

Office of Personnel Management
Retirement and Insurance Service



1920



1954



1959



1986

Federal Employee Benefit Programs
FINANCIAL MANAGEMENT LETTER

Number: F-98-09

Date: December 23, 1998

SUBJECT: Interdepartmental Eliminations

As you know, at the end of 1997, a large unreconciled balance existed in interdepartmental accounts that, in theory, should have zeroed-out in consolidation. To avert this in 1998, the Financial Management Service (FMS) has required that all interdepartmental account balances be reported via FACTS and that agencies reconcile these balances with their "trading partners". The account balances pertaining to employer contributions to the Federal civilian employee benefit programs are quite large and can contribute to another governmentwide "out-of-balance" condition at the end of 1998. That being the case, we would appreciate your assistance by providing to us with information we need to help ensure the accuracy of the interdepartmental accounts for which we are responsible.

BACKGROUND

In addition to amounts they withhold from employee pay for the Federal civilian benefits programs, agencies remit to OPM the associated employer contribution. Both amounts are due to OPM on the day employees are paid. The employer contribution is an interdepartmental expense that should, again in theory, agree with the corresponding revenue account on OPM's books. Also, the accrued contributions payable booked by employing agencies as of the end of the fiscal year should agree with the accrued contributions receivable OPM computes and books.

For your information, OPM computes its accrued receivable, based on the following:

1. Pay periods for which both the beginning and ending dates fall during the fiscal year, but for which monies are not to be received until the following fiscal year. For example, an accrual would be booked for a pay period beginning on September 16 and ending on September 30 with a payroll paid date of October 10.
2. Pay periods for which the beginning and ending dates "straddle" the end of the fiscal year. For example, if a pay period begins on September 27 and ends on October 10, OPM accrues a receivable for the total amount anticipated to be received for that pay period multiplied by 4/14th.

CONFIRMATION OF INTERDEPARTMENTAL ACCOUNT BALANCES

We would like you to provide to us your 1998 year-end balances in the following interdepartmental-accounts on the attached Confirmation of Interdepartmental Account Balances:

- Accrued Funded Payroll and Benefits (account 2210G)
- Employer contribution expense. We understand that for 1997, your employer contributions expenses might be recorded in account 6400G - Benefit Program Expenses, account 6100G - Operating/Program Expenses - or account 6900G - Other Expenses.

If these accounts are being used to record transactions other than those pertaining to the Federal civilian benefit programs, it is critical that only the balances associated with Federal civilian benefit program transactions be reported on the Confirmation of Interdepartmental Account Balances.

Upon receipt, we will compare the amount you report to us for account 2210G to the amount recorded for your agency in our account 1310G - Accounts Receivable. The balance you report for either account 6400G, 6100G or 6900G will be compared to the amount recorded for your agency in our account 5400G - Benefit Program Revenue. If this comparison indicates material differences, we will contact the individual named on the Confirmation of Interdepartmental Account Balances.

In our Financial Management Letter F-98-07, we provided agencies with the "cost factors" for each of the Federal civilian benefit programs. These factors enabled agencies to determine their imputed financing sources, that at fiscal year-end should have been recorded, as follows:

6400G Benefit Program Expense
-or-
6100G Operating/Program Expenses
-or-
6900G Other Expenses
5780G Imputed Financing Sources

It is *important* that the amount charged to either account 6400G, 6100G or 6900G as the debit in

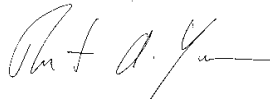
the above entry be reported *separately* on the Confirmation of Interdepartmental Account Balances. In addition, FMS has asked us to inform you to use "00" as your two-digit "trading partner" code for 1998 FACTS reporting of the amount charged to account 5780G and 6400G, 6100G or 6900G for costs covered by imputed financing. Use "24" as your two-digit "trading partner" code for your recurring employer contributions expense and your associated year-end accrued payable.

Please complete the attached Confirmation of Interdepartmental Account Balances and mail or fax it to the following no later than *January 18, 1999*:

Office of Personnel Management
Financial Policy Staff
1900 E. Street N.W. - Room 3H28
Washington D.C. 20415
Attn: Mike Finucan

FAX: 202-606-7944

If you have any questions, please contact Michael Finucan on 202-606-8083. Thank you in advance for your cooperation.



Robert A. Yuran, Chief
Financial Policy Staff
Retirement and Insurance Service

Attachment

CONFIRMATION OF INTERDEPARTMENTAL ACCOUNT BALANCES

ACCOUNT	BALANCE AT SEPTEMBER 30, 1998
2210G	
6400G, 6100G, or 6900G [recurring contributions; Partner Code 24]	
6400G, 6100G, or 6900G [Imputed financing; Partner Code 00]	

Agency:

Contact Name:

Contact Title:

Telephone number:
