



Date: July 15, 2002

Subject: OCFO Bulletin #2002-004, Avoidance of Timing
Differences for Intradepartmental Transactions

To: All Agencies

PURPOSE

The purpose of this bulletin is to provide guidance for the implementation of procedures to avoid timing differences in the recognition of amounts recorded for all intradepartmental transactions in the accounts of the providing agency versus the receiving agency.

DEFINITIONS

Intradepartmental: Transactions occurring between Department of Agriculture (USDA) organizations, such as internal agreements.

Intra-governmental: Transactions occurring between USDA organizations and another federal agency including USDA agencies, such as between Forest Service and the Department of the Interior.

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

Trading Partner: The governmental agency participating in transactions with USDA organizations.

BACKGROUND

Recording intradepartmental transactions requires synchronization of accounting entries between the providing agency and the receiving agency. Without such coordination the result is the recognition in different accounting periods of these intradepartmental transactions and balances, which precludes the preparation of offsetting elimination entries required for consolidated financial reporting.

RESPONSIBILITIES

The Chief Financial Officer of each USDA organization is responsible not only for the financial statements of his or her own agency, but also for reporting intradepartmental transactions according to policy for elimination in the consolidation of USDA accounts.

POLICY

A schedule will be followed for recognition by both the providing agency and the receiving agency for all intradepartmental transactions including:

- Assets and liabilities (advances, reduction of advances, accounts receivable/accounts payable);
- Revenue and expense;

- Accruals, and all other related entries.

The process for each trading partner must meet the following requirements.

- Intradepartmental transactions for payments of regular amounts, such as for rent, should be billed by the providing agency, typically in the amount of 1/12 of the annual total, via IPAC, SF-1080, or SF-1081, by the 10th business day of the current month.
- Intradepartmental transactions for services without predictable or regular amounts, including utilities and telephones, must be billed by the providing agency, via IPAC, SF-1080, or SF-1081, by the 10th business day for the preceding month.
- All other intradepartmental transactions must be billed through IPAC, SF-1080, or SF-1081, by the 10th business day for the preceding month.

The billing through IPAC by the providing agency must provide complete accounting information. For any IPAC intradepartmental transactions in a receiving agency suspense account due to failure of the providing agency to provide complete accounting codes for the receiving agency, the receiving agency should charge the transaction back to the providing agency.

- No processing of these items is to occur during the last 5 business days of any month.

National Finance Center Controller Operations must clear all transactions within two business days of receipt of the complete accounting information.

The target date for this correction is August 31, 2002.

INQUIRIES

Any questions concerning this bulletin should be directed to Jon Holladay on (202) 619-7642.

EFFECTIVE DATE

This bulletin is effective immediately.

/s/

JESSE L. KING
Confidential Assistant, OCFO, Controller Operations Division
