



Bulletin: OCFO 11-01

Date: July 8, 2011

To: USDA Agencies

Subject: Intragovernmental Transactions Reconciliation

PURPOSE

The purpose of this bulletin is to provide guidance for USDA organizations to meet the requirements for intragovernmental transactions reconciliation in the Treasury Financial Manual (TFM) 2-4700 – Agency Reporting Requirements for the Financial Report of the United States Government, Intragovernmental Requirements Section.

DEFINITIONS

Intragovernmental: Transactions and/or balances resulting from business activities conducted by two different Federal Government entities included in the Financial Report of the United States Government (FR). Interdepartmental and intradepartmental are subsets of intragovernmental.

Nongovernmental: Transactions occurring between USDA organizations and other entities, such as states, localities, counties, sovereign governments, businesses, and individuals.

Proprietary Adjusted Trial Balances (“Proprietary ATB File”): A file sent to the U.S. Department of the Treasury (Treasury), Financial Management Service (FMS), containing proprietary United States Standard General Ledger (USSGL) accounts derived from the Departmental trial balances that are used as the basis for constructing quarterly unaudited financial statements for the Office of Management and Budget (OMB).

Providing Agency (PA): The Federal agency providing services, products, goods, transfer funds, investments, debt, and/or incurring the reimbursable costs. The providing agency is considered the seller for exchange transactions and the transferring-out entity when appropriations are transferred.

Receiving Agency (RA): The Federal agency receiving services, products, goods, transfer funds, purchasing investments and/or borrowing from Treasury (or other agency). The receiving agency is the purchaser for exchange transactions and the transferring-in entity when appropriations are transferred.

Reciprocal Categories (RC): Pairings of related USSGL accounts that should be used by the providing and receiving agencies to reconcile like intragovernmental transactions and balances. It is also a pair of closing package financial statement Federal line items that

will be used to perform elimination at the Governmentwide level. The Federal Intragovernmental Transactions Accounting Policies Guide, as well as TFM 2-4700, can be found on Treasury's Web site <http://fms.treas.gov/factsi/regulations.html>. Both documents list the RCs 2-digit codes representing groupings of similar reciprocal transaction types.

Trading Partner (TP): An FR agency, department, bureau, or other Federal entity that is party to intragovernmental transactions with another FR agency. The PA and the RA that are party to the same transaction are trading partners.

True Balance Method: Reconcile both the USDA balance and the TP balance to a common amount known as the correct or true balance.

Use of the Central Accounting Data (UCAD): A Treasury report with data that is directly linked to Treasury's Central Accounting System. Monthly UCAD reports are available at <http://fms.treas.gov/factsi/reports.html>.

BACKGROUND

For the past several years, the Federal Government's inability to adequately account for and reconcile intragovernmental transactions and balances between Federal agencies has continued to be identified as a material weakness for the FR.

To address the material weakness and facilitate the process, FMS issued TFM 2-4700 and TFM Bulletin No. 2011-04 – Intragovernmental Business Rules (Business Rules).

RESPONSIBILITIES

The Chief Financial Officer (CFO) of each USDA organization is responsible for reporting intragovernmental transactions according to this policy.

It is the responsibility of each agency to record intragovernmental transactions in accordance with the Business Rules and to reconcile intragovernmental balances with their TPs in accordance with TFM 2-4700, Intragovernmental Requirements Section.

POLICY

It is USDA's policy to use Generally Accepted Accounting Principles for the Federal Government; OMB Circular No. A-136 – Financial Reporting Requirements; TFM Business Rules; and TFM 2-4700, Intragovernmental Requirements Section, to record, process, summarize, reconcile, and report intragovernmental transactions and balances by TP.

PROCEDURES

Each quarter, the USDA Associate Chief Financial Officer for Financial Operations (ACFO-FO) prepares a “Proprietary ATB” and forwards the ATB file to Treasury, FMS. FMS verifies that the file complies with the USSGL Account Attributes for FACTS I tables. If FMS finds incorrect or missing attributes, USSGL accounts, or incorrect trading partner codes FMS returns the file to USDA for correction. The file must be error free the first time it is sent to Treasury because there is not time to correct errors and still meet the due dates.

FMS then compares the data from USDA’s “Proprietary ATB” file with other Government entities’ “Proprietary ATB” files and provides USDA a report that identifies material differences by RC between USDA and its TPs. Currently, the report shows the TP, RC, USDA’s balance, the TP’s balance, and the difference between the two balances identified as the Material Differences Part I.

Based on the Material Differences Report Part I breakdown, agencies will provide their TPs a schedule of transaction detail that supports the activity and open balances. The attached exhibit shows the format to be used for the transaction detail schedule.

For the Material Differences Report Part I, if the USDA balance is made up of 5 or less USDA agencies, the USDA agencies will work with non-USDA agencies and bureaus using the “true balance” method to reconcile the differences identified by FMS. If the USDA balance is made up of 6 or more USDA agencies, the agencies with 80% of the balance will work with the non-USDA agencies and bureaus using the “true balance” method to reconcile their portion of the difference. Agencies will document all contacts and attempts to contact TPs.

The USDA Office of the Chief Financial Officer, Budget Division, should provide schedules that breakout Greenbook charges by agencies to USDA ACFO-FO for amounts in the material differences balances that have a Greenbook component within 1 business day after the spreadsheet is made available from USDA ACFO-FO.

Material Differences Part II includes TP “00” and TP “99.” TP “00” is the term used to designate an undefined TP. TP “99” is the term used to designate the General Fund as the TP. Part II also identifies material differences between the trial balance and the UCAD Report amounts for RC 07, RC 08, and RC 11; Appropriations Received as Adjusted-RC 29; and Fund Balance With Treasury-RC 29.

On a quarterly basis, and within 1 business day after the data is available from Treasury, USDA ACFO-FO will identify the USDA agencies that make up USDA’s balance for the TP and RC shown on the Material Differences Report Part I and Part II and provide, via e-mail, an Excel pivot table breakdown to those USDA agencies that contributed to the difference. Based on the Material Differences Report Part II breakdown, USDA agencies will identify and explain the use of TPs “00” and “99.” USDA agencies will also, reconcile and understand the differences between trial balance amounts and the UCAD

amounts for RC 07, RC 08, and RC 11; Appropriations Received as Adjusted-RC 29; and Fund Balance With Treasury-RC 29.

Agencies will provide USDA ACFO-FO with a complete “Additional Explanations” form (Material Differences Part III) that would capture all the results of reconciliations with explanations for differences and evidence of accomplished or planned corrective actions by either TP by the due date established in the e-mail requiring the pivot table mentioned above. If an adjustment is needed, indicate “yes” in the “Adjustment Needed” column and show the amount of the needed adjustment.

Agencies will prepare and the agency CFO or designee will review the Material Differences Report Part I, II and III and e-mail it to USDA ACFO-FO. No signature is required if the agencies stipulate in the e-mail that the CFO or designee reviewed the report.

USDA ACFO-FO will review and consolidate agency responses and prepare the USDA Material Differences Report Parts I, II, and III for signature by the USDA CFO or designee. After the CFO or designee has reviewed and signed the Material Differences Report Parts I, II, and III, USDA ACFO-FO will submit the report to FMS for the Department by the due date set by Treasury.

Agencies will retain transaction detail schedules and reconciliations for audit purposes and provide them to the Office of the Inspector General or USDA ACFO-FO as requested.

At the end of the fiscal year, the process will be the same as the quarterly process described above with the following exception: in addition to the “Proprietary ATB” file, the Governmentwide Financial Report System will be used to determine the material differences and the associated TPs.

CORRECTIVE ACTIONS

When differences have been identified and adjustments are needed, agencies must make adjustments in the subsequent period and provide corrective actions to USDA ACFO-FO.

FMS requires material differences that were explained as “confirmed reporting” by both the RA and its TP must be resolved by the next reporting period. If the reporting differences have not been reconciled by the end of third quarter, the CFOs from the respective agencies will be required to provide FMS with a “plan of action” to address unresolved material “confirmed reporting” differences.

FMS also requires Departments to provide a basis for their “unknown reporting” explanations. Material differences that were explained as “unknown” by the RA must be resolved by the next reporting period. If the reporting differences cannot be validated or resolved by the end of third quarter, the CFOs from the respective agencies will be required

to provide FMS with a “plan of action” to address unresolved material “unknown reporting” differences.

The Business Rules outline a dispute resolution process.

INQUIRIES

Any questions concerning this bulletin should be directed to Boris Lyubovitsky at boris.lyubovitsky@cfo.usda.gov or (202) 205-6422.

EFFECTIVE DATE

This bulletin supersedes OCFO Bulletin 07-01, dated April 20, 2007, and is effective immediately.

/S/

JOHN G. BREWER
Associate Chief Financial Officer for Financial Operations

Exhibit

