Treasury Financial Manual

Bulletin No. 2013-04 **Volume I**

Retention: January 31, 2014

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

Subject: Revised Policy for Intragovernmental Transactions (IGTs) for Fiscal 2013 Reporting, Including Implementation of Metrics and Scorecards

1. Purpose

This Treasury Financial Manual (TFM) bulletin notifies agencies of the revised IGT policy for fiscal 2013 reporting and provides agencies with updated guidance on the processes and accounting categories and subcategories to adequately account for and eliminate IGT activity and balances between Federal agencies.

2. Attachments

Attachment 1: Procedures for Intragovernmental Transactions (IGTs)—Prescribes yearend Chief Financial Officer's procedures for intragovernmental transactions/balances and intragovernmental requirements.

Attachment 2: Intragovernmental Transaction (IGT) Guide—Assists agencies in the accounting, reporting, and reconciliation of IGT activity with their trading partners.

3. Background

In support of standardizing and requiring adequate controls, the Department of the Treasury (Treasury) has established business rules and processes to properly record, report, and reconcile IGTs. IGTs result from business activities conducted between two Federal agencies. When preparing the *Financial Report of the United States Government*, these activities must be eliminated so that financial statement amounts are properly stated. When IGT activity between trading partners does not reconcile, it creates differences that result in the misstatement of financial balances. Collaboratively, the Federal financial community must engage this problem to ensure a Governmentwide successful solution.

4. Revised IGT Policy for Fiscal 2013

In general, the revised IGT policy will:

- Enhance the dispute resolution process to resolve imbalances between trading partners;
- Lower the material differences threshold to $100 million per IGT subcategory;
- Provide explicit General Fund (trading partner 99) proper usage rules;
- Establish limited use of specific U.S. Government Standard General Ledger (USSGL) accounts;
- Group eliminating USSGL accounts within refined reciprocal categories;

- Strengthen the authoritative source model for fiduciary/benefits;
- Define reconciliation sources and procedures with authoritative sources;
- Implement a Governmentwide Intra-governmental Payment and Collection (IPAC) cutoff date of 3 days before the end of the quarter;
- Establish minimum accounting data element reporting for buy/sell transactions;
- Document guidance for assisted acquisition and bad debt allowances;
- Identify transfer transaction types related to proprietary accounts;
- Provide the quarterly IGT scorecards/metrics to measure agency progress in resolving IGT differences; AND
- Add requirements to split out balances by trading partners for some USSGL accounts used in more than one IGT subcategory.

Treasury will incorporate this new/updated policy into a future TFM chapter.

5. Effective Date

This bulletin is effective immediately.

6. Inquiries

Direct questions concerning this bulletin to:

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Date: January 10, 2013

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Commissioner

Attachments

PROCEDURES FOR INTRAGOVERNMENTAL TRANSACTIONS (IGTs)

I. Yearend Chief Financial Officer (CFO) Procedures for Intragovernmental Transactions/Balances

Verifying agencies must comply with the following instructions using the comparative, audited consolidated, department-level financial statements:

- Provide responses to the representations outlined in the detailed "CFO Representation" instructions for each intragovernmental issue;

AND

- Ensure the data in the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* is consistent with the information reported in the Federal program agency's financial statements.

FMS provides the CFO Representations form for Federal Intragovernmental Transactions and Balances (see TFM Volume I, Part 2, Chapter 4700, Appendix 8). FMS posts this form on the FMS Web site at **http://www.fms.treas.gov/closingpackage/forms.html**. The representations relating to whether the reconciliation was completed for each item of Section I (General Intragovernmental Reporting Results), Section II (General Intragovernmental Explanation Results), and Section III (Explanation of Closing Package Differences), including the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report, Part III: Additional Explanations form*, must be completed in their entirety.

A. Detailed CFO Representation Instructions

Verifying agencies must provide responses to the following intragovernmental items.

B. Section I: General Intragovernmental Reporting Results

- Is consistency maintained between the agency intragovernmental reporting entered in Governmentwide Financial Report System (GFRS) Module GF004 Trading Partner Note (by line item and trading partner) and the agency source documents? If "no," provide an explanation. (Refer to the *Intragovernmental Closing Package Line Item Reports* and the *Trading Partner Identification Reports* from GFRS Module GF004). Agency source documents include manual and electronic records, original documents, and accounting records generated by the agency's official accounting system.
- Identify policies and procedures that pertain to the agency's ability to record, process, summarize, and report intragovernmental activity and balances by trading partner. Describe the accounting treatment and policies and procedures used for buy/sell, fiduciary, benefits, and transfer IGTs.
- Review and explain the agency's activity reported with trading partner 00. Indicate the dollar amount or percentage of this activity that relates to business conducted with highly classified agencies, the U.S. Senate, or the House of Representatives. Also, explain any activity that is unknown because the agency is unable to identify its trading partners and/or amounts.
- Explain activity reported with trading partner 99.
- Review and explain material differences involving trading partners. Refer to TFM Volume I, Part 2, Chapter 2700, subsection 4706.60e, for further details.
- Did the agency use the Use of Central Accounting Data (UCAD) reports available on the FMS Web site at **http://www.fms.treas.gov/closingpackage/reports.html** to validate the agency's trading partner data entered in GFRS Module GF004 for the Closing Package line items in RC 07, RC 08, and RC 11; as well as Fund Balance With Treasury-RC 29; and Appropriations Received as Adjusted-RC 29? If "no," explain why the UCAD online reports were not used.
- Did the independent auditors propose any adjustments related to intragovernmental balances reported in the Closing Package? If "yes," list the auditor's intragovernmental adjustments waived by management.

C. Section II: General Intragovernmental Explanation Results

Explain the differences indicated on the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report*, Part I, in terms of the following categories:

(1) Accounting/Reporting Error;

(2) Current Year Timing Difference;

(3) Prior Year Timing Difference;

(4) Accounting Methodology Difference;

(5) Accrual Methodology Difference;

AND

(6) Unidentified.

Also, explain the special items and differences on the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report*, Part II, on the *Additional Explanations* form (Part III), which is provided on the FMS Web site.

D. Section III: Explanation of Closing Package Differences

For each explanation from Parts I and II the supporting documentation **must** be included, in detail, on the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report, Part III: Additional Explanations*" form provided by FMS. (Refer to TFM Volume I, Part 2, Chapter 4700, subsections 4706.60e and 4706.60f, for further detail regarding the explanation of differences).

Provide an electronic file of the CFO's Representations for Federal Intragovernmental Transactions and Balances along with the completed *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report,* including *Part III: Additional Explanations* form, to FMS and the Government Accountability Office (see TFM Volume I, Part 2, Chapter 4700, Figure 2, for due dates).

II. Intragovernmental Requirements

A. IGTs

IGTs result from business activities conducted between two Federal Government entities, called trading partners. Accounting differences occur in Governmentwide financial reporting when trading partners record differing amounts on transactions that should eliminate or net to zero. Trading partners must reconcile these differences on a routine basis with their trading partners. The IGT Guide, (Attachment 2) contains the business rules and processes to properly record, report, and reconcile IGTs.

1. IGT Categories and Subcategories

IGTs fall into four categories: fiduciary, benefits, buy/sell, and transfers. The fiduciary and benefits categories are further broken down into individual IGT subcategories. Refer to TFM Volume I, Part 2, Chapter 4700, subsections 4706.35, 4706.40, 4706.45, and 4706.50, for details on the IGT categories and subcategories.

2. Authoritative Sources for Fiduciary and Benefit Transactions

The Bureau of the Public Debt (BPD) and the Federal Financing Bank (FFB) serve as centralized fiduciary agents on behalf of Federal agencies for investments and borrowings. The U.S. Department of Labor (DOL) and the Office of Personnel Management (OPM) manage Federal employee benefits programs on behalf of other agencies. DOL and OPM are designated as authoritative sources for the IGT balances they manage, and agencies must reconcile to the balances the authoritative sources provide. For investments, some agencies may have general or special financing authority that allows them to issue Treasury securities to a Federal agency other than Treasury securities issued by BPD.

3. Reporting Confirmation Process

All agencies are required to confirm IGT balances with trading partners on a quarterly basis. When agencies are unable to reconcile differences, they must submit to FMS-Governmentwide Accounting (GWA) an explanation of material reporting differences on the Status of Disposition Certification report on a quarterly basis.

For fiduciary and benefits IGTs, agencies must reconcile to authoritative source balances after performing their due diligence to validate the accuracy of the authoritative source balance. If an agency does not agree that the authoritative source balance is correct, it must communicate the differences with the authoritative source in an attempt to reconcile them. If the agencies are unable to resolve the difference, both agencies must initiate a dispute resolution request with FMS (see TFM Volume I, Part 2, Chapter 4700, subsection 4706.25). When submitting a dispute resolution request, both parties must provide the appropriate level of supporting documentation so that FMS can make an informed decision.

4. Nonreporting Agencies

The legislative and judicial branches are nonreporting agencies since they are not subject to executive branch mandates and guidance. Although not required by law, nonreporting agencies are encouraged to report their balances quarterly. Executive branch agencies cannot easily reconcile balances with their legislative and judicial trading partners unless the nonreporting agencies submit their balances. Therefore, when compiling the *Financial Report of the United States Government (FR),* FMS will record a journal voucher to eliminate any IGT differences related to legislative and judicial transactions.

B. IGTs/Balances Reconciliation Requirements Authority

The IGT reconciliation requirements are stated in the following:

- Office of Management and Budget (OMB) Circular No. A-136 (see the OMB Web site at **http://www.whitehouse.gov/omb)**;

AND

- Intragovernmental Transaction (IGT) Guide (see Attachment 2).

C. IGT Accounting Scenarios

Agencies can refer to the U.S. Government Standard General Ledger Web site at **http://www.fms.treas.gov/ussgl/approved_scenarios/index.html** for accounting scenarios for IGTs.

D. Dispute Resolution of IGT Differences

If an agency's IGT balance does not materially agree with the trading partner's balance, the agency must work with its trading partner to reconcile the difference and must post the adjustment to its financial records. In the event trading partners cannot agree, both agencies must identify the difference in their material differences reports and must request dispute resolution from FMS (see Attachment 2, subsection 2.4.3). The material difference threshold is amounts above $100 million.

FMS will review the request for dispute resolution and will notify both trading partners of the final decision within 30 calendar days of receiving the request. Trading partners must update their financial records within 5 calendar days or before the end of the reporting period, whichever is greater.

If either trading partner does not agree with the decision, it may request an appeal. Appeals must be requested within 5 calendar days of the date the decision was rendered. FMS will send the previously submitted documentation to the Office of the Deputy Fiscal Assistant Secretary-Accounting Policy, Office of the Fiscal Assistant Secretary (OFAS), Department of the Treasury. OFAS will review the request for appeal and will render a final decision within 10 calendar days of receipt of the appeal request. Once OFAS has rendered the final decision, the affected trading partners must update their financial records within 5 calendar days or before the end of the reporting period to reflect the decision, whichever is greater.

E. Use of the General Fund with IGTs

Agencies use trading partner agency identifier 99 strictly for recording transactions with the General Fund of the Treasury.

Agencies must not use the General Fund of the Treasury for IGT activity with the Department of the Treasury (trading partner agency identifier 20). They are not synonymous and agencies must distinguish one from the other when designating an appropriate trading partner code. In addition, agencies must not use trading partner 99 on any buy/sell transactions.

General Fund Receipt Accounts (GFRAs) are credited with all collections that are not earmarked by law for another account for a specific purpose. Agencies that are collecting receipts into GFRAs should be aware that although GFRAs belong to the General Fund, the General Fund does not have all the details of all the accounting events in the GFRAs. Therefore, collecting agencies must record the accounting events in the GFRAs and must use their two-digit agency identifier in the GFRAs for collection and accrual activities (for example, receivables, revenues, other financing sources, transfers in, etc.). The activities that have trading partner code 99 in the GFRAs are listed below. Agencies should refer to the USSGL implementation guidance, in the General Fund Receipt Account Guide, on the USSGL Web site for examples of how to record trading partner codes in GFRAs.

Agencies that record activities with the General Fund also must properly record this Federal activity at the Governmentwide level to assist with the preparation of the FR. General Fund activities (trading partner code 99) are **only** reclassified to a Federal FR line, with a reciprocal category (RC) 29 designation. RC 29 contains all line items for which reciprocal line items do not exist, and the USSGL accounts in RC 29 do not eliminate against another USSGL account. Refer to TFM Volume I, Part2, Chapter 4700, Appendix 1, for a description of each reclassified FR line, and Appendices 6 and 7 for a listing of reclassified FR line reciprocal category designations and the financial statement to which they relate.

Agencies engaged in activity with the Department of the Treasury as a trading partner should use department code 20 regarding all other intragovernmental activities, such as Judgment Fund transactions, investments, borrowings, transfers not associated with a General Fund Receipt Account, and buy/sell activity. Agencies should contact the Director, Financial Reports Division, via email at financial.reports@fms.treas.gov, if they are unsure about the applicability of trading partner code 99 to particular transactions. See the Web site at **http://www.fms.treas.gov/ussgl/approved_scenarios**. In addition, agencies should refer to TFM Volume I, Part 2, Chapter 4700, subsection 4707.20c. Some examples of activities that have 99 as a trading partner are:

- Offsets to collections received or accrued in the General Fund Receipt Accounts—USSGL accounts applicable to this activity include, but are not limited to, 2980F, 2985F, 5990F, 5991F, 5993F, and 5994F.
- Employer Federal Insurance Contributions Act (FICA) contributions collected by the Internal Revenue Service.
- Rescissions that are permanently canceled by law. (Note: Permanent rescissions of balances derived from available trust and special fund accounts are treated differently. The accounting impacts RC 08, and thus does not involve trading partner 99.)
- Other activities associated with the General Fund—USSGL accounts applicable to this activity include but are not limited to tax related accounts and USSGL accounts, 1921F, etc.

F. Fiduciary Transactions

The fiduciary category consists of two subcategories, each managed by different central agencies. The fiduciary subcategories include:

- Investments purchased by BPD or an authorized Federal agency,

AND

- BPD and FFB borrowings,

The central agencies determine the proper balances for their respective fiduciary subcategories and submit their balances to FMS for posting in the Intragovernmental Fiduciary Confirmation System (IFCS), the official system of record for confirming and reconciling fiduciary balances between trading partners and central fiduciary agencies.

1. Investments with BPD

BPD provides investment services to agencies that have statutory authority to invest their funds through the Federal Investments Program. This IGT subcategory involves the calculation and reporting of those investments, interest accruals, interest income and expense, and amortization of premiums and discounts by Treasury and its investing agencies.

2. Borrowings From BPD and FFB

Borrowings from BPD and FFB include the funds loaned and related interest amounts that are disbursed via intragovernmental systems. Borrowing transactions include the processes for calculating and reporting balances of borrowings, interest accruals, gains and losses, and principal/interest repayments.

G. Benefit Transactions

The benefits category consists of two subcategories, each managed by different central agencies. The benefits subcategories include:

- DOL **Federal Employees' Compensation Act (**FECA) benefits,

AND

- OPM benefits

The central agencies determine the proper balances for their respective benefits subcategories and submit their balances to FMS for posting in IFCS.

1. DOL FECA Benefits

The DOL FECA subcategory includes the processes related to the receipt and acceptance of annual FECA benefit bills from DOL, payment and collection of these bills, and trading partner reconciliation.

2. OPM Benefits

The OPM benefits subcategory includes transactions related to Federal employees' withholdings and contributions for the Federal Employees Retirement System (FERS), the Civil Service Retirement System (CSRS), the Federal Employees' Group Life Insurance Program (FEGLI), and the Federal Employees' Health Benefits Program (FEHB).

H. Buy/Sell Transactions

The buy/sell subcategory consists of exchange transactions related to goods and services rendered, accounts receivable and other assets, accounts payable and other liabilities, advances, prepayments from/to, deferred credits, and assisted acquisitions.

1. Buy/Sell Accounting Between Trading Partners

Buy/sell transactions are not managed by designated central agencies to determine proper balances and accounting methods. Trading partners must agree upon accounting data to facilitate reconciliation. OMB requires reporting agencies to reconcile/confirm buy/sell activity and balances quarterly.

2. Buy/Sell Minimum Accounting Data Elements

The buy/sell minimum accounting data elements (MADEs) are needed to drive accounting events and facilitate a standard reconciliation process (see Attachment 2, Section 9). Trading partners must negotiate and identify MADEs when initiating a buy/sell agreement. MADEs enable effective communication of financial data between trading partners and help ensure proper accounting before reporting balances to FMS. Both trading partners must adhere to and record transactions per the established agreement.

The buy/sell MADEs include:

- Seller Unique Identifier;
- Order Point of Contact;
- Agreement Period;
- Order Period;
- Agreement Action;
- Order Action;

- Agreement Amount;
- Order Amount;
- Buy/Sell Transaction Type;
- Accrual/Work in Progress (WIP) Amount;
- Advance/Nonadvance Indicator;
- Capitalized/Noncapitalized Indicator;
- Treasury Account Symbol (TAS);
- Delivery Status;
- Delivery Amount;

AND

- Collected Amount.

3. Buy/Sell Related to Capitalized Purchases

Within the buy/sell MADEs, agencies must identify the method by which each trading partner will either capitalize or expense an asset. This information helps trading partners understand where accounting differences may occur and if processes need to be put in place to account for these differences.

Agencies that capitalize assets purchased from other Federal entities must record the purchase to the following USSGL memorandum accounts:

- 8801F, "Offset for Purchases of Assets";
- 8802F, "Purchases of Property, Plant, and Equipment";
- 8803F, "Purchases of Inventory and Related Property";
- 8804F, "Purchases of Assets – Other."

The above memorandum accounts are not crosswalked to the Closing Package. These amounts are reclassified as fixed assets on the Balance Sheet. The memorandum accounts are supplemental USSGL accounts that are used for tracking and reconciling purposes.

I. Transfer Transactions

Transfer transactions are not managed by designated central agencies to determine proper balances and accounting methods. Trading partners must agree upon accounting data to facilitate reconciliation. OMB requires reporting agencies to reconcile/confirm transfer activity on a regular basis and to report balances quarterly.

1. Transfers Between Trading Partners

The transfers category involves the transfer of resources from one trading partner's account(s) to another trading partner's account(s). Examples of transactions include transfers of expended appropriations, receivables, payables, or custodial revenue. In some instances, a transfer does not move budgetary resources (for example, transfer of assets). See Attachment 2, Section 10.

J. Intragovernmental Fiduciary Confirmation System (IFCS)

IFCS, an Internet-based application, is the official confirmation system for all Federal departments and agencies that engage in fiduciary and benefits IGTs.

Agencies must use IFCS to confirm and reconcile fiduciary and benefits transactions with their trading partners. Agencies should investigate and record adjustments for any discrepancies between their intragovernmental account balances and the reciprocal account balances of their trading partner(s). Discrepancies due to errors should be corrected before the next reporting period and before the preparation of financial statements and the Closing Package submission to FMS (See TFM Volume I, Part 2, Chapter 4700, Figure 2, for due dates).

Specifically, OMB Circular No. A-136 requires reporting agencies to reconcile/confirm intragovernmental activity and balances quarterly for the following reciprocal groupings:

- **Investments**—Including shares/par, original issue discount and premium, accruals of interest payables and receivables, interest income and expense, and amortization of premiums and discounts with BPD.
- **Borrowings**—Including loans receivable (including capitalized interest receivable), interest payables and receivables, interest income and expense from BPD or FFB, and gains/losses on disposition of borrowings that are reconciled/confirmed quarterly.
- **FECA transactions with DOL**—Including routine payments and accruals for FECA liabilities. **Note:** Amounts relating to unemployment compensation are not included. Therefore, agencies need to exclude these amounts before posting expenses (USSGL accounts 6400 and 6850) in IFCS.
- **Employee benefit program transactions with OPM**—Including routine payments and postretirement benefits related to FERS, CSRS, FEGLI, and FEHB.

1. IFCS Reporting Reconciliation Requirements

Agencies must ensure that fiduciary intragovernmental balances are confirmed using IFCS. Intragovernmental balances confirmed through IFCS should agree to the quarterly data, Closing Package reporting, and the agency's financial statements.

2. IFCS System Access

To access and confirm fiduciary balances in IFCS, agency users should access the Internet Web site at **http://www.fms.treas.gov/closingpackage/index.html**. Agencies can apply for a user ID and password by completing a Government On-Line Accounting Link Information Access System II (GOALS II) Enterprise System Access Request (ESAAS) form and faxing it to 202-874-6170. All agencies must designate agency user backups for all roles. After the ESAAS form is processed, the IFCS administrator will make the agency assignment. Then, the agency department administrator will assign the designee to his or her specific agency fund symbols for the borrowings and investments categories and agency code for OPM and DOL categories. For more information, contact the FMS Service Desk by telephone at 202-874-4357 or by email to fmsservicedesk@fms.treas.gov.

K. Quarterly IGTs Reconciliation Process

The quarterly reconciliation process will facilitate the elimination of intragovernmental differences for yearend financial reporting.

Agencies should use a two-digit agency identifier for all IGTs. When agencies report "appropriations transfers" within their departments, they should use their two-digit trading partner code rather than 00. Trading partner code 00 is limited to the House of Representatives, Senate, or classified transactions.

1. Agency Quarterly Submission

In support of the quarterly reconciliation process, both verifying and select nonverifying agencies must submit full proprietary adjusted trial balances in text format.

Agencies should derive these submissions directly from their departmental trial balances that are used as the basis for constructing quarterly unaudited financial statements for OMB.

The text file format must contain the following elements:

- **Department code (two-digit)**—Treasury department code associated with the adjusted trial balance fund group and consistent with the Master Appropriation File adjusted trial balance (MAF ATB) code (see TFM Volume I, Part 2, Chapter 4700, Appendix 5).
- **Bureau code (two digit)**—Bureau code associated with the adjusted trial balance fund group and consistent with the MAF ATB code. Use 00 if the agency does not have any subdivisions. [See TFM Bulletin 2012-03, Conversion of Current Treasury Distribution Codes to Financial Management Service (FMS) Organization Codes (Org Codes), and use the information in the "Change To" column in the attachment.]
- **Fund group (four digit)**—MAF fund group.

- **USSGL account (four digit)**—USSGL account number.
- **Federal/Non-Federal Attribute**—F/N indicator.
- **Federal trading partner (Federal) (two-digit)**—Treasury Department code of the Federal trading partner.
- **Sign indicator**—The "-" (minus) symbol indicates a credit balance. Leave the field blank for debit balances, without regard to the normal-balance concept.
- **Dollar amount**—Leading zeroes required. Last two positions represent amounts after the decimal point.
- **Exchange/nonexchange attribute** —X/T indicator.
- **Custodial/noncustodial attribute** —S/A indicator.
- **Duplicate partner code identifier**—Attribute for certain reporting entities that use duplicate two-digit department codes.

All agencies should send their completed trial balances including the number of record counts via email to their FMS contact person and to financial.reports@fms.treas.gov. See TFM Volume I, Part 2, Chapter 4700, Appendix 9, for the data file format.

Any errors must be corrected within 1 business day.

2. Agency Submission – Parent/Child Reporting

The parent agency (transferor of the appropriation) must report and code activity and balances between the parent and the child using the parent's two-digit trading partner code on its file submission to properly eliminate parent/child activity and balances, unless one of three exceptions applies (see TFM Volume I, Part 2, Chapter 4700, subsection 4705.30 for exceptions). Agencies having activity with the child must use the parent's two-digit trading partner code to report their balances and transactions with the child in the file. For example, agencies having activity with the account "AA BB 1234" will use the "BB" trading partner code, in which "BB" represents the parent's two-digit trading partner code.

For the three exceptions listed in TFM Volume I, Part 2, Chapter 4700, subsection 4705.30, the child agency must report and code activity and balances between the parent and the child with the child's two-digit trading partner code on its file submission to properly eliminate parent/child activity and balances. Agencies having activity with the child, for the three exceptions, must use the child's two-digit trading partner code to report their balances and transactions with the child in the file. For example, agencies having activity with the account "AA BB 1234" will use the "AA" trading partner code, in which "AA" represents the child's two-digit trading partner code.

3. FMS Intragovernmental Activity Reports

Within approximately 7 business days of agencies' submissions of the quarterly data files, FMS will consolidate agency quarterly financial data. Reporting agencies will use the Discoverer application through GFRS or the direct URL link **http://gfrs.fmsapps.treas.gov/discoverer/viewer** to generate the intragovernmental reports (see the Discoverer User Manual at **http://www.fms.treas.gov/closingpackage/regulations.html**). The reports show agencies their reciprocal balances, as reported in the quarterly files, for each of their trading partner agencies:

- *Intragovernmental Activity Detail Report by Trading Partner;*
- *Intragovernmental Activity Summary Report by Trading Partner;*
- *Intragovernmental Reciprocal Category Summary Report;*
- *Intragovernmental Reciprocal Category Detail Report;*
- *Individual Trading Partner Comparison Report (ITPR);*
- *Fiduciary Quarterly Data vs. IFCS Agency Benefits Report;*
- *Fiduciary Quarterly Data vs. IFCS Comparison Report;*
- *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* (Part I of III). This report displays differences equal to or greater than $100 million.
- *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* (Part IIA of III). This report displays differences between UCAD and the Intragovernmental Reporting and Analysis System (IRAS) for RC 07, RC 08, and RC 11; Fund Balance With Treasury – RC 29; and Appropriations Received as Adjusted – RC 29.

- *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report Confirmation of Intragovernmental Activity* (Part IIB of III).This report displays transactions with undefined trading partners “00” and “99” the General Fund.

AND

- *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report Confirmation of Intragovernmental Activity* (Part IIB of III) - *Non-Reporting Agencies.* This data is informational and requires an explanation if amounts are equal to or greater than $100 million.

Agencies should use these reports when working with their trading partners to reconcile and resolve intragovernmental differences.

The IRAS versus UCAD reports show agencies their balances reported in their quarterly submissions compared to the data reported in Treasury’s central accounting system. Agencies should use these reports as a tool to explain their differences in RC 07, RC 08, and RC 11; Appropriations Received as Adjusted-RC 29; and Fund Balance With Treasury-RC 29 on the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report*, Part II, with the data they reported into Treasury’s central accounting system.

4. Agency Quarterly Status of Disposition Certification

Each verifying agency and select nonverifying agencies will generate an *Intragovernmental Closing Package Material Differences/ Status of Disposition Certification Report* from the Discoverer application in GFRS (or use the direct URL link **http://gfrs.fmsapps.treas.gov/discoverer/viewer**), containing comparative reporting between the agency and its trading partners by reciprocal category in Part I, and other significant material balances and comparative differences in Part II. FMS will provide Part III, which is a blank “Additional Explanations” form that agencies will use to explain in detail their reporting on **all** records showing material differences. FMS will post this form on the Web site at **http://www.fms.treas.gov/factsi/reports.html**.

The *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report,* Part I, will allow agencies to identify differences with trading partners, excluding 99 and 00, by reciprocal categories (excluding RC 25 and 29) that are greater than or equal to $100 million. Part IIA will identify all differences between the trial balance and UCAD amounts for RC 07, RC 08, and RC 11. Part IIB will identify all transactions with trading partners 00 and 99; Appropriations Received as Adjusted-RC 29; and Fund Balance With Treasury-RC 29. Agencies must identify and explain all the balances in Parts I and IIA, and Part IIB for balances greater than $10 million in Part III, the “Additional Explanations” form. The assurance level is systematically established using four functions for fiscal 2013:

- Obtaining a sufficient explanation to resolve the out-of-balance and condition coverage for GAO assurance;
- Obtaining assurance that agencies are performing quarterly intragovernmental reconciliation in accordance with OMB Circular No. A-136, revised;
- Ensuring agencies are mutually completing the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* for the same trading partner/reciprocal category material difference instances;

AND

- Minimizing the number and amount of differences subject to certification through a sampling process.

Both verifying agencies and select nonverifying agencies should provide an explanation of the amounts reported on Parts I and IIA, and amounts greater than $10 million on Part IIB of the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* by identifying their reporting justification by explanation number (refer to TFM Volume I, Part 2, Chapter 4700, subsection 4706.60e) and should submit it to the agency’s respective FMS contact person via fax to 202-874-9907 or via email, Portable Document Format (PDF) file. This report is due for each quarter except the fourth quarter.

Note: Verifying agencies that have recurring differences with a trading partner will continue to receive an *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report* that must be explained and certified. Recurring differences should be limited to those situations that have been confirmed by FMS through the dispute resolution process.

5. Detailed Quarterly Status of Disposition Certification Instructions

Verifying agencies and select nonverifying agencies are required to provide an explanation of the *Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report*, Parts I and II. Differences identified in Part I should be classified according to the following categories:

(1) Accounting/Reporting Error;

(2) Current Year Timing Difference;

(3) Prior Year Timing Difference;

(4) Accounting Methodology Difference;

(5) Accrual Methodology Difference;

AND

(6) Unidentified.

Agencies must include documented support for Parts I and II in detail for each explanation on the "Additional Explanations" form (Part III) provided by FMS via the Federal Agencies' Centralized Trial Balance System (FACTS I) Web site.

6. Reporting Agency's Explanation of Reporting in Part I

Material difference reporting is done for each of the following categories:

- Accounting/reporting error occurs when the reporting agency has incorrectly reported activity either by reciprocal category, trading partner, or amount. The total of these amounts **must** be identified and explained. If the agency is in error, then provide the adjustment amount as well as the corrective action (journal entry, etc.) to be taken and when this error will be corrected.
- Current-year timing difference occurs when the reporting agency has reported activity in a different quarter than the trading partner. The total of these amounts **must** be identified. Explain whether an adjustment should be made.
- Prior-year timing difference occurs when the reporting agency has reported activity in a prior fiscal year other than the trading partner. The total of these amounts **must** be identified. Explain whether an adjustment should be made on Part III of the material differences report.
- Accounting methodology/policy difference occurs when the reporting agency uses a different method to account for activity than the trading partner. The method of accounting **must** be identified and explained on Part III of the material differences report.
- Accrual methodology/policy difference occurs when the reporting agency uses a different accrual method to account for activity than the trading partner. The method of accrual **must** be identified and explained on Part III of the material differences report.
- Unidentified occurs when the reporting agency cannot validate the amount it submitted. The total of unidentified reporting amounts **must** be identified and explained.

For further explanation of these categories, see Attachment 2, subsection 2.4.2. For each difference, agencies must provide an explanation on Part III of the material differences report. Unresolved material differences require dispute resolution, and agencies must report differences in one of three material difference status conditions:

- **Confirmed Reporting (Dispute Resolution Completed)** –Indicates that agencies requested dispute resolution, FMS has rendered a final decision, and the affected trading partners have updated their financial records, if needed, to align with the decision. No additional documentation is required.
- **Unconfirmed Reporting (Dispute Resolution Pending)** – Indicates that agencies have verified their reported amounts and that the agency's documents are in agreement with its quarterly source documentation. It also indicates that the agency has reconciled this amount with its trading partner, knows the reason for the difference, and has requested dispute resolution. However, FMS has not yet rendered a final decision No additional documentation is required.
- **Under Agency Review** – Indicates that the reporting agency cannot validate the amount it submitted. The total of under-agency-review amounts must be identified and explained in detail and submitted for dispute resolution, if appropriate.

When differences have been identified and resolved through dispute resolution, agencies must make adjustments before the end of the current reporting period.

Agencies must provide detailed explanations on the "Additional Explanations" form (Part III), available on the Web site at **http://www.fms.treas.gov/closingpackage/reports.html**, so that FMS can better understand the reasons for the differences.

Each verifying agency and select nonverifying agencies generates a *Comparative Status of Disposition Report,* (via the Discoverer application). This report compares amounts and explanations of material differences reported between each reporting agency and its trading partner. FMS makes this report available to agencies quarterly.

CFOs use this report to address and resolve inconsistencies in amounts and explanations between the agency and its trading partners, no later than the subsequent reporting period. Specifically, in instances where an agency or its trading partner explanations for differences has a status condition of "Under Agency Review," the agency is required to contact its trading partner to obtain resolution of the disputed differences. All material differences must be resolved and eliminated by the next reporting period, or a dispute resolution request must be submitted.

L. IGT Metrics and Scorecards

FMS has implemented IGT scorecards and metrics to track reporting differences Governmentwide and by agency. Scorecards will be updated quarterly and disseminated to agencies. The purpose of the metrics is to monitor progress on resolving and/or explaining material IGT differences.

Fiscal 2013 Intragovernmental Key Dates[1]						
Required Action	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Yearend ("5th" Quarter)	Responsibility
Central fiduciary agencies Excel files due to FMS:						
Investments	1/10/2013	4/5/2013	7/5/2013	10/4/2013	N/A[2]	BPD
Borrowings	1/10/2013	4/5/2013	7/5/2013	10/4/2013	N/A[2]	BPD & FFB
FECA transactions (by noon)	1/11/2013	4/8/2013	7/8/2013	10/7/2013	N/A[2]	DOL
Employee benefits (by noon)	1/11/2013	4/8/2013	7/8/2013	10/7/2013	N/A[2]	OPM
IFCS window opens for agency input.	1/14/2013	4/9/2013	7/9/2013	10/9/2013	N/A[2]	FMS
IFCS window closes for agency input.	1/30/2013	4/30/2013	7/30/2013	10/22/2013	N/A[2]	FMS
Agencies' IRAS quarterly data files due to FMS.	1/30/2013	4/30/2013	7/30/2013	10/22/2013	N/A[2]	FPA/CFO
Agencies generate IRAS reports using the Discoverer Application in GFRS.	2/6/2013	5/7/2013	8/6/2013	10/29/2013	TBD[3]	FPA
Agencies complete and submit Quarterly Status of Disposition Certification.	2/13/2013	5/14/2013	8/13/2013	N/A[2]	TBD[3]	FPA/CFO
Agencies generate Comparative Status of Disposition Report using the Discoverer Application in GFRS.	2/19/2013	5/20/2013	8/19/2013	N/A[2]	TBD[3]	

[1] Represents the "no later than" date.
[2] N/A-These actions are not performed for fourth quarter and/or yearend.

[3] TBD - To be determined; will be updated when the TFM chaper is published.

INTRAGOVERNMENTAL TRANSACTION (IGT) GUIDE

Document Version Control

Each successive draft of a document is numbered sequentially from 0.1, 0.2, 0.3, etc., for each internal review. The first finalized version, v1.0, is considered complete and ready for review by the external client. If v1.0 is to be revised, drafts would be numbered as 1.1, 1.2, etc., until the second finalized version, v2.0.

Version History

Version No.	Date Created	Author	Version Details

Reviewers

Version No.	Date Submitted for Review	Reviewer	Deliverable Return Date

Table of Contents

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Section 1: Overview of Intragovernmental Transactions

1.1 Purpose

The purpose of the IGT Guide is to assist agencies in the accounting, reporting, and reconciliation of IGT activity with their trading partners. The Guide establishes overall roles and responsibilities for trading partners and provides specific guidance relevant to each IGT category and subcategory. The Guide is intended to serve both as a reference document for those individuals new to the IGT process, as well as provide specific instructions on the IGT process to agency subject matter experts. In addition, the Guide establishes authoritative sources for fiduciary and benefits transactions and balances, and explains how the Financial Management Service (FMS) will use metrics to measure agency progress in resolving IGT differences. The Guide also explains how to use the dispute resolution process to resolve imbalances between trading partners.

Throughout this Guide, the term “agency” refers to reporting agencies required to adhere to the policies in this Guide. The term “trading partner” refers to the two entities engaged in an IGT activity and incudes all reporting and nonreporting agencies. Section 2.3, “Reporting IGT Differences,” provides further information for reporting and nonreporting agencies.

Agencies must use this Guide and the U.S. Government Standard General Ledger (USSGL) as references for recording, reporting, and reconciling their IGT activity. Official USSGL guidance is documented in the Treasury Financial Manual (TFM) USSGL Supplement (**http://www.fms.treas.gov/ussgl/index.html**).

1.2 Background

Intragovernmental transactions result from business activities conducted between two Federal Government entities. In order to properly present the balances on the *Financial Report of the United States Government*, IGTs must be eliminated during the preparation process. If not, IGT differences will occur. For example, when two agencies enter into a reimbursable agreement, each will have a reciprocating accounts payable (buyer) and accounts receivable (seller) that should net to zero. If not, the buy/sell IGT category will have a difference.

There are two types of IGTs: intradepartmental and interdepartmental. Intradepartmental transactions result from activity between trading partners within the same department. Before reporting adjusted trial balances to FMS, agencies must eliminate their intradepartmental IGT activity. Interdepartmental transactions result from activity between Federal entities not within the same department. When FMS compiles quarterly financial reports or the *Financial Report of the United States Government*, it eliminates interdepartmental activity and identifies IGT differences that agencies must reconcile and resolve.

To report financial statement balances accurately and to present the Federal Government as a single entity, IGT activity between trading partners must be eliminated. When IGT activity between trading partners does not reconcile, it creates differences that result in the misstatement of financial balances.

For a list of acronyms used throughout this document, see Appendix A.

1.3 IGT Categories and Subcategories

IGT categories represent a grouping of transactions processed in a similar manner related to a type of financial activity. IGTs consist of four categories: fiduciary, benefits, buy/sell, and transfers. Intragovernmental subcategories provide a further breakdown that allows for differentiation by transaction type and owner. All categories and subcategories have different business processes, defined by the transaction activity that drives distinct process models for the IGTs. Fiduciary and benefits are further broken down into subcategories.

Fiduciary IGTs include transactions that originate from a centralized fiduciary agent. A centralized fiduciary agent is an entity that acts for and on behalf of another in a particular matter under circumstances that give rise to a relationship of trust and confidence. Within the Federal sector, a limited number of agencies perform fiduciary duties on behalf of other agencies. Fiduciary transactions comprise Bureau of the Public Debt (BPD) investments and borrowings and Federal Financing Bank (FFB) borrowings.

Benefit IGTs include transactions with central Federal entities that manage benefit programs for Federal employees on behalf of other Federal agencies. The two benefit IGT subcategories include Department of Labor (DOL) Federal Employees' Compensation Act (FECA) transactions and Office of Personnel Management (OPM) employee benefit transactions.

Buy/sell IGTs include transactions that occur between two Federal entities where goods and/or services are purchased by one entity from another entity. This arrangement is typically accomplished through the issuance of a reimbursable agreement between the two entities.

Transfer IGTs include nonexchange transactions that reduce resources (budgetary and/or proprietary) in one Treasury account symbol (TAS) and increase them in one or more other TAS by the total cumulative amount. Transfer IGTs typically require proper interpretation of legislative language and can involve complex scenarios with intricate accounting treatment.

Table 1 presents the IGT categories and subcategories.

Table 1: Intragovernmental Transaction Categories and Subcategories

IGT Category	IGT Subcategory	Description
Fiduciary	Investments in Treasury securities with BPD	BPD calculates and reports to agencies their investment balances and activity, including principal, premiums, discounts, accumulated amortization of premiums and discounts, accrued interest receivable, and interest revenue (net of gains and losses).
	Borrowings from BPD and FFB	BPD and FFB calculate and report principal and interest balances to agencies.
Benefit	FECA benefits from DOL	DOL records and reports FECA expenses and liabilities by agency, including the accrual of actuarial liabilities, and provides a quarterly detailed listing by employee of charges incurred on behalf of the agency.
	Employee benefits from the OPM	OPM calculates and reports by agency the transactions relating to the Federal Employees Retirement System (FERS), the Civil Service Retirement System (CSRS), the Federal Employee Health Benefits programs, and the Federal Employees' Group Life Insurance program.
Buy/Sell	Buy/sell activities between agencies	Transactions between agencies managed through an interagency agreement, often called a reimbursable agreement, covering exchanges related to goods and services rendered, accounts receivable and other assets, accounts payable and other liabilities, advances, prepayments from/to, and deferred credits.
Transfer	Transfers of resources between agencies	Nonexchange transactions that move budgetary and/or proprietary resources between two or more TAS. Transfers are further classified in this document as expenditure, nonexpenditure, and other.

Section 2: General IGT Guidance

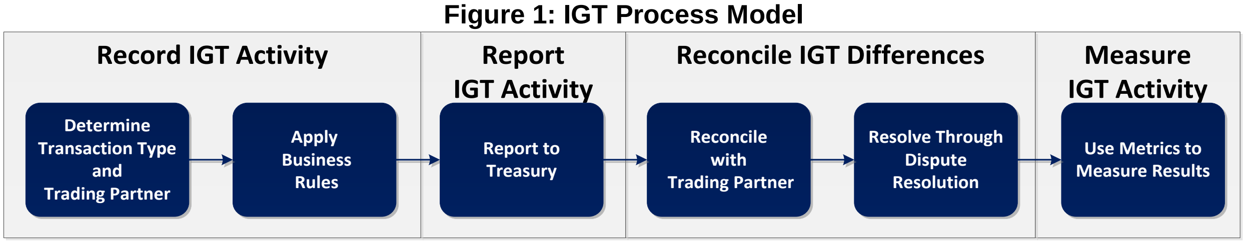
This section presents a high-level overview of the IGT process, discusses which agencies are required to report IGT balances, and presents general accounting guidance for IGT activity. It includes guidance for reporting IGT differences, reconciling IGT activity, and dispute resolution requirements. It also presents how FMS will use metrics to monitor IGT activity. Sections 3 through 10 discuss the General Fund of the Treasury (referred to as “General Fund” in this document) and specific guidance on each of the IGT categories. In addition, Sections 4 through 10 discuss the detailed recordation and reconciliation activities that agencies must perform for all IGT categories.

2.1 IGT Process Model

As agencies conduct business with each other, IGT activity must follow a standard set of processes that supports the recording, reporting, reconciliation, and measurement of intragovernmental activity. Agencies’ adherence to the process model in Figure 1 provides the required controls for IGT activity and allows both agencies and FMS to perform their financial statement reporting in an efficient manner.

To enhance accountability and efficiency within IGT processes, FMS will request that each agency identify key points of contact (POCs) for each IGT category/subcategory. Each POC should be familiar with his/her agency’s activity in the IGT category/subcategory and will be expected to address questions and/or concerns on an as-needed basis.

Figure 1: IGT Process Model



The phases of the IGT process model are discussed in subsections 2.1.1 through 2.1.4.

2.1.1 Record IGT Activity

- **Determine Transaction Type and Trading Partner:** Based on the subcategory, the agency determines the transaction type and the trading partner for that transaction. Fiduciary transactions always have an authoritative source that acts as a fiduciary agent on behalf of all agencies, and benefit transactions always have an authoritative source that acts as a central benefits program administrator. Buy/sell and transfer transactions occur between varying trading partners that must coordinate closely on the proper financial treatment so that the IGTs properly eliminate. Selecting the correct trading partner and transaction type allows agencies to properly categorize their IGT activity.

- **Apply Business Rules:** The agency determines its role and responsibilities (for example, calculations, reconciliations) in the transaction type by referring to the Roles/Responsibilities sections contained throughout this Guide. The Guide identifies key regulations, policies, and other guidance that govern the subcategory. The agency follows the established business rules for proper posting of the transaction type.

2.1.2 Report IGT Activity

- **Report to Treasury:** The agency submits adjusted trial-balance data to Treasury on a predetermined schedule using specific Treasury systems to capture the information. At yearend, verifying agencies submit Closing Package information through the Governmentwide Financial Report System (GFRS) and provide Chief Financial Officer (CFO) representations on their IGT balances (see TFM Volume I, Part 2, Chapter 4700 for dates).

2.1.3 Reconcile IGT Difference(s)

- **Reconcile Difference(s) With Trading Partner:** The agency follows the established reconciliation procedures in the Guide for both IGT-wide and subcategory-specific reconciliations. Agencies must work with their trading partners to identify and resolve differences in their balances on a routine basis. Once reconciled, one or both of the trading partners must post an entry to resolve the difference in their financial systems. Agencies must identify and explain material differences (greater than $100 million) via the quarterly Material Differences Report (**http://www.fms.treas.gov/factsi/reports.html**). This important step in the process provides Treasury with an explanation of material differences to help explain material reporting differences on the consolidated Governmentwide financial statements. All differences identified in the previous quarter must be resolved by the following quarter. If agencies are unable to resolve the differences, then they must request dispute resolution.
- **Resolve Through Dispute Resolution:** If an agency cannot resolve a material difference with its trading partner, both agencies must request a dispute resolution through Treasury by submitting the completed form (see **fms.treas.gov/closingpackage/vol1/vol1appen-request-form.pdf**) to business.rules@fms.treas.gov. Treasury will review the request and will issue a decision, which must then be reflected in agency balances. Agencies may appeal the decision. All decisions on appeals are final.

2.1.4 Measure IGT Activity

- **Use Metrics to Measure Results of IGT Reporting:** Starting in fiscal 2013, FMS generates quarterly scorecards with metrics focused on monitoring progress in reducing material IGT differences. The metrics will be available to agencies and will evolve over time focusing on resolving recurring material difference items and/or problematic IGT processes.

2.2 Record IGT Activity

This section presents guidance for recording IGT activity.

2.2.1 Treasury Systems

Agencies provide IGT Closing Package information to Treasury using GFRS and the Federal Agencies' Centralized Trial-Balance System (FACTS I) on an annual basis. GFRS collects line item information, which represents an agency's comparative, audited consolidated, department-level financial statements that are used to prepare the *Financial Report of the United States Government*. Treasury also uses the Intragovernmental Reporting and Analysis System (IRAS), and the Intragovernmental Fiduciary Confirmation System (IFCS). Treasury uses IRAS to produce intragovernmental reports and analyze intragovernmental financial data from agencies on a quarterly basis. IFCS is the official confirmation system for all Federal departments and agencies that engage in fiduciary and benefits IGTs.

2.2.2 IGT Reporting Guidance

IGTs must be accounted for consistently by both trading partners. Agencies must ensure that they are able to identify and track all IGTs from the beginning to the end of the process. Agencies should maintain accurate, detailed information on transactions as a part of their accounting records. This information assists agencies in identifying the correct postings to USSGL accounts and facilitates the reconciliation process. Detailed records should include enough information to enable easy identification, rationale, and location of supporting documentation.

At the end of each quarter, FMS collects agency adjusted trial balance submissions to analyze USSGL data. To eliminate IGT activity at the Governmentwide level, FMS groups specific USSGL accounts into reciprocal categories (see TFM Volume I, Part 2, Chapter 4700, subsection 4705.35, and Appendix 7: Intragovernmental Category Eliminations Summary). Within each reciprocal category, USSGL accounts are paired up between trading partners for proper elimination, except for Reciprocal Category 29 (RC 29), which is used for non-reciprocating USSGL accounts. These pairings of eliminating USSGL accounts for all IGT subcategories are listed in TFM Volume I, Part 2, Chapter 4700, Appendix 7. In addition, see Sections 4 through 10 for the eliminating accounts relevant to each IGT subcategory.

Some IGT eliminating accounts are considered limited use and must only be used for their stated purpose. These accounts are identified and discussed in each IGT subcategory section. If an agency plans to use the account for other than the stated purpose, it must contact the FMS Financial Reporting Division to discuss if that USSGL account can be used.

2.2.3 Accounting Attributes and Business Rules

The following subsections provide detailed information and/or guidance on specific accounting attributes and business rules important to the proper recording of IGT activity.

2.2.3.1 USSGL Account Attributes

Account attributes further describe USSGL accounts in order to meet specific financial reporting requirements. Every attribute is assigned one or more domain values, which consist of all the possible valid choices within that attribute.

See the TFM USSGL Supplement, Section IV, for a complete listing of attributes and attribute domain values.

The Federal/non-Federal indicator attribute used in conjunction with line item data in the Closing Package provides information that enables FMS to prepare elimination entries for the *Financial Report of the United States Government*. Domain values for this attribute are “F” for Federal and “N” for non-Federal. The attribute is used to identify the type of account balance and the IGTs. When the Federal attribute domain value “F” is used with a USSGL account, a two-digit agency identifier must be identified for the agency of the trial balance being reported, and for the trading partner with whom the agency has the balance.

2.2.3.2 Classifying Asset Accounts

Asset accounts related to inventory, property, and equipment are submitted to FMS with a non-Federal attribute domain value “N” because the source of the asset is a non-Federal entity, except when the purchase is made through the Bureau of Prisons, then the domain value would be “F.” This attribute is being used as a mechanism to communicate that these particular asset accounts of individual agencies are also assets of the Federal Government as a whole, regardless of whether the assets were purchased from the public or another Federal agency.

Related USSGL memorandum accounts 8801, 8802, 8803, and 8804 were established to record capitalized purchases and are to be used in the reconciliation process (trading partner identification is associated with these accounts). See TFM Volume I, Part 2, Chapter 4700, subsection 4706.45c for additional guidance related to capitalized purchases.

2.2.3.3 Trading Partner Agency Identifiers

For proper eliminations to occur, it is essential that accurate trading partner data be captured for intragovernmental activity and balances. Agencies must report their two-digit agency identifier as part of the TAS on their IRAS bulk file to represent ownership of the balance when reporting USSGL account balances that relate to transactions with another Federal agency. Agencies that process classified transactions must use the two-digit trading partner agency identifier "00."

For yearend Closing Package reporting to GFRS, agencies must use the four-digit financial reporting entity codes that are established in the GFRS for balances designated as "F." For quarterly reporting to IRAS via the extract of "F" transaction files, agencies must use the two-digit agency identifier for the owner and the trading partner.

Note: Transactions with Graduate School USA should be classified as a non-Federal, "N," transaction. Therefore, a trading partner agency identifier is not required for this activity.

2.2.4 Parent-Child Reporting

Some laws require agencies to allocate budget authority to another agency within the same department or in another department. See TFM Volume I, Part 2, Chapter 4700, Section 4703, for a definition of an allocation transfer. An allocation represents the amount of budget authority transferred from one agency, bureau, or account that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund. While the agency receives budget authority in accordance with law, the same law requires the agency (that is, the parent) to allocate some or even all of the budget authority to another agency (that is, the child). When such designation exists, FMS establishes a subsidiary account called a transfer appropriation account. The TAS for these accounts includes the agency identifier of the child (for example, 69 for the Department of Transportation) followed by the agency identifier of the parent (for example, 14 for the Department of the Interior). The transfer appropriation account is referred to as a child account. The transfer itself is often referred to as an allocation transfer. In the child account, the receiving agency receives the budget authority and then obligates and outlays sums up to the amount included in the allocation. Except for the object class schedule, the budget does not separately show the allocations, but rather shows all financial activity (for example, budget authority, obligations, outlays) in the parent account. In essence, the parent is accountable for and maintains the responsibility for reporting while the child performs on behalf of the parent and controls how the funds are expended.

Parent-child reporting applies only to the transfer category of nonexchange transactions. The parent agency (transferor of the appropriation) must report all activity of the child in its financial statements, unless one of the three exceptions noted below applies. The parent agency must use its two-digit agency identifier for all transferred activities and balances with the child agency. This will result in intragovernmental activity between the parent and the child being eliminated and not reported in the parent agency's financial statements and GFRS. Other agencies that have activity with the child (see the exceptions below) must use the trading partner agency identifier of the child's parent agency when reporting their balances and transactions with the child in GFRS and FACTS I. In this case, the child agency must inform the other agency of the parent-child relationship so that the other agency properly records its activity for eventual reporting to the parent.

The three exceptions to the requirement for parent-child reporting from Office of Management and Budget (OMB) Circular No. A-136 are:

- Federal trust funds managed by BPD (commonly known as Treasury-Managed Trust Funds) for which the recipients are allocation accounts;
- Activity for which the parent is the Executive Office of the President;
- Funds transferred from the judiciary to the Department of Justice U.S. Marshals Service for court security.

In the exceptions noted above, the receiving agency (child) is responsible for reporting all proprietary activity in its financial statements and GFRS. The child must use its two-digit agency identifier for all activities and balances with the parent agency. This will result in intragovernmental activity between the child and the parent being eliminated and not reported in the child agency's financial statements and GFRS. Agencies that have activity with a child account that does not meet any of the three exceptions must use the trading partner agency identifier of the parent in GFRS.

For more details on parent-child reporting, refer to subsection 10.1.1., Nonexpenditure Transfers.

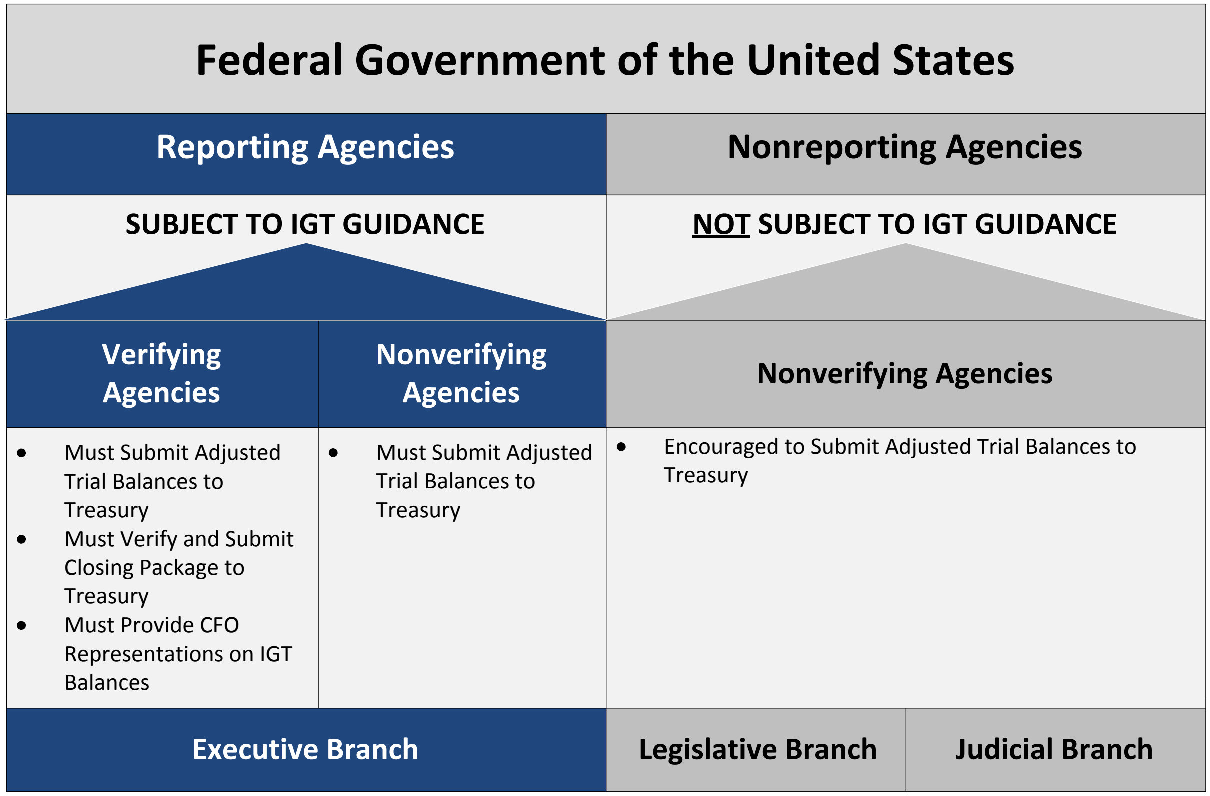
2.3 Report IGT Activity

The CFO Act of 1990 established CFOs at 24 departments and agencies and requires them to submit annual audited financial statements. The Government Management Reform Act of 1994 required that the Secretary of the Treasury prepare and submit audited financial statements to the President and Congress. These Governmentwide financial statements must cover all accounts and associated activities of the executive branch of the Government.

Treasury requires each executive branch agency (called reporting agencies) to furnish budgetary and financial information used to prepare Governmentwide financial statements. Reporting agencies are comprised of verifying and nonverifying agencies. Verifying agencies must verify and submit a Closing Package and provide CFO representations for Federal IGTs and balances. See TFM Volume I, Part 2, Chapter 4700, Section 4703 and Figure 1, for a list of verifying agencies. Nonverifying agencies include all other executive branch agencies. All reporting agencies must comply with the requirements in this Guide.

Judicial and legislative branch agencies are nonreporting agencies since they are not subject to executive branch mandates and guidance. Even though these mandates are not applicable to nonreporting agencies, Treasury strongly encourages these entities to submit their adjusted trial balances, financial statement notes, and other financial report data. At a minimum, nonreporting agencies need to work closely with reporting agencies to help reconcile differences on trading partner balances. Figure 2 depicts reporting and nonreporting agencies and how this Guide impacts them.

Figure 2: Reporting and Nonreporting Agencies



When reporting agencies submit their quarterly and yearend balances, they also must provide information on a limited set of USSGL accounts by trading partner that may be used by more than one IGT category or subcategory. The form that agencies must submit is in Appendix B and is available electronically at **http://www.fms.treas.gov/closingpackage/reports.html**. For example, USSGL account 1310, "Accounts Receivable," could be used for borrowings or buy/sell. For the accounts listed in Table 2, if an agency balance contains activity for multiple IGT categories or subcategories, then the agency must split out the balance amounts by trading partner for the listed IGT categories and subcategories.

Note: The transfers IGT category does not include USSGL accounts that may be used by more than one IGT category or subcategory. Therefore transfers are not included in Table 2.

Table 2: USSGL Accounts Used in Multiple IGT Subcategories

USSGL Account	Account Title	Investments	Borrowings	DOL FECA	OPM Benefits	Buy/Sell
1340	Interest Receivable – Not Otherwise Classified	X	X			
2140	Accrued Interest Payable – Not Otherwise Classified	X	X			
5310	Interest Revenue – Other	X	X			
5400	Funded Benefit Program Revenue			X	X	
6330	Other Interest Expenses	X	X			
6400	Benefit Expense			X	X	
7190	Other Gains	X	X			
7290	Other Losses	X	X			

2.4 Reconcile IGT Differences

Trading partners must proactively communicate in order to identify and eliminate IGT differences. As part of the quarterly reconciliation process, agencies are required to submit adjusted trial balances that include intragovernmental activity in the IRAS-approved bulk file format (see **www.fms.treas.gov/factsi/vol1/vol1appen9.doc**). Agencies should derive these submissions directly from their departmental adjusted trial balances that are used as the basis for constructing quarterly unaudited financial statements. Agencies also must comply with submitting their explanations for their Material Differences Report as presented in subsection 2.4.2.

For fiduciary and benefits transactions, if an agency has trading partner differences in IRAS greater than $100 thousand because its balances are inconsistent with the authoritative source balances, the agency will be considered noncompliant with the policies in this Guide. If an agency has a difference greater than $100 million that cannot be resolved with the trading partner, both agencies must submit a request for dispute resolution. Trading partners must work together to reconcile differences and should not charge back or reject transactions that comply with these rules. In addition, trading partners must not create new or adjustment transactions to circumvent these rules.

2.4.1 IGT Category/Subcategory Reconciliation Source

Trading Partners must reconcile with authoritative sources for fiduciary and benefit transactions and with trading partners for buy/sell and transfer transactions following the reconciliation requirements in Sections 4 through 10 of this Guide. At a minimum, agencies should use the data sources identified in Table 3 below. As additional reconciliation data sources are identified, this table will be updated.

Table 3: IGT Category/Subcategory Required Reconciliation Sources

IGT Category	Subcategory	Report Name	Description	Frequency[1]	Location
Fiduciary	Investments	BPD Monthly Account Statement	Provides investment/redemption/ maturity/interest amounts for trading partners that have invested in Government securities with BPD	Monthly	**http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm**
Fiduciary	Borrowings	BPD Monthly Account Statement	Provides loan activity for trading partners with BPD borrowings including principal and interest balances	Monthly	**http://www.treasurydirect.gov/govt/reports/tbp/tbp.htm**
Fiduciary	Borrowings	FFB Monthly Account Statement	Provides agencies that have borrowed from FFB with their current borrowing amount, final maturity date, and interest rate	Monthly	**http://www.treasury.gov/ffb/press_releases/2012/01-2012.shtml**

[1] Reports listed should be available within 7 calendar days after monthend.

IGT Category	Subcategory	Report Name	Description	Frequency[1]	Location
Benefits	DOL FECA	Liability for Current FECA Benefits	Provides liability for current FECA benefits, including estimates for funded/unfunded receivables and net revenue	Quarterly	**http://www.dol.gov/ocfo/publications.html**
Benefits	OPM Benefits	Employer Benefit Revenue/ Expense	Provides accrued benefit revenue/expense balances by trading partner	Quarterly	Sent via email by OPM
Transfers		Use of Central Accounting Data (UCAD) Report	Provides agencies with balances at each TAS level for the transfers reciprocal categories	Monthly	**http://www.fms.treas.gov/closingpackage/reports.html**

2.4.2 Material Differences Reporting

Where trading partners are unable to reconcile differences, agencies are required to report and explain those differences. Specifically, and as defined in TFM Volume I, Part 2, Chapter 4700, subsection 4706.60d, each verifying agency and select nonverifying agencies will generate an Intragovernmental Material Differences/Status of Disposition Certification Report using the reporting capability in GFRS. Trading partners must explain each difference above the $100 million threshold using the following categories:

- **Accounting/Reporting Error** occurs when the reporting agency has incorrectly reported activity by USSGL account, trading partner code, or dollar amount. The agency **must** identify and explain the total of these amounts. If the agency is in error, it must provide a detailed explanation for the difference, the USSGL accounts affected, the corrective action to be taken (for example, journal entry) and must indicate when the adjustment will be made. If the agency has an accounting/reporting error at fiscal yearend, it must provide FMS with adequate supporting documentation of the error so that FMS can determine if an adjustment needs to be made at the Governmentwide level.

- **Current Year Timing Difference** occurs when the reporting agency has reported activity in a different quarter than the trading partner. The agency **must** identify and explain the total of these amounts. If the agency has a current year timing difference, then it must provide a detailed explanation for the difference, the USSGL accounts affected, the corrective action to be taken (for example, journal entry) and must indicate when the adjustment will be made. If the agency has a current year timing difference at fiscal yearend, it must provide FMS enough supporting documentation regarding the difference so that FMS can determine if an adjustment needs to be made at the Governmentwide level.

- **Prior Year Timing Difference** occurs when the reporting agency has reported activity in a different fiscal year than the trading partner. The agency **must** identify the total of these amounts in detail and must explain whether an adjustment should be made.

- **Accounting Methodology Difference** occurs when the reporting agency uses a different method to account for activity than the trading partner. The agency **must** identify and explain the method of accounting and must explain whether an adjustment should be made.

- **Accrual Methodology Difference** occurs when the reporting agency uses a different accrual method to account for activity than the trading partner. The agency **must** identify and explain the method of accrual and must explain whether an adjustment should be made.

- **Unidentified Error** occurs when the reporting agency cannot explain the difference. The agency **must** report the total of unidentified error amounts and should explain what steps it is taking to attempt to identify the error.

In addition, and as defined in TFM Volume I, Part 2, Chapter 4700, Section 4706 (see subsections 4706.60e and 4706.60f for further detail), for each explanation, the agency **must** include the supporting detailed documentation on the Additional Explanations form provided by FMS. Each agency must provide an electronic file of the CFO's Representations for Federal Intragovernmental Transactions and Balances, along with the completed Intragovernmental Closing Package Material Differences/Status of Disposition Certification Report and Additional Explanations form to FMS.

2.4.3 Dispute Resolution Process

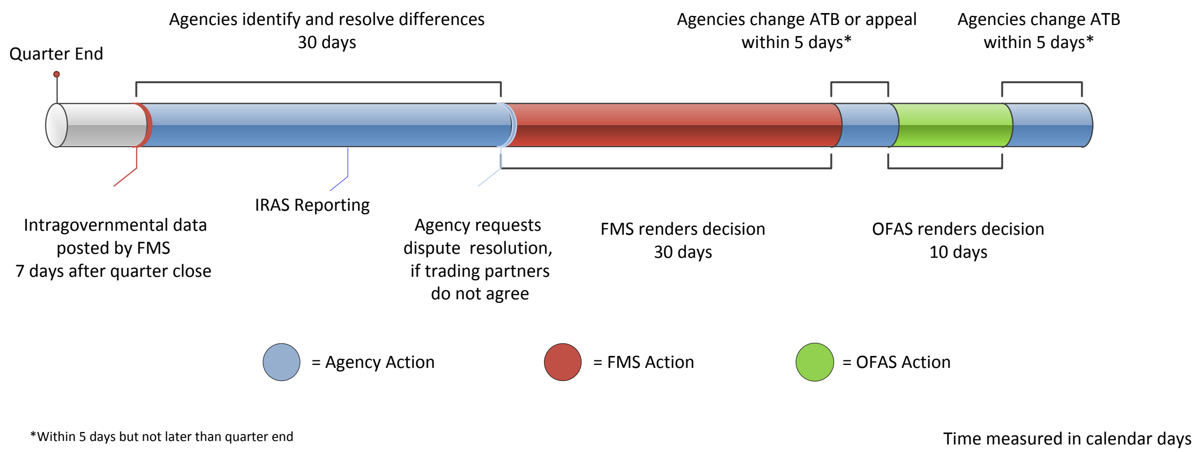
Authoritative sources submit their fiduciary and benefit balances each quarter to FMS for upload into IFCS according to the schedule found at **http://www.fms.treas.gov/factsi/IRRI-key-dates.html**. Agencies must reconcile their balances with IFCS data from the authoritative sources. After a designated period, agencies are required to submit all intragovernmental balances to FMS for upload into IRAS, which includes fiduciary and benefit balances. Agencies must reconcile their IRAS balances with their trading partners within 30 calendar days after quarter end. Where differences occur, agencies must resolve the reporting differences, attempt to reach a resolution, and must update their respective financial systems to correct the differences. In the event agencies cannot agree on how to resolve a difference, both agencies must request dispute resolution by FMS no later than the end of the 30 calendar day period. If neither agency submits a dispute resolution request, FMS will contact the agencies and request their submissions.

The dispute resolution must be filed with FMS Governmentwide Accounting (FMS-GWA) using the Intragovernmental Dispute Resolution Request Form in Appendix C. Agencies should complete the form and send it via email to IBR.dispute.resolution@fms.treas.gov . Agencies should submit all relevant documentation with the form justifying their accounting treatment. FMS will send a confirmation email to the agencies and will provide a date when a decision should be expected. The FMS-GWA decision will be based on the documentation submitted by both trading partners.

Once FMS receives the dispute resolution request from both agencies, it has 30 calendar days to respond with a decision in writing. The 30-day clock does not begin until both agencies have made their submissions. FMS will document the decision citing the rationale, policy, and/or legal guidance upon which the decision is based, and the correct postings to be made by the two trading partners. Once FMS has rendered the decision and notified the agencies via email, the agencies must adjust their financial records to reflect the decision within 5 calendar days, but no later than the end of the quarter.

If either agency does not agree with the decision, the agency may request an appeal by completing the appropriate section of the form in Appendix C. Appeals must be requested via email to IBR.dispute.resolution@fms.treas.gov within 5 calendar days of the date the decision was rendered. When the appeal request is received, FMS will confirm receipt via email and will forward the original dispute resolution documentation along with the FMS decision to the Office of the Deputy Assistant Secretary-Accounting Policy, Office of the Fiscal Assistant Secretary (OFAS), Department of the Treasury. OFAS will review the request for appeal and will render a final decision within 10 calendar days of receipt of the appeal request. Once OFAS has rendered the final decision, the affected agencies must adjust their financial records to reflect the decision within 5 calendar days, but no later than the end of the quarter. Agencies must ensure they continue to adhere to the decision that is rendered going forward. Figure 3 depicts the dispute resolution timeline to which all parties will adhere.

Figure 3: Dispute Resolution Timeline



When an agency has a material difference for which it has requested dispute resolution, FMS will track the differences in the following categories to monitor where the differences are in the dispute resolution process.

- **Confirmed Reporting (Dispute Resolution Completed)** indicates that an agency has requested dispute resolution, FMS has rendered a final decision, and the affected trading partners have updated their financial records, if needed, to align with the decision.

- **Unconfirmed Reporting (Dispute Resolution Pending)** indicates that an agency has verified its reported amounts and that the agency's documents are in agreement with its quarterly source documentation. It also indicates that the agency has reconciled this amount with its trading partner, knows the reason for the difference, and has requested dispute resolution. However, FMS has not yet rendered a final decision.

- **Under Agency Review** indicates that the reporting agency cannot validate the amount it submitted. The agency must identify and explain the total of Under Agency Review amounts in detail and must submit the total amount for dispute resolution, if appropriate.

When an agency has material differences that have already been reported and dispute resolution is either pending or completed, it does not need to resubmit documentation for the difference. The agency only needs to cite the amount of the difference and to identify it as resolution pending or resolution completed.

2.5 Measure IGT Activity

FMS has established a set of performance metrics and scorecards to help identify and resolve root causes of IGT differences. The scorecards are at a Governmentwide and agency-specific level, and FMS will send them via email to verifying agencies within 30 calendar days of the end of a quarter starting in the first quarter of fiscal 2013.

The metrics scorecard by agency will focus on differences by trading partner, IGT subcategory, USSGL account, and reciprocal category. Scorecards will be comprehensive and actionable to effectively initiate a coordinated effort to identify root causes. Agencies must perform data analysis on the problematic areas to determine the root causes and to identify the required corrective actions to resolve the problem. FMS will monitor the quarterly scorecards to assess how well agency corrective actions are resolving problematic areas.

Note: Agency scorecards will be made publicly available on a Web site beginning in the first quarter of fiscal 2014.

Section 3: Use of the General Fund in Intragovernmental Transactions

The General Fund is a central reporting entity that tracks congressionally issued authority and manages general ledger accounts (for example, cash accounts, debt) established for the purpose of fulfilling that authority on behalf of the U.S. Federal Government. Authority includes appropriation authority, spending authority from offsetting collections, and non-budgetary receipts (for example, miscellaneous, trust fund, and special fund receipt accounts), but it does not include contract authority or borrowing authority. Agencies must reclassify all General Fund activity (trading partner code 99) to the appropriate Closing Package financial statement line within RC 29-non-reciprocating activities (see TFM Volume I, Part 2, Chapter 4700, subsection 4705.15d).

3.1 General Fund IGT Use

In certain situations under the IGT subcategories, agencies may need to cite the General Fund as their trading partner using agency identifier 99. Table 4 presents examples of specific transactions where it is appropriate to cite the General Fund. If an agency has questions regarding use of the General Fund for specific transactions, it should contact the General Fund Team.

Table 4: General Fund Use

Category	Subcategory	Appropriate Use of Treasury General Fund
Fiduciary	Investments	• Purchase of GAS securities with non-fiduciary deposit funds
	Borrowings	• None
Benefits	DOL FECA Benefits	• None
	OPM Benefits	• None
Buy/Sell		• None
Other Transactions		• Agencies should report receipts collected or that will be collected into the General Fund Receipt Accounts that do not meet the requirements of the Statement of Custodial Activity or the Custodial Note using USSGL account 1921F, "Receivable From Appropriations." This account is Treasury limited, and agencies may use it only with approval from Treasury and OMB.

3.2 USSGL Account 1010, Fund Balance With Treasury (FBWT) and Trading Partner 99

USSGL account 1010 is defined as the aggregate amount of funds on deposit with the Treasury, excluding seized cash deposited. FBWT is increased by receiving appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; and receiving transfers and reimbursements from other agencies. It also is increased by amounts borrowed from BPD, FFB, or other entities; amounts collected and credited to appropriation or fund accounts; and interest revenue collected from FPAs and other entities. FBWT is reduced by disbursements made to pay liabilities or to purchase assets, goods, and services; investments in U.S. securities (securities issued by BPD or other FPAs); cancellation of expired appropriations; transfers and reimbursements to other entities or to the General Fund; sequestration or rescission of appropriations; repayments on borrowings from FFB, BPD, and other entities; redemptions of investments with BPD and other entities; and interest paid to BPD, FFB, and other entities. Under a continuing resolution, do not increase FBWT until FMS issues a warrant. Not increasing FBWT under a continuing resolution may result in a negative balance, which is acceptable by OMB and FMS.

By association, USSGL account 1010 (FBWT) is Federal in nature. However, USSGL account 1010 does not have a trading partner associated with it and it does not have an offset for reconciliation purposes. Therefore, agencies should not report USSGL account 1010 with trading partner 99 or any other trading partner code. Under a continuing resolution, agencies should not increase USSGL account 1010 (FBWT) until FMS issues a warrant. Agencies should reflect authority received by a continuing resolution in USSGL account 1090 instead.

3.3 Classifying Trust Fund/Special Fund Receipts

Taxes and receipts moved from a Treasury General Fund Receipt Account via a warrant journal voucher to any special funds or trust funds are considered IGTs. The receiving entity must classify these transactions as “Federal.” In addition, the receiving entity must classify these same taxes and receipts as “Federal” on the Closing Package line items in GFRS. Any further classification of the original source of the taxes and receipts (that is, dedicated collections, general receipts, interest) is not relevant for the purposes of the classification of “Federal” or “non-Federal.”

Agencies must classify taxes and other miscellaneous receipts, collected directly from the public as “non-Federal” in the appropriate Treasury General Fund Receipt Account on the agency’s Statement of Custodial Activity and the Closing Package line items in GFRS. For example, some employment taxes are submitted to and collected by the Internal Revenue Service and ultimately are transferred to the Social Security trust funds. Treasury classifies these taxes in GFRS as “non-Federal,” and the Social Security Administration classifies them as “Federal” with TP 99.

3.4 Rescission, Cancellation, and Reduction Transactions with the General Fund

Under various circumstances, unobligated funds are removed from agency accounts and deposited to the General Fund. Generally, this represents a permanent reduction of funding. These reductions may be the result of specific statutory enactments that remove the funds, may reflect permanent law that extinguishes balances at the end of the fifth expired year, or may represent partial reductions due to limitations on earnings or collections. Agencies must cite the General Fund as their trading partner using agency identifier 99 for transfers to the General Fund. However, for transfers to General Fund Receipt Accounts, agencies must use their two-digit agency identifier.

Examples of transactions where it is appropriate to cite the General Fund include early or partial cancellation of appropriations or spending authority from offsetting collections by administrative action, and rescissions where the authority in a TAS is permanently canceled by law and FBWT is returned to the General Fund.

Table 5 describes examples where fund balances are transferred to the General Fund, and Table 6 reflects the appropriate proprietary accounting treatment for these actions.

Table 5: Examples of Rescission, Cancellation, and Reduction Transactions With the General Fund

Transactions With the General Fund	Nature of Transaction
Enacted Rescissions	This transfer type includes enactments of law that rescind appropriated authority and spending authority from offsetting collections. Rescissions return funds to the source from which they were appropriated, that is, either to the General Fund or to the specific receipt account. If the funds were appropriated from the General Fund, Treasury will issue a warrant to effect the rescission.

Transactions With the General Fund	Nature of Transaction
Cancellation of Unobligated Balances at the End of Fifth Expired Fiscal Year	Unless provided otherwise, cancellation of unobligated balances at the end of the fifth expired fiscal year are transfers to the General Fund. Agencies will initiate the transaction via the Central Accounting Reporting System (CARS) Authority Transaction Module (ATM), Yearend Transactions Module, "Early Cancellation of Unobligated Balances."
Early Cancellation of Unobligated Balances	Under certain circumstances, an agency may be required by legislation, or may elect, to cancel unobligated balances, in part or entirely, earlier than the end of the fifth expired fiscal year. This will apply when the head of the agency or the President determines that the purposes for which the appropriation was made have been carried out and no disbursement has been made against the appropriation for 2 fiscal years. The agency does not execute these cancellations via an SF 1151, Nonexpenditure Transfer Authorization. The agency must request Treasury to issue a surplus warrant. For fourth quarter reporting, the agency must notify the Budget Reports Division team if a TAS has been canceled partially or entirely. Once the cancellation is executed, the funds are not available for restoration. Agencies will initiate the transaction via the CARS ATM Yearend Transactions Module, "Early Cancellation of Unobligated Balances."
Permanent Reductions of Special and Nonrevolving Trust Fund Receipts by Transfer to a General Fund Receipt Account	Special or nonrevolving trust fund receipts in unexpired TAS may be permanently reduced by enacted legislation or other statutory provisions that limit the availability of receipts, limit the amount that can be carried forward, or otherwise require a transfer of balances to the General Fund. Statutes that call for rescission and cancellation of receipts are within this category. This transfer type includes permanent reductions in unexpired TAS derived from available or unavailable special and nonrevolving trust fund receipt accounts that are transferred to the following General Fund Receipt account TAS 3230, 3231, 3232, 3233, and 3305. Agencies may be required to transfer current year receipts or prior year balances. Agencies must use their two-digit trading partner agency identifier in front of all General Fund receipt account TAS when returning fund balance to the General Fund. Reductions of available receipts are usually executed via a nonexpenditure transfer. Agencies must request a Treasury surplus warrant for reductions of unavailable receipts.
Contingent Liabilities for Capital Transfers to a General Fund Receipt Account	If the parameters of FASAB SFFAS 5, "Accounting for Liabilities of the Federal Government," are met, the transferring TAS must establish a contingent liability for a capital transfer when it is probable that payment will occur at some point in the future. The transferring TAS will record the contingent liability in USSGL account 2923, "Contingent Liability for Capital Transfers." When it appears receipts or revenue will be sufficient to make the payment in the current fiscal year, the transferring agency should reclassify the contingent liability to liability for capital transfers.

Transactions With the General Fund	Nature of Transaction
Transactions That Transfer Capital Investments of the United States or Earnings for Credit to Designated Capital Transfer General Fund Receipt Account TAS	Capital transfers include the repayment of capital investment and payment of dividends, or distribution of earnings of a revolving fund, to a General Fund Receipt Account. Transfers of this nature involve the following General Fund Receipt Accounts: 1613, 1614, 2813, and 2814. Agencies must use their two-digit trading partner agency identifier in front of all General Fund Receipt Account TAS when returning a fund balance to the General Fund Receipt Account. Generally, the transferring fund will record separate transactions to record the contingent liability related to capital transfer, liability for capital transfer, and the actual transfer of the fund to the General Fund Receipt Account. For specific transaction detail, refer to USSGL implementation guidance on capital transfers.

Table 6 reflects the proprietary accounting treatment for transactions presented in Table 5, indicating the eliminating USSGL account entries. For the full accounting treatment for each transfer type, agencies should refer to the USSGL accounting guidance at **http://www.fms.treas.gov/ussgl/index.html**. Agencies should use USSGL account 3106, “Unexpended Appropriations – Adjustments,” for cancellations of unexpended appropriations and USSGL account 5919, “Revenue or Other Financing Sources – Cancellations,” for cancellations of other financing sources that affect the cumulative results of operations. When an agency uses USSGL account 5919, the transaction must use TP 99 since the account records activity that goes directly to the General Fund and not a General Fund Receipt Account.

Table 6: Accounting Treatment for Examples of Rescission, Cancellation, and Reduction Transactions with the General Fund

Transactions With the General Fund and/or General Fund Receipt Accounts – Accounting Treatment		
Transaction Type	**Entity 1 (Losing Account)**	**Entity 2 (Receiving Account)**
Enacted Rescissions *If the funds were appropriated from the General Fund, record the rescission in USSGL account 3106. If the rescission is against funds appropriated from special or trust fund available receipts or spending authority from offsetting collections, record the rescission in USSGL account 5765.*	Proprietary USSGL accounts 3106 5765	Proprietary USSGL account N/A 5755
Cancellation of Unobligated Balances at the End of Fifth Expired Fiscal Year *If the authority is indefinite, use the CARS ATM Yearend Transactions Module to adjust the authority each year, including before cancellation.*	Proprietary USSGL account 3106 or 5919	Proprietary USSGL account N/A

Transactions With the General Fund and/or General Fund Receipt Accounts – Accounting Treatment		
Transaction Type	**Entity 1 (Losing Account)**	**Entity 2 (Receiving Account)**
Early and Partial Cancellation of Unobligated Balances	Proprietary USSGL account 3106 or 5919	Proprietary USSGL account N/A
Permanent Reductions of Special and Nonrevolving Trust Fund Receipts by Transfer to a General Fund Receipt Account	*To a specific General Fund Receipt Account:* *SF 1151* or Negative Warrant Proprietary USSGL account 5765	*To a specific General Fund Receipt Account:* *SF 1151)* or Negative Warrant Proprietary USSGL account 5755
Contingent Liabilities for Capital Transfers to a General Fund Receipt Account	*Establish a contingent liability for a capital transfer* Proprietary USSGL accounts *2923 and 5792*	*Establish a contingent liability for a capital transfer* Proprietary USSGL accounts *1923 and 5756*
	Reclassify as liability for capital transfers Proprietary USSGL accounts *2923, 2970, 5766, and 5792*	*Reclassify as liability for capital transfers* Proprietary USSGL accounts *1923 and 1925*
Transactions That Transfer Capital Investments of the United States or Earnings for Credit to Designated Capital Transfer General Fund Receipt Account TAS	*To a specific General Fund Receipt Account:* *SF 1151* Proprietary USSGL account *2970*	*To a Specific General Fund Receipt Account:* *SF 1151* Proprietary USSGL account *1925*

3.5 Common Errors with General Fund Use

There are several common errors trading partners make when citing General Fund transactions. A description of each of these errors has been outlined in Table 7.

Table 7: Common Errors on General Fund Use

Category	Subcategory	Common Errors
All	All	• Agencies having activities with General Fund Receipt Accounts should never use TP 99. Instead agencies should use their two-digit agency identifier.
Fiduciary	Investments	• Agencies with investments issued by BPD should not cite the General Fund as a trading partner. Instead these agencies should cite Treasury (TP 20).
	Borrowings	• Agencies with borrowings issued by BPD or FFB, respectively, should not cite the General Fund as a trading partner. Instead these agencies should cite Treasury (TP 20). • Agencies with borrowings issued by entities other than BPD or FFB (for example, Tennessee Valley Authority, Housing and Urban Development) should not cite the General Fund as a trading partner. They should cite the trading partner agency identifier for the issuing agency.
Benefits	DOL FECA Benefits	• Not using TP 99 for the employer's share of FECA benefits
	OPM Benefits	• None
Buy/Sell		• Agencies should never cite the General Fund for buy/sell transactions (reimbursable activity). • Agencies should never cite the General Fund for reimbursable activity with Treasury program organizations. They should cite Treasury (TP 20). • Agencies should never cite the General Fund for Judgment Fund transactions for imputed costs/revenue.
Other Transactions		• Agencies should never cite the General Fund for transfers to or from Treasury program organizations. They should cite Treasury (TP 20). • Capital Transfers: Agencies reporting nonexpenditure financing sources – capital transfers in/out (USSGL accounts 5756F and 5766F) should not use TP 99. Instead agencies should use their own agency as trading partner (that is, intradepartmental). Reporting for General Fund activities is discussed in TFM Volume I, Part 2, Chapter 4700, subsection 4706.30. • Agencies must not use TP 99 for transfers to General Fund Receipt Accounts. Agencies should use their two-digit agency identifier.

Section 4: Authoritative Sources

Fiduciary and benefits IGT categories involve transactions where a single agency performs a centralized function on behalf of all other Federal agencies. These agencies are known as authoritative sources. With fiduciary transactions, the single agency acts as a fiduciary on behalf of agencies for investments and borrowings. For benefits transactions, the single agency manages a centralized Federal employee benefits program. As authoritative sources, these agencies account for and report the balances for which they are responsible. **Note:** Authoritative sources are only applicable to the fiduciary and benefits IGT categories.

4.1 Fiduciary and Benefits Transactions

Under this policy, authoritative sources should implement the appropriate level of audit scrutiny to provide reasonable assurances over authoritative source balances. The authoritative sources determine the proper balances for their respective IGT subcategories and submit their balances to FMS for posting in the IFCS. IFCS is the official system of record for confirming and reconciling fiduciary balances between trading partners and authoritative sources (see Table 8).

Table 8: Authoritative Sources by IGT Subcategory

IGT Subcategory	Authoritative Source	Trading Partner
Investments	BPD, FFB, or agency with general or special financing authority	Investing agency
Borrowings	BPD or FFB	Borrowing agency
FECA Benefits	DOL	Employer agency
Employee Benefits	OPM	Employer agency

Note: BPD is the authoritative source for FFB borrowings from BPD.

For investments, some agencies may have general or special financing authority that allows them to issue securities to a Federal agency other than Treasury securities issued by BPD. For example, the Civil Service Retirement and Disability Fund holds securities issued by the FFB. In this situation, the agency issuing the investment is the authoritative source.

Authoritative sources have specific responsibilities with respect to fiduciary IGTs, as outlined in Table 9.

Table 9: Authoritative Source Responsibilities

Authoritative Source Responsibilities	Key Activities
Provide timely, accurate IGT data to agencies	• Provide applicable IGT investment or benefit data for upload to IFCS • Provide agency-level data (for example, subdepartment) to trading partners
Obtain/maintain adequate assurance for fiduciary and benefits transactions	• Maintain assurances over IGT controls (for example, report on IGT internal controls) • Maintain assurances over IGT balances (for example, report on substantive testing of balances)
Proactively work with trading partners and FMS to reconcile and adjudicate differences as necessary	• Monitor fiduciary and benefits differences with trading partners • Facilitate remediation when necessary

4.2 Authoritative Source Reporting and Confirmation Process

Authoritative sources submit their balances to FMS for posting in IFCS, and trading partners report their reciprocal balances and reconcile them to the authoritative source balances. If the balances agree, the trading partner does not need to take any action. If the balances do not agree, the trading partner must work with the authoritative source to resolve the reconciling items. Once reconciled, the authoritative source submits the updated balances to FMS for posting in IFCS and/or the trading partner posts its adjusted balances in its financial system, if adjustments were required.

If the trading partner does not agree with the authoritative source, and the difference is greater than the material differences threshold of $100 million, the trading partner must request dispute resolution by FMS and must identify the difference in its Material Differences Reporting (see Section 2.4.2). By taking this action, the trading partner provides FMS with a formal explanation of the material difference. Agency CFOs must submit an explanation of their reporting differences on the Status of Disposition Certification on a quarterly basis. This submission establishes formal recognition of the material difference needing dispute resolution so that steps may be taken to remediate the difference.

Note: FMS encourages agencies to submit adjusted trial balances different from the authoritative source only if they materially differ ($100 thousand threshold) from the authoritative source and/or reporting the authoritative source balances would have an adverse impact on the agencies' financial statement opinions.

If the difference is not material to the agency, the trading partner should either post the authoritative source's balance or document the rationale for the difference. Agencies still must work to reconcile and eliminate the difference regardless of the materiality. The documentation of the difference is not required to be submitted to FMS but should be available upon request.

Section 5: Investment Transactions

This IGT subcategory involves the calculation and reporting of investments in Treasury securities issued by BPD and securities issued by other Federal agencies under general and special financing authority. Balances calculated and reported by the issuing agency and its investing agencies may include principal, discounts, premiums, accumulated amortization of discounts and premiums, accrued interest payable/receivable, interest expense/revenue, and the investing agencies' gains and losses. This section describes the transaction types, roles and responsibilities, and business rules to properly account for investment transactions.

Under its special financing authority, FFB has issued securities to agencies. For example, FFB issued securities to OPM for its Civil Service Retirement and Disability Fund during a debt impasse period. In this situation, FFB acts as the authoritative source and calculates and reports to OPM the principal, accrued interest receivable, and interest revenue balances and activity.

The majority of agencies that invest in Treasury securities purchase Government Account Series (GAS) securities directly from BPD through the Federal Investments Program. Only BPD can issue Treasury securities. The Federal Investments Program provides investment services to Federal Government entities that have funds on deposit with the U.S. Treasury and have legislative authority to invest those funds. This program represents approximately one-third of the public debt outstanding, providing services to about 240 funds[2]. Investments of the funds are generally restricted to special issue, non-marketable, par-value or market-based, book entry securities.

In addition, some agencies invest in marketable Treasury securities purchased through accounts with private sector brokerage firms.

The process model for IGT investments is described in the following subsections.

5.1 Transaction Types and Trading Partner

The business process for investments varies based on whether an agency purchases GAS securities from BPD or marketable securities via a secondary market. Regardless of the transaction type, the trading partner used by an agency for an investment transaction is always BPD (TP 20). Each transaction type is described below.

5.1.1 GAS Securities

Federal agencies that purchase GAS securities use the FedInvest system, a Web-based extension to BPD's Invest One accounting system. Invest One is BPD's primary system for recording and processing investment and redemption transactions and is the central source for all detailed investment information. BPD uses the Invest One system to compute interest on securities and amortization of premiums and discounts. In accordance with intragovernmental business rules, BPD transmits investment transaction data daily to FMS-GWA on behalf of the agencies that invest in GAS securities through the Intragovernmental Payment and Collections (IPAC) System. The purpose of IPAC is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs).

[2] The Federal Investment Program also provides services to revolving, trust revolving, and General Fund groups in addition to trust, deposit, and special fund groups.

At monthend, the Classification Transactions and Accountability (CTA) system generates classification reporting and transmits the results to the STAR system (accounting system of record).

5.1.2 Marketable/Secondary Market Securities

Some agencies purchase marketable Treasury securities through an independent brokerage. When an agency purchases these securities, it must notify BPD of the purchase within 3 business days. Failure to notify BPD results in incomplete reporting of debt liability when BPD submits adjusted trial balance information to Treasury's Office of Financial Reporting and Policy. After notification, BPD reclassifies the marketable Treasury securities from “non-Federal” to “Federal” via the Summary Debt Accounting System. This reclassification is necessary to accurately and completely report IGT Treasury securities and to properly classify the Federal debt outstanding. The agency also must report the investment transaction data to FMS-GWA (CTA reporting).

Even though the agency purchases the securities from an independent brokerage, BPD is considered the authoritative source for these transactions. The agency must comply with the authoritative source business rules for these transactions.

5.2 Roles and Responsibilities

As the authoritative source for investments issued by BPD, BPD has specific responsibilities for recording the purchase of investments, performing monthly investment reporting functions, calculating interest expenses, and calculating accruals and amortization of premiums and discounts. Investing agencies must reconcile their records to BPD balances, collaborate with BPD on reconciling any differences, and must request dispute resolution if they cannot reach agreement with BPD on differences. Table 10 outlines the roles and responsibilities for BPD and agencies that purchase investments.

Table 10: Trading Partner Roles and Responsibilities for Investments

Role	Agency	Responsibility
Authoritative Source (Issuing Agency)	BPD, FFB, or Agency With Authority to Issue Securities	As the authoritative source for IGT investments, BPD provides investment services for GAS securities on behalf of eligible investing agencies. These services include: • Investment processing, • Daily reporting to FMS-GWA (IPAC reporting), • Calculation of accruals, amortization, and inflation, and • Recording the resulting liability and expense balances. BPD also is the authoritative source for investing agencies that purchase marketable Treasury securities through an independent brokerage. When notified of agencies investing in marketable Treasury securities that were purchased through an independent brokerage, BPD reclassifies the liability and expense balances from public to intragovernmental debt.
Trading Partner	Investing Agency	The investing agency issues requests to BPD for the purchase or redemption of GAS securities, or purchases marketable Treasury securities from an independent brokerage and notifies BPD of these investment balances. Agencies must record and reconcile investment balances and activity. The investing agency must:

Role	Agency	Responsibility
		• Report investment transactions to FMS-GWA (CTA reporting). • Reconcile against BPD IGT investment data. • Issue requests to BPD for the purchase or redemption of GAS securities. If purchasing marketable Treasury securities from an independent brokerage firm, the investing agency must: • Notify BPD of these investments within 3 business days. • Record and reconcile investment activities, including interest and amortization. • Report investment transactions to FMS-GWA (FMS 224 reporting). • Document differences with authoritative sources and submit material differences to FMS for dispute resolution.

5.3 Business Rules for Investments

The business rules for investments include the following key laws and policy sources that govern the accounting for and financial management of BPD investment programs:

- Article I, Section 8, of the Constitution empowers the Congress to borrow money on the credit of the United States (31 U.S.C. Chapter II, Subchapter B).
- Treasury Operating Circular, "Responsibilities Relating to Government Investment Accounts and Investment in Government Account Series (GAS) Treasury Securities," August 2012, describes responsibilities of the Department of the Treasury related to these Government investment accounts along with the Federal agencies programmatic responsibilities for the use of these moneys contained in the same.
- TFM, Part 2, Chapter 4300, "Reporting Instructions for Accounts Invested in Department of the Treasury Securities," provides reporting instructions for disclosing principal, premium, discount, inflation compensation, and earned interest on accounts invested in Treasury securities.
- OMB Circular No. A-11, Section 113, "Investment Transactions," provides guidance on the proper treatment and recordation of investment transactions.
- OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, emphasizes the need for agencies to integrate and coordinate internal control assessments with other internal control-related activities within the agency.
- Statement of Federal Financial Accounting Standards (SFFAS) No. 1, "Accounting for Selected Assets and Liabilities," assesses the efficiency and effectiveness of the Government's management of its assets and liabilities along with determining whether the Government's financial position improved or deteriorated over the reporting period.
- SFFAS No. 5, "Accounting for Liabilities of the Federal Government," establishes accounting standards to recognize and measure liabilities in general purpose Federal financial reports, which are issued for both internal and external users.
- SFFAS No. 7, "Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting," provides standards for classifying, recognizing, and measuring resource inflows.

- SFFAS No. 31, “Accounting for Fiduciary Activities,” defines the activities that relate to the collection or receipt, and the subsequent management, protection, accounting, investment and disposition of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold.

The following subparagraphs describe the business rules and policies governing the accounting and reporting of BPD investment transactions for GAS securities and marketable securities.

GAS Securities: BPD accounts for GAS security investments as follows, and the investing agency must post the calculated balances as provided by BPD.

1) **Amortization method on market-based notes, bonds, zero coupon bonds, and Treasury Inflation Protected Securities (TIPS).** Uses the effective interest method calculated by Invest One. Amortization begins on the day of purchase. Market-based notes, bonds, and TIPS purchased at premium will be amortized to the call date.
2) **Amortization method on market-based bills.** Uses the straight-line method for amortization on market-based bills. Amortization begins the day after purchase.
3) **Carrying value.** BPD reports all fixed-value Treasury securities at amortized cost value per SFFAS No. 5. Therefore, trading partners that are required to report Treasury securities at fair market value per Financial Accounting Standards Board (FASB) standards must not report these market adjustments and unrealized gains or losses using BPD as their trading partner.
4) **Interest accruals.** Interest accruals begin the day after purchase and are calculated using actual calendar days[3]. Inflation compensation earned on non-business days should be included in the interest accruals until the next business day when it is converted to principal.
5) **Early redemption.** Upon early redemption of market-based securities, use the specific method (that is, purchase dates/tax lots). If securities are not specifically identified, use the first-in/first-out method to identify the security to be sold.
6) **Required reporting.** BPD must report GAS security investment transactions on behalf of its trading partner to FMS-GWA via IPAC and CTA. BPD's trading partners are responsible for reporting all non-investment receipts and disbursements to FMS-GWA. BPD provides its trading partners with a Monthly Statement of Account report in FedInvest for the agency to reconcile with their CARS Account Statement Expenditure Activity report. BPD also provides its trading partners with a Monthly Accrual Confirmation Report in FedInvest to reconcile to their USSGL account balances.

Marketable Securities: BPD and agencies investing in marketable Treasury securities must account for intragovernmental investments as follows:

1) **Required reporting.** If trading partners purchase marketable Treasury securities, they must inform BPD of their outstanding portfolio balances no later than the first business day following the current month. BPD collaborates with the purchasing agency on reporting requirements and specifies the required communication protocol. The purchaser must confirm that BPD codes marketable Treasury securities as intragovernmental, not public, and must use the quarterly reconciliation processes to confirm that the correct codes are used. In

[3] Interest accruals on 1 day securities accrue interest using a formula that includes actual days invested/360 rather than actual calendar days.

addition, the agency must report investment activities via email to BPD (for example, principal, inflation, accrued interest, premium and discounts, amortization of premium and discounts, and interest revenues) because the agency serves as the primary source of investment activity for marketable securities. The agency must also report marketable Treasury security transactions to FMS-GWA (CTA reporting).

2) **Treasury Interest Securities (TINTS):** TINTS are Treasury fixed-principal notes or bonds that have been stripped through the commercial book entry system. Each principal payment becomes a separate zero coupon bond security that has its own identifying number and can be held or traded separately. When an agency invests in TINTS (future interest payment of a security that has been stripped), Treasury records the TINTS as accrued interest 6 months before maturity. This security is not recorded as principal by BPD or the trading partner.

3) **Carrying value.** BPD reports all fixed value Treasury securities at amortized cost value per SFFAS No. 5. Therefore, trading partners that may be required to report Treasury securities at fair market value per FASB standards must not report these market adjustments and unrealized gains or losses using BPD as their trading partner.

Note: Use of Non-Fiduciary Deposit Funds for Fiduciary Funds. Treasury securities purchased using deposit fund or fiduciary activity monies must be classified in accordance with USSGL guidance and SFFAS No. 31. Trading partners must inform BPD when they begin investing non-deposit funds classified as fiduciary under SFFAS No. 31.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS.

5.3.1 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents the USSGL accounts that BPD, FFB, or the agency with authority to issue securities and the investing agencies must use for proper elimination of financial transactions during reporting. For investments, the trading partners are defined as:

- **Bureau of the Public Debt.** BPD is the authoritative source for Treasury securities. Amounts posted by the investing agency in the eliminating accounts for investments in Treasury securities (including zero coupon bonds) issued by BPD must equal those balances posted by BPD. For marketable Treasury securities purchased in the open market, BPD still will act as the authoritative source.

  FFB, or another agency issuing securities under general and special financing authority, is the authoritative source for non-Treasury securities, meaning that the amounts posted by the investing agency in the eliminating accounts for investments in securities other than BPD securities must equal those balances posted by FFB or the other agency.

- **Investing Agency.** The investing agency is the Federal entity purchasing Treasury securities directly from BPD or on the open market. Balances posted by this agency in the eliminating accounts for investments in Treasury securities (including zero coupon bonds) issued by BPD must equal those balances posted by BPD. If the investing agency purchases marketable Treasury securities, the balances posted by the investing agency must also equal those balances posted by BPD.

  If the investing agency purchases non-Treasury securities, the balances posted by the investing agency must equal those balances posted by FFB or other issuing agency.

5.3.2 Limited Use of USSGL Accounts

Table 11 outlines the USSGL accounts reserved for special use in investment transactions. If an agency plans to use these accounts for other than the stated purpose, it must contact FMS. Refer to Section 2: General IGT Guidance, for detailed instructions.

Table 11: Limited Use Accounts for Investments

1340	Interest Receivable – Not Otherwise Classified	Agencies must use this account in limited situations and must document to FMS when offsetting against USSGL account 2140.
1690	Other Investments	Agencies use this account only in limited situations and must document to FMS when eliminating against USSGL account 2590.
2140	Accrued Interest Payable – Not Otherwise Classified	Agencies must use this account in limited situations and must document to FMS when offsetting against USSGL account 1340.
2540	Participation Certificates	Agencies use this account in very limited situations, such as Ginnie Mae, when eliminating against USSGL accounts 1610 or 1620.
5318	Contra Revenue for Interest Revenue – Investments	Agencies must use this account in limited situations and must document to FMS when offsetting against USSGL account 5311.

5.3.3 Common Errors for Investment Transactions

In recording IGTs for investments, there are some common errors agencies have made in the past. Table 12 lists the common errors and the solutions agencies can use to correct the errors.

Table 12: Common Errors for Investment Transactions

Error Type	Description	Solution
Interest/Amortization	Different interest/amortization methodology applied by investing agency.	Use the same interest/amortization methodology as BPD unless the trading partner methodology can prove to materially misstate your financial statements.
Trading Partner	Use of TP 99 when booking entries with the Department of the Treasury. TP 99 is the General Fund and should not be used for investments.	Always use TP 20 when booking entries with the Department of the Treasury.
Reclassification of non-GAS Securities	Agency delays in notifying BPD of the purchase of marketable Treasury securities from an independent brokerage firm.	Agencies must inform BPD of the purchase within **3** business days and must inform BPD of their outstanding portfolio balances no later than the first business day following the current month.

5.3.4 Investment Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this subcategory. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures. In addition, BPD trading partners must review and reconcile to BPD's Monthly Account Statement (see **http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm)**. Specific reconciliations include, but are not limited to:

- Review the Monthly Statement of Account provided by BPD to:
  - Confirm investment/redemption/maturity/interest were processed accurately, timely, and in accordance with agency instructions;
  - Recalculate interest for accuracy;
  - Verify that adjustments were processed completely and accurately; and
  - Reconcile interest payments received.
- Reconcile the Monthly Statement of Account with the GWA Account Statement Expenditure Activity Report for the agency.
- Reconcile the monthly Accrual Confirmation Report from FedInvest provided by BPD to the agency's USSGL account balances.
- Where differences are identified, document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Section 6: Borrowing Transactions

The borrowings IGT subcategory includes the processes for calculating and reporting loan balances, interest accruals, and gains and losses with BPD and/or FFB. Borrowings with BPD and/or FFB include the funds loaned and related interest amounts that are disbursed via intragovernmental systems.

Pending legal authority granted by Congress, agencies submit loan requests to BPD and/or FFB. BPD and/or FFB will review the requests and take the appropriate actions. Throughout the lifecycle of the loan, the borrowing agency will make periodic payments of principal and interest and will reconcile its financial records with the authoritative source balances.

The process model for IGT borrowings is described in the following subsections.

6.1 Transaction Types and Trading Partner

The trading partners for agencies with borrowing authority are always FFB and/or BPD. The legislation granting the agency borrowing authority will state if a specific funding source must be used or if that decision is at the agency's discretion. A description of each of these funding sources is provided below.

Note: The interest on uninvested funds for credit reform accounts is reported by FMS. As a result of this function currently residing outside of BPD and/or FFB, Treasury is not considered the authoritative source for these balances.

6.1.1 Bureau of the Public Debt Loans

The primary mission of BPD's Federal Borrowings Program is to loan funds to agencies with legal authority to borrow from Treasury and to account for and report on the resulting loans outstanding and the associated interest. BPD supplies borrowings to approximately 90 funds administered by various agencies.

6.1.2 Federal Financing Bank Loans

FFB is a Government corporation that was created by Congress in the Federal Financing Bank Act of 1973. FFB, which is under the general supervision of the Secretary of the Treasury, was established to centralize and reduce the cost of Federal borrowing, as well as federally assisted borrowing from the public. FFB has statutory authority to purchase any obligation issued, sold, or guaranteed by an agency and to monitor that fully guaranteed obligations are financed efficiently.

6.2 Roles and Responsibilities

Table 13 outlines the roles and responsibilities for agencies that borrow funds.

Table 13: Trading Partner Roles/Responsibilities for Borrowings

Authoritative Source	BPD	As the authoritative source for borrowings, BPD: • Reviews principal and interest transactions initiated by the borrowing agencies. • Maintains detailed records of principal and interest transactions between Treasury and the borrowing agencies. • Accrues interest on principal outstanding. • Reports Treasury's loans receivable and capitalized interest receivable, and the related interest receivable, interest revenue, gains, and losses. • Provides the borrowing agencies with access to summary and detailed reports no later than 4 calendar days after the end of each month. • Submits balances to FMS at the USSGL and receipt account level on a monthly basis.
	FFB	As the authoritative sources for borrowings with FFB: • Purchases obligations issued, sold, or guaranteed by an agency and monitors that fully guaranteed obligations are financed efficiently. • Records approved borrowing requests. • Maintains the detail records of the loan transactions between Treasury and other Federal agencies. • Accounts for and reports Treasury's loans receivable and related interest receivable. • Accounts for and reports gains/losses. • Submits balances to FMS-GWA.
Trading Partner	Borrowing Agency	As the borrowing agency: • Adheres to the terms of the borrowing agreement. • Initiates borrowing, repayment, and interest transactions (as permitted by legislative authority). • Records and reports the applicable loans payable and capitalized interest payable, and the related interest payable, interest expense, gains, and losses. • Reconciles all balances with amounts reported by BPD and/or FFB. • Submits balances to FMS-GWA. • Documents differences with authoritative sources and submits material differences to FMS for dispute resolution.

6.3 Business Rules for Borrowings

The following key laws and policy sources govern the accounting for and financial management of BPD or FFB borrowing programs:

- Public Law No. 93-224, "The Federal Financing Bank Act of 1973," establishes FFB to provide for coordinated and more efficient financing of Federal and federally assisted borrowings by the public.
- Federal Credit Reform Act of 1990 improved the Federal credit program cost environment by measuring costs more accurately, improving the allocation of resources among credit programs, aligning costs with other Federal spending, and encouraging the accurate delivery of benefits.
- TFM Volume I, Part 2, Chapter 4600, "Treasury Reporting Instructions for Credit Reform Legislation," defines reporting instructions for Federal credit program agencies.
- OMB Circular No. A-11, Part 5, Section 185, "Guidelines for Treatment and Recordation of Federal Credit," provides guidelines for reporting on direct loans and loan guarantees.
- Treasury Operating Circular, "Responsibilities Relating to Non-Credit Reform Borrowing Accounts," January 2011, defines responsibilities for recording and reporting borrowings not subject to credit reform.
- SFFAS No. 2, "Accounting for Direct Loans and Loan Guarantees," provides accounting standards for Federal direct loans and loan guarantees, and requires that direct loans obligated and loan guarantees committed after September 30, 1991, be accounted for on a present-value basis.
- SFFAS No. 18, "Amendments to Accounting for Direct Loans and Loan Guarantees," provides clarification regarding the reporting of subsidy costs and performance of Federal credit programs.
- SFFAS No. 19, "Technical Amendments to Accounting for Direct Loans and Loan Guarantees," amended accounting rules for direct loans and loan guarantees and clarifies the cashflow method for the Fair Credit Reporting Act (FCRA) and effective interest rates used for a cohort for direct loans.

On a quarterly basis, FMS typically updates IFCS with BPD and FFB balances no later than 7 business days after the end of the quarter. The borrowing agencies must then report corresponding balances in accounts that eliminate with the balances reported by BPD and/or FFB. If account balances do not eliminate, the borrowing agency must reconcile the amounts and coordinate with BPD and/or FFB to resolve differences. If unable to resolve the difference, the borrowing agency must initiate the dispute resolution process for material differences. For non-material differences, the agency should either post the authoritative source balance or document the rationale for the difference. The documentation for the non-material difference should be available upon FMS request.

Borrowing agencies must account for intragovernmental borrowings from BPD and/or FFB as follows:

1) **Borrowing/Repayment:** Borrowing/repayment transactions that are posted in CARS should be reflected in the borrowing agency's loans payable or capitalized interest payable.
2) **Payment/Collection:** Payment/collection transactions that are submitted in IPAC should be reflected in the borrowing agency's interest payable.
3) **Accrued Interest/Other Charges:** Accrued interest and other miscellaneous fees/charges should be reflected in the borrowing agency's interest payable and interest expense.
    - Borrowing agencies governed by FCRA must estimate interest accruals based on the previous year's annual interest rate until the actual interest rate for the year becomes available in September. The interest rate calculated in September will be used to determine the actual amount of interest due to Treasury for the year.

- Borrowing agencies not governed by FCRA must accrue interest based on the interest rate as outlined in the legislation or borrowing agreement.

4) **Prepayments:** Prepayments made at market value will create a gain or loss, which should be reflected in the borrowing agency's interest payable and gains or losses.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS.

6.3.1 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents eliminating accounts used by BPD and/or FFB and the borrowing agency for their associated debits/credits. For borrowings, the trading partners are defined as:

- **BPD or FFB.** BPD and/or FFB are the authoritative sources for borrowings, meaning that the amounts posted by the borrowing agency in the eliminating accounts for loans made by BPD or FFB must equal those balances posted by BPD or FFB.
- **Borrowing Agency.** The borrowing agency is the Federal entity borrowing funds from BPD and/or FFB. The borrowing agency must reconcile its balances to those balances posted by BPD and/or FFB for the eliminating accounts.

6.3.2 Limited Use of USSGL Accounts

Table 14 outlines the USSGL accounts reserved for special use in borrowing transactions. If an agency plans to use these accounts for other than the stated purpose, it must contact the FMS. Refer to Section 2: General IGT Guidance for detailed instructions.

Table 14: Limited Use Accounts for Borrowings

1340	Interest Receivable – Not Otherwise Classified	Agencies must use this account in limited situations and must document to FMS when offsetting against USSGL account 2140.
2140	Accrued Interest Payable – Not Otherwise Classified	Agencies must use this account in limited situations and must check with FMS when eliminating against USSGL account 1340.
5317	Contra Revenue for Interest Revenue – Loans Receivable	Agencies must use this account in limited situations and must document with FMS when offsetting against USSGL account 5312.
6330	Other Interest Expenses	Agencies must use this account in limited situations and must check with FMS when eliminating against USSGL account 5310.
7190	Other Gains (Exchange)	Agencies must use this account in limited situations and must check with FMS when eliminating against USSGL account 7290.
7290	Other Losses (Exchange)	Agencies must use this account in limited situations and must check with FMS when eliminating against USSGL account 7190.

6.3.3 Common Errors for Borrowing Transactions

In recording IGTs for borrowings, there are some common errors agencies have made in the past. In general, data entry errors and failure to post accruals in a timely manner create differences. Table 15 contains the list of the common errors and the solutions agencies can use to correct the errors.

Table 15: Common Errors for Borrowings

Error Type	Description	Solution
Inconsistent interest calculation methods	This error could occur if a borrowing agency calculated interest amounts utilizing a different methodology than BPD and/or FFB.	Borrowing agencies must use the BPD and/or FFB interest calculation methodology. If, the agency identifies a discrepancy in methodology or the amount calculated, the agency should notify BPD and/or FFB.
FCRA calculations applied to non-FCRA loans	This error could occur if a borrowing agency applied FCRA interest calculation to loans that were issued before the date of FCRA enactment.	Borrowing agencies must use loan specific terms and conditions when calculating interest on pre-FCRA loans.
Cash basis of accounting used	This error could occur if a borrowing agency used the cash basis for recording its borrowing transactions.	Agencies must use the accrual basis to align with the accounting methods of BPD and/or FFB.

6.3.4 Borrowings Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this subcategory. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures. In addition, for borrowings with BPD, trading partners must review and reconcile to BPD's Monthly Account Statement (see **http://www.treasurydirect.gov/govt/reports/fip/acctstmt/acctstmt.htm**).
For borrowings with FFB, trading partners must review and reconcile to FFB's Monthly Account Statement (see **http://www.treasury.gov/ffb/press-releases.shtml**).

Specific reconciliations required by borrowing agencies include, but are not limited to:

For BPD Borrowings:

- Review the Summary General Ledger Balances to confirm all balances are recorded accurately, timely, and in accordance with the loan agreement. If discrepancies exist, notify BPD. If unable to reconcile, initiate the dispute resolution process.
- Review the Detail Principal and Accrued Interest Balances to confirm loans are classified accurately and to recalculate accrued interest for accuracy. If discrepancies exist, notify BPD. If unable to reconcile, initiate the dispute resolution process.
- Where differences are identified, agencies must document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

For FFB Borrowings

- Review the monthly loan activity report to confirm maturity/interest/amortization were processed accurately, timely and in accordance with agency instructions. If not, notify FFB, if unable to reconcile, initiate the dispute resolution process.
- Review FFB confirmations to confirm maturity/interest/amortization were processed accurately, timely and in accordance with agency instructions. If not, notify FFB. If unable to reconcile, initiate the dispute resolution process.

- Review FFB confirmations to reconcile interest payments made and re-calculate interest for accuracy. If not, notify FFB. If unable to reconcile, initiate the dispute resolution process.
- Where differences are identified, document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Section 7: Department of Labor Federal Employees' Compensation Act Benefits Transactions

This section provides agencies with guidelines concerning the generation, distribution, and acceptance of annual FECA benefit bills from DOL, payment and collection of these bills, and trading partner reconciliation.

FECA provides Federal employees injured in the performance of duty with workers' compensation benefits, which includes wage-loss benefits for total or partial disability, monetary benefits for permanent loss of use of limb, medical benefits, and vocational rehabilitation. The Act also provides survivor benefits to eligible dependents if the injury causes the employee's death. FECA is administered by the Office of Workers' Compensation Programs, which adjudicates claims for benefits, manages ongoing cases, and pays medical expenses and compensation benefits to injured workers and survivors.

The DOL FECA benefit program process involves the generation and transmission of an annual bill to agencies, agency receipt and acceptance of the bill, payment and collection of the bill, and trading partner reconciliation. DOL performs the following key tasks on a quarterly basis:

- Generation of quarterly accrual information provided to each agency and posted on the DOL Web site;
- Distribution of accrual information to FMS for upload into IFCS;
- Generation of the DOL adjusted trial balance provided to FMS for uploading into IFCS;
- Maintenance of detailed FECA charges incurred at the employee level.

The Office of Workers' Compensation Programs uses the Integrated Federal Employees' Compensation System to accumulate benefit-related costs by agency. Before August 15 of each fiscal year, DOL generates and submits an annual chargeback bill to each agency. The chargeback bill requests reimbursement from each agency for the benefits that DOL paid for the preceding period (July 1 through June 30).

For agencies with no-year or nonappropriated funding and using a non-IPAC method of payment, payments are due by October 15 in the year the chargeback bill is received. DOL collects payments from nonappropriated agencies on October 15 via IPAC.

The process model for IGT DOL FECA benefits is described in the following subsections.

7.1 Transaction Types and Trading Partner

FECA transactions with the DOL include two different types of transactions: benefits receivable/payable and benefits expenses/revenues. Regardless of transaction type, the trading partner for FECA transactions posted by agencies is always DOL. Each transaction type is described below.

7.1.1 Benefits Receivables/Payables

This transaction type includes earned benefit accounts receivable recorded by DOL but not yet paid by the agency. DOL submits the benefit revenue and receivable balances by agency to FMS for upload into IFCS each quarter. The employer agency records an accrued benefit payable and reconciles the balance with the associated DOL benefit receivable balance.

7.1.2 Benefits Expenses/Revenues

The benefits revenue balance reflects reimbursements collected from agencies, reimbursements not billed by DOL but due from agencies, and reimbursements billed but uncollected. Employer agencies reconcile with DOL to confirm that their benefits revenue balances agree materially with DOL as the authoritative source. DOL records the benefit revenue while the receiving agency records the benefit expense, and the two figures should offset to avoid IGT differences.

7.2 Roles and Responsibilities

Table 16 outlines the roles and responsibilities for agencies receiving DOL FECA benefits.

Table 16: Trading Partner Roles/Responsibilities for DOL FECA

Role	Agency	Responsibility
Authoritative Source	DOL	As the authoritative source for FECA benefit transactions, DOL: • Generates the annual FECA bill detailing the charges and records the receivable; • Records the collection of FECA receivables; • Submits balances to FMS-GWA. On a quarterly basis DOL performs the following tasks: • Generation of quarterly accrual information that is provided to each agency and posted on the DOL Web site; • Distribution of accrual information to FMS in Excel format for upload into IFCS; • Generation of the DOL adjusted trial balance that it provides to FMS for uploading into IFCS; • Generation of detailed FECA charges by employee incurred.
Trading Partner	Employer Agency	• Reviews and accepts the annual DOL FECA bill and records the FECA payable. • Pays DOL via IPAC for the benefit-related expenses that DOL pays on behalf of the agencies' employees. Reimbursement is made annually through the DOL chargeback process. • Submits balances to FMS-GWA. • Accounts for, reports, and reconciles FECA benefit transactions with DOL. • Documents differences with authoritative sources and submits material differences to FMS for dispute resolution.

7.3 Business Rules for DOL FECA

The following policy sources govern the accounting for and financial management of the DOL FECA environment:

- SFFAS No. 5, "Accounting for Liabilities of the Federal Government" requires agencies to account for FECA expenses as other postemployment benefits.

- SFFAS No. 7, *"*Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting" establishes FECA program transactions as intragovernmental.
- Division of Federal Employees' Compensation Procedure Manual provides detailed guidance for the DOL FECA claims, payment, and reconciliation processes.
- FECA Program Memorandum No. 22 determines the chargeback reporting period as July 1 through June 30.

Employer agencies must record and report balances in eliminating accounts that equal those balances reported by DOL. If account balances do not equal those reported by DOL, the agency must reconcile the differences with DOL or must request FMS dispute resolution if it does not adjust its balances.

DOL and its trading partners must process intragovernmental FECA benefits activity as follows:

1) **Quarterly Estimates.** DOL must provide FMS quarterly estimates for unbilled FECA current liabilities and billed but unpaid current liabilities by trading partner for input into IFCS. DOL must provide the data by close of business 6 calendar days after the end of each quarter. IFCS opens on the seventh calendar day after the end of each quarter.

2) **Reconciliation.** Trading partners must reconcile billed but unpaid current liabilities with DOL in IFCS, and they must include the confirmed amounts in their trial balance and financial statements. They also must include these amounts in the agency's trial balance and financial statements, and the unbilled estimates of current liabilities as identified by DOL. To facilitate reconciliation of billed but unpaid current liabilities, DOL must make available to trading partners the details concerning FECA current liabilities that have been billed to the trading partners and the details of any payments received from the trading partners. If the existing level/hierarchy of FECA reporting is insufficient, trading partners should work with DOL to define the appropriate reporting detail (for example, bureau level).

Annually, during the month of September, the DOL CFO sends a memorandum (with attachments) to the CFOs of the executive branch departments and agencies that transmit the unaudited estimated FECA actuarial liability for the fiscal year ending September 30. For comparative purposes, the amounts for the preceding fiscal year are also presented. In addition, DOL's Office of the Inspector General (OIG) issues the results of its audit of the Federal Workers' Compensation liability during the month of October for the preceding fiscal year ending September 30. The audit report contains a schedule of actuarial liability by agency. Agencies must record the FECA actuarial liability and changes in FECA actuarial liability in USSGL accounts 2650N, "Actuarial FECA Liability," and 7600N, "Changes in Actuarial Liability" respectively. DOL does not have corresponding accounts for agency accounts 2650N and 7600N. These amounts are considered non-Federal because they represent the actuarial present value of future FECA benefits to be paid to Federal employees or their beneficiaries.

The liability amounts (including accruals) for the fiscal year ended September 30 will be available in IFCS during October. Agencies should provide the balances in the following intragovernmental USSGL accounts in IFCS:

- 6400F, "Benefit Expense";
- 6850F, "Employer Contributions to Employee Benefit Programs Not Requiring Current-Year Budget Authority (Unobligated)";
- 2225F, "Unfunded FECA Liability";
- 2215F, "Other Post-Employment Benefits Due and Payable."

For the USSGL accounts above, it is critical that only those balances associated with FECA be reported in IFCS using DOL's trading partner agency identifier. Agencies should exclude amounts relating to unemployment compensation.

Unless an agency has no-year budget authority, it will not be able to repay DOL for FECA benefit expenses until a congressional appropriation has been passed for this specific purpose. Agencies that pay from annual appropriations, upon receipt of the annual bill, should submit the billed amount in their budget request. In these instances, agencies will record an unfunded FECA liability and expense when the annual chargeback report is received from DOL for FECA charges incurred on behalf of agencies during the preceding July 1 through June 30. During the next fiscal year, when agencies receive a congressional appropriation for the FECA charges, agencies will reclassify these *unfunded* liabilities into *funded* liabilities. Non-IPAC, appropriated agencies are expected to submit payments within 1 month of receiving the appropriation for that fiscal year. DOL collects payments from IPAC for appropriated agencies approximately 1 month after the President has signed all the appropriations. Federal agencies with no-year appropriations should record a *funded* liability upon receipt of the DOL chargeback report.

By August 15, DOL will generate an annual bill detailing FECA charges and expenses incurred from the previous July 1 through June 30 period, and will record these receivables in the General Ledger. DOL records the collection of the FECA receivable in the General Ledger.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS.

7.3.1 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents the eliminating accounts used by DOL and the agency that provides FECA benefits. For DOL FECA, the trading partners are defined as:

- **Department of Labor.** DOL is the authoritative source, meaning that the amounts posted by the employer agency in the eliminating accounts must equal those balances posted by DOL.
- **Employer Agency.** This is the agency that is providing its own employees with FECA benefits. Balances posted by this agency in the eliminating accounts must equal those balances posted by DOL.

7.3.2 Common Errors for DOL FECA Transactions

In recording IGTs for DOL FECA, there are some common errors agencies have made in the past. In general, data entry errors and failure to post accruals in a timely manner create differences. Table 17 contains common errors and the solutions agencies can use to correct them.

Table 17: Common Errors for DOL FECA

Error Type	Description	Solution
Accrual Calculation Difference	Some DOL trading partners perform their own accrual calculations that result in balances that do not reconcile.	Agencies must use DOL accruals since DOL is the authoritative source
FECA Bill Adjustments	DOL trading partners that identify discrepancies (for example, improperly assigned employees) in the FECA bill may make adjustments to IGT reporting prior to notifying DOL.	Agencies must notify DOL of any discrepancies noted and must work with DOL to make the required adjustments to the chargeback bill.

7.3.3 DOL FECA Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this subcategory. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures. In addition, trading partners must review and reconcile to DOL's chargeback bill (see **http://www.dol.gov/ocfo/publications.html**). If the existing level/hierarchy of FECA reporting is insufficient, trading partners should work with DOL to define the appropriate reporting detail (for example, bureau level). Specific reconciliations include, but are not limited to:

- Review chargeback billings to confirm that employees are correctly assigned to the appropriate department/agency.
- Review chargeback billings to confirm that the amounts charged for compensation costs appear reasonable for the injured employee's compensation and the date of injury.
- Where differences are identified, document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Section 8: Office of Personnel Management (OPM) Employees Benefits Transactions

This section provides agencies with guidelines for the accounting and reporting of intragovernmental employee benefit transactions with OPM.

OPM, on behalf of Federal agencies, manages the employee benefit programs that provide retirement, health benefits, and life insurance to Federal employees. Federal payroll providers withhold contributions for these programs and submit withholdings and contributions data to OPM using the SF 2812, Journal Voucher and Report of Withholdings and Contributions for Health Benefits, Life Insurance and Retirement. SF 2812 data is submitted via the Retirement and Insurance Transfer System (RITS), an IPAC subsystem. The process includes OPM's calculation and distribution of accrual amounts, the agency's calculation and recognition of accrued revenue/receivables, and reconciliation of trading partner transactions and balances.

The process model for IGT OPM employee benefits is described in the following subsections.

8.1 Transaction Types and Trading Partner

There are three types of benefit transactions with OPM: retirement benefits, health benefits, and life insurance. Federal agencies with employees covered by the OPM retirement, health benefits, and life insurance programs are governed by this section. In addition, the requirements of this section pertain to the Federal payroll providers that provide payroll services to agencies under cross-servicing arrangements.

8.1.1 Retirement Programs

OPM administers a retirement program that includes two components of defined benefits: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). The CSRS is a stand-alone plan covering most Federal employees hired before 1984 and is closed to new members. Using Social Security as a base, FERS provides a defined benefit and a Thrift Savings Plan to employees who first entered a covered position on or after January 1, 1984. OPM administers the defined benefit portion of FERS. Because the cost to the Federal Government to provide a future retirement benefit to most employees is higher than the combined employer and employee contributions, SFFAS No. 5 requires that agencies recognize an imputed cost from OPM. Imputed costs reflect the amount by which the cost to the Federal Government of an employee benefit exceeds the amount contributed by employees and their employers.

8.1.2 Health Benefits Program

The Federal Employees Health Benefits Program provides health benefits for covered employees. It is contributory, with the cost shared by the covered employee and his/her employer. Since there is no provision in law to cover the cost of providing health benefits to current employees after they retire, SFFAS No. 5 requires agencies to recognize an imputed cost for these amounts.

8.1.3 Life Insurance Program

The Federal Employees Group Life Insurance is contributory, with the full cost of premiums for basic coverage shared by the covered employee and his/her employer. Based upon a formula in law, employees contribute approximately two-thirds of the cost of premiums, with the agency contributing the remainder. Since there is no provision in law to cover the cost of providing life insurance benefits to current employees after they retire, SFFAS No. 5 requires employing agencies to recognize an imputed cost for these amounts.

8.2 Roles and Responsibilities

Table 18 outlines the roles and responsibilities for agencies receiving OPM Federal employee benefits.

Table 18: Trading Partner Roles/Responsibilities for OPM Benefits

Role	Agency	Responsibility
Authoritative Source	Office of Personnel Management	As the authoritative source, OPM: • Accounts for and reports employee benefit transactions; • Receives SF 2812 data through IPAC transactions from payroll providers via RITS; • Accounts for, reports, and reconciles employee benefit transactions with OPM; • Submits balances to FMS-GWA.
Trading Partner	Employer Agency	• Receives IPAC transactions from RITS; • Accounts for and reconciles employee benefit transactions with OPM; • Documents differences with authoritative sources and submits material differences to FMS for dispute resolution.

8.3 Business Rules for OPM Federal Employee Benefits

The following key policy sources govern the accounting for and financial management of OPM's employee benefit programs:

- SFFAS No. 4, *"Managerial Cost Accounting Concepts and Standards for the Federal Government,"* requires recognition of the full cost of employee benefits.
- SFFAS No. 5, "*Accounting for Liabilities of the Federal Government,"* requires that OPM provide cost factors to employing agencies to calculate their imputed costs and financing sources relating to the retirement, health benefits, and life insurance programs.
- SFFAS No. 7, *"Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,"* establishes that employer, but not employee, contributions to the retirement, health benefits, and life insurance programs are intragovernmental.
- SFFAS No. 30, "*Inter-Entity Cost Implementation,*" amends SFFAS No. 4 and provides implementation guidance on recognizing an entity's full cost of goods and services.
- SFFAS No. 33, "*Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates,*" provides guidance for actuarial assumptions for the benefit programs.
- TFM, Volume 1, Part 3, Chapter 3000, "*Payments to the Office of Personnel Management for Health Benefits, Group Life Insurance, and Civil Service Retirement,*" establishes the requirements agencies must follow in reporting employee benefit program information to OPM.
- Benefits Administration Letter 03-309, dated September 15, 2003, provides detailed instructions for the computation and accounting for OPM imputed costs (see **http://www.opm.gov/retire/pubs/bals/index.asp**).

Employer agencies must report balances in eliminating accounts that equal those balances reported by OPM. If account balances do not equal those reported by OPM, the employer agency must reconcile the amounts or must request FMS dispute resolution if it does not adjust its balances.

OPM employment benefits are classified into three distinct transaction types:

1) **Cash Employer Contributions.** Payroll providers, on behalf of their client agencies, submit employer and employee contribution data to OPM via RITS. RITS initiates the OPM benefits (cash) process. The information from the payroll providers is due to OPM no later than the date on which the covered employees are paid. RITS automatically generates an IPAC transaction to transfer funds from the agency to OPM.

   OPM downloads contribution information from RITS, which updates its general ledger for employer contribution revenue (OPM has separate revenue accounts for the retirement, health benefits and life insurance programs). Agencies use the data transmitted to OPM by the payroll providers via RITS to update their general ledgers for employer contributions expense.

2) **Accrued Employer Contributions.** Federal pay periods often straddle accounting periods. For instance, a pay period may begin in March and end in April. When this occurs, OPM and the agencies must record accrued employer contributions for the period. OPM applies an accrual factor to the pay period that begins in the current accounting period and ends in the subsequent accounting period to compute the accrued amount of employer contributions. OPM posts the accrual as an estimate of the amount of employer contributions it will receive by benefit program for the payroll period. To avoid IGT imbalances, both OPM and the trading partner must record the same accrued balances.

   Data is submitted to FMS for upload into IFCS by the seventh business day after the end of the quarter. After data is submitted, OPM generates the accrual report and emails the report and accrual methodology to all agencies with employee benefit balances. Using this data, OPM also records its accrued revenue and associated receivable in its general ledger. Accrued revenue is recorded separately from collected revenue so that each can be separately reconciled. Agencies use the OPM accrual and methodology to post accrued expenses and payables. The agencies then reconcile their balances to those reported in IFCS.

3) **Imputed Costs.** As mentioned before, imputed costs reflect the amount by which the cost to the Government of an employee benefit exceeds the amount contributed by employees and their employers. OPM will post to its Web site the amount agencies must record and report to FMS as an imputed cost and imputed financing source.

   The imputed costs process is initiated by OPM's quarterly calculation and distribution of imputed cost factors to employing agencies. Based on the cost factors and accompanying guidelines, agencies must record a charge to imputed costs and an equal credit to imputed financing sources, using their agency identifier for both. These transactions only appear in the agency's general ledger, and OPM does not record an imputed cost transaction.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS.

8.3.1 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents the eliminating accounts used by OPM and the agency that provides employment benefits administered by OPM. For OPM benefits, the trading partners are defined as:

- **Office of Personnel Management.** OPM is the authoritative source, meaning that the amounts posted by the employer agency in the eliminating accounts must equal those balances posted by OPM.
- **Employer Agency.** This is the agency whose employees are covered by the retirement, health benefits, and life insurance programs administered by OPM. Employer contribution balances posted by this agency in the reciprocal eliminating accounts must equal those balances posted by OPM.

8.3.2 Common Errors for OPM Benefit Transactions

In recording IGTs for OPM benefits, there are some common errors agencies have made in the past. In general, agency failure to calculate and post accruals and imputed costs in a timely manner creates differences. Table 19 contains common errors and the solutions agencies can use to correct them.

Table 19: Common Errors for OPM Benefit Transactions

Error Type	Description	Solution
Compliance by Independent Agencies	Some independent agencies are not familiar with the reporting requirements and do not report their balances.	Independent agencies need to attend FMS training to learn about reporting requirements.
Differing Accrual Methodologies	Some agencies use different methodologies for calculating the quarterly employee benefit accrual.	Agencies should use the balances and methodology used by OPM for employee benefit accruals. If the agency identifies a discrepancy in the calculation methodology or balance, the agency should reconcile with OPM.
Using cash basis of accounting	Some agencies do not accrue employee benefit expenses and instead report actual cash balances	Agencies must report the accrual provided by OPM. If the agency identifies a discrepancy in the calculation methodology or balance, the agency should reconcile with OPM.

8.3.3 OPM Benefit Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this subcategory. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures. In addition, specific reconciliations include, but are not limited to:

- Review OPM accruals to ensure they were processed in accordance with agency pay period cutoff procedures. If not, notify OPM. If unable to reconcile, initiate the dispute resolution process.
- Review IFCS for OPM balances by USSGL account for both cash and accrued expenses, available on the seventh business day after the end of the quarter for review and reconciliation.
- Where differences are identified, document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Section 9:Buy/Sell Transactions

This section provides agencies with guidance concerning reimbursable activity between trading partners, otherwise referred to as buy/sell activity.

The buy/sell IGT category consists of exchange transactions related to goods and services procured and the associated business events with impacts to assets, revenue, liabilities, expenses, and deferred credits. These processes and activities should be managed through a written buy/sell agreement that defines the terms, conditions, and compensation for the exchange. For purposes of these business rules, the receiving agency is the buyer and the providing agency is the seller.

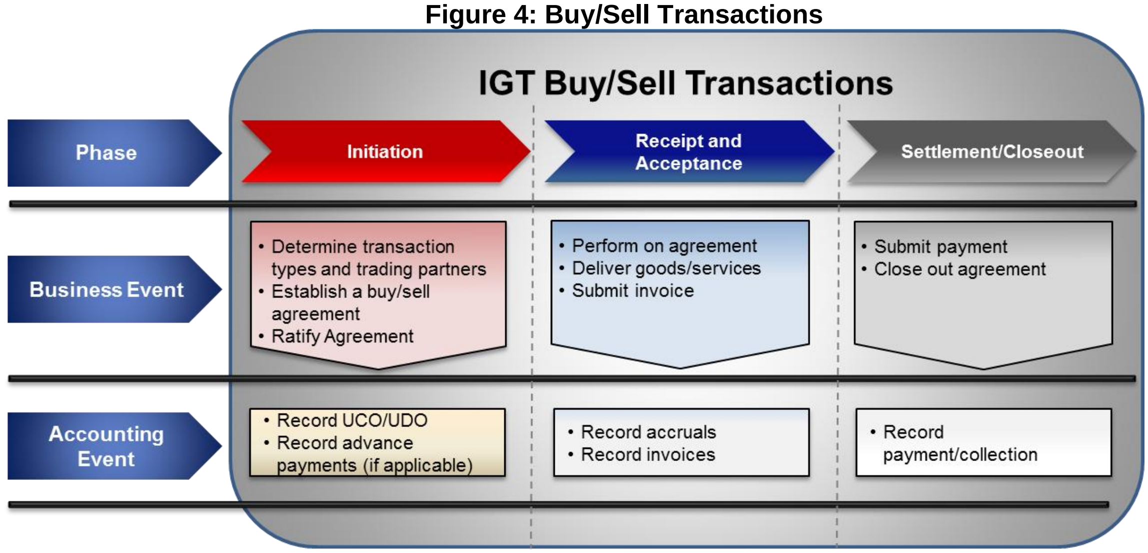
IGT buy/sell transactions involve two key functions that generate information about the agreement: acquisition management and financial management. The acquisition function relates to the type of buy/sell activity and the specific terms and conditions of the acquisition. During acquisition, trading partners establish the timeline for delivery and the payment schedule. The financial function of an agreement tracks key business activities that initiate accounting events throughout the life of the agreement. The financial function includes order placement, the capture of work in progress activity for the accrual of costs incurred but not yet invoiced, as well as invoice and payment for the goods and/or services.

The accurate reporting of buy/sell balances and proper elimination of buy/sell activity between trading partners are predicated on accurate and timely communication of accounting events. Trading partners must follow the business rules to avoid the misstatement of financial balances that occurs when trading partners fail to properly record IGT activity. The process model for IGT buy/sell transactions is described in the following subsection.

9.1 Buy/Sell Process Model and Phases

The buy/sell process model is defined by three distinct phases of activity: initiation; receipt and acceptance; and settlement/closeout. Each phase is characterized by specific accounting events and is governed by a particular set of business rules to guide the decisionmaking process throughout the buy/sell lifecycle, as displayed in Figure 4. The IGT buy/sell transactions model provides guidance for each trading partner to actively communicate to one another agreement status and progress through each phase of the IGT buy/sell process.

Figure 4: Buy/Sell Transactions



From the inception of a buy/sell transaction, trading partners must communicate with each other to ensure proper account postings and eliminations. The objective of effective communication for all buy/sell transactions is to promote consistent accounting treatment of each transaction by both trading partners and to resolve inconsistencies effectively and efficiently.

9.1.1 Minimum Accounting Data Elements (MADE)

When agencies develop agreements with their trading partners, the document(s) must contain a set of MADEs that trigger accounting events related to certain business activities of the order. These key data elements collectively support the appropriate accounting of IGT buy/sell business events from initiation through settlement and facilitate reconciliation. Some of the MADEs may not need to be recorded in agency financial systems, but will be used to facilitate communication and understanding necessary for both trading partners to record and reconcile IGTs accurately. Appendix D contains a crosswalk, which maps MADEs that drive accounting events to the impacted USSGL accounts and identifies MADEs that serve to facilitate reconciliation. Appendix E contains a detailed description of each MADE.

When effectively communicated, MADEs become the foundation of the IGT buy/sell process model. MADEs are designed to capture data necessary to facilitate consistent recording, receipt, and acceptance of goods and services; movement of funds between trading partners; an effective reconciliation process; and audit traceability.

The majority of MADEs are included in the standard interagency agreement (IAA) form, as well as in most existing agency-specific agreement forms, except for the following:

- Order POC;
- Buy/Sell Transaction Type;
- Capitalized/Noncapitalized Indicator;
- Accrual/WIP Amount;
- Delivery Status;
- Delivery Amount;
- Collected Amount.

To facilitate agency capture of MADEs information, agencies may use the MADEs form in Appendix F and available electronically at **http://www.fms.treas.gov/ipac/index.html**.

Note: Communication of MADEs between trading partners is required for new agreements over $1 million starting in fiscal 2013. Agencies must develop a common understanding and agreement on the accounting before the agreement is signed.

9.1.2 Initiation Phase

The initiation phase revolves around the establishment of an agreement and other activities that occur before the commencement of any work. The IGT buy/sell process for reimbursables begins with the buyer’s identification of a bona fide requirement for the procurement of goods/services made through a request to the seller.

9.1.2.1 Transaction Types and Trading Partner

The buyer determines the buy/sell transaction type and a trading partner to serve as the providing agency. There are two primary types of buy/sell IGTs: services provided and goods sold or leased. An order request also may be mixed to include both goods and services. Each transaction type possesses unique accounting and reporting characteristics. The recognition of a particular transaction type further aids trading partners in capturing IGT buy/sell activity in the appropriate accounts.

Each buy/sell transaction type can be supported through the assisted acquisition process. Assisted acquisition is the term used to describe the process by which the buyer uses the contracts and/or contracting services/vehicles of the seller to obtain goods and services from a third-party provider that typically is a non-Federal entity. In the process, the seller performs acquisition activities on a buyer's behalf, such as awarding and administering a contract, task order, or delivery order. As the non-Federal vendor performs on the contract agreement, the seller incurs costs, including administration fees, and bills the buyer for reimbursement. The following subsections provide a description for each transaction type.

9.1.2.1.1 Services Provided

A service refers to the performance of work or tasks provided by the seller on behalf of the buyer. For reimbursables, the seller incurs costs to provide services and bills the buyer. Revenue is earned from the sale of services provided.

9.1.2.1.2 Goods Sold or Leased

As defined in this Guide, a good is a tangible product sold or leased (as an operating lease) where the seller manufactures, distributes, or owns the goods that are sold or leased to the buyer. Revenue is earned from the sale of any purchased or finished goods and processes for sale or use. Revenue also is earned for work in progress on an accrual basis. Goods are further categorized into the following groups:

- **Inventory and Plant, Property, and Equipment (PP&E).** Inventory and PP&E are assets, as they have the ability to generate future revenue. Although both act as assets, reporting varies.

  Inventory and Related Property. Inventories are tangible property, other than long-term fixed assets. As an asset, inventory is reported at the amount paid to obtain the asset not its selling price, otherwise known as "cost of goods sold."

  PP&E. PP&E are long-term, or fixed, tangible assets that have an estimated useful life of 2 or more years, are not intended for sale in the ordinary course of business, and are intended to be used or available for use by the agency[4]. Accounting for PP&E involves the depreciation of the cost of the asset over its useful life. Depreciation is a noncash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence. Most assets lose their value over time and must be replaced after their useful life ends.

  Capitalization thresholds affect whether the costs of acquiring PP&E are capitalized or expensed. Depending on an agency's established threshold, an asset may be expensed in its entirety at the date of acquisition or the cost of the asset may be depreciated over its useful life.

- **Goods Other Than Inventory and PP&E.** Goods, other than inventory and PP&E, are expensed when purchased by the buyer, thereby reducing the organization's equity.

- **Operating Lease.** An operating lease is a lease agreement that allows the use of an asset for a limited contract period in exchange for regular rental payments. With operating leases, the buyer, or lessee, does not assume the risk of ownership of the asset, which is retained by the seller, or lessor. At the end of the lease period, the lessee returns the property to the lessor. Since the lessee does not assume the risk of ownership, the lease expense is treated as an operating expense in the income statement and the lease does not affect the balance sheet.

- **Capital Lease.** A capital lease is a lease agreement that transfers substantially all the benefits and risks of ownership to the lessee. Consequently, the lease, when signed, is recognized both as an asset and as a liability (for the lease payments) on the balance sheet. To be considered a capital lease, the lease must meet one or more of the following criteria[4]:

  a) The lease transfers ownership of the property to the lessee by the end of the lease term.

[4] SFFAS No. 6, "Accounting for Property, Plant, and Equipment"

b) The lease contains an option to purchase the leased property at a bargain price.

c) The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.

d) The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

9.1.2.2 Roles and Responsibilities

Trading partner roles and responsibilities within this IGT subcategory appear in Table 20. Trading partners define roles and responsibilities at the initiation for each phase through the life of an agreement.

Table 20: Key Stakeholders for Buy/Sell

Role	Agency	Responsibility
Providing Agency	Seller	• Confirms MADEs with buyer during negotiations for agreement orders; • Reports MADEs established at initiation and updated throughout the life of agreement to buyer on a recurring basis (for example, quarterly); • Tracks and accounts for work in progress and services performed to date and reports accrual amount to buyer on a quarterly basis; • Tracks collections and confirms collected amounts with buyer; • Documents differences with trading partners and, if material, submits to FMS for dispute resolution.
Receiving Agency	Buyer	• Submits request for goods/services; • Confirms receipt and accounts for goods/services accepted; • Initiates IPAC transactions for payment and collection and submits payment to seller (this is recommended rather than having the seller pull the money); • Documents differences with trading partners and, if material, submits to FMS for dispute resolution.

9.1.2.2.1 Establish a Buy/Sell Agreement

Once the seller acknowledges the buyer's request for goods/services, both trading partners engage in communication to negotiate the terms and conditions of the agreement order. The objective of this negotiation period is for trading partners to concur on and document the terms and conditions of the agreement order before performing work. Buy/sell activity is typically managed through a written buy/sell agreement that defines the terms, conditions, and compensation for the exchange. The seller prepares and maintains the agreement to track work in progress, delivery, and collection activities. To document the agreement, trading partners may use the recommended standard IAA form (available at **http://www.fms.treas.gov/finstandard/forms.html**), a Memorandum of Understanding/Agreement (MOU/MOA) form, or agency-specific forms/systems.

If an agency's existing agreement form does not include the MADEs, the seller may use the MADE form to supplement its written agreement. The seller assigns a unique identifier to the agreement, which both trading partners agree to use as a point of reference for all transactions associated with the agreement. Trading partners must negotiate and agree to all MADEs, except for the delivery status/amount and collected amount MADEs, during the initiation phase. The seller must monitor activity and adjust the delivery status/amount MADEs during the receipt and acceptance phase and the collected amount

MADEs during the settlement/closeout phase. All agencies must designate an order POC and must provide the POC's name, phone number, and email address. The POC must have Contract Officer's Technical Representative (COTR) authority or equivalent. At initiation of the order, the seller must communicate its unique identifier, which will serve as the single point of reference for the order(s).

9.1.2.2.2 Ratify the Agreement

The seller signs and transmits the agreement to the buyer for review and approval, along with the MADEs (agencies may use the MADE form or include the information in their own documentation). Once the agreement is signed, the MADEs serve as a communication tool through each buy/sell phase and the primary source to assist trading partners in the timely recording of accurate accrual amounts. If an advance is indicated in the agreement, the buyer submits an advance payment via IPAC to the seller, referencing the unique identifier. It records the prepayment as an asset, and the seller records the deferred revenue as a liability.

9.1.3 Receipt and Acceptance Phase

The receipt and acceptance phase revolves around the delivery/receipt of goods/services and the associated work in progress activities.

As the seller performs the work necessary to deliver the agreed-upon goods/services, the seller will report the accrual amount to the buyer, at a minimum, on a quarterly basis. As an option, the seller may use the zero-dollar transaction fields in IPAC to communicate the accrual amount. Both trading partners should refer to the MADEs for the accrual amount, advance, and capitalization to guide consistent and proper recording of the applicable accruals in their respective general ledgers. Upon receipt of the goods/services, the buyer performs receipt and acceptance procedures to accept or reject the goods/services and communicates the results to the seller. Once receipt and acceptance is confirmed, the seller adjusts the delivery status MADE to reflect a partial or final delivered order, updates the delivery status amount based on the invoice, and includes the seller's unique identifier on the invoice. The seller submits an invoice to the buyer according to the billing MADE and records the invoiced amount in the receivables account. The buyer records the billed amount in the payables account. For advances, once the order is filled, the seller recognizes revenue and liquidates the deferred revenue. The buyer reduces the prepayment and records an expense after receipt and acceptance.

9.1.4 Settlement/Closeout Phase

The settlement/closeout phase includes the payment and collection activities as well as the closeout of the agreement.

At settlement, the seller initiates the collection process through IPAC and includes the seller's unique identifier on the IPAC transaction. The buyer accepts the IPAC transaction and issues the payment according to the payment terms agreed upon in the MADEs. For each collection, the seller updates the MADEs with the collected amount to reflect account balances to date. Treasury has established an IPAC cutoff date that requires all IPAC transactions to occur no less than 3 business days before the close of the quarter.

As the agreement approaches its end date, the buyer and seller must monitor each order included in the agreement. During closeout, the seller identifies agreements and orders that are approaching an end date and checks the status with the buyer to confirm that they are ready for closeout. The buyer reviews the order status and performs procedures to close out and deobligate the order. Additionally, the seller determines if any third-party supporting contracts are open that need to be deobligated and closed. The seller verifies that all final costs have been determined based on the agreed-upon amounts in the agreement.

9.2 Business Rules for Buy/Sell

The following key laws and policy sources govern the financial management of buy/sell activity:

- SFFAS No. 3, *"Accounting for Inventory and Related Property,"* establishes accounting standards that apply to several types of tangible property, other than long-term fixed assets, held by Federal Government agencies.
- SFFAS No. 4, "*Managerial Cost Accounting Concepts and Standards for the Federal Government*" requires the recognition of the full cost of goods and services.
- SFFAS No. 5, "*Accounting for Liabilities of the Federal Government,*" requires the recognition of a liability when the buyer receives goods or services in return for payment to the seller.
- SFFAS No. 6, "*Accounting for Property, Plant, and Equipment,*" establishes accounting standards for federally owned PP&E, deferred maintenance, and cleanup costs.
- SFFAS No. 7, "*Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,*" establishes accounting standards for recognizing exchange revenue at the time an agency provides goods or services to the another agency.
- Title 31 U.S.C. § 1501, "*Documentary Evidence Requirement for Government Obligations,*" requires that an amount be recorded as an obligation of the U.S. Government only when supported by documentary evidence of a binding agreement between an agency. The binding agreement must be in writing, in a way and form for a purpose authorized by law and must be executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided.
- Title 31 U.S.C. §1535, "*Agency Agreements,*" allows one Federal agency to provide goods or services to other Federal agencies or major organizational units within an agency.
- Title 31 U.S.C. §3324, "*Advances,*" prohibits the use of advance payments unless authorized under specific statutory authority.
- OMB Circular No. A-11, Section 20.13, "*What do I need to know about reimbursable work?*", permits the use of advances or reimbursements in exchange for providing goods and services between Federal agencies according to laws that establish revolving funds, provisions in appropriations or substantive laws that allow agencies to use the amounts they collect, or the Economy Act (31 U.S.C. §1535).
- Federal Acquisition Regulation (FAR) Vol. I, Subpart 4.6*, "Contract Reporting,"* requires agencies to report all procurement actions that exceed the micro-purchase threshold (currently $3,000) and modifications to those transactions regardless of dollar value, to the Federal Procurement Data System – Next Generation.
- FAR Vol. I, Subpart 17.5*,* "*Interagency Acquisitions Under the Economy Act,*" establishes the Economy Act as the prevailing law for interagency agreements to provide goods and services when more specific statutory authority does not exist.
- Office of Federal Procurement Policy, "*Interagency Acquisitions Guidance,"* defines interagency acquisition types and agreement structure.
- Financial Management Line of Business (FMLoB), "*Reimbursables Management Standard Business Processes v 1.2,"* puts forth best practices for administering and managing interagency buy/sell transactions.

The following subsections define the business rules and policies governing the accounting and reporting of IGT buy/sell activities according to each buy/sell phase. These business rules focus on the accounting of IGT buy/sell transactions, not the procurement or payment processes. Trading partners should refer to the FMLoB, "*Standard Business Processes for Reimbursable Management, Receivables Management,* *and Payment Management*," for detailed guidance on procurement or payment processes. Trading partners must reconcile receivables and payables, advances to and advances from, and revenue and expenses for all reimbursable accounts and must report balances to FMS.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS.

9.2.1 Business Rules for Initiation

The buyer initiates the buy/sell process with identification of a bona fide need for an exchange of goods and/or services. The *bona fide need rule*[5] is one of the fundamental principles of appropriations law. A fiscal year appropriation may be obligated only to meet a legitimate or bona fide need arising in, or in some cases before but continuing to exist in, the fiscal year for which the appropriation was made. The following paragraphs include business rules for the initiation phase.

Establishment of an Agreement: Trading partners are authorized to engage in buy/sell activity according to the Economy Act (Title 31 U.S.C. §1535) or non-Economy Act authorities, such as intragovernmental revolving funds. The terms and conditions of an agreement must be documented, negotiated, and signed by both trading partners.

- Trading partners may use the recommended standard IAA, MOU, or agency-specific forms/systems to record the specifications of an agreement. The recommended standard IAA is available at **http://www.fms.treas.gov/finstandard/forms.html**.
- Trading partners must each cite the appropriate authority in the agreement.

MADE Reporting Requirements: Starting in fiscal 2013, trading partners must communicate MADEs for all new agreements over $1 million as follows:

- The seller should prepare documentation that includes the MADEs to supplement the written agreement.
- The seller should report the following MADEs to the buyer once an order has been signed:
    - Seller Unique Identifier;
    - Order POC;
    - Agreement Period;
    - Order Period;
    - Agreement Action;
    - Order Action;
    - Agreement Amount;
    - Order Amount;
    - Buy/Sell Transaction Type;
    - Advance/Nonadvance Indicator; and
    - Capitalized/Noncapitalized Indicator;
    - TAS.

Assisted Acquisition: Trading partners must follow the same business rules as applied to transactions for goods and services when accounting for administration fees associated with assisted acquisition services. If the order requires assisted acquisition support, one of the following circumstances must apply:

[5] Government Accountability Office Red Book, Vol. I [underlying statute in U.S.C. §1502(a)]

- The order will be made appropriately under an existing contract of the seller entered into before placement of the order, to meet the requirements of the seller for the same or similar goods or services;
- The seller has capabilities or expertise to enter into a contract for such goods or services that are not available within the seller agency; or
- The seller is specifically authorized by law or regulation to purchase such goods or services on behalf of other agencies.

Order Acceptance: Work is authorized once both trading partners have signed the agreement. The seller operates at risk without a signed agreement. For an accepted order, the seller must record an unfilled customer order and the buyer must record an undelivered order in their respective general ledgers.

Advance Payments/Collections: Generally, advance payments are prohibited by law[6], unless permitted or required by an agency-specific statutory authority. Whether required by the buyer or seller, trading partners must cite their specific authorities in the agreement. Advances should be limited in usage and requested only when a business need exists for an advance in order for the seller to execute an order. If allowed, trading partners must account for advances, as follows:

- Advance payments may not be expensed; revenue should not be recognized until costs are incurred from providing goods and/or services.
- Advance payments should not be used to facilitate positive cashflow for an agency. Agencies should ensure regular billings and collection activities support positive cashflow.
- The buyer must record the advance payment as an asset (that is, USSGL account 1410, “Advances and Prepayments”). The seller must record the advance payment as a liability (that is, USSGL account 2310, “Liability for Advances and Prepayments”). Agencies should refer to the current USSGL transaction codes (**http://www.fms.treas.gov/ussgl**) in the USSGL TFM Supplement, Section III, for detailed accounting entries.
- For assisted acquisition, in no event will the seller require, or the buyer pay, any fee or charge that exceeds actual indirect costs associated with administering or managing the contract vehicle, but, in effect, the servicing agency must cover its full cost. The business transaction cannot result in the trading partner earning a profit or incurring a loss.

9.2.2 Business Rules Receipt and Acceptance

As the seller performs the work necessary to deliver goods and/or services, the buyer and seller must post their related accounting transactions in their respective systems during the same accounting period according to the current USSGL transaction codes. For more details on the receipt and acceptance process, trading partners should refer to the Reimbursable Management Processes, Chapter 5 (2009), Standard Business Processes (see the Web site at **http://www.fms.treas.gov/finstandard/reference.html**).

Recording Work in Progress: Trading partners must reference the seller’s unique identifier on transactions related to the order to assist with determining the appropriate billable amount. As the seller performs on the order and incurs expenses that represent revenue earned, the expense transactions must follow the current USSGL transaction codes.

[6] Title 31 U.S.C. §3324

- **Accruals.** For nonadvances, the buyer must record expense/payable accruals. The seller must record revenue/receivable accruals per agreed-upon MADEs.
- **Advances.** Trading partners must reduce the advance per the agreed-upon MADEs to determine the amount of work in progress activity to be recorded as an expense per the agreement. The seller must record revenue to reduce the advance amounts collected that have now been earned.

MADE Reporting Requirements: The seller should use the MADEs to monitor and convey accounting events during the receipt and acceptance phase, which serves as a communication tool to further assist trading partners in the timely recording of accurate accrual amounts. The seller **must** report the accrual amount to the buyer, at a minimum, on a quarterly basis. As an option, the seller may use the zero-dollar transaction field in IPAC to communicate the accrual amount. The seller **must** include its assigned unique identifier on all invoices to the buyer.

Once the buyer performs receipt and acceptance procedures to accept or reject the goods/services, the buyer should communicate the results to the seller. Once acceptance is confirmed, the seller should adjust the delivery status in the MADEs to reflect a partial or final delivered order and should update the amount as stated on the invoice.

Recording Capitalized Assets: If the buyer is capitalizing the asset, in addition to recording the capitalized asset, the buyer must record the purchase in one of the appropriate memorandum accounts as follows:

- USSGL account 8802 “Purchases of Property, Plant, and Equipment”;
- USSGL account 8803 “Purchases of Inventory and Related Property”;
- USSGL account 8804 “Purchases of Assets – Other.”

An offset to USSGL account 8801, "Offsets for Purchases of Assets," is required when using any of the capitalized assets memorandum accounts.

Allowance for Loss on Accounts Receivable: Allowance for losses should not be associated with transactions between Federal agencies, except for those activities related to the Judgment Fund. The seller should work with the buyer to either collect the receivable or reduce the value of the allowance to zero, whichever is appropriate.

The seller must obtain written approval from FMS’s Budget Reports Division before establishing an allowance for Federal receivables. If the allowance is not related to the Judgment Fund, the seller must submit it to OMB for writeoff approval within 90 days of recognizing the allowance. All writeoffs require approval from OMB. FMS will track balances and activity along with establishing performance metrics to validate compliance.

9.2.3 Business Rules for Settlement/Closeout

Billing and Payment Requirements: IPAC is the only mechanism used for interagency payments and collections. IPAC facilitates the intragovernmental transfer of funds, with descriptive data from one agency to another. Agencies must use IPAC for all intragovernmental payments/collections. They must discontinue use of paper checks and must restrict the use of credit cards for payments above the designated threshold. FMS may grant limited exceptions at its discretion (see the FMS Web site at **http://www.fms.treas.gov/ipac/index.html**).

Trading partners must abide by the negotiated terms and conditions in the agreement, as follows:

- The buyer must initiate an IPAC transaction when it has received goods and services and has accepted and processed payment within the agreed-upon terms and conditions.
- The seller must issue a final bill, including final information on MADEs, per the billing frequency as stated in the required data elements. If the seller does not issue a final bill per the agreed-upon billing frequency, the buyer should contact the seller immediately to obtain the final bill and

close the order. If the seller fails to send a final bill within 30 calendar days, the buyer should follow the dispute resolution process found in subsection 2.4.3.

- Upon request, the seller must provide documentation supporting the bill and actual performance consistent with the agreed-upon terms and conditions.
- The buyer must not charge back or reject IPAC transactions that comply with the agreement terms and conditions.
- The cutoff for IPAC processing, including chargebacks, must occur no less than 3 business days before the end of the quarter.
- The buyer must reference the seller's unique identifier on all IPAC transactions.

Calculation of Bad Debt Expense: According to OMB Circular No. A-11[7], Federal agency receivables cannot be written off unless one of two conditions applies:

- Congress denies a request for funding; or
- The writeoff is granted by the CFO Intragovernmental Dispute Resolution Committee or OMB. Refer to subsection 2.4.3 for the dispute resolution process.

If either of these events occurs, the seller should use a direct writeoff method. Beginning in fiscal 2013, seller agencies must have written approval from Treasury before posting activity to USSGL account 6720F, "Bad Debt Expense." Treasury will closely monitor activity and balances and will establish metrics. Agencies must obtain approval from Treasury and OMB by October 1, 2014, to write off existing pre-fiscal 2013 balances.

Agreement/Order Closeout: Trading partners must monitor all orders as they approach their end date. Generally, the seller initiates the agreement/order closeout process. Trading partners should refer to the Reimbursables Management Standard Business Processes for details on the closeout process. The following list summarizes trading partner responsibilities during this process:

- The seller must identify orders with an approaching end date and must check the status with the buyer to confirm that it is ready for closeout.
- For obligation/payable balances that have shown no activity for more than 180 calendar days, the buyer must determine the reason for the lack of activity on the order.
- Once the buyer determines that an order has been fulfilled, the buyer must inform the seller that the order will be deobligated within 30 calendar days. However, if the seller provides proof of continuing or unbilled work, an order's unliquidated obligation/payable balances will remain available for use and will be reflected as such in both the buyer's and seller's respective accounting systems.
- The seller must review the status of the order to determine if any third-party supporting contracts are open that need to be deobligated and closed.
- The seller must refer to the FAR for appropriate closeout procedures for contracts. Trading partners should recognize that the FAR may have varying windows for closeout depending upon the type of orders and contracts the seller has in place with third parties.
- The seller must verify that all final costs have been determined based on the agreement.

[7] OMB Circular No. A-11, Appendix F, p. 23

Note: Historically, the largest difference between trading partners has been in RC 22: Accounts Receivable/Accounts Payable. Agencies must ascertain that the intragovernmental accounts receivable and payable transactions are valid and actively in collection. Intragovernmental collections between trading partners should not exceed 30 calendar days. If collection cannot be made, agencies should use the dispute resolution process outlined in Section 2. Treasury will be monitoring the aging of IGTs to resolve longstanding differences between trading partners.

9.2.4 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents the eliminating accounts used by the providing agency and the receiving agency. For buy/sell transactions, the trading partners are defined as:

- **Providing Agency.** Provides services, products, and goods incurring the reimbursable costs. The providing agency is considered to be the seller for exchange transactions. It accounts for work in progress and services performed to date.
- **Receiving Agency.** Receives services, products, and/or goods. The receiving agency is the buyer/purchaser for exchange transactions. It accounts for services, goods, and products received and accepted.

9.2.5 Limited Use of USSGL Accounts

Table 21 outlines the USSGL accounts reserved for special use in buy/sell transactions. If an agency plans to use these accounts for other than the stated purpose, it must contact FMS. Refer to Section 2 for detailed instructions.

Table 21: Limited Use Accounts for Buy/Sell

5900	Other Revenue	If revenues are generated from buy/sell activity that is not from goods (USSGL account 5100) and/or services (USSGL account 5200), document the applicable use so that it is available for FMS upon request.
6190	Contra Bad Debt Expense – Incurred for Others	For fiscal 2013, agencies must have approval from Treasury before posting activity to USSGL account 6720, "Bad Debt Expense." Treasury will closely monitor activity and balances and will establish metrics. Agencies must obtain approval from OMB by October 1, 2014, to write off existing pre-fiscal 2013 balances.
6720	Bad Debt Expense	
6790	Other Expenses Not Requiring Budgetary Resources	FMS should limit the use of this account to buy/sell transactions only.

9.2.6 Common Errors for Buy/Sell Transactions

There are several common errors trading partners make when posting the accounting treatment for buy/sell transactions. Table 22 contains the list of the common errors and the solutions agencies can use to correct the errors.

Table 22: Common Errors for Buy/Sell Transactions

Error Type	Description	Solution
Capitalization vs. the Expense of Assets	Agencies are permitted to establish capitalization thresholds that are suited to their particular operating environment, thereby creating varying capitalization thresholds among agencies. This may produce instances where one trading partner capitalizes an asset while another trading partner expenses the same asset. The inconsistency of capitalizing or expensing an asset between trading partners affects the accumulation of cost data and hinders the ability to make comparisons of cost data across the agencies.	The required capitalization treatment MADE addresses the issue of capitalizing versus expensing the cost for an asset and further assists with the *Financial Report of the United States Government* compilation issue. This MADE provides trading partners a means to communicate, at the initiation phase, their intent for handling asset transactions based on capitalization thresholds, allowing the ability to properly and consistently eliminate expenses and revenues.
Timing Differences for Recording Accruals and Advances	Interaction rarely occurs between trading partners to communicate differences in accrual methodology and the recognition of advances. Consequently, trading partners use different accrual methodologies and inconsistently recognize advances, leading to the reporting of different balances to FMS. For advances, differences occur when the buyer prepays the seller and recognizes an asset, but the seller does not recognize a liability. Communication needs to continue as goods and services are rendered, and the buyer and seller need to reduce the asset and the liability accordingly.	Mitigating timing differences for recording accruals and advances is accomplished through the required MADEs for accrual amount and advances/nonadvances. The accrual amount MADE provides a means, at the initiation phase, to identify the methodology and to communicate the timing for recording the same amount for the buyer's expense and the seller's revenue as costs are incurred. The advance/nonadvance MADE signifies the use of advances. This MADE, in conjunction with agreed-upon terms, allows for consistent accounting treatment of the advance transactions over the life of the agreement or until the advance is fully liquidated.

Error Type	Description	Solution
Ineffective Communication Between Procurement and Accounting Functions	Procurement and accounting personnel often have unaligned policies and fail to communicate effectively with each other, which is further complicated by the lack of communication between trading partners for buy/sell transactions. As a result, procurement business activities and the associated accounting events may be out of sync.	The buy/sell process model bridges the gap between procurement and accounting by providing greater visibility into the accounting of buy/sell transactions. It provides guidance for the proper recordation of buy/sell transactions set in the context of the three phases of the buy/sell process and associated business activities, thereby facilitating coordination between the procurement and accounting function. The buy/sell IGT business rules allow both functions to establish shared objectives and performance measures, thereby improving compliance with policies and a more comprehensive view of controls.

9.2.7 Buy/Sell Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this subcategory. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures. There are reconciliation procedures that agencies should perform at the agreement order level for each phase of buy/sell activity on a quarterly basis, at a minimum. The purpose of reconciling buy/sell activity between trading partners at the agreement order level is to confirm that both the buyer and seller are capturing the correct entries in their subsidiary ledgers and general ledgers and to facilitate further communication related to the status of the agreement order.

Agencies should create and maintain a documented catalog of all buy/sell agreements. During the initiation phase, agencies should add each newly established agreement to the catalog, using the agreement number assigned to each MADE as a point of reference. The catalog should capture for each agreement, at a minimum, the agreement number, trading partner agency identifier, and period of performance and/or funding expiration date. Maintaining a catalog of all agreements will allow agencies to validate the actual number of agreements they have with a trading partner and to monitor activity for agreements with approaching end dates. Agencies must confirm that only valid agreements make up their payable and receivable balances.

The seller should use the MADEs to monitor and convey accounting events during the receipt and acceptance and settlement phases, to track delivery status, and to monitor activity in receivable accounts and collections. The seller should communicate updates to the buyer on a quarterly basis, at a minimum, to assist with reconciliation of payables/receivables and disbursements/collections and to address any out-of-balance conditions. Agencies should use the MADEs as a supporting tool during audits.

Trading partners must reconcile the account balances listed in Table 23. Agencies should refer to both the summary of eliminating buy/sell USSGL accounts (TFM Volume I, Part 2, Chapter 4700, Appendix 7) and the MADE Crosswalk in Appendix D to support reconciliation procedures. Where differences are identified, agencies must document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Table 23: Required Reconciliations for Buy/Sell Balances

Seller	Buyer
Accounts Receivable	Accounts Payable
Advances from Buyer	Advances to Seller
Revenue	Expenses/Capitalized Purchases

Section 10: Transfer Transactions

Transfers discussed in this section are limited to nonexchange transactions. Exchange transactions, which include payment for goods and services such as assisted acquisitions or reimbursements under the Economy Act, can be found in Section 9. To execute a transfer means to reduce resources (budgetary and/or proprietary) in one TAS and increase them in one or more other TAS by the total cumulative amount.

Every transfer must be authorized by law. Authorizations of transfers can be found in permanent law, appropriation and authorization acts (for example, a statute establishing a special fund), and in other statutes. The transfer authority may be general (for example, authority to transfer funds between appropriations within a department within specific limits); specific to a particular transfer (for example, transfer of a specified program and associated resources from one entity to another); or conditioned on certain criteria (for example, transfer of collections over a specific amount in a fiscal year to the General Fund). Most often, once resources are transferred, they are available for the authorized purposes of the receiving TAS. However, this is not always true and a close reading of the authorizing statutes is essential to understanding what restrictions, if any, remain associated with transferred resources. Agencies must ensure that any transfer undertaken is consistent with all aspects of their statutory authority.

In general, there are three types of intragovernmental transfers: transfers, expenditure transfers, and other transfers (non-SF 1151). Expenditure transfers result in an outlay of funds. That is, if the transfer represents a payment to liquidate an obligation, it is an expenditure transfer. In addition, by definition, transfers between TAS in the Federal funds group and TAS in the trust funds group are recorded as expenditure transfers. The Federal funds group includes general funds, special funds, and revolving funds. The trust funds group includes trust funds and trust revolving funds. Expenditure transfers are executed via IPAC. Nonexpenditure transfers serve only to adjust amounts available in TAS. They adjust the FBWT and are executed via the SF 1151. In addition, certain transfers are executed by means other than the SF 1151. These transfers may involve General Fund Receipt Accounts, may transfer authority between TAS without affecting the FBWT, or simply may transfer assets. These transfers may be accomplished by Treasury warrant, FMS 2108: Yearend Closing Statement, or other means. These transfers are described in subsection 10.1.3.

Table 24 presents the transfer distinctions discussed above.

Table 24: Transfer Distinctions

Description	Nonexpenditure (SF 1151)	Expenditure	Other Transfers (Non-SF 1151)
Makes adjustments to amounts available in TAS	☑		
Transfer between Federal Fund Group and Trust Fund Group		☑	
Results in an Outlay		☑	
Not Executed via SF 1151		☑	☑

Transfer transactions affect budgetary and/or proprietary accounts. Agencies must ensure that any transfer undertaken reflects the appropriate budgetary accounting treatment, as well as the appropriate proprietary accounting treatment. This section only addresses the proprietary accounting treatment. To determine the appropriate budgetary treatment, agencies should consult their statutory authority, OMB

Circular No. A-11, and USSGL guidance. If an agency has a question on the proper budgetary accounting, it should consult with its OMB and/or FMS contacts.

Note that many transfers may involve a receivable/payable relationship, especially when the transferring TAS has investment authority. The receivable/payable relationship is established before execution of the associated funds transfer. Establishing a receivable/payable relationship will adjust budget authority between TAS but will not affect the FBWT.

10.1 Transaction Types and Trading Partner

Transfers are divided into seven types of transactions as described in Table 25.

Table 25: Transfer Transaction Types

Transaction Type	Nature of Transaction
Nonexpenditure Transfers	
Appropriation Transfers	Transfer budget authority and associated balances of the current fiscal year from one TAS to another based on current year transfer authority.
Balance Transfers	Transfer budget authority and associated balances from a prior fiscal year from one TAS to another based on transfer authority enacted in a prior year.
Reappropriation Transfers	Transfer unobligated balances from an expired TAS to an unexpired TAS. These transfers represent a redistribution of funds, or redelegation or adjustment of obligational authority, and permit funds to be expended under another appropriation or fund symbol.
Expenditure Transfers	
Nonexchange Transfers Between TAS in the Same Fund Group Recorded as Outlays	These transfers are uncommon and may represent special financing relationships established by statute. They do not represent payments for goods and services.
Nonexchange Transfers Between TAS in Different Fund Groups Recorded as Outlays	These transactions include any authorized relationship that would be considered a nonexpenditure transfer if it occurred between TAS in the same funds group, as well as any special financing relationships established by statute. They do not represent payments for goods and services.
Other Transfers (Non-SF1151)	
Transfers of Property, Other Assets, and Liabilities	Transfers property, other assets, and prepaid undelivered orders from one TAS to another.

10.1.1 Nonexpenditure Transfers

Nonexpenditure transfers are nonexchange transfers executed via an SF 1151. They affect the FBWT. Transfers of budget authority without associated funding (for example, establishing a receivable/payable relationship instead of transferring funds) do not affect the FBWT and are not executed via an SF 1151.

The accounting treatment of nonexpenditure transfers varies depending on a number of factors. These transfers generally involve the movement of current year authority and prior year balances that may be unobligated or obligated. In addition, these transfers may involve invested balances. Unless indicated otherwise, the transferring TAS reports a transfer out and the receiving TAS reports a transfer in of the total cumulative amount. There are three types of nonexpenditure transfers: appropriation transfers, balance transfers, and reappropriation transfers. (See TFM Volume I, Part 2, Chapter 2000, Appendix 1, for more information on these types of nonexpenditure transfers.)

Appropriation transfers and balance transfers may include allocation transactions. See TFM Volume I, Part 2, Chapter 4700, Section 4703, for a definition of allocation transfers. An allocation represents the amount of budget authority transferred from one agency, bureau, or account that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund. The allocation arrangement is established by statute. Under these conditions, the transferring TAS is considered the "parent" account, and the receiving TAS is considered the "child" account. When a delegation of authority is established, FMS will establish a subsidiary account called a "transfer appropriation account." These accounts carry symbols identified with the original appropriation from which monies were transferred. A transfer appropriation account is symbolized by adding the receiving entity's two-digit trading partner agency identifier to the original appropriation or fund account symbol. The transfer is referred to as an allocation transfer. Obligations and outlays are incurred for authorized purposes of the transferring TAS. In general, all financial activity associated with the allocated authority is reported on the financial statements of the parent account.

From a proprietary accounting perspective, transfers may involve movement of unexpended appropriations – appropriations derived from General Fund resources not earmarked by law for a specific purpose – and/or financing sources that affect cumulative results of operations. Such financing sources may include appropriated receipts from a special or nonrevolving trust fund, as well as spending authority from offsetting collections.

For transfers involving unexpended appropriations, the transferring TAS will record the transfer in USSGL account 3103, "Unexpended Appropriations – Transfers-Out," and the receiving TAS will record the transfer in the reciprocal USSGL account 3102, "Unexpended Appropriations – Transfers-In." Unless otherwise indicated, for financing sources that affect cumulative results of operations, the transferring TAS will record the transfer in USSGL account 5765, "Nonexpenditure Financing Sources – Transfers-Out – Other." The receiving TAS will use reciprocal USSGL account 5755, "Nonexpenditure Financing Sources – Transfers-In – Other." Both entities must record the matching USSGL proprietary accounts to avoid elimination discrepancies.

In situations where the funds to be transferred are invested, a receivable/payable relationship may be established to transfer the budget authority initially. The actual funds will be transferred later once the funds become available. In establishing the receivable/payable, the transferring TAS will record the anticipated transfer amount in USSGL account 2150, "Payable for Transfers of Currently Invested Balances." The receiving TAS must record the same amount in USSGL account 1330, "Receivable for Transfers of Currently Invested Balances."

10.1.1.1 Appropriation Transfers

Appropriation transfers move current year budget authority and associated balances from one TAS to another. These transfers use authority that authorizes transfer of current year budget authority. Appropriation transfers usually involve appropriated authority or spending authority from offsetting collections. Table 26 presents the different types of transactions within the appropriation transfers group.

Table 26: Appropriation Transfers

Transfer Type	Nature of Transfer
Transfers of Budget Authority Appropriated From a Specific Invested TAS	These transfer types are associated with special and nonrevolving trust fund expenditure accounts with related investment authority. **Liquidate receivable:** Using current year or prior year transfer authority that established the receivable, agencies with invested funds can transfer budget authority to a specific agency expenditure account. The amounts are reflected as an appropriation rather than as a transfer on the SF 133 and Program and Financing Schedule. **Transfer without receivable:** Using authority in the agency appropriation or authorization act, agencies may transfer funds from a specific invested TAS without establishing a receivable.
Transfers of Invested Balances	These transfer types are associated with special and nonrevolving trust fund expenditure accounts with related investment authority. **Liquidate receivable:** Using the current year or prior year transfer authority that previously established the receivable, agencies with invested funds can transfer budget authority to other funds.
Allocation of Budget Authority With Invested Balances	Using the current year or prior year transfer authority, agencies with the parent TAS and investment authority can transfer budget authority to/from an allocation TAS. This transfer type is normally only associated with special and nonrevolving trust fund expenditure accounts where the parent has investment authority. In unusual situations, it may involve invested unexpended appropriations.
Allocation of Budget Authority With Noninvested Balances	Using general transfer authority, agencies can transfer budget authority from a parent TAS to an allocation TAS. This same accounting treatment is used for return of unobligated, unexpired authority and balances to the parent account.
Transfers of Unobligated Current-Year Budget Authority With Noninvested Balances	Using general or specific transfer authority, an agency can transfer budget authority from one TAS to another.

10.1.1.2 Balance Transfers

Balance transfers move prior year budget authority and associated balances from one TAS to another. All types of budget authority may be involved in balance transfers. Table 27 presents the different types of balance transfers.

Table 27: Balance Transfers

Transfer Type	Nature of Transfer
Allocation of Budget Authority With Noninvested Balances	Using general transfer authority, agencies can transfer budget authority and associated balances from a parent TAS to an allocation TAS. This same accounting treatment is used for return of unobligated, unexpired authority and balances to the parent account. **Note:** Agencies must determine whether to reflect an allocation transfer as an appropriation transfer or a balance transfer based on whether it involves current or prior year budget authority.
Transfer of Unexpired, Unobligated Prior Year Balances	Using the transfer authority that was enacted before the current year, agencies can transfer unobligated prior year balances from unexpired multi-year and "X" year TAS. These transfers do not extend availability for new obligations.
Transfer of Unobligated Balances – Legislative Change of Purpose	Agencies use this transfer type to transfer unobligated prior year balances between unexpired TAS, resulting from legislation that changes the purpose for which funds were originally appropriated.
Cancellation of Appropriation From Special and Nonrevolving Trust Fund Receipts by Return to the Associated Special or Nonrevolving Trust Fund or the Originating Invested TAS	In certain cases, the statutory provision canceling an appropriation from special and nonrevolving trust fund receipts does not provide for transfer of the receipts to the General Fund. In these cases, the receipts are returned to the associated special or nonrevolving trust fund or the originating invested TAS. These cancellations may involve annual, multi-year, or no-year accounts and either unexpired or expired authority. **Cancellations associated with available receipt accounts.** The accounting treatment depends on whether the cancellation is due to newly enacted legislation and other factors. For cancellations initiated by the agency, the cancellation of expired or unexpired balances without investment relationships requires a Treasury warrant. Cancellation of unobligated balances that were derived from invested special or trust funds is accomplished via a nonexpenditure transfer. (**Note:** Treasury treats unavailable receipt accounts with investment authority as available receipt accounts.) If the cancellation involves funds represented as a receivable from an invested trust or special fund, there is no movement of fund balance.
Transfer of Unobligated Balances From an Expired TAS to an Expired TAS	Agencies use this transfer type to transfer unobligated balances from one expired TAS to another expired TAS via an SF 1151. An example is when an expired recipient TAS must return unobligated authority back to the originating TAS, which also is expired. This transaction is accomplished via an SF 1151.
Transfer of Unobligated Balances From an Expired TAS to an Unexpired TAS	Using transfer authority that was enacted before the current year, agencies can transfer unobligated prior year balances from an expired TAS to an unexpired TAS.
Transfer of Unobligated Balances From an Unexpired TAS to an Expired TAS	Agencies use this transfer type to transfer amounts of unobligated prior year balances transferred out of an unexpired TAS to an expired TAS pursuant to specific statutory authority (for example, foreign currency valuations in an expired TAS).

Transfer Type	Nature of Transfer
Transfers of Obligations – Transfer of Unpaid, Undelivered Orders	Agencies use this transfer type to transfer the amount of goods and/or services ordered that have not been actually or constructively received and for which amounts have not been prepaid or advanced. This transfer type includes amounts specified in other contracts or agreements such as grants, program subsidies, undisbursed loans, and claims for which an advance or prepayment has not occurred. These transfers may occur as part of an agency reorganization. Agencies may want to confer with their OMB representatives when proposing this transfer type.
Transfers of Obligations – Transfer of Unpaid, Delivered Orders	Agencies use this transfer type to transfer the amount accrued or due for: services performed by employees, contractors, vendors, carriers, grantees, lessors, and other Government funds; goods and tangible property received; and programs for which no current service performance is required, such as annuities, insurance claims, benefit payments, or loans. These transfers may occur as part of an agency reorganization. Agencies may want to confer with their OMB representatives when proposing this transfer type.
Transfer of Obligations – Unpaid, Unfilled Customer Orders	Agencies use this transfer type to transfer the amount of unfilled customer orders from one TAS to another. Do not use this transfer type if orders were prepaid or advanced at the time of the transfer. These transfers may occur as part of an agency reorganization. Agencies may want to confer with their OMB representatives when proposing this transfer type.

10.1.1.3 Reappropriation Transfers

Reappropriation transfers move unobligated balances of unexpended appropriations from an expired TAS to an unexpired TAS. If the transfer authority is enacted after the law that provided the budget authority and the transfer occurs in the year the transfer authority is enacted, then the extension of availability for expired funds is treated as a reappropriation. The transferring TAS will record this transfer using USSGL account 3106, "Unexpended Appropriations – Adjustments."

10.1.2 Expenditure Transfers

As noted previously, there are two groups of nonexchange expenditure transfers addressed in this section. For transfers involving unexpended appropriations, the transferring TAS will record the transfer in USSGL account 3103, "Unexpended Appropriations – Transfers-Out," and the receiving TAS will record the transfer in the reciprocal USSGL account 3102, "Unexpended Appropriations – Transfers-In." Unless otherwise indicated, when it is inappropriate to use USSGL account 3103, the transferring TAS will record the transfer in USSGL account 5760, "Expenditure Financing Sources – Transfers-Out." The receiving TAS will use reciprocal USSGL account 5750, "Expenditure Financing Sources – Transfers-In." Both entities must record the matching USSGL proprietary accounts to avoid elimination discrepancies.

As with nonexpenditure transfers, a receivable/payable relationship may be established to transfer the budget authority initially. The actual funds will be transferred later once they become available. In establishing the receivable/payable, the transferring TAS will record the anticipated transfer amount in USSGL account 2155, "Expenditure Transfers Payable." The receiving TAS must record the same amount in USSGL account 1335, "Expenditure Transfers Receivable."

10.1.2.1 Nonexchange Transfers Between TAS in the Same Fund Group Recorded as Outlays

When authorized by legislation, nonexchange transfers between TAS in the same fund group may be treated as expenditure transfers (see Table 28). Such transfers represent a special financial relationship between the TAS. These transfers may involve invested or noninvested balances. The transfers are recorded as outlays with movement of expenditure financing sources.

Table 28: Nonexchange Transfers Between TAS in the Same Fund Group Recorded as Outlays

Transfer Type	Nature of Transfer
Nonexchange Transfer of Noninvested Balances Between TAS in the Same Fund Group	Based on current or prior statutory authorization, a TAS in one fund group may execute a nonexchange transfer of budgetary resources to another TAS in the same fund group.
Nonexchange Transfer of Invested Balances Between TAS in the Same Fund Group	When invested balances are involved in the transfer, the funds remain invested, consistent with cash management principles, until needed to liquidate obligations by the receiving TAS. These transfers involve establishing a receivable/payable relationship that is liquidated by a subsequent funds transfer.

10.1.2.2 Nonexchange Transfers Between TAS in Different Fund Groups Recorded as Outlays

All transfers between a TAS in the Federal fund group and the trust fund group are defined as expenditure transfers (see Table 29). Nonexchange transactions between fund groups may represent a special financing relationship between TAS. They also include any other authorized transaction that would be considered a nonexpenditure transfer, if it occurred between TAS in the same fund group. These transfers may involve invested or noninvested balances. The transfers are recorded as delivered orders with movement of expenditure financing sources.

Table 29: Nonexchange Transfers Between TAS in Different Fund Groups Recorded as Outlays

Transfer Type	Nature of Transfer
Nonexchange Transfer of Noninvested Balances Between a Federal Fund and a Trust Fund	Based on current or prior statutory authorization, a nonexchange transfer of budgetary resources may be executed between a TAS in the trust fund group and a TAS in the Federal fund group.
Nonexchange Transfer of Invested Balances Between a Trust Fund and a Federal Fund	When invested balances are involved in the transfer, the funds remain invested, consistent with cash management principles, until needed to liquidate obligations by the receiving TAS. These transfers involve establishing a receivable/payable relationship that is liquidated by a subsequent funds transfer. If the expenditure transfer receivable is not obligated before its expiration, the unobligated balance will be returned to the transferring TAS. This return is not executed via a nonexpenditure transfer.

10.1.3 Other Transfers (Non-SF1151)

As noted in the overview of transfer transactions, there are instances when a nonexchange transfer is not classified as expenditure or nonexpenditure. These transfers do not result in outlays, are not transfers between TAS in the Federal funds group and TAS in the trust funds group, and are not executed via an SF 1151. Examples of these transactions involve assets, nonbudgetary fund balances, and transfers of the amount of goods and/or services ordered and obligated in one TAS, which have not been actually or constructively received but have been prepaid or advanced at the time of transfer, to another TAS. Table 30 presents the different types of other transfers (non-SF 1151).

Table 30: Other Transfers (Non SF-1151)

Transfer Type	Nature of Transfer
Transfer of Appropriated Receipts From an Unavailable Receipt Account	This transfer reflects the movement of appropriated receipts from an unavailable receipt account to an expenditure account. This is accomplished via a Treasury warrant. The transferring TAS records the transfer in USSGL account 5745, "Appropriated Earmarked Receipts Transferred Out," and the receiving TAS records the transfer in USSGL account 5740, "Appropriated Earmarked Receipts Transferred In."
Transfers of Custodial Collections From a General Fund Receipt Account	This transfer represents the movement of custodial collections from a General Fund Receipt Account to a special or nonrevolving trust fund consistent with statutory authorization. This is accomplished via the FMS 224. The transferring TAS will record the transfer under USSGL account 5998, "Custodial Collections Transferred Out to a Treasury Account Symbol Other Than the General Fund of the Treasury." The receiving TAS will record the transfer in USSGL account 5997, "Financing Sources Transferred In From Custodial Statement Collections."
Transfers of Obligations – Prepaid, Advanced, Undelivered Orders	Agencies use this transfer type to transfer the amount of goods and/or services ordered and obligated in one TAS, which have not been actually or constructively received but have been prepaid or advanced at the time of transfer, to or from another TAS,. This includes amounts specified in other contracts or agreements such as grants, program subsidies, undisbursed loans, and claims, for which an advance or prepayment has occurred. The transferring TAS will record this transfer in USSGL account 5730, "Financing Sources Transferred Out Without Reimbursement," and the receiving TAS will use USSGL account 5720, "Financing Sources Transferred In Without Reimbursement."
Transfers of Nonbudgetary Fund Balances and Nonbudgetary or Non-Federal Receivables	This transfer type includes the transfer of nonbudgetary fund balances without reimbursement. Transfers of nonbudgetary or non-Federal receivables to another Federal entity or TAS without reimbursement covers accounts receivable, receivables for transfers of currently invested balances, and expenditure transfers receivable. For these transfers, the transferring entity or TAS will record the transfer to USSGL account 5776, "Nonbudgetary Financing Sources Transferred Out." The receiving TAS will record the transfer to USSGL account 5775, "Nonbudgetary Financing Sources Transferred In."

Transfer Type	Nature of Transfer
Inventory and General Property, Plant, and Equipment (PP&E)	Agencies use this transfer type for transfer of inventory items and general PP&E to other Federal entities without reimbursement. Adjustments are made to associated USSGL asset accounts. These transfers use USSGL accounts 5730/5720.
Commodity	Agencies use this transfer type for transfer of a commodity to another Federal agency. The carrying amount of the commodity held for other purposes is reported as an expense and removed from the commodity's asset account. These transfers use USSGL accounts 5730/5720.
Investments	Agencies use this transfer type for the transfer of investments to other Federal entities without reimbursement. Adjustments are made to associated USSGL asset accounts. These transfers use USSGL accounts 5730/5720.

10.2 Roles and Responsibilities

The transferring agency (or TAS) initiates the transfer of resources and the receiving agency (or TAS) receives the resources. Unlike fiduciary transactions, these transactions do not have an authoritative source or specific agencies that determine proper balances and accounting methods. Therefore, trading partners must determine transaction types, establish appropriate accounting data, and communicate with each other to confirm proper account postings and eliminations. The transferring agency must confirm that the transfer is consistent with statutory authority, identify the proper accounting treatment, and communicate with the receiving agency with respect to these matters. The receiving agency must promptly confirm acceptance of the proposed accounting treatment and must clearly communicate disagreements or issues with the proposed treatment. Prompt communication will ensure consistent accounting treatment by both trading partners, to the extent possible, and the efficient posting of transactions within the same accounting period. Agencies must be sure to use their own agency identifier when recording transactions. In addition, the transferring agency and the receiving agency must confirm that a reciprocal transaction is recorded for all transfer-out and transfer-in activity. Table 31 presents the specific responsibilities of trading partners with respect to transfers.

Table 31: Transfer Responsibilities

Agency	Role	Responsibility
Agency 1	Transferring Agency	• Analyzes statutory authority for transfer; • Selects transfer type consistent with statutory authority; • Defines appropriate accounting treatment of the transfer for both trading partners; • Identifies eliminating USSGL account entries; • Communicates, identifies, and resolves disagreements or issues over accounting treatment and period for posting; • Provides quarterly IGT data for upload to IRAS; • Documents differences with trading partners and, if material, submits them for dispute resolution.

Agency	Role	Responsibility
Agency 2	Receiving Agency	• Communicates, identifies, and resolves disagreements or issues over accounting treatment and period for posting; • Monitors transfer differences with trading partners; • Facilitates remediation, where necessary. • Provides quarterly IGT data for upload to IRAS; • Documents differences with trading partners and, if material, submits them for dispute resolution.

10.3 Business Rules for Transfers

The following key laws and policy sources govern the financial management of IGT transfers:

- TFM, Volume 1, Part 2, Chapter 2000: "Warrant and Nonexpenditure Transfer (NET) Transactions," revised March 2012, describes the forms and procedures used to record warrant transactions and contains information about using CARS (formerly the Governmentwide Accounting System) to process nonexpenditure transfers and retrieve processed warrant transactions.
- OMB Circular No. A-11, "Preparation, Submission and Execution of the Budget," provides guidance on the apportionment, reapportionment, rescission and cancellation of funds.
- OMB Circular No. A-136, "Financial Reporting Requirements," establishes a central point of reference for all Federal financial reporting guidance for executive branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports.
- FMS USSGL implementation guidance;
- TFM bulletin[8], Yearend Closing, provides agencies with the procedures for preparing yearend closing reports and other financial reports.
- TFM Volume I, Part 2, Chapter 3300, "Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses," and Part 6, Chapter 4000, "Intragovernmental Payment and Collection (IPAC) System," provide guidance pertaining to expenditure transactions between appropriation, fund, and receipt accounts.
- USSGL TFM Supplement S2, "U.S. Government Standard General Ledger Treasury Financial Manual (TFM) Supplement (USSGL)," as updated, provides a uniform Chart of Accounts and technical guidance to be used in standardizing Federal agency accounting.

10.3.1 Rules for Nonexpenditure Transfers

The transferring TAS must record a nonexpenditure transfers as a decrease in budget authority, unobligated balances, or unpaid obligated balances. The gaining TAS must record the nonexpenditure transfer as an increase in budgetary authority, unobligated balances, or unpaid obligated balances. For nonexpenditure transfers to General Fund Receipt Accounts, there is no budgetary effect on General Fund Receipt Accounts. An agency must not record a nonexpenditure transfer as an obligation, an outlay, an offsetting collection, or an offsetting receipt. Whether or not the nonexpenditure transfer is recorded as a change in budget authority or unobligated balances depends on the circumstances.

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[8] Refer to the current fiscal year TFM Bulletin Yearend Closing procedures.

Federal agencies must use the CARS ATM NET application to process nonexpenditure transfers. CARS provides a mechanism for agencies to submit and retrieve nonexpenditure authorization documents. Nonexpenditure transfers are governed by statutory authority and initiated by the Transfer-From TAS. The Transfer-From TAS must define the nature of the transfer based on its statutory authority, must include a reference to the legislation that governs the transfer, and must communicate with the Transfer-To TAS to confirm consistent reporting in USSGL accounts. The Transfer-From TAS must determine the source of funds being transferred and must include the USSGL proprietary account in the nonexpenditure transfer request. Note that not all nonexpenditure transfers move balances from one agency to another. Also, in the case of capital transfers, balances move from an agency TAS to a General Fund Receipt Account with the same agency identifier.

The Transfer-From TAS must establish procedures to confirm that transfers are acknowledged and recorded by the Transfer-To TAS within the same accounting month. The Transfer-To TAS must record a USSGL proprietary account that corresponds to the account used by the Transfer-From TAS. Trading partners must resolve intragovernmental disputes as delineated in TFM Volume I, Part 2, Chapter 4700, subsection 4706.25.

10.3.2 Rules for Expenditure Transfers

The transferring TAS must record an expenditure transfer as an obligation (against new budget authority or unobligated balances) and as an outlay. The receiving TAS must record an expenditure transfer as an offsetting collection or offsetting receipt. If the receiving TAS is a General Fund appropriation account or a revolving fund account (including a trust revolving fund), the agency credits the amount as an offsetting collection to the appropriation or revolving fund account. If the receiving TAS is a special fund or trust fund account, the agency credits the amount as an offsetting receipt to a receipt account of the fund. Agencies must use IPAC to process expenditure transfers.

IPAC enables agencies to exchange accounting information and to transfer funds for various interagency transaction types (buy/sell, fiduciary, and other miscellaneous payment and collection transactions). The use of IPAC is addressed in Section 9.

It is critical that the account balances reported in the confirmation process equal the amounts reported in the agency’s audited financial statements and in the Closing Package submission to FMS.

10.3.3 Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 7, presents the USSGL accounts that trading partners must use for proper elimination of financial transactions during reporting. For transfers, the trading partners are defined as:

- **Transferring Entity or TAS (transferor).** This entity or TAS is the authoritative source, meaning that the amounts posted by the transferee in the eliminating accounts must equal those balances posted by the transferor.
- **Receiving Entity or TAS (transferee).** This entity or TAS receives a transfer from the transferor. Balances posted by this entity or TAS in the eliminating accounts must equal those balances posted by the transferor.

10.3.4 Common Errors for Transfer Transactions

Table 32 presents the common errors trading partners may make when posting the accounting treatment for transfer transactions and the solutions agencies can use to correct the errors.

Table 32: Common Errors for Transfer Transactions

Error Type	Description	Solution
Agency Accounting Error	Improper use of trading partner agency identifier 99, General Fund, for capital transfers. The error results in accounting differences. Each department has a miscellaneous receipts account. Capital transfers are to be made to the departmental account. The departmental account is cleared as part of the yearend closing process.	Agencies must use their agency identifier for capital transfers to prevent accounting errors. Do not use trading partner 99.
Timing Difference	Agencies do not always record offsetting transactions within the same fiscal year. For example, the transferring TAS records the transfer-out transaction in fiscal 2011 and the receiving TAS records the transfer-In transaction in fiscal 2012.	The transferring TAS and the receiving TAS must confirm consistent accounting treatment for each transaction and, to the extent possible, must record transactions within the same accounting period. They must communicate disagreements and issues with the accounting treatment and must reconcile them within the same fiscal year.
Nonreporters	Legislative and judicial branch agencies do not report their transfer activity to FMS. Agencies that report transfers using trading partner agency identifiers for these agencies will always produce differences.	Agencies should provide supporting documentation to FMS of the transaction to support FMS posting of a top-level journal voucher for nonreporting trading partners.

10.3.5 Transfer Reconciliation Procedures

Differences may occur between trading partners in reporting the same transfer transaction. These differences may be due to clerical error, miscommunication, or other factors. The differences that result may adversely affect the Governmentwide financial report and must be reconciled and resolved promptly.

In addition to the IGT reconciliation procedures, trading partners must define and perform specific reconciliations for transfer transactions. They should document these reconciliations and incorporate them into management's existing OMB Circular No. A-123, "Management's Responsibility for Internal Control," Appendix A, procedures Both the transferring agency and the receiving agency must review available reports on differences, communicate with their trading partner to identify the cause of the difference, and must agree on the appropriate resolution. If trading partners cannot agree, they must promptly pursue dispute resolution. Once a final decision is reached on the appropriate resolution, the trading partners must update their financial records as needed to reflect the decision.

As part of the reconciliation process, agencies must utilize the Use of the Central Accounting Data (UCAD) Report. The UCAD Report is a spreadsheet that provides agencies with information related to transaction activity at each TAS level with regard to reciprocal categories 07, 08, and 11. The data within the UCAD Report is retrieved from Treasury's Central Accounting System. The UCAD Report contains a tab for each agency. Agencies must use the UCAD Report to reconcile and validate their data. Agencies may access the UCAD Report, along with accompanying instructions, at **http://www.fms.treas.gov/factsi/reports.html**.

Appendix A: List of Acronyms

Acronym	Description
ATB	Adjusted Trial Balance
ATM	Authority Transaction Module
BPD	Bureau of the Public Debt
CARS	Central Accounting Reporting System
CFO	Chief Financial Officer
COTR	Contract Officer's Technical Representative
CSRS	Civil Service Retirement System
CTA	Classification Transactions and Accountability
DOL	U.S. Department of Labor
FACTS I	Federal Agencies' Centralized Trial-Balance System
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance With Treasury
FCRA	Fair Credit Reporting Act
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FFB	Federal Financing Bank
FMLoB	Financial Management Line of Business
FMS	Financial Management Service
FR	Financial Report of the United States Government
FWC	Federal Workers' Compensation
GAO	Government Accountability Office
GAS	Government Account Series
General Fund	The General Fund of the U.S. Treasury
GFRS	Governmentwide Financial Report System
GWA	Governmentwide Accounting
IAA	Interagency Agreement
IFCS	Intragovernmental Fiduciary Confirmation System
IFECS	Integrated Federal Employees' Compensation System
IGT	Intragovernmental Transaction

Acronym	Description
IPAC	Intra-governmental Payment and Collection System
IRAS	Intragovernmental Reporting and Analysis System
MADE	Minimum Accounting Data Element
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NET	Nonexpenditure Transfer
OFAS	Office of the Financial Assistant Secretary
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OWCP	Office of Workers' Compensation Program
POC	Point of Contact
PP&E	Property, Plant, and Equipment
RC	Reciprocal Category
RITS	Retirement and Insurance Transfer System
SF	Standard Form
SFFAS	Statement of Federal Financial Accounting Standards
TAS	Treasury Account Symbol
TFM	Treasury Financial Manual
TINTS	Treasury Interest Securities
TIPS	Treasury Inflation Protected Securities
TP	Trading Partner
U.S.C.	United States Code
UCAD	Use of Central Accounting Data
UCO	Unfilled Customer Order
UDO	Undelivered Order
USSGL	U.S. Government Standard General Ledger
WIP	Work in Progress

Appendix B: Agency Submission for USSGL Accounts Used in More Than One Intragovernmental Category

Agency:_______________ Accounting Period End Date: ___________ Preparer: ___________________ Date: ____________

USSGL Account	Account Title	Trading Partner[9]	Total Amount	Investments	Borrowings	DOL FECA	OPM Benefits	Buy/Sell
1340	Interest Receivable – Not Otherwise Classified							
2140	Accrued Interest Payable – Not Otherwise Classified							
5310	Interest Revenue – Other							
5400	Funded Benefit Program Revenue							
6330	Other Interest Expenses							
6400	Benefit Expense							
7190	Other Gains							
7290	Other Losses							
Totals								

[9] May require multiple lines for trading partners under each USSGL account.

Instructions for completing the "*Agency Submission for USSGL Accounts Used in More Than One Intragovernmental Category*"

1. At the top of the form, enter the agency name, the end date of the accounting period (for example, 12/31/2012), the name of the preparer, and the date the report was prepared.
2. For each USSGL account with each trading partner, enter the total amount of the balance with that trading partner and break out the dollar amount between the two IGT categories. For example, if an agency has a total Accounts Receivable, USSGL account 1310, of $10 million with the Department of the Treasury (TP 20), then the reporting agency must identify what portion of that balance is for Borrowings and what portion is for Buy/Sell.
3. The reporting agency must report one line for each trading partner balance within a USSGL account. For example, if the reporting agency has Accounts Receivable with 15 trading partners, then it must have 15 lines for USSGL account 1310, one line for each trading partner balance.
4. Enter totals for each of the columns on the Totals line.
5. Submit the report via email to email Financial.Reports@fms.treas.gov at the same time the quarterly and yearend reports are submitted.

Appendix C: Intragovernmental Dispute Resolution Request Form

Intragovernmental Dispute Resolution Request Form

Submit completed form to business.rules@fms.treas.gov.

Part I: Contact Information (To be completed by agency requesting dispute resolution)	
Requesting Agency: ***(Disputer):*** ***Contact Name:*** ***Title:*** ***Email Address:*** ***Phone Number:***	***Trading Partner Agency (Disputee):*** ***Contact Name:*** ***Title:*** ***Email Address*** ***Phone Number:***
Part II: Type of Dispute (Please check one)	
☐ **Material Differences Report**	☐ **Appeal**
Part III: Item in Dispute Details	
Disputed Amount:	
Affected USSGL Account(s), Closing Package Line(s), or Reciprocal Category:	
Clear Description of Dispute:	
Describe Attempt(s) to Reach an Agreement with Trading Partner:	
Discuss Relevant Considerations and Alternative Views:	
Authoritative Reference(s): **Please cite specific page, paragraph, or section numbers from FASAB Standard, OMB Circular No. A-136, Treasury Financial Manual, Business Rules, etc.*	
Proposed Solution or Expected Outcome:	
Relevant Supporting Documentation (Please check applicable boxes and attach supporting documentation): ☐ *Material Differences/Status of Disposition Certification Report* ☐ *Material Differences Report Additional Explanation Form* ☐ *Comparative Status of Disposition Certification Report*	☐ *Auditor's Documentation* ☐ *Evidence of Meetings and/or Correspondence with Trading Partner* ☐ *Other*

Certification:

I certify that this written submission and supporting documentation are, to the best of my knowledge, complete and accurate.

______________________________	_______________________	___________________________
Chief Financial Officer or Designee	***Title***	***Date***

For the Department of the Treasury, Financial Management Service Use Only

Dispute Number: ________ ***Date Received:*** ________ ***Date Provided to Assistant Commissioner, FMS-GWA*** __________

Decision:____

Appendix D: Minimum Accounting Data Elements (MADEs)/USSGL Crosswalk

		Drives Accounting Events																				Facilitates Reconciliation
	Minimum Accounting Data Element (MADE)	2110	2120	2960	2990	1310	1319	1360	1370	1990	1410	2310	6100	6190/ 6720	6790	6900	8802	8803	8804	5100 / 5109	5200 / 5209	5325 / 5329	
1	Seller Unique Identifier																						✓
2	Order POC																						✓
3	Agreement Period																						✓
4	Order Period																						✓
5	Agreement Action																						✓
6	Order Action																						✓
7	Agreement Amount																						✓
8	Order Amount																						✓
9	Buy/Sell Transaction Type												✓				✓	✓	✓	✓	✓		
10	Accrual/WIP Amount	✓		✓		✓							✓			✓	✓	✓	✓	✓	✓	✓	
11	Advance/Nonadvance Indicator										✓	✓											

		Drives Accounting Events																					Facilitates Reconciliation
	Minimum Accounting Data Element (MADE)	**2110**	**2120**	**2960**	**2990**	**1310**	**1319**	**1360**	**1370**	**1990**	**1410**	**2310**	**6100**	**6190/ 6720**	**6790**	**6900**	**8802**	**8803**	**8804**	**5100 / 5109**	**5200 / 5209**	**5325 / 5329**	
12	**Capitalized/Noncapitalized Indicator**	✓		✓		✓							✓				✓	✓	✓	✓	✓		
13	**TAS**																						✓
14	**Delivery Status**																						✓
15	**Delivery Amount**																						✓
16	**Collected Amount**	✓	✓	✓		✓		✓	✓		✓	✓				✓				✓	✓	✓	

Appendix E: Buy/Sell Minimum Accounting Data Element (MADE) Details

<table>
<tr><th>#</th><th>MADE</th><th colspan="2">Description</th></tr>
<tr><td rowspan="4">1</td><td rowspan="4">Seller Unique Identifier</td><td colspan="2">A unique identifier established by the seller to capture and track each new agreement, order, and modification. The identifier makes use of a four-component numbering schema to capture and track the following for each order:
• Agreement number – The first component represents the agreement under which the order has been made. An agreement could contain more than one order.
• Order number – The second component represents the particular order. Each order should have a unique order number.
• Agreement modification number – The third component represents any modifications to the agreement.
• Order modification number – The fourth component represents any modifications to the order.
At a minimum, the identifier must be referenced on invoices and IPAC transactions. The seller must report the identifier to the buyer following ratification of the agreement.</td></tr>
<tr><td colspan="2">Trading Partner Communication</td></tr>
<tr><td><u>Seller:</u>
• Assigns identifier to new agreements, orders, and modifications;
• Agrees to use identifier as reference on all related transactions;</td><td><u>Buyer:</u>
• Agrees to use the assigned identifier as reference on all related transactions.</td></tr>
<tr><td>Example Values</td><td>Agreement ID – Order ID – Agreement Modification ID – Order Modification ID</td></tr>
<tr><td rowspan="4">2</td><td rowspan="4">Order POC</td><td colspan="2">Contact information for the individual, typically a COTR or equivalent, responsible for the authorizing actions and expenditures for the order.
The seller must report the Order POC to the buyer following ratification of the agreement.</td></tr>
<tr><td colspan="2">Trading Partner Communication</td></tr>
<tr><td><u>Seller:</u>
• Provides POC information to buyer and obtains information for the order POC on the buyer side.</td><td><u>Buyer:</u>
• Provides POC information.</td></tr>
<tr><td>Example Values</td><td>Name
Phone
Email</td></tr>
<tr><td rowspan="4">3</td><td rowspan="4">Agreement Period</td><td colspan="2">The start/end dates for the agreement. The agreement period should reflect the period during which the seller expects all orders to be completed.</td></tr>
<tr><td colspan="2">Trading Partner Communication</td></tr>
<tr><td><u>Seller:</u>
• Determines expected start and end dates for agreement.</td><td><u>Buyer:</u>
• Confirms dates for the agreement.</td></tr>
<tr><td>Example Values</td><td>Start Date or Date of Modification: MM-DD-YYYY
End Date or Date of Cancellation: MM-DD-YYYY</td></tr>
</table>

#	MADE	Description
4	Order Period	The start/end dates for delivery of the order. The start and end dates for the order must not exceed the end date for the agreement. **Trading Partner Communication** **Seller:** • Determines expected start and end dates for order. **Buyer:** • Confirms dates for each order; • Provides funding expiration date. **Example Values:** Start Date or Date of Modification: MM-DD-YYYY End Date *or* Date of Cancellation: MM-DD-YYYY
5	Agreement Action	The action taken on the agreement signifying a newly created, modified, or canceled agreement. This MADE can change according to modifications or cancellations to the agreement. **Trading Partner Communication** **Seller:** • Modifies or cancels the agreement based on buyer's request. **Buyer:** • Determines whether the agreement already exists and requires modification; • Notifies the seller of the need to modify or cancel the agreement. **Example Values:** N = New M = Modification C = Cancellation
6	Order Action	The action taken on the order signifying a newly created, modified, or canceled order. This MADE can change according to modifications or cancellations to the order. **Trading Partner Communication** **Seller:** • Modifies or cancels the order based on buyer's request. **Buyer:** • Determines whether the order already exists and requires modification; • Notifies the seller of the need to modify or cancel the order. **Example Values:** N = New M = Modification C = Cancellation
7	Agreement Amount	The total estimated agreement amount based on all orders. **Trading Partner Communication** **Seller:** • Calculates the total amount for the agreement. **Buyer:** • Agrees to payment for the total agreement amount. **Example Values:** $ Value for agreement amount

#	MADE	Description
8	Order Amount	The total amount obligated for the order, including direct costs and overhead fees and charges. The order amount must include a breakdown of reimbursable line costs based on units of measure, quantity, and unit price. Advance amounts must be factored in to determine the net amount due. For assisted acquisition, the seller must provide a breakdown for assisted acquisition line costs, including the total cost of the contract as agreed between the seller and the vendor and servicing fees charged by the seller for the administration of its contract vehicle. **Trading Partner Communication** **<u>Seller:</u>** • Calculates the total amount for the order. **<u>Buyer:</u>** • Agrees to payment for the total order amount. **Example Values**: $ Value for order amount
9	Buy/Sell Transaction Type	The type of buy/sell transaction requested by the buyer. **Trading Partner Communication** **<u>Seller:</u>** • Determines the buy/sell transaction type. **<u>Buyer:</u>** • Confirms the buy/sell transaction type. **Example Values**: S = Services G = Goods M = Mixed order with goods and services
10	Accrual/WIP Amount	The accrual amount based on the identified methodology and timing for recording the buyer's expense and the seller's revenue as costs are incurred. The seller must report the accrual amount to the buyer on a quarterly basis, at a minimum. **Trading Partner Communication** **<u>Seller:</u>** • Establishes and communicates accrual amount to buyer. **<u>Buyer:</u>** • Agrees to use accrual amount. **Example Values**: Accrual Amount
11	Advance / Nonadvance Indicator	Indicator for the use of advances in the execution of an order. The use of advances is established at the agreement level. **Trading Partner Communication** **<u>Seller:</u>** • Communicates requirement for advances. **<u>Buyer:</u>** • Accepts/rejects request for advance payments. **Example Values**: A = Advance N = Nonadvance

#	MADE	Description
12	Capitalized / Noncapitalized Indicator	Indicator for the buyer's intent to capitalize or expense a good. This will create a process to mitigate reconcilable differences related to capitalization processes. **Trading Partner Communication** **Seller:** • Agrees to apply buyer's method to capitalize or expense an asset. **Buyer:** • Communicates intent to either capitalize or expense an asset. **Example Values**: C = Capitalized E = Expensed
13	TAS	The receipt, appropriation, expenditure, and other fund account symbol(s) and titles as assigned by FMS, capturing detailed transaction data for the buyer and seller below the department level. **Trading Partner Communication** **Seller:** • Provides TAS. **Buyer:** • Provides TAS. **Example Values**: See **http://www.fms.treas.gov/cars/factsheet_tas.html**.
14	Delivery Status	A status indicator for the delivery of goods/services that captures receipt and acceptance confirmation. The seller must adjust the status appropriately for partial and final deliveries and must include the receivables amount a stated on the invoice. The default value at initiation should be "U" for undelivered order. The seller should adjust the value to "P" for a partially delivered order. A "P" adjustment is only required once until the final delivered order, regardless of multiple partial deliveries. The value should be adjusted to "F" for final deliveries. **Trading Partner Communication** **Seller:** • Adjusts status from "U" to "P" or "F" based on receipt and acceptance confirmation from buyer and tracks invoice amount. **Buyer:** • Communicates results of receipt and acceptance procedures to seller. **Example Values**: U = Undelivered P = Partial Delivery F = Final Delivery

#	MADE	Description
15	Delivery Amount	The receivables amount as stated on the invoice in alignment with the delivery status indicator. **Trading Partner Communication** **Seller:** • Adjusts status from "U" to "P" or "F" based on receipt and acceptance confirmation from buyer and tracks invoice amount. **Buyer:** • Communicates results of receipt and acceptance procedures to seller. **Example Values**: $ Value for invoice amount (applicable to partial and final deliveries)
16	Collected Amount	Total collected amount to reflect current account balances for receivables and advance payments. The seller should adjust the amount with each collection. **Trading Partner Communication** **Seller:** • Tracks receivables and advance payments and adjusts amount with each collection; • Communicates amounts to buyer. **Buyer:** • Confirms collected amount. **Example Values**: $ Value for collected amount

Appendix F: Buy/Sell Minimum Accounting Data Element (MADE) Form

Seller Unique Identifier		
Agreement Number: ____ Order Number: ____ Agreement Modification (if applicable): ______________________________ Order Modification (if applicable): __________________________________		
Order POC		
Seller Name: Phone: Email:	Buyer Name: Phone: Email:	
Agreement Period		
Start Date: MM-DD-YYYY	End Date: MM-DD-YYYY	
Order Period		
Start Date: MM-DD-YYYY	End Date: MM-DD-YYYY	
Agreement Action		
☐ New	☐ Modification	☐ Cancellation
Order Action		
☐ New	☐ Modification	☐ Cancellation
Buy/Sell Transaction Type		
☐ Goods	☐ Services	☐ Mixed
Estimated Agreement Amount		
$________________________________		
Order Amount		
$________________________________		
Accrual/WIP Amount		
$________________________________		
Advance/Nonadvance Indicator		
Are Advance Payments allowed for this agreement?	☐ Yes	☐ No
If Yes, Total Advance Amount at initiation: $____________________		
Capitalized / Noncapitalized Indicator		
☐ Capitalized	☐ Expensed	

<table>
<tr><th colspan="2">TAS[10]</th></tr>
<tr><td><u>Seller</u>
Sublevel Prefix: <u>CC</u>
Allocation Transfer Agency Identifier: <u>CCC</u>
Agency Identifier: <u>CCC</u>
Beginning Period of Availability: <u>CCCC</u>
Ending Period of Availability: <u>CCCC</u>
Availability Type Code: <u>C</u>
Main Account Code: <u>CCCC</u>
Subaccount Code: <u>CCC</u></td><td><u>Buyer</u>
Sublevel Prefix: <u>CC</u>
Allocation Transfer Agency Identifier: <u>CCC</u>
Agency Identifier: <u>CCC</u>
Beginning Period of Availability: <u>CCCC</u>
Ending Period of Availability: <u>CCCC</u>
Availability Type Code: <u>C</u>
Main Account Code: <u>CCCC</u>
Subaccount Code: <u>CCC</u></td></tr>
<tr><th colspan="2">DELIVERY STATUS</th></tr>
<tr><td colspan="2">☐ Undelivered ☐ Partial Delivery ☐ Final Delivery</td></tr>
<tr><th colspan="2">DELIVERY AMOUNT</th></tr>
<tr><td colspan="2">Invoice Amount: $___________</td></tr>
<tr><th colspan="2">COLLECTED AMOUNT</th></tr>
<tr><td colspan="2">$__________________</td></tr>
</table>

[10] **http://fms.treas.gov/cars/factsheet_tas.html**