
- If amounts do not match, a Statement of Difference for deposits is generated

## Current Cash Reconciliation Process

### Undistributed Payments

- Agency disbursement reporting vs. RFC/Agency Link and IPAC
- If amounts do not match, a Statement of Difference for disbursements is generated

## Current Cash Reconciliation Process

### Checks Issued

- For agencies who have disbursing authority
- DO checks issued detail vs. Agency checks issued summary
- CIA System generates Checks Issued Comparison report

## Current Obstacles/Concerns

- Financial Management policy changes have significantly changed the way we do business
- Current accounting system was not designed to book/prove cash in an independent manner.
- Financial institution reporting does not always coincide with federal program agency reporting (i.e. timing, errors).



## **Proposed Governmentwide Cash Accounting and Reporting Processes**

- Capture Treasury Account Symbols at the point of Transaction Initiation
- Agency validation of Information Received by Treasury in New Data System
- Calculate book balance using agency reporting to feeder systems
- Capture bank balance in a separate module independent of agency data

# GWA Modernization – Time for Change

- **Evolution – What have we grown into?**
  - The current accounting and reporting process has become Inefficient, Outdated, and Untimely. (IOU)
- **Present Day Requirements – Time to pay off the IOU.**
  - Accelerated Reporting Requirements
  - President’s Management Agenda - Scorecard
  - Audited Financial Statements
- **The Future – Unknown....But we’ll be ready.**
  - Consolidated, web-based system for the collection, processing, reporting, and storage of all financial information.



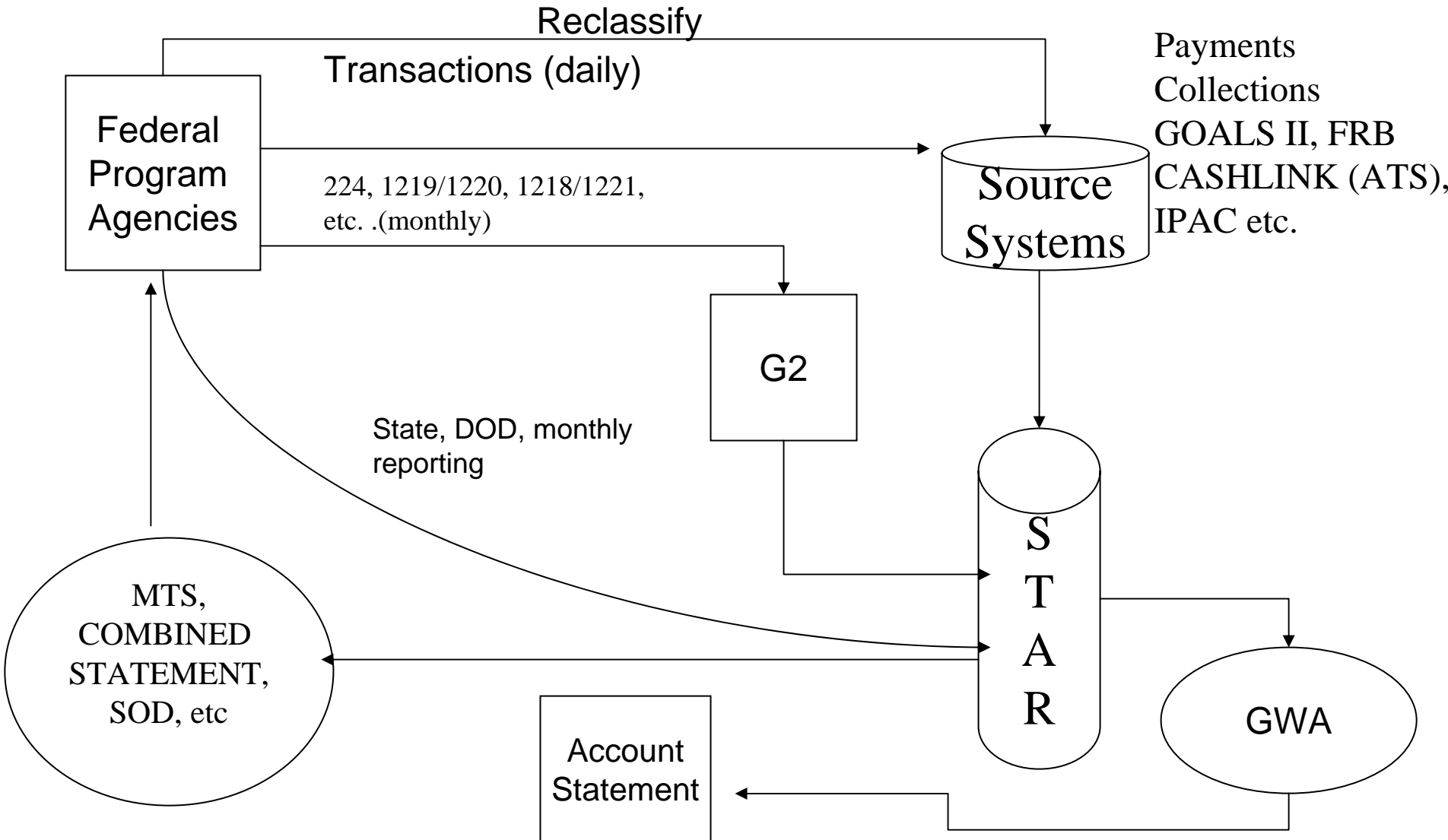
# GWA Key Goals/Objectives

- **Eliminate the two step classification process**

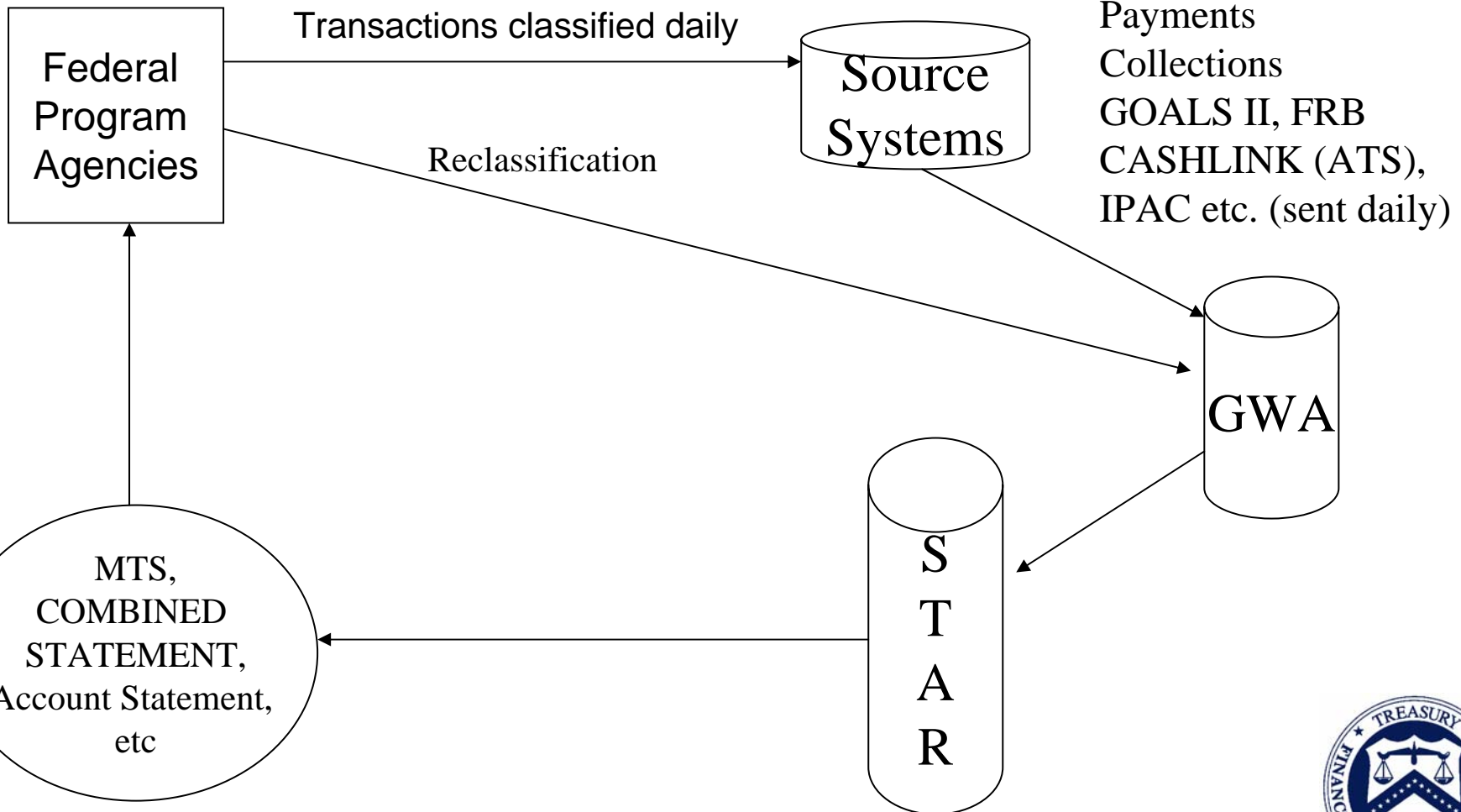
Capture the Treasury Account Symbol (TAS) and Business Event Type Code (BETC) at the earliest possible time for agency payment, collection and intragovernmental transactions and post directly to the fund balance with treasury.
- **Provide timely and accurate accounting information**
- **Eliminate redundant reporting**



# Current Reporting Flow



# Future GWA Reporting Flow



## How is GWA going to accomplish this?

- Fundamental Changes to the current process
- Developed a New Database
- Developing the infrastructure to Support GWA Players
  - ATM, Account Statement, CAFÉ, P224, SAM, IPAC, Collections, Payments
  - Automated Enrollment – User-based Access Control
- Phase in GWA Players
- Streamline GWA's Architecture
- Provide Agencies with GWA initiated Account Statement
- Support NTDO GWA Players
- Fully Replace Legacy Accounting System



## TAS Definition

- Acronym for Treasury Account Symbol (TAS)
- The receipt, appropriation, expenditure and other fund account symbols and titles as assigned by the Department of the Treasury
- A 27-character field – with 24 currently identified characters
- Supercedes 21 position TAS and any other suggested formats



# BETC Definition

- Acronym for Business Event Type Code
- An 8-character code that indicates the type of activity being reported (e.g. receipt, disbursement, etc)
- BETC determines the transaction effect on the Treasury Account Symbol's FBWT.
- BETC replaces transaction codes and standard sub-classes but at a more intuitive level of detail





# IPAC – Agency Impact

- IPAC has required sender TAS since October 2003
- Effective August 1, 2006 IPAC will accept only TASs that are valid and appropriate for use through IPAC
  - Note: Most F Accounts are not valid for use through IPAC.
- A list of valid IPAC TAS and BETC is available on the GWA website <http://www.fms.treas.gov/gwa>



## GWA Pilot and Pilot Trading Partner Requirements

- Effective Immediately:
  - For Pilots, a valid TAS/BETC combination must be reported for both the sender and receiver sides of the transaction.
  - Trading Partners conducting business with Pilot Agencies must report a valid TAS/BETC combination for the receiver side of the transaction.
    - Only for transactions with the Pilot.
    - All other IPAC transactions follow current reporting requirements.



# IPAC – Agency Impact

## IPAC Reporting Cheat Sheet

	<b>Sender</b>	<b>Receiver</b>
GWA Reporter (Pilot) with a GWA Reporter (Pilot)	TAS/BETC	TAS/BETC
GWA Reporter (Pilot) with a Non-GWA Reporter	TAS/BETC	
Non-GWA Reporter transacting with a GWA Reporter (Pilot)	TAS	<b>TAS/BETC</b>
Non-GWA Reporter transacting with a <b>Non-Reporter</b>	TAS	



## The Bottom Line

- Must work with your trading partners now.
  - Establish Trading Partner Agreements (TPAs)
  - Communication is essential
- All Agencies will transition to TAS/BETC reporting during October 2006 through Early 2008.
- The transition to a Single Standard TAS format instead of the current 6+ formats available today is coming.
- F-Account Issue: Treasury will continue to work with Agencies to identify alternatives to using F Accounts.



# The GWA Player

## Membership Has Its Advantages



- **GWA Available Components and User Benefits:**
  - Account Statement
    - Daily Fund Balance with Treasury for reconciliation
  - Release 1 (BPD)
    - Borrowing from Treasury
    - Non-Expenditure Transfers
    - Warrant Journal Vouchers
  - IPAC – Daily consolidated file with TAS/BETC
    - Introduces Users to GWA reporting requirements
    - Begins to migrate reporting functionality to GWA (TWAI)
  - Self Enrollment
    - Web based enrollment to GWA with password self-maintenance



- **GWA Available Components and User Benefits:**
  - Shared Accounting Module (SAM) – Proof of Concept
    - IPAC TAS/BETC Validation with Pilot ALC's
    - Public Website for downloading valid TAS/BETC file
  - Official IPAC Pilot
    - FMS, IRS, GPO, BPD
    - SF-224 submission will continue
    - Statements of Difference will continue



- **GWA Available Components and User Benefits:**
  - GWA User – Official Implementation
  - Café 1.3 – Full Utilization
    - Acceptance of daily transactions with TAS/BETC validation and processing
  - Authority Transactions Module
    - Implements Warrant Journal Vouchers functionality
    - Transitions Release 1 components from BPD to TWAI
  - Partial 224 Rollout to multifaceted Pilot ALC's
    - IPAC – New “GWA Way” of reporting
    - Payments/Collections – Old 224 reporting





- **GWA Available Components and User Benefits:**
  - GWA “Unofficial” Account Statement
    - Daily updated view of Fund Balance with Treasury showing impacts of “GWA Way” submitted transactions with TAS/BETC



# GWA Player – Payments - 2007

- **Modifications to SPS and PAM**
  - 100 TAS/BETC's per Payment
  - 100 TAS/BETC's per Schedule
  
- **Routine to roll up Bulk File data by TAS and Amounts.**
  
- **Out of Balance Reports**
  
- **Aftermath**
  
- **Level of Detail on Account Statement**
  - Schedule level



# GWAMP Roll out Strategy

Action	Target Date	Impact on Agency
ALL IPAC ALCs must have current [STAR] TAS for sender side	Now	CURRENT REQUIREMENT – <i>Valid IPAC TAS only</i>
IPAC Pilots and <b>trading partners</b> must include current [STAR] TAS/BETCs on both sides of IPAC transactions	May 1, 2006	Impacts 4 pilots and their trading partners
ATM Module implementation	August 2006	<ul style="list-style-type: none"> <li>– Replaces current NET, Borrowing and Warrant JV applications</li> <li>– Need to be enrolled as a GWA user</li> </ul>
IPAC Pilots go live	October 2006	Impacts 4 pilots and their trading partners
New User enrollment process. <a href="http://fms.treas.gov/gwa/forms.html">http://fms.treas.gov/gwa/forms.html</a>	Ongoing	For GWA Applications, Agencies are required to enroll using new process
Additional IPAC ALCs to include current TAS/BETC on both sides of IPAC transactions	October 2006 – Fall 2007	Impacts IPAC ALCs and their trading partners.
Agencies research and prepare to provide valid TAS/BETCs on both sides of IPAC transactions	ASAP	All IPAC reporters



# GWAMP Roll out Strategy

Action	Target Date	Impact on Agency
Update Trading Partner Agreements to include BOTH Treasury Account Symbol (TAS) and Business Event Type Code	ASAP	Must know how [Business Event Type Code - BETC] transactions are affecting what TASs
Agencies to Implement P224 Functionality via FSIO COTS Packages or home grown systems <b>TESTED AND IN PRODUCTION</b>	4 <sup>th</sup> quarter 2007	Agencies will move to P224 once they become a GWA Player
Complete testing & certifying to ensure that ALL FSIO vendors can provide valid <b>GWA TAS/BETCs</b> on both sides of IPAC Bulk Files	4 <sup>th</sup> Quarter 2007	Agencies need FSIO certification to implement new functionality
<b>ALL FPA systems</b> must be able to provide valid <b>GWA TAS/BETCs</b> on BOTH sender and receiver sides for IPAC bulk files <b>TESTED AND IN PRODUCTION</b>	1 <sup>st</sup> quarter 2008	Once IPAC turns on the GWA TAS, any current TAS formats will NOT be accepted
IPAC Turn on GWA TAS/BETC both sides	1 <sup>st</sup> quarter 2008	Must be GWA compliant.  <a href="http://fms.treas.gov/gwa/factsheet_tas.html">http://fms.treas.gov/gwa/factsheet_tas.html</a>



# GWAMP Roll out Strategy

Action	Target Date	Impact on Agency
Payment Pilots – Valid GWA TAS/BETC’s on Transactions	2 <sup>nd</sup> quarter 2007	GWA Compliant
Implementation of GWA Initiated Account Statement -	2007	Transactions available at detail level
Agency Partnership Council	Quarterly	Agency participation at every meeting
All Payment ALCs to include valid GWA TAS/BETCs on Payment Schedules	2008	100 TAS/BETC’s per Payment and per Schedule
Collection Pilots – Valid GWA TAS/BETCS or Classification keys [Ckeys] on all collection transactions	4th quarter 2007	GWA Compliant
All Collection ALCs to include valid GWA TAS/BETCs or Ckeys on collection transactions	2008	Ckeys identified and set up in the Shared Accounting Module [SAM] for translation to valid TAS/BETC’s



## GWA Modernization Project

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## GWA Project Agency Outreach

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- Peter Moore – 202-874-6578 - [peter.moore@fms.treas.gov](mailto:peter.moore@fms.treas.gov)



# GFRS

## GWA Accounting Platform

# Why GFRS?

- Address GAO audit finding on consistency.
- Leverage the results of agency Financial Statement audits.
- Provide systematic approach to internal controls over compilation process.



# How does GFRS Work?

- Agencies enter their F/S template.
- Agencies crosswalk their F/S lines to FR lines through balanced entries (audit trail).
- Agencies enter footnote, supplemental, and other data.
- Agency CFOs and IGs certify data consistency.

# GFRS Successes

- Used to consolidate data for FR statements (BS, SCNP, & SNC) in FY 2004 & 2005.
- Allows for data consolidation and FR preparation within 45 days of year-end.
- Captures intra-governmental Trading Partner data at the Department level.

# What GFRS Doesn't Do

- Provide detail beyond agency F/S line item level.
- Dictate a single reporting format for Notes and other data.
- Leverage information we have in our central accounting system.
- Establish link to data in agency Financial Systems.

# What Do We Have

- System that successfully reclassifies agency F/S lines to FR by line items.
- Systematic approach to FR compilation and data controls.
- Basis for Trading Partner data for elimination at the Department level.

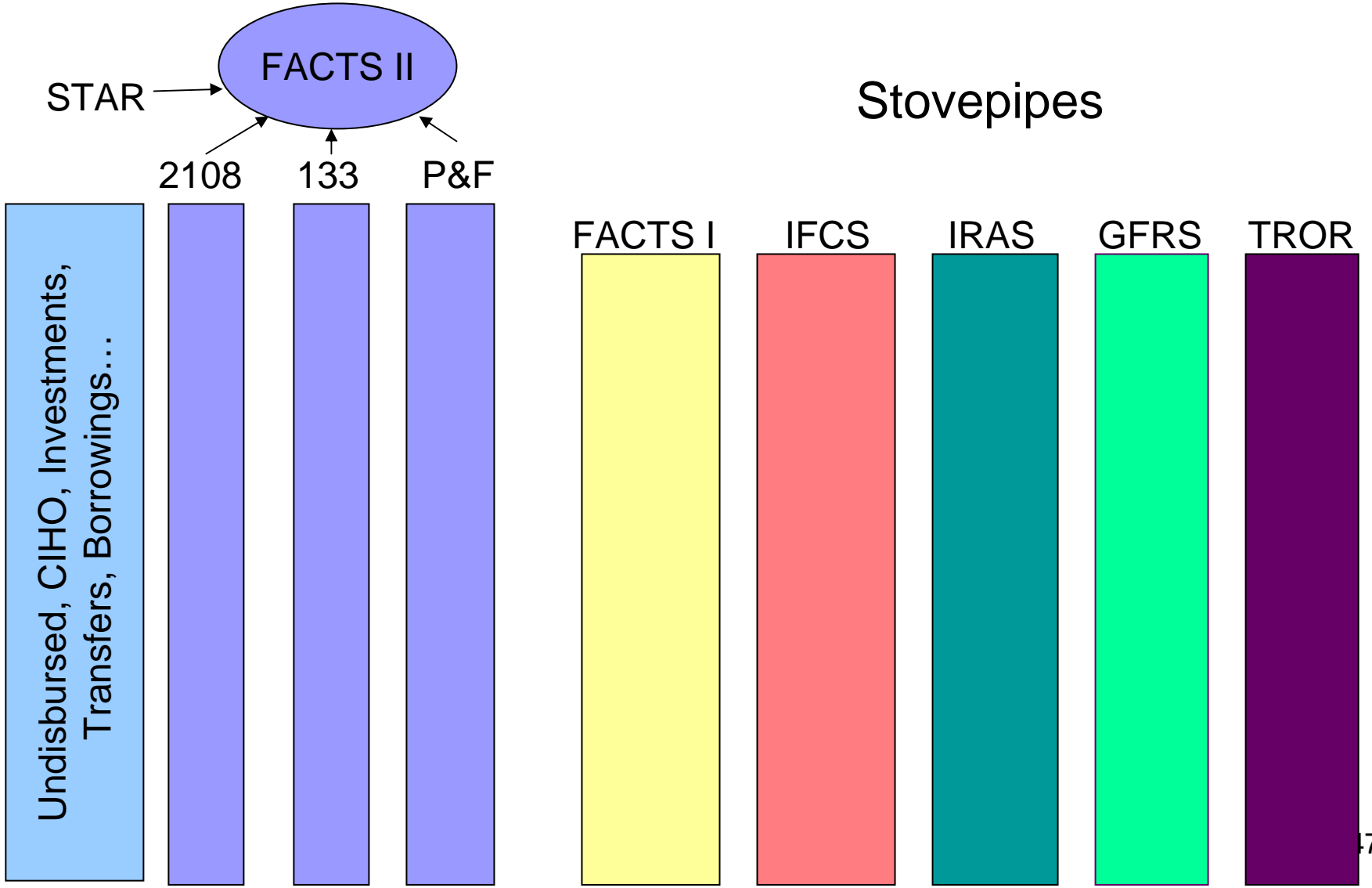
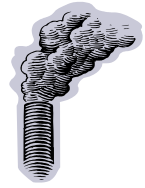
# What Do We Need

- Ability to analyze data at detail level.
- Authoritative Source for some intra-governmental data.
- Detail intra-governmental data at the Account symbol level.
- Data integrity between agency budgetary and proprietary data submissions.
- Leverage data reported by agencies that is contained in the system of record (STAR – GWA)

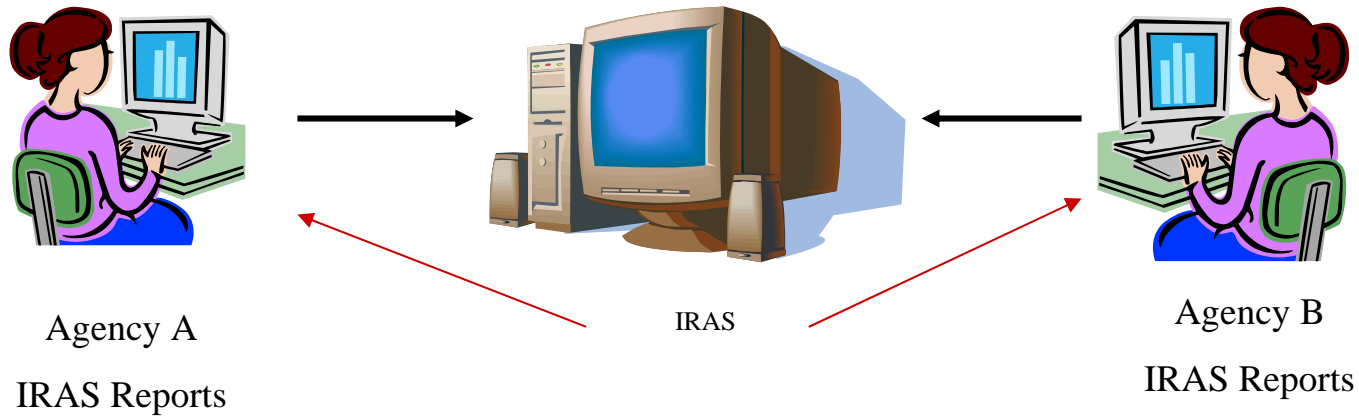
# Changing the Perspective

- The Role of FMS
- The Role of Auditors
- The Primacy of the Financial Report of the U. S. Government.

# What FMS Can Do



# Ineffective Edits: Non-exp. Transfers



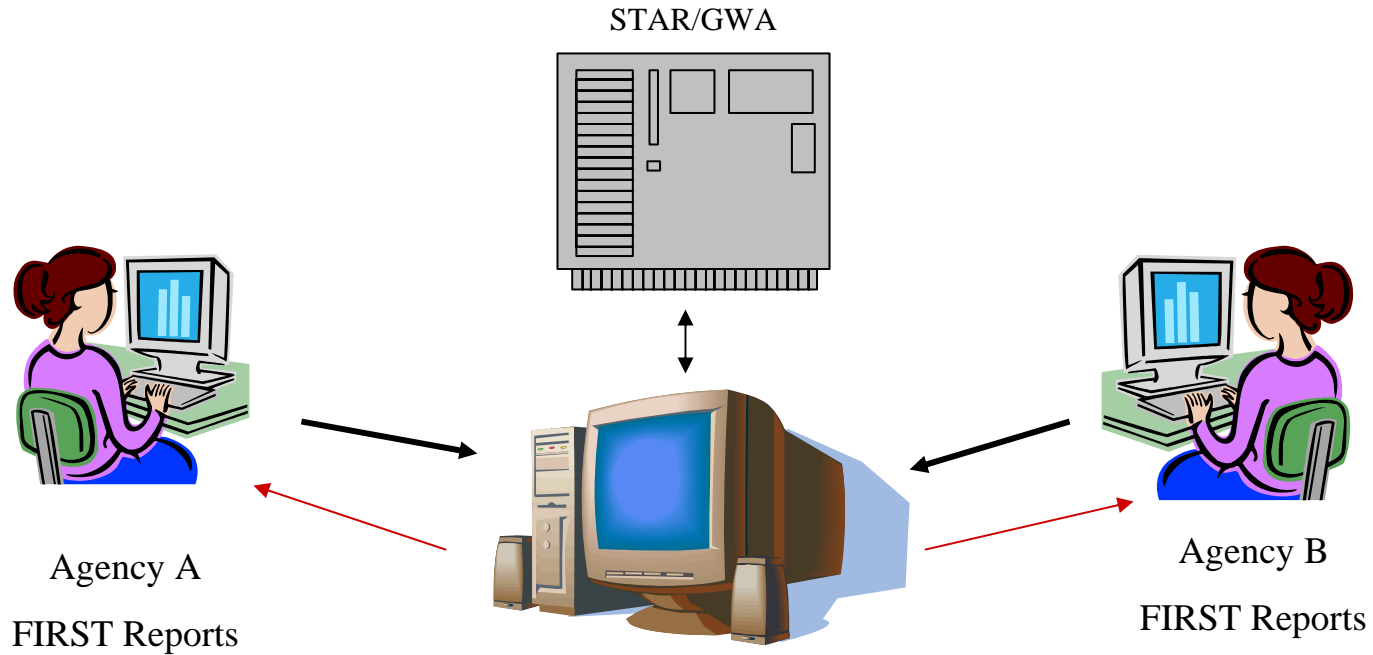
IRAS compares agency reporting and notifies both of mismatches.

Agencies review their own data and claim they are correct.

The out of balance condition remains.

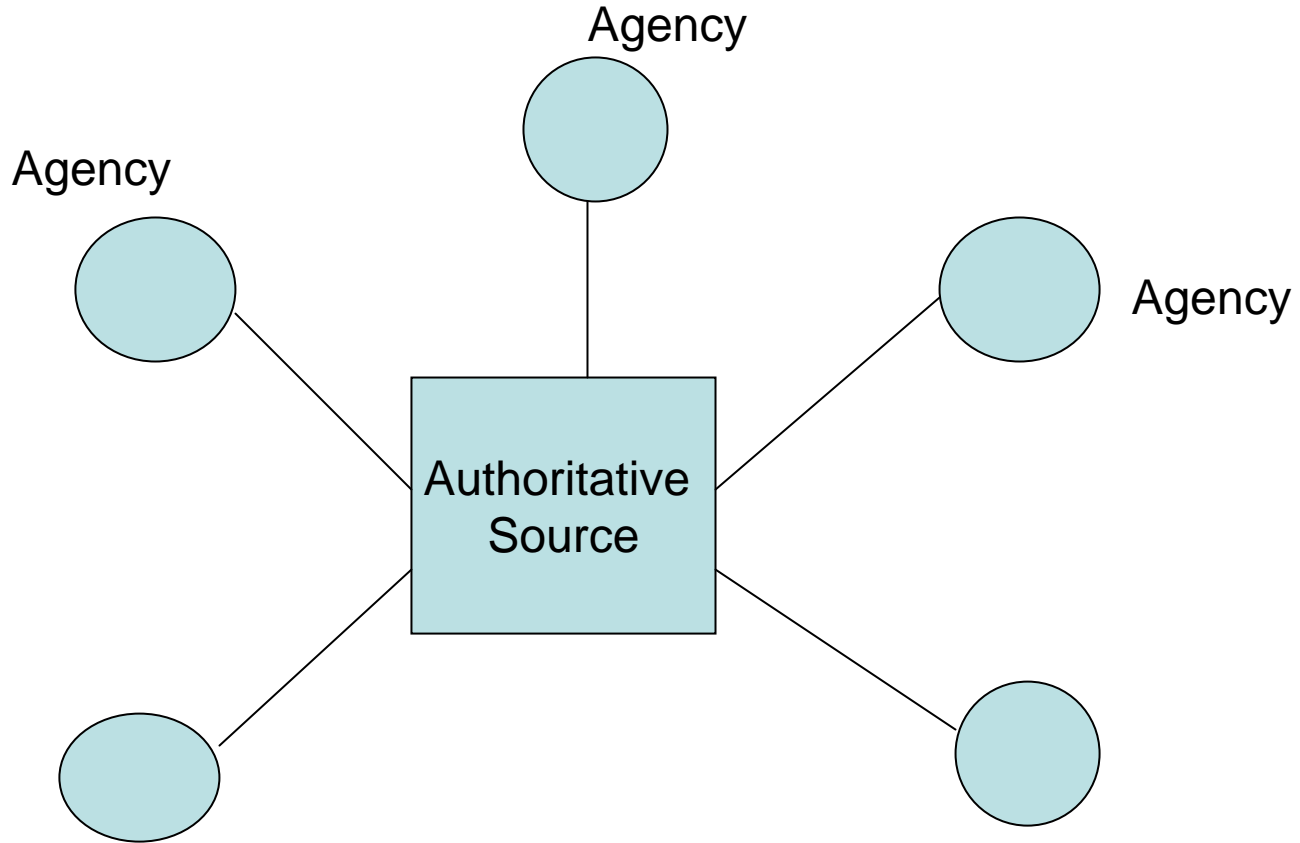


# Improved Edit

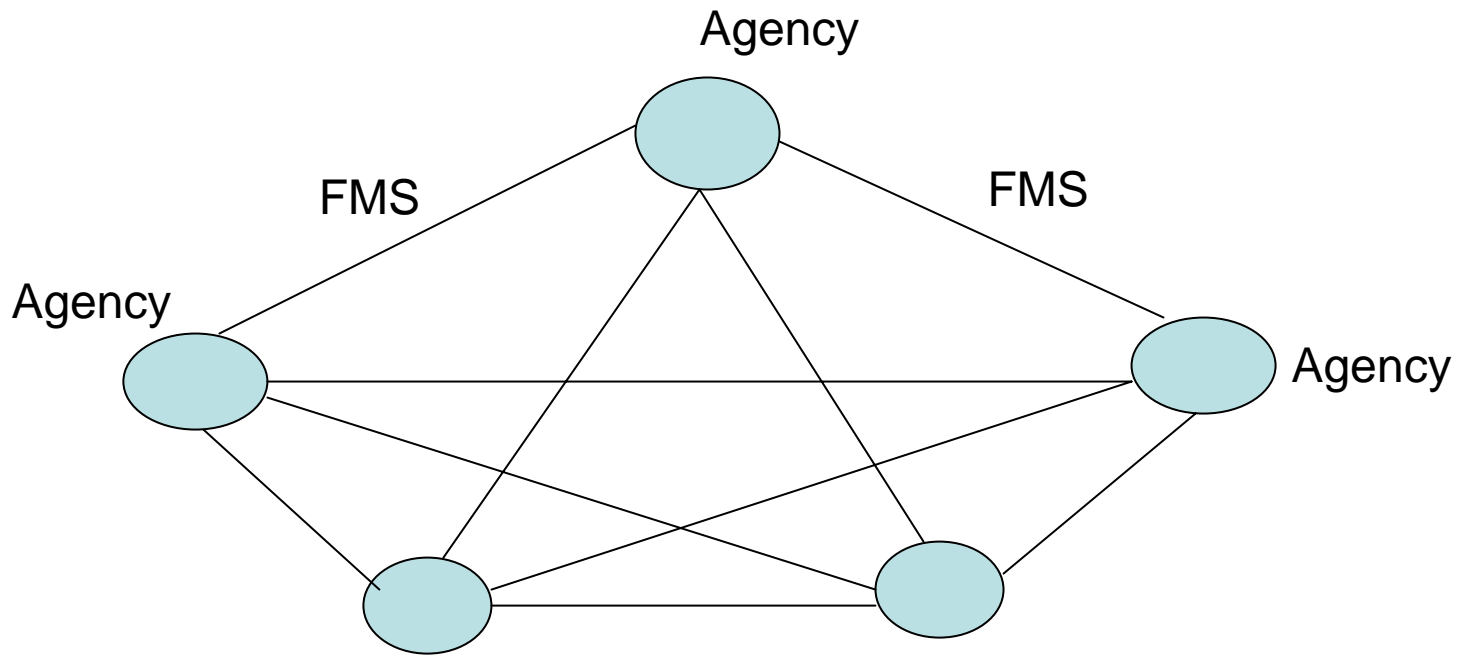


Trial Balances are compared to the number in STAR which is approved by both agencies and can be rejected if different.

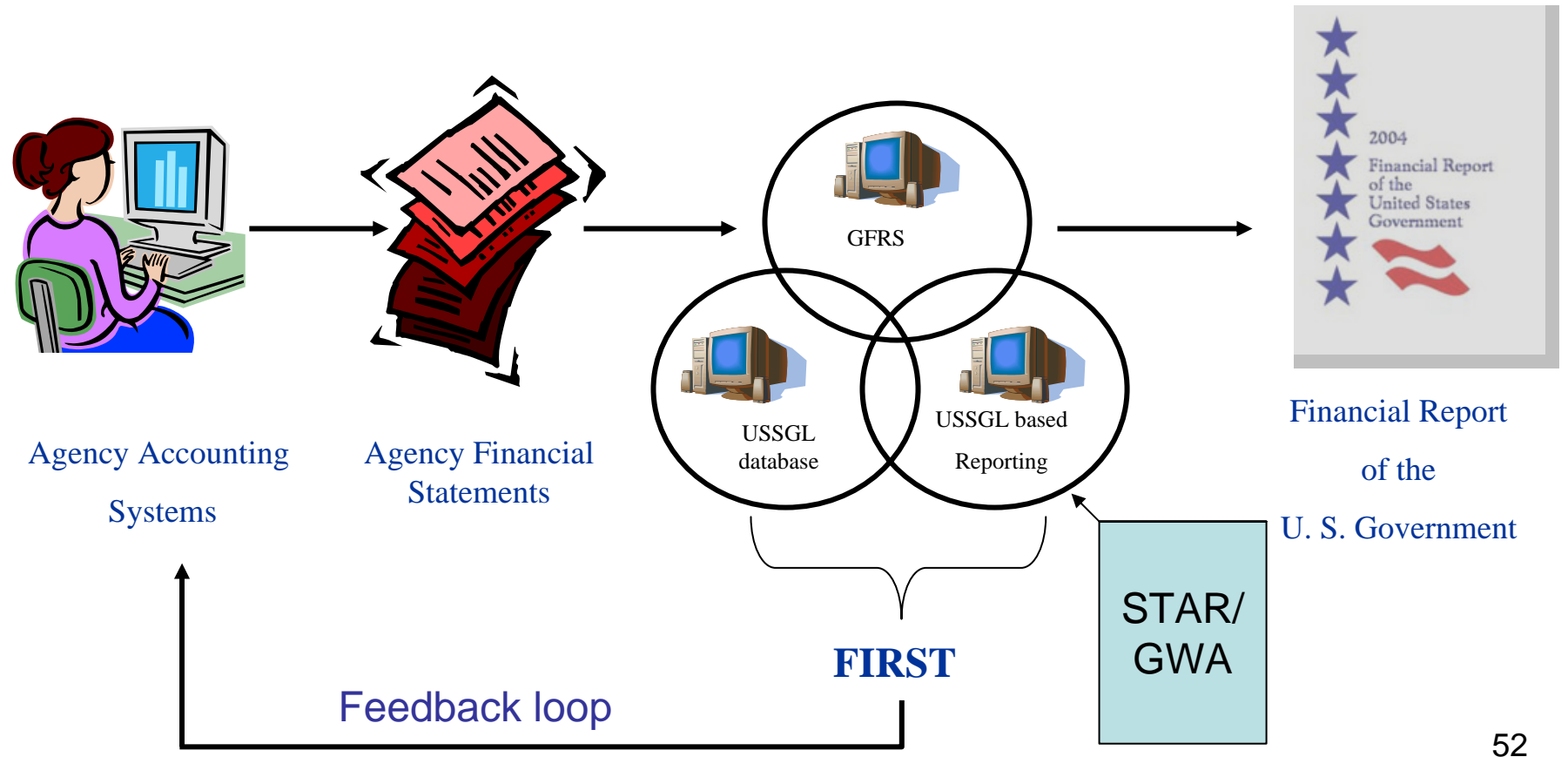
# This...



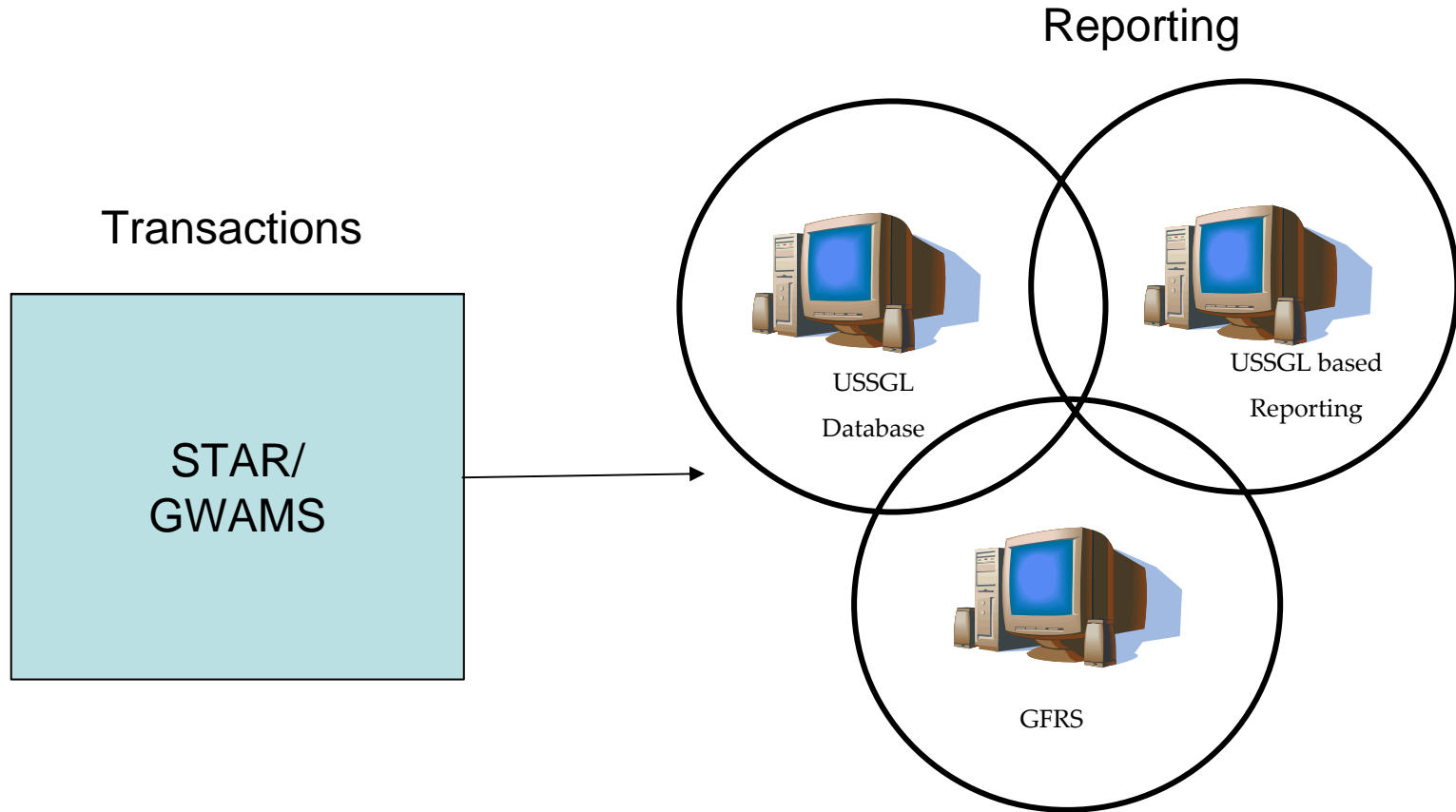
# ...not This



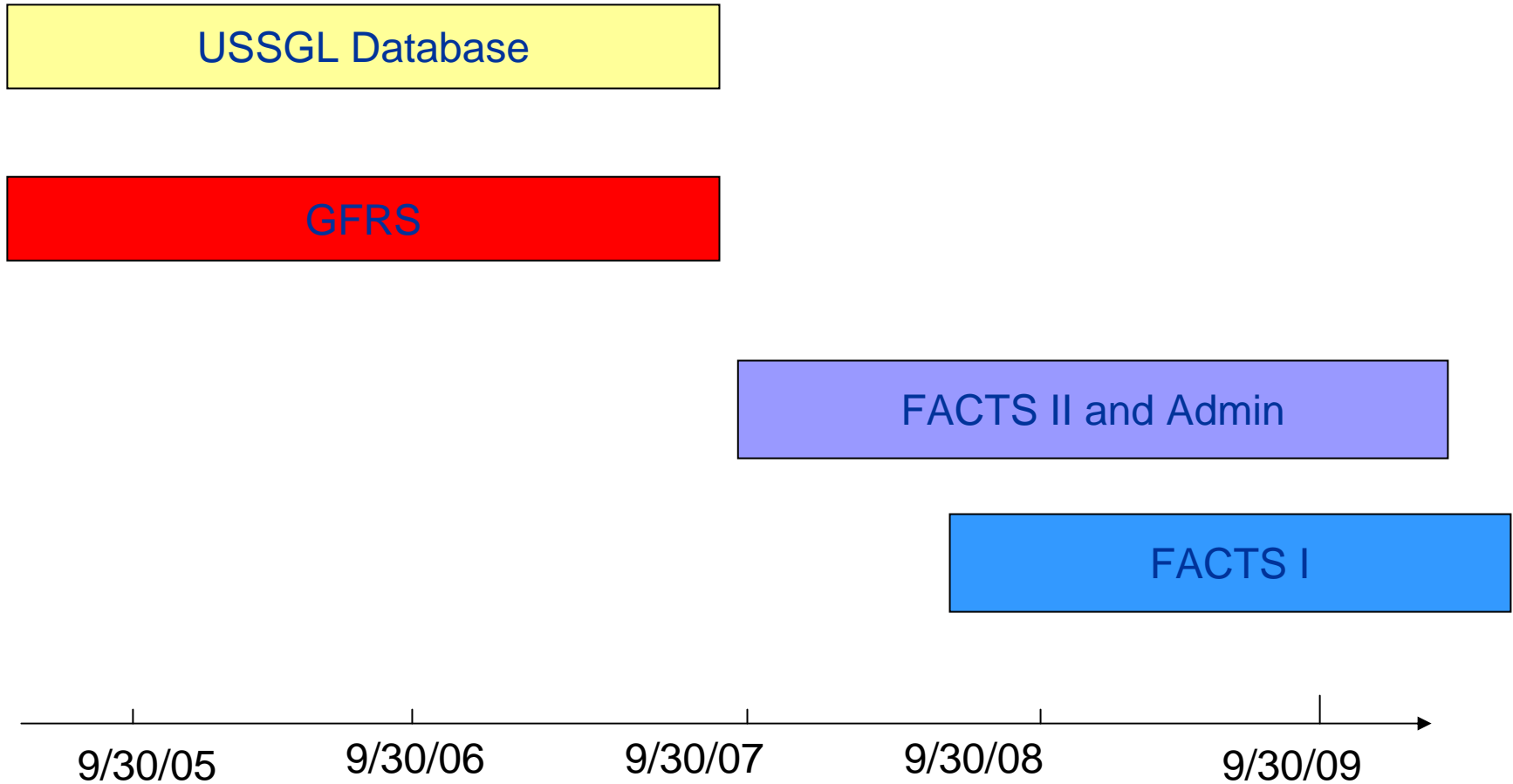
# Improved Edits: FR Example



# Future Look



# When?



# Summary

- Capture Treasury Account Symbols at Point of Initiation
- On-going Changes to Accounting and Reporting Processes
- Communication Between Partners
- System Enhancements
- Improved Timeliness and Accuracy of Data