

VA Financial Policies and Procedures
Intragovernmental Activity and Reconciliations

CHAPTER 5

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0501 OVERVIEW

This chapter establishes Department of Veterans Affairs' (VA) policies and procedures for identifying, recording, reconciling, and reporting intragovernmental transactions, as authorized by statutory provisions and by rules issued by regulatory departments and agencies such as the [Office of Management and Budget](#) (OMB) and the [Department of the Treasury](#) (Treasury). The Treasury guidance requires agencies to eliminate intradepartmental transactions. The use of trading partner codes on such transactions enables analysis and elimination of Federal activity in the Governmentwide financial statements.

Intragovernmental transactions are business activities conducted between Federal entities. The two entities conducting the business transaction are trading partners. When trading partners execute their business transactions, each trading partner must account for the transactions in its financial records, posting reciprocal transactions that recognize expense or revenue (buy/sell activity) and asset or liability. Every quarter, the trading partners are required to reconcile their accounts to verify that, Governmentwide, each trading partner has an offsetting accounting posting for each intragovernmental transaction included in its general ledger.

This chapter provides the accounting policy and related management requirements necessary to record, reconcile, and report intragovernmental transactions. The policies presented provide a foundation and framework for accounting for intragovernmental transactions, reconciling and determining the accuracy of balances, and eliminating intradepartmental balances.

This chapter affirms the requirements for management accountability and controls in processing VA intragovernmental transactions. The revised [OMB Circular A-123, Requirements for Effective Measurement and Remediation of Improper Payments](#), with its appendices, has resulted in significantly increased attention to internal controls in the Federal government and provides specific requirements for Federal agencies to establish, assess, correct, and report on internal controls. [OMB Circular A-123 Appendix A](#) requires management to develop and maintain effective internal controls over financial reporting and to provide assurance that such controls are in place and operating effectively.

0502 POLICIES

050201 The intragovernmental order contains the negotiated agreement between the buyer and seller of goods or services. The order will provide information¹, (Performance Reporting, Treasury Account Symbol/Business Event Type Code (TAS/BETC),

¹ Required by the revisions contained in [Treasury Financial Manual, Volume 1, Part 2, Chapter 4700, Subject: Agency Reporting Requirements for the Financial Report of the United States Government](#).

Expiration of Funds, etc.) to allow the buyer and seller of goods and services to perform business in accordance with the policies as presented in this chapter. Both the buyer and the seller must designate a trading partner code for each transaction, along with the appropriate U.S. Standard General Ledger (USSGL) account and the Federal Attribute, "F." Sellers will track related costs and maintain consistent, reliable evidence of performance.

050202 Under an intragovernmental order, VA will reconcile receivables and payables, advances to and advances from, and revenue and expenses (including capitalized assets) with its trading partners for transactions recorded in the same reporting period. VA prepares a trading partner agreement in conjunction with its trading partners. Trading partner agreements are required to communicate payment and collection requirements, and reconciliation needs. VA reports intragovernmental transactions using posting models consistent with USSGL guidance and policies. VA records transactions with the appropriate USSGL account number and trading partner code.

050203 In recording intragovernmental transactions, the following information, including other data required by the order, will be included:

- A. The trading partner code of the Federal agency with which VA is doing business
- B. The common agreement number (order number)
- C. The appropriate [Treasury Account Symbol \(TAS\)](#) and [Business Event Type Code \(BETC\)](#) for both trading partners
- D. The amounts to accrue, advance, collect, or disburse
- E. The [Business Partner Network \(BPN\)](#) number for both trading partners, if applicable.

050204 Reconciling Intragovernmental Transactions

A. The integrity of the data reported in VA's financial records and reports, as well as the data reported in VA's audited financial statements and the Closing Package, depends on timely and accurate reconciliations of intragovernmental activity, and resulting account balances. VA will investigate and record necessary adjustments for any discrepancies between its intragovernmental account balances and the reciprocal account balances of its trading partners. VA will correct known discrepancies due to errors in its records prior to preparing its financial statements and the Closing Package submission. Refer to [Appendix A, Examples of FMS Transactions for Intragovernmental Activity and Reconciliations](#).

B. The Office of Management and Budget (OMB) requires VA to reconcile/confirm intragovernmental activity and balances with its trading partners on a quarterly basis. In order to effectively reconcile with its trading partners, VA will accumulate detail and summary information for each activity by trading partner from its accounting records.

VA will reconcile with its trading partners by providing and receiving account balances that summarize transactions with each trading partner. Detailed account activity is available as provided in the trading partner agreement and upon request of the trading partner. VA will communicate with its trading partners to ensure that the proper trading partner code is used. VA will also provide “F” transaction data files to Treasury and will use Treasury’s [Intragovernmental Fiduciary Confirmation System \(IFCS\)](#) to confirm and reconcile fiduciary transactions with its trading partners.

C. Even when both VA and its trading partners’ accounting records are accurate and current, there may be identifiable differences between the two records. Analyzing and determining the nature of the differences requires VA to work with its trading partners to exchange detailed information and other accounting records. Types of reconciliation differences are listed and defined in the [Federal Intragovernmental Transactions Accounting Policy Guide](#).

D. Differences identified during the quarterly reconciliation process will be adjusted in the subsequent period for accounting errors and current year timing differences. During the fourth-quarter reconciliation process, VA will make all adjustments before issuing the financial statements. If VA identifies adjustments after the issuance of the financial statements, VA will notify Treasury, who will determine the impact of the adjustments to the Governmentwide financial statements and advise VA on the proper treatment. VA will retrieve its quarterly activity reports using the [Discoverer Viewer](#) query tool within the [Governmentwide Financial Report System \(GFRS\)](#).

E. If VA and its trading partner both confirm that reported amounts are different, VA will contact its trading partner to resolve such differences. Confirmed differences considered material, existing in the third quarter of the fiscal year, require that VA work with its trading partner to develop and submit a plan of action to Treasury on resolving any difference.

F. VA will monitor the age and activity of an agreement. VA will determine the reason for the lack of activity of any interagency obligation or payable balance that is unchanged and showing no activity for more than 180 days. VA’s Office of Financial Business Operations will notify its procurement and contracting offices of inactive obligations and payables. Once an agreement is fulfilled, VA will notify the seller and de-obligate the agreement within 30 days. If work continues or is unbilled on an agreement, the agreement remains available for use.

G. VA will reconcile intragovernmental transactions. VA will investigate and record necessary adjustments for any discrepancies between the intragovernmental account balances and the reciprocal intragovernmental account balances. VA will correct known discrepancies due to errors in its records prior to preparing its financial statements and the Closing Package submission.

050205 Resolution of Disputes and Major Differences

A. The buyer may request that the seller provide documentation supporting a bill. The documentation will be provided within an agreed-upon timeframe, not to exceed two weeks. If the bill or performance transaction does not include the information required by the Intragovernmental Business Rules, the buyer may reject the transaction. VA may not reject transactions where the bill or performance transaction complies with the Intragovernmental Business Rules. The dispute resolution process will proceed in accordance with the policy below and as provided in the intragovernmental agreement.

B. The intragovernmental agreement includes a clause delineating an alternative dispute resolution process. Dispute resolution will involve the program offices, the accounting offices, the contracting officer and the Chief Financial Officer (CFO), from each administration as appropriate. Disputes will be documented in writing with a clear explanation for the dispute. VA will jointly develop a memorandum of agreement with its trading partner, signed by both agencies' CFOs, acknowledging their participation in the dispute resolution process. VA will not chargeback, reject, or create new transactions for disputed amounts in compliance with the Intragovernmental Business Rules.

C. Differences that remain on fiduciary transactions longer than 25 days after the close of the reporting period must go through dispute resolution. Disputes resulting from differences in accounting treatment or contractual differences require resolution 60 calendar days after the difference is identified in the [Material Differences Report](#) or a charge is disputed. Treasury requires Federal agencies to provide a plan of action on how the agency is addressing certain of its unresolved material differences.

D. The buyer may establish a threshold (in the intragovernmental agreement) not to exceed a certain amount per order before asking for contractual decisions. If the disputed amount is under the threshold and the buyer elects not to pursue a dispute, then the buyer will pay the amount.

050206 Reporting Requirements

A. Performance Report. The performance report assists VA and its trading partners in the recording of accrued expenses and revenues. It improves the timing and amount of the accrual, which in turn promotes reconciliation and elimination. The intragovernmental agreement will indicate that the performance report is provided to the program office and the financial management office containing the data and due dates in compliance with the Intragovernmental Business Rules.

VA will provide the report to its trading partner no later than 30 days after the accountable event or before the close of quarterly reporting, whichever occurs first. The report will include the common agreement number(s), the Treasury account symbol, the business event type code, the agency location code, amount of accrual (performance amount), contact information, and other information identifying the current expense of

services or goods within the reporting period. The interagency agreement delineates the frequency, the method, the points-of-contact, and the content of the required report.

B. Quarterly “F” Data File Submission. In support of the quarterly reconciliation process, reporting agencies are required to submit intragovernmental balances (only transactions with the “F” attribute) for all proprietary USSGL accounts to Treasury. The VA CFO derives the submitted intragovernmental balances directly from departmental trial balances, used as the basis for constructing quarterly unaudited financial statements for OMB. VA must also complete its [Quarterly Intragovernmental Data File Submission Checklist](#) (paragraph 4706.30b in hyperlinked source). The VA CFO must submit this checklist, with the “F” data file, to its Treasury’s intragovernmental review accountant counterpart.

C. Quarterly IFCS Submission. The CFO must use the IFCS to reconcile and confirm fiduciary balances and activity with central fiduciary agencies on a quarterly basis. The amounts entered into the IFCS must agree with VA’s quarterly “F” file submission and the audited financial statements before data is submitted to Treasury.

D. Material Differences/Status of Disposition Certification. The VA CFO must explain the material differences with its trading partners in the amounts reported by reciprocal category. The differences are segregated into the following categories: Confirmed Reporting, Accounting Methodology Difference, Accounting/Reporting Error, Timing Difference – Current Year (CY), Timing Difference – Prior Year (PY), or Unknown. Those differences are also explained on the Additional Explanations form provided by Treasury. The CFO must submit VA’s [Material Differences/Status of Disposition Certification](#) and the Additional Explanations form to his or her intragovernmental review accountant counterpart at Treasury. The Status of Disposition Certification is not required in the fourth quarter. Treasury will use the Closing Package intragovernmental data (submitted by verifying agencies as part of their Closing Package) to consolidate agency data for year-end reporting.

E. CFO Representations for Federal Intragovernmental Activity and Balances. At year-end, the CFO is required to represent that VA has properly and completely reconciled its intragovernmental activity and balances with its trading partners, using the Closing Package submission and VA’s audited financial statements. This requirement is outlined in Volume I, Treasury Financial Manual (TFM), Part 2-4700, Section 4705.75. The representations relate to whether the reconciliation was completed, providing General Intragovernmental Reporting Results and the Explanation of Closing Package Differences.

F. Financial Reporting Requirements, OMB Circular No. A-136. VA must comply with this OMB circular that dictates the required elements for all Federal agencies’ financial statements, footnotes, required supplementary information, and required stewardship supplementary information. VA will record and report all transactions in the proper USSGL accounts; it will also report all USSGL accounts in accordance with the financial statement crosswalk(s). VA reconciles and confirms intragovernmental activity and

balances with its trading partners before submitting year-end data to Treasury and reporting it in its audited financial statements, ensuring that the reconciled and confirmed balances for intragovernmental transactions agree to VA's audited financial statements and Closing Package reporting. VA prepares agency-wide consolidated financial statements and elimination entries for intradepartmental transactions.

G. Closing Package For Fiscal Year-end Reporting, TFM 2-4700. Treasury developed the Closing Package methodology to resolve material deficiencies identified by the Government Accountability Office (GAO). VA's CFO must reclassify all line items and amounts on the comparative audited, consolidated, departmental level Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position, to the Closing Package financial statement formats. VA must report footnotes, disclose all other information not contained in the primary financial statements required to meet generally accepted accounting principles, and submit VA's adjusted trial balances via the [Federal Agencies Centralized Trial-Balance System \(FACTS I\)](#). VA identifies trading partners in the Federal Trading Partner Note module for those Closing Package line items that hold intragovernmental balances. VA reports the reconciled and agreed-upon confirmed balances in the IFCS, the Closing Package, and its audited financial statements.

050207 Year-end Requirements

A. At the end of each fiscal year (September 30), all transactions and activity related to the fiscal year will be recorded in each agency's general ledger. Transactions that are incurred as of September 30 and not billed will be recorded as accruals in both agencies' records. These transactions may have been billed subsequent to year-end or they remain unbilled at the time of accrual. The providing agency will identify these transactions and will work with the receiving agency to provide detailed information supporting the transactions and the amounts incurred as of the cut-off date (September 30) and not yet billed. The providing agency will record these transactions as receivables/revenues as of September 30. The receiving agency will record these transactions as payables/expenses or assets as of September 30. Agencies will work together to calculate and estimate accruals and to record corresponding entries in each set of records so they are in agreement or so long-term accounting policy differences can be easily identified. The providing agency is typically responsible for estimating the accrual and communicating this information to the receiving agency. Both agencies are responsible for recording the information.

B. VA will submit a Quarterly "F" Data File to Treasury for fourth quarter activity, largely as an aid to correctly submit intragovernmental balances on the year-end GFRS. VA is not required to return a signed copy of the "F" Data File fourth quarter Material Differences Report.

050208 VA must capture financial data on intragovernmental transactions and account for it correctly in its financial records and financial management system, so these transactions can be properly managed and reconciled.

050209 VA must match its intragovernmental accounts against those reported by VA's trading partners, and any resultant significant variances between these reciprocal accounts must be reconciled promptly to determine whether the variances are timing differences, errors attributable to VA, or errors attributable to trading partners.

050210 VA must ensure the accuracy and soundness of its financial statements, which include the effects of intragovernmental transactions. The General Ledger balances resulting from these transactions are part of VA's financial statements that are reported to Treasury, in compliance with the applicable laws, Treasury guidance, and OMB management controls, and are reflected in GFRS.

0503 AUTHORITY AND REFERENCES

050301 [Statement of Federal Financial Accounting Standards \(SFFAS\), No. 1, *Accounting for Selected Assets and Liabilities*, dated March 30, 1993](#)

050302 [OMB Memorandum M-07-03, "Business Rules for Intragovernmental Transactions," dated November 13, 2006](#)

050303 [OMB Circular A-123 revised, Management's Responsibility for Internal Control, dated December 21, 2004](#)

050304 [OMB Circular A-136 revised, Financial Reporting Requirements, June 3, 2008](#)

050305 [OMB Bulletin No. 07-04, Section 13.32, Audit Requirements for Federal Financial Statements, dated September 4, 2007](#)

050306 [OMB Memorandum No. M-08-24, Technical Amendments to OMB Bulletin No. 07-04, dated August 25, 2008](#)

050307 [Treasury Financial Management Service's Financial Reports Division, "Federal Intragovernmental Transactions Accounting Policies Guide](#)

050308 [Treasury Financial Manual, Volume 1, Part 2, Chapter 4700, Subject: Agency Reporting Requirements for the *Financial Report of the United States Government*](#)

050309 [Treasury Financial Management Service Web Site](#)

050310 [Governmentwide Financial Report System/Federal Agencies' Centralized Trial-Balance System I/Intragovernmental Fiduciary Confirmation System Web Site](#)

050311 [Office of Management and Budget Web Site](#)

050312 [Bureau of the Public Debt \(BPD\), Department of the Treasury, Federal Investments Web Site](#)

050313 [Bureau of Public Debt Federal Borrowings Web Site](#)

050314 [Unemployment Insurance and Federal Employees' Compensation Act \(FECA\) Liability Information Web Site](#)

0504 ROLES AND RESPONSIBILITIES

050401 The Assistant Secretary for Management/Chief Financial Officer (CFO), as required by the Chief Financial Officers Act of 1990 and codified in Title 38, Section 309 of the U.S. Code, oversees all financial management activities relating to the Department's programs and operations. Specific responsibilities include the direction, management, and provision of policy guidance and oversight of VA's financial management personnel, activities, and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities, provides guidance on all aspects of financial management, and directs and manages the Department's financial operations and systems support.

050402 All VA management heads in the Administrations, staff offices, and other organizations have the responsibility to implement financial policies and procedures established by the CFO, including compliance with the policies and procedures set forth in this chapter.

050403 All VA Program Managers who require the services of another Federal entity and have a need to establish a trading partner agreement will provide requirements to VA's procurement office, which will set up the official agreement with the trading partner entity. All financial-related details must be coordinated with and reviewed by the VA CFO and Administration CFOs, as the agreement dictates involvement of a specific CFO. The CFO will ensure that agreement financial matters are properly disclosed in reports internally and externally, specifically within Treasury systems.

0505 PROCEDURES

050501 The Chief Financial Officer will:

- A. Establish and maintain an accounting structure for intragovernmental transactions that includes initiating, executing, recording, reconciling, and reporting procedures.
- B. Ensure that the reconciled and confirmed balances for intragovernmental transactions agree with VA audited financial statements and Closing Package reporting.
- C. Ensure that intradepartmental transactions between VA trading partners are eliminated in preparation of VA audited financial statements and Closing Package reporting.
- D. Provide intragovernmental balances ("F" transactions) for all required proprietary USSGL accounts to Treasury each quarter, through the Office of Financial Policy, to

include the fiduciary account balances in the IFCS. At the end of each fiscal year, the CFO will report intragovernmental transactions in the GFRS.

E. Reconcile intragovernmental data in VA's accounting records to the supporting documentation on the basis of reports retrieved via Discoverer Viewer, a query tool within GFRS.

F. Reconcile intragovernmental fiduciary activities in VA's accounting records to the supporting documentation on the basis of data in the VA's financial management system and the IFCS.

G. Submit intragovernmental Closing Package data by Federal line item to the Treasury at year-end through the Office of Financial Policy.

H. Establish a consistent relationship with VA's intragovernmental trading partners to facilitate identifying and resolving differences.

I. Complete the CFO Representations for Federal Intragovernmental Activity and Balances and provide the information to the Treasury and the Government Accountability Office (GAO). Ensure that all intragovernmental balances have been reconciled and that those balances are presented in VA audited financial statements, as instructed by [OMB Circular A-136, Financial Reporting Requirements](#). To assist the CFO with the reconciliation process, additional information that is not on the Intragovernmental Activity Detail and Intragovernmental Reciprocal Category Reports will be obtained from the [Individual Trading Partner Comparison Report \(ITPR\)](#), which is a spreadsheet in pivot table format and found on the Treasury website.

J. Document and maintain the data requirements agreed upon by VA and its trading partners in the [Intragovernmental Payment and Collection \(IPAC\) System](#) and reconciliation process. When the IPAC system is not used to settle collection amounts owed to VA and payment by check is required, the Standard Form 1080, *Voucher for Transfers between Appropriations and/or Funds*, or a charge form of VA's own design,² will be used to bill other government agencies, when either the billing or the paying agency is not serviced by a Treasury Financial Center and is outside of the Treasury disbursing area. Use of the voucher does not impact the need and the requirements to document and maintain the data requirements agreed between VA and its trading partners.

K. Ensure compliance with VA's policy and procedures over intragovernmental account processes to ensure relevant, reliable, and timely reporting to Treasury.

050502 VA Administration CFOs, field stations, and other finance activities will:

² The special design form must be approved by Treasury and the General Services Administration (I TFM 1-2000).

- A. Record trading partner codes on all transactions occurring between Federal entities and the common agreement number provided in the intragovernmental agreements on all transactions.
- B. Document and support the information recorded in accounting records related to intragovernmental transactions.
- C. Record activity between Federal entities at the transaction level and not net accounting activity or intragovernmental balances, even if the activity is in the same reciprocal category.
- D. Ensure that all intragovernmental transactions include the proper vendor ID number. The vendor ID number will identify the trading partner and its two-digit trading partner code. VA's Financial Services Center will ensure that the vendor list is accurate, complete, and current. This vendor information will help to ensure that all intragovernmental transactions and accounts are accurately and fairly recorded and presented in VA's general ledger and financial statements.
- E. Reconcile intragovernmental data in VA's accounting records to the supporting documentation on the basis of reports retrieved via Discoverer Viewer, a query tool within GFRS.

0506 DEFINITIONS

050601 Bureau of the Public Debt (BPD). A Treasury bureau that is responsible for accounting and reporting the debt of the Federal government.

050602 Business Event Type Code (BETC). An eight-character code that indicates the type of activity being reported (borrowing, repayment, offsetting collection, receipt, disbursement, etc.). It is used in combination with the TAS to determine the transaction effect on the Fund Balance with Treasury.

050603 Business Partner Network (BPN) Number. A unique business location identifier, used as a single source for Federal vendor data, which provides a search mechanism into several key databases across Federal agencies.

050604 Business Rules. A standard set of regulations that provides Federal entities official guidance with recording and reconciling fiduciary transactions and intragovernmental exchange activity. These regulations standardize business practices across the Federal government.

050605 Buy/Sell. Intragovernmental exchange transactions related to goods and services rendered, accounts receivable/payable, and other liabilities, advances, prepayments from/to, and deferred credits.

050606 Closing Package. A methodology that links agencies' comparative, audited consolidated, department-level financial statements to the Financial Report of the U.S. Government (FR). It consists of each agency's reclassified line items and amounts reported in the financial statements. It is the data submitted by each verifying and non-verifying agency for inclusion in the FR.

050607 Discoverer Viewer. A query tool integrated in the Governmentwide Financial Report System (GFRS) that provides users with the option to view or download intragovernmental activity reports to/from Excel and/or Adobe Acrobat.

050608 Duplicate Partner Code Identifier (DPCI). A single-digit code applied to a reporting trading partner agency sharing a two-digit agency code with another agency (e.g., Pension Benefit Guaranty Corporation, Farm Credit System Insurance Corporation, and the Smithsonian Institution).

050609 Exchange. Activity arising when a Federal entity provides goods and services to the public or to another Federal entity for a price. Exchange activities include services provided and those related to reimbursable agreements, cost of products sold, transfers, and appropriations used.

050610 Federal Employee Compensation Act (FECA). Provides compensation benefits to Federal employees for work-related injuries or illnesses and to their surviving dependents, if a work-related injury or illness results in the employee's death. The FECA is administered by the Department of Labor, Office of Workers' Compensation Programs (OWCP).

050611 Federal Financing Bank (FFB). A government corporation, created by Congress in 1973, under the general supervision of the Secretary of the Treasury. The FFB was established to centralize and reduce the cost of Federal borrowing, as well as Federally-assisted borrowing from the public.

050612 Federal/Non-Federal Indicator. The USSGL account attribute that indicates the type of entity involved in transactions with the reporting entity (that is, other Federal entities (F) or Non-Federal entities, such as private or local/State/tribal/foreign governments (N)).

050613 Fiduciary. Intragovernmental transactions that consist of BPD investments and borrowings; FFB borrowings; Department of Labor Federal Employee Compensation Act (FECA) transactions; and Office of Personnel Management (OPM) employee benefit transactions.

050614 Financial Management Service (FMS). FMS is a Treasury bureau that provides central payment services to Federal agencies, operates the Federal government's collections and deposit systems, provides Governmentwide accounting and reporting services, and manages the collection of delinquent debt owed to the government.

050615 Financial Report (FR) of the U.S. Government. Provides a comprehensive view of the Federal Government's finances, i.e., its position and condition, its revenues and costs, assets and liabilities, and other obligations and commitments.

050616 Government Account Series (GAS) Securities. Refers to all types of securities issued to or by government accounts and trust funds.

050617 Government Accountability Office (GAO). The audit, evaluation, and investigative arm of Congress charged with examining matters relating to the receipt and payment of public funds.

050618 Governmentwide Financial Report System (GFRS). GFRS is a system that captures each agency's Closing Package information and links the agency's comparative, audited consolidated, department-level financial statements to the Financial Report of the U.S. Government and resolves material deficiencies identified by the Government Accountability Office (GAO).

050619 Governmentwide Accounting (GWA) Player. A Federal entity that has applied to and has been approved by Treasury to participate in the Governmentwide Accounting Modernization Project, whose goal is to accelerate Federal reporting requirements, capture TAS/BETC at the earliest possible time for agency payment, collection, and intragovernmental transactions, post directly to the fund balance with Treasury, and eliminate redundant reporting.

050620 Intradepartmental Balance. This USSGL account balance results from a transaction between trading partners in the same department.

050621 Intragovernmental Activity/Balances. Revenue/expense transactions, asset/liability transactions, and transfers resulting from business activities conducted by Federal entities. These transactions and/or balances result from business activities conducted by two different Federal government entities.

050622 Intragovernmental Agreement. An official request for goods or services from another Federal agency; used interchangeably with intragovernmental order in this document.

050623 Intragovernmental Fiduciary Confirmation System (IFCS). An internet-based application for confirming and reconciling fiduciary balances (quarterly and year-end). Federal agencies and departments that engage in fiduciary intragovernmental transactions utilize IFCS as the official confirmation system. Agencies and departments must use the IFCS to confirm and reconcile activity and balances activity for investments, borrowings, FECA transactions, and OPM employee benefits transactions.

050624 Intragovernmental Payment and Collection (IPAC) System. IPAC is one of the major components of the Government On-Line Accounting Link System II (GOALS II).

The IPAC application's primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intragovernmental transfer of funds, with descriptive data, from one FPA to another.

050625 Intragovernmental Reporting and Analysis System (IRAS). An internal database in FMS used to conduct in-depth analysis and to synthesize/provide quarterly and year-end Closing Package reporting, as well as IFCS reporting, of all intragovernmental transactions to Federal entities. The intragovernmental account balances provided quarterly by each Federal agency are contained in this database and utilized to assist in reconciliation.

050626 Intragovernmental and Intradepartmental Accounts/Eliminations Sub-process. The process of identifying, analyzing, and reconciling VA's intragovernmental transactions that must be eliminated for financial reporting purposes; reporting GFRS and Federal transactions in VA's quarterly and annual financial reports; and correctly performing the elimination of any intradepartmental transactions.

050627 Non-Exchange. Refers to revenue arising primarily from the exercise of the government's power to demand payments from the public (i.e., taxes, duties, fines, and penalties). This also includes donations.

050628 Non-Fiduciary. Consists of intragovernmental buy/sell (exchange) transactions, transfers, and non-Treasury investment transactions.

050629 Out-Of-Balance Condition. The net difference between the reporting agency's activity and its trading partner's activity for a particular reciprocal category.

050630 Performance Measures. A method to measure agency reporting performance each fiscal year for Closing Package, and intragovernmental activity and balances (for verifying reporting agencies only).

050631 Providing Agency (Seller). The Federal agency (includes bureaus, departments and/or programs within agencies) that provides goods and services, inventory supplies, equipment, and any other requirement resulting from proprietary transactions. The providing agency is considered as the seller for exchange transactions and the transferring-out entity when appropriations are transferred.

050632 Receiving Agency (Buyer). The Federal agency (includes bureaus, departments and/or programs within agencies) that receives goods and services, inventory supplies, equipment, and any other requirement resulting from proprietary transactions. The receiving agency is considered as the purchaser for exchange transactions and the transferring-in entity when appropriations are transferred.

050633 Reciprocal Category (RC). Pairings of related USSGL accounts that will be used by providing and receiving agencies to reconcile like intragovernmental

activity/balances. It is a pair of Closing Package financial statement Federal line items that will be used to perform eliminations at the Governmentwide level.

050634 Reporting Agency (RA). A Federal entity required to report intragovernmental amounts against its trading partner for a reciprocal category.

050635 Service Provider. An agency, private sector, or public reimbursable source that is performing, or will perform, a commercial activity.

050636 Trading Partner (TP). An agency, department, bureau, or other Federal entity that is a party to intragovernmental transactions with another Federal agency.

050637 Trading Partner Agreement (TPA). A formal agreement between Federal Program Agencies engaged in buyer-seller business relationships, documenting the data required in the IPAC and the reconciliation process.

050638 Trading Partner Code. The USSGL account attribute used to identify the trading partner agency. The trading partner code appears as the first two numbers in the ALC and TAS on accounting transactions to identify the agency performing the business transaction (e.g., 80-00-0087 and 80F3200).

050639 Treasury Account Symbol (TAS). The receipt, expenditure, appropriation, and other fund account symbols and titles, as assigned by Treasury.

050640 Treasury Account Symbol/ Business Event Type Code (TAS/BETC). The combination of TAS/BETC must be used to identify transactions and classify them properly to determine the effect on the Fund Balance with Treasury.

050641 U.S. Standard General Ledger (USSGL). The USSGL provides a uniform Chart of Accounts and technical guidance for use in standardizing Federal agency accounting.

050642 USSGL Account Attribute. A data element that assists in identifying the purpose, type, and reporting requirement of the transaction being recorded (Trading Partner Code and Federal/Non-Federal Indicator).

0507 RESCISSIONS

050701 OFP Volume VII, Chapter 5, Financial Reporting: Intragovernmental Activity and Reconciliations, dated January 2009

0508 QUESTIONS

Questions concerning these financial policies and procedures should be directed as shown below:

VHA VHA CFO Accounting Policy (10A3A) (Outlook)
VBA VAVBAWAS/CO/FINREP (Outlook)
All Others OFP Accounting Policy (Outlook)

0509 REVISIONS

Section	Revision	Office	Effective Date
Overall	Updated reference hyperlinks	APPS (047GA)	June 2012
050201	Moved reference to footnote.	APPS (047GA)	June 2012
050204 A	Added reference to Appendix A, Examples of FMS Transactions	APPS (047GA)	June 2012
Appendix	Appendix A added	APPS (047GA)	June 2012

APPENDIX A: EXAMPLES OF FMS TRANSACTIONS FOR INTRAGOVERNMENTAL ACTIVITY AND RECONCILIATIONS

Questions concerning the following transactions should be directed to the appropriate accountant or the Nationwide Accounting Help Desk at 1-866-372-1141.

VA is required to reconcile general ledger balances with federal agency trading partners each quarter. Some of the differences in these reconciliations result from intragovernmental transactions that do not include a federal vendor code or have the wrong vendor code. The three transactions below contribute to this reconciliation issue.

1. CHANGES TO SV 08 (AGENT CASHIER ESTAB/INCREASE) AND SV 67 (ACCRUED REIMB-NON FED) FMS TRANSACTIONS

The SV 08 and SV 67 are two transactions that contribute to this reconciliation issue. To resolve the problem, new transactions are established which will require use of the appropriate vendor code when processing these transactions.

The RJ 08 is established to replace the SV 08 transaction. The RJ 08 includes a vendor category of "G" when recording the transaction. This change will ensure the transaction records to the proper general ledger accounts. Please use the appropriate Agent Cashier vendor ID when inputting the RJ 08 transaction. The SV 08 transaction will be deleted, but only after the balances in the general ledger accounts are correct. Stations should NOT correct prior SV 08 balances. This correction will be accomplished globally.

The RJ 67 is established to replace the SV 67 transaction and includes a vendor category of "N" when recording the transaction. No other vendor category can be used. This change will ensure the transaction records to the proper general ledger accounts. The SV 67 transaction will be deleted, but only after the balances in the general ledger accounts are correct. This change will be timed to ensure it does not occur during the accrual process.

To avoid rejects, please remember to include the proper vendor code on the transactions.

2. CHANGES TO SV 51 (PAYROLL ACCRUAL - SALARIES) AND SV 66 (ACCRUED REIMB FED) FMS TRANSACTIONS

The SV 51 and SV 66 are two transactions that contribute to this reconciliation issue. To resolve the problem, new transactions are established which will require use of the appropriate vendor code when processing these accruals.

The RJ 51 is established to replace the SV 51 transaction. The RJ 51 includes a vendor category of "G" when recording the transaction for the following budget object codes (BOCs) – 1204, 1212, 1214, 1216, 1218, 1220, 1222, 1223, 1225, and 1226. Transactions

with a BOC in the 1100 series or other BOCs which do not need to be posted as federal activity will require an employee “E” vendor category. This change will ensure the transaction records to the proper general ledger accounts. The SV 51 transaction will be deleted, but only after the balances in the general ledger accounts are correct. This change will be timed to ensure it does not occur during the accrual process. Valid vendor codes for the 1200 BOC series are listed below.

The RJ 66 is established to replace the SV 66 transaction and includes a vendor category of “G” when recording the transaction. No other vendor category can be used. This change will ensure the transaction records to the proper general ledger accounts. The SV 66 transaction will be deleted, but only after the balances in the general ledger accounts are correct. This change will be timed to ensure it does not occur during the accrual process.

To avoid rejects, please remember to include the proper vendor code on the transactions.

BOC	BOC Name	Vendor	Vendor ID
1204	OWCP Payments	US Dept of Labor OWCP	530199187
1212	FEGLI VA Share	OPM	521136517 19
1214	OASDI Employers Tax	IRS	521782822
1216	Civil Service Ret VA Share	OPM	521136517 19
1218	FEHB VA Share	OPM	521136517 19
1220	Medicare VA Share	IRS	521782822
1222	FERS Regular VA Share	OPM	521136517 19
1223	FERS Special VA Share	OPM	521136517 19
1225	FEE Basis - OASDI-VA Share	IRS	521782822
1226	FEE Basis-Medicare-VA Share	IRS	521782822

3. DELETIONS OF SV 56 (PAYROLL EXP TNFR - SALARIES) FMS TRANSACTIONS

The SV 56 is one such transaction, that contributes to this reconciliation issue. To resolve the problem, the SV 56 was deleted. EB 56 or EW 56 should be used instead and will require use of the appropriate vendor code when processing these transfers.

The EB and EW 56 includes a vendor category of “G” when recording the transaction for the following budget object codes (BOCs) – 1204, 1212, 1214, 1216, 1218, 1220, 1222, 1223, 1225, 1226, and 1288. Transactions with a BOC in the 1100 series or other BOCs which do not need to be posted as federal activity will require an employee “E” vendor category. This change will ensure the transaction records to the proper general ledger accounts.

To avoid rejects, please remember to include the proper vendor code on the transactions.

BOC	BOC Name	Vendor	Vendor ID
1204	OWCP Payments	US Dept of Labor OWCP	530199187
1212	FEGLI VA Share	OPM	521136517 19
1214	OASDI Employers Tax	IRS	521782822
1216	Civil Service Ret VA Share	OPM	521136517 19
1218	FEHB VA Share	OPM	521136517 19
1220	Medicare VA Share	IRS	521782822
1222	FERS Regular VA Share	OPM	521136517 19
1223	FERS Special VA Share	OPM	521136517 19
1225	FEE Basis - OASDI-VA Share	IRS	521782822
1226	FEE Basis-Medical-VA Share	IRS	521782822
1288	Garnishment Fee Cost	DFAS Garnishments Ops	34072761202