

# **Federal Intragovernmental Transactions Accounting Policies Guide**

**FINAL GUIDE – September 24, 2004**

**Department of the Treasury  
Financial Management Service  
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**FINANCIAL MANAGEMENT SERVICE**  
**Federal Intragovernmental Transactions**  
**Accounting Policies Guide**

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**Summary of Changes to the Guide**

The following table summarizes the changes updated from the Federal Intragovernmental Transactions Accounting Policies Guide, dated October 31, 2003.

<b>Section Reference</b>	<b>Page</b>	<b>Change</b>
Throughout the Guide		Updated USSGL accounts and titles for fiscal 2004. Changed "FACTS I" to "Closing Package", where applicable.
Purpose and Scope	8	Revised transaction table.
Acronyms	9	Revised.
Resources	10	Added GFRS website address.
Definitions	10	Revised.
General Instructions	12	Revised and Updated.
Agencies' Responsibilities	13	Revised section.
Materiality		Deleted section.
Reporting Requirements	14	Added "Authority" to title; revised section.
Reconciliation Assurance Level	14	New section.
Quarterly Intragovernmental Reconciliation Process	15	Revised section for fiscal 2004.
Description and Formats for Quarterly IRAS "F" Data File Submission	15	Revised for fiscal 2004.
Agency Quarterly Reconciliation Status Submission		Deleted section.
Quarterly Status of Disposition Certification	17	Revised section for fiscal 2004.

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Intragovernmental Fiduciary Confirmation System	18	Revised section.
Intragovernmental Reconciliation Process	19	Revised title and section for fiscal 2004.
CFO Representations	19	Revised section for fiscal 2004. Refer to TFM for complete instructions.
IG Agreed-Upon Procedures	19	Revised section for fiscal 2004. Refer to TFM for complete instructions.
Trading Partner Codes	21	Revised section to include GFRS 4-digit department codes and USDA's Graduate School as an "N" transaction.
Partner Code F.99	21	Revised title and section.
FECA Transactions with DOL	28	Revised section.
Reporting	33	Revised section.
Reconciliation of Reciprocal Account Categories	35	Updated for fiscal 2004.
Investments in Federal Securities Issued by the Treasury Department, BPD	36	Revised section.
Transactions with DOL relating to FECA (Narrative for DOL reconciliation process and examples of Accounting for and reporting transactions)	56	Updated for fiscal 2004.
Transactions with OPM relating to Employee Benefit Programs (Examples of accounting for and reporting transactions)	63	Updated for fiscal 2004.
Department of Homeland Security Transfers	81	Changed title to "Example of a Transfer of Financing Sources". Revised section.

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Appendix A – Federal Intragovernmental Transactions Categories of Reciprocal U.S. Government Standard General Ledger Proprietary Accounts	92	Revised appendix for fiscal 2004 USSGL accounts and reciprocal categories.
Appendix B - Trading Partner Codes	100	Revised appendix to include GFRS 4-digit partner codes.
Summary Reconciliation Status Report		Deleted appendix.
Appendix C - Status of Disposition Certification	101	Revised appendix for fiscal 2004.
Appendix D - Scenarios for Status of Disposition Explanation of Material Difference	102	New appendix.
Appendix E - CFO Representation Standard Form	104	Revised appendix for fiscal 2004.
Appendix F - IG Agreed Upon Procedures Standard Form	106	Revised appendix for fiscal 2004.
Appendix G - Intragovernmental Key Dates	108	Revised appendix for fiscal 2004.
Intragovernmental Contact List		Deleted appendix. Refer to IRRR website for updated contact list.

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**Purpose and Scope**

This guide provides Governmentwide policies for federal program agencies to account for and reconcile transactions occurring within and between each other (referred to collectively as intragovernmental transactions). The policies in this guide do not apply to transactions occurring between federal agencies and non-federal entities, states, localities or other entities.

This guide is designed to provide agencies with the Governmentwide accounting policies relative to intragovernmental transactions, tools to facilitate the reconciliation process, and examples of: accounting and reporting various types of transactions, year-end cut-off procedures and reconciliation procedures.

The policies and examples in this guide provide a foundation and framework for accounting for intragovernmental transactions, reconciling and determining the accuracy of balances, and a basis for the elimination of Intragovernmental balances both at the agency and Governmentwide levels.

Implementation of policies in this guide will enhance the process of recording intragovernmental transactions and facilitate the reconciliation and reporting of these activities and balances for all agencies. These policies will also standardize the business practice across the Federal government and improve the quality of agency reporting. The accounting policies and procedures are based on the accounts available in the fiscal year 2004 USSGL.

This guide includes policies for the following intragovernmental transactions:

<b>Transaction</b>	<b>Examples of Transactions</b>
Services provided and reimbursables	Legal, consulting, investigative, financial management, grants management, technology, administrative costs, and other similar services.
Cost of products sold	Supplies, manufactured items, inventory, office space, and equipment/vehicle rentals.
Transfers, appropriations used and collections for others, and unusual assets and liabilities related to appropriations	Transfers between agencies based on agreements or legislative authority, expended appropriations, taxes and fees collected, collections for others, receivables from appropriations, transfers payable, and custodial revenue.
Investments with Treasury (BPD)	Investments, interest accruals, interest income and expense, and amortization of premiums and discounts.
Borrowings from Treasury (BPD and FFB)	Borrowings, interest income and expense.
Transactions with the DOL relating to the Federal Employees' Compensation Act	Routine payments and accruals for actuarial liabilities.
Transactions with the OPM relating to the Federal Employees' Retirement System, the Civil Service Employees' Retirement System, Federal Employees' Life Insurance	Routine payments, imputed financing and accruals.



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Transaction	Examples of Transactions
Program and Health Benefits Programs.	

This guide does not include detailed examples of the budgetary accounting and some of the proprietary accounting related to these Intragovernmental transactions. Policy guidance for budgetary accounting transactions can be found at the FMS website (<http://www.fms.treas.gov/ussgl>).

This guide replaces and supersedes the previously issued guide, *Federal Intragovernmental Transactions Accounting Policies Guide*, issued on October 31, 2003.

**Acronyms**

ALC --	Agency Location Code
BPD --	Bureau of the Public Debt
DOL --	Department of Labor
DPCI --	Duplicate Partner Code Identifier
FACTS I --	Federal Agencies' Centralized Trial-Balance System
FASAB --	Federal Accounting Standards Advisory Board
FFB --	Federal Financing Bank
FMS --	Financial Management Service (Department of the Treasury)
FR --	Financial Report of the United States Government
GAO --	Government Accountability Office
GFRS --	Governmentwide Financial Report System
GMRA --	Government Management Reform Act
GOALS --	Government On-Line Accounting Link System
IFCS --	Intragovernmental Fiduciary Confirmation System
IPAC --	Intragovernmental Payment and Collection System
IRAS --	Intragovernmental Reporting and Analysis System
IRRI --	Intragovernmental Reconciliation Resources and Initiatives (Website)
OMB --	Office of Management and Budget
OPM --	Office of Personnel Management
PCIE --	President's Council on Integrity and Efficiency
SFFAS --	Statement of Federal Financial Accounting Standards
TFM --	Treasury Financial Manual
USSGL --	United States Standard General Ledger

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**Resources**

FMS Website: <http://www.fms.treas.gov>

IRRI Website: <http://www.fms.treas.gov/irri>

IFCS Website: <http://fmsapps.treas.gov/ias>

GFRS Website: <http://fmsapps.treas.gov/ias>

FACTS I Website: <http://www.fms.treas.gov/factsi>

FMS USSGL Website: <http://www.fms.treas.gov/ussgl>

OMB Web Site: <http://www.whitehouse.gov/omb>

GAO Website: <http://www.gao.gov>

FASAB Website: <http://www.fasab.gov>

**Definitions**

The following definitions are used in this guide:

***Business Rules***—A standard set of regulations, issued by OMB, which provides Federal entities official guidance with recording and reconciling fiduciary transactions and Intragovernmental exchange activity. This is an effort to standardize the business practice across the Federal government.

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

***Closing Package***—A methodology designed to link agencies' comparative, audited consolidated, department-level financial statements to the Financial Report (FR), starting FY 2004. It is the data submitted by each verifying agency for inclusion in the FR.

***Duplicate Partner Code Identifier (DPCI)*** – A single-digit code applied to a reporting trading partner agency sharing a 2-digit agency code with another agency (i.e. PBGC, FCSIC, Smithsonian).

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***Exchange***—Activity arising when a Federal entity provides goods and services to the public or to another Federal entity for a price.

***Fiduciary***—Intragovernmental transactions that consist of Bureau of Public Debt investments and borrowings, Federal Financing Bank borrowings, Department of Labor FECA transactions, and Office of Personnel Management health, life, and retirement benefits.

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

***Intragovernmental Activity/Balances***—Revenue/expense transactions, asset/liability transactions, and transfers resulting from business activities conducted by Federal entities.

***Intragovernmental Fiduciary Confirmation System (IFCS)***—An internet-based application for confirming and reconciling fiduciary balances (quarterly and year-end). This is the official confirmation system for Federal agencies and departments that engage in fiduciary Intragovernmental transactions. Agencies and departments must use the IFCS to confirm and reconcile activity and balances activity for investments, borrowings, FECA transactions, and Employee Benefits transactions.

***Intragovernmental Reporting and Analysis System (IRAS)***—A FMS internal database application used to conduct in-depth analysis and to synthesize/provide quarterly and year-end Closing Package reporting, as well as IFCS reporting, of all intragovernmental transactions to Federal entities.

***Intragovernmental Transactions***—Business activities occurring within or between Federal agencies.

***Non-Exchange***—Refers to revenue arising primarily from exercise of the Government's power to demand payments from the public (taxes, duties, fines, and penalties) and also includes donations.

***Non-Fiduciary***—Consist of Intragovernmental buy/sell (exchange) transactions, transfers, and non-Treasury investment transactions.

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

***Performance Measures***—Used to measure agency reporting performance for intragovernmental activity each fiscal year (for verifying reporting agencies).

***Providing Agency***—The Federal agency (includes bureaus, departments and/or programs within agencies) providing services, products, goods, transfer funds, investments, debt and/or incurring

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the reimbursable costs. The providing agency is considered the seller for exchange transactions and the transferring out entity when appropriations are transferred.

**Receiving Agency**—The Federal agency (includes bureaus, departments and/or programs within agencies) 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 Category (RC)**—Pairings of related USSGL accounts that should be used by providing and receiving agencies to reconcile like intragovernmental activity/balances. It is also a pair of Closing Package financial statement Federal line items that will be used to perform eliminations at the Governmentwide level.

**Reporting Agency (RA)**—A Federal entity that reports intragovernmental amounts against its trading partner for a reciprocal category.

**Trading Partner (TP)**—An agency, department, bureau, or other Federal entity that is the party to Intragovernmental transactions with another Federal agency.

**Trading Partner Code**—The attribute used to identify the trading partner agency.

**General Instructions**

*Use of 2-digit trading partner codes:* Agencies must use 2-digit trading partner codes for all intragovernmental transactions, when submitting quarterly data file extracts to FMS.

*Use of 4-digit trading partner codes:* Agencies must use 4-digit trading partner codes, established in the Governmentwide Financial Report System (GFRS), for yearend reporting of all intragovernmental transactions.

*Appropriation Transfers:* When agencies report “appropriation transfers” within their departments, they should use their 2-digit trading partner code rather than “00.” Trading partner code “00” is limited to the House, Senate, classified transactions, or any truly unidentifiable activity/balances.

*Buy/Sell Transactions:* Agencies that have buy/sell relations, in which a capitalized asset is purchased versus incurring expenses, should use USSGL Account 8802F (Purchases of Capitalized Assets) and USSGL 8801 (Offset for Purchases of Capitalized Assets), as well as the appropriate USSGL asset account.

Additional information on the above general intragovernmental instructions is available throughout this document.

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**Agencies' Responsibilities**

Each agency is responsible for:

- Establishing and maintaining a structure for its intragovernmental transactions (initiating, executing, recording, reconciling and reporting procedures).
- Documenting and supporting the information recorded in its accounting records related to intragovernmental transactions.
- Recording activity between Federal entities at the transaction level. Do not net accounting activity or intragovernmental balances, even if the activity is in the same reciprocal category.
- Providing intragovernmental balances ("F" transactions) for all proprietary USSGL accounts to FMS each quarter.
- Reconciling the intragovernmental data in its accounting records to the supporting documentation based on FMS IRAS Reports.
- Submitting intragovernmental Closing Package data by Federal line item to FMS at yearend.
- Ensuring that the reconciled and confirmed balances for intragovernmental transactions agree to agency audited financial statements and Closing Package reporting.
- Completing the CFO Representations for Federal Intragovernmental Activity and Balances, and providing the information to FMS, GAO, and the agency's IG.
- Performing IG Agreed-Upon Procedures for Federal Intragovernmental Activity and Balances, and delivering the report to FMS, GAO, and the agency's CFO.
- Representing that all intragovernmental balances have been reconciled and that those balances are presented in the agency's audited financial statements as instructed by *OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements*.
- Establishing a consistent relationship with their trading partners in order to identify and resolve differences.

**Effective Dates**

The policies and procedures in this guide are effective immediately and apply to all Intragovernmental transactions related to asset, liability, cost and revenue accounts.

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**Reporting Requirements Authority**

Agencies are required to comply with *OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements*, dated September 25, 2001, and *OMB Intragovernmental Business Rules Memorandum M-03-01*, dated October 4, 2002, for reconciliation of Intragovernmental transactions. Agencies may obtain copies of OMB Bulletin No.01-09 and the business rules from the OMB Website at <http://www.whitehouse.gov/omb>

**Reconciliation Assurance Level**

For fiscal 2004, a reconciliation assurance level will be systematically established in IRAS using four functions:

- (1) Obtaining sufficient explanation of out-of-balance condition coverage for GAO assurance.
- (2) Obtaining assurance that agencies are performing quarterly intragovernmental reconciliation in accordance with OMB Bulletin No. 01-09.
- (3) Ensuring agencies are mutually completing “Status of Disposition Certification” for the same trading partner/reciprocal category material difference instances.
- (4) Minimizing the number of differences subject to certification through a sampling process.

**Quarterly Intragovernmental Reconciliation Process**

The Office of Management and Budget (OMB) Bulletin No. 01-09 requires Federal CFO Act and non-CFO Act entities identified by Treasury in the FY 2004 Treasury Financial Manual (TFM) to perform quarterly reconciliation of Intragovernmental activity/balances. The quarterly reconciliation process will facilitate elimination of Intragovernmental differences for year-end financial reporting.

In support of the quarterly reconciliation process, reporting agencies are required to submit Intragovernmental balances (only transactions with the “F” attribute) for all proprietary USSGL accounts to FMS no later than July 26, 2004 for 3<sup>rd</sup> quarter and October 18, 2004 for 4<sup>th</sup> quarter. Agencies should derive the submitted Intragovernmental balances directly from departmental trial balances that were used as the basis for constructing quarterly unaudited financial statements for OMB.

An example of the format appears below in the table entitled “Quarterly IRAS ‘F’ Data File Submission – Description and Formats.”

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**Quarterly IRAS “F” Data File Submission – Description and Formats**

In an effort to streamline FMS quarterly intragovernmental reporting, FMS will require a standard format for submission of quarterly intragovernmental data beginning third quarter fiscal 2004. The agency’s system administrator will need to be involved in preparing the submission.

The quarterly intragovernmental submission is based on the FACTS I bulk file format that was required in previous years; however, there are some significant differences.

The number of fields required for the quarterly intragovernmental data file submission is fewer than was required under FACTS I. However, one new required field is the Duplicate Partner Code Identifier (DPCI). The DPCI is a single-digit code to be applied only to a reporting trading partner agency sharing a 2-digit agency code with another agency. The DPCI field is blank for all other trading partner agencies. The rules for using the DPCI identifier are contained in the following:

If the Trading Partner Agency is...	Then Apply Partner Code...	DPCI Code is*	Notes
Pension Benefit Guaranty Corporation (referenced as TP 1602)	16	R	Leave DPCI field blank for Department of Labor (16)
Smithsonian Institution entities (referenced as TP 33XX )	33	R	Leave DPCI field blank for all other Agency “33” entities
Farm Credit System Insurance Corporation (referenced as TP 7802)	78	R	Leave DPCI field blank for Farm Credit Administration (78)
Any other reporting agency sharing a 2-digit agency code with a non-reporting agency	[2-digit partner code]	R	Leave DPCI field blank for the Non-reporting agency
<p>* “R” indicates that trading partner code 16 refers to the Pension Benefit Guaranty Corporation. “R” indicates that partner codes 33 and 78 refer to the Smithsonian and the Farm Credit System Insurance Corporation, respectively (as opposed to other Federal entities that share the same 2-digit agency codes).</p>			

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**Method of Transmission**

Agencies will convert the information in the file into a text (.txt) format before transmission to FMS. Agencies will then send the quarterly IRAS data file via e-mail to [financial.reports@fms.treas.gov](mailto:financial.reports@fms.treas.gov) and send a carbon copy (cc:) to their intragovernmental contact at FMS.

**Processing Notes**

*Note: Federal Agencies use a variety of accounting systems and database applications. The following guidelines will assistance agencies in developing the database structure. As noted above, agencies must convert the resulting data in the file into a text (.txt) format before transmission to FMS. Also, unlike the previous FACTS I process, agencies will not upload bulk files via GOALS II or any other FMS on-line systems. Rather, agencies must use standard e-mail for sending the quarterly data files. The IRAS system will then upload each agency's individual data file.*

- All text fields ("X") are to be left justified, trailing spaces.
- All numeric fields ("9") are to be right justified, leading zeroes.
- All amounts are to be right justified, leading zeroes, with the last two positions assumed cents (no decimal point).
- The data file can contain multiple fund groups, (department, bureau, and fund group).
- The record file format is defined based upon currently designated attributes. Additional attributes may be added at some future date. Agencies may wish to add filler at the end of the record and increase the record length to provide for future attributes. FMS can accept files with longer records if the defined fields conform exactly to the specified format.
- Descriptions and definitions of USSGL account attributes and the domain values of the attributes are published in the TFM release S2 04-01(available to readers on the Internet Web site at <http://fms.treas.gov/ussgl/current.html>).
- An edit for duplicate records will be conducted based on a key consisting of department code, bureau code, fund group, USSGL account number, Federal/non-Federal attribute, Federal trading partner, and exchange/nonexchange attribute. Additional validations also are conducted. FMS will return any exceptions via e-mail to the agency for correction. The agency must return corrected entries within 1 business day
- Indicate in the transmission e-mail the total number of records in the agency's data file.



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**Quarterly IRAS “F” Data File Submission – File Format (Input)**

<b>Field Name</b>	<b>Length</b>	<b>Starting Column</b>	<b>Ending Column</b>	<b>Type</b>	<b><u>Description</u></b>
Department Code	2	1	2	X	Treasury Department Code associated with the adjusted trial balance fund group and consistent with the MAF ATB Code (required)
Bureau Code	2	3	4	X	Bureau Code associated with the adjusted trial balance fund group and consistent with the MAF ATB Code (required)
Fund Group	4	5	8	X	MAF Fund Group (required)
USSGL Account Number	4	9	12	X	USSGL Account Number (required)
Federal/Non-Federal Attribute	1	13	13	X	Federal/Non-Federal Indicator (use only “F”)
Federal Trading Partner	2	14	15	X	Treasury Department Code of Federal Trading Partner
Dollar Amount	17	16	32	9	Dollar Amount. Last two positions assumed decimal. All amounts with normal balances must be positive, and amounts with abnormal balances must be negative (required)
Exchange/Nonexchange Attribute	1	33	33	X	Exchange/Nonexchange Attribute
Duplicate Partner Code Identifier	1	34	34	X	Attribute for certain reporting entities, which use duplicate 2-digit Department Codes
Filler	8	35	35	X	Spaces (for future use)

Within 4 business days of all agency “F” data file submission, FMS will consolidate agency quarterly financial data and will provide each impacted agency seven IRAS reports to facilitate reconciliation with their trading partner agencies:

- (1) Intragovernmental Activity Detail Report by Trading Partner*
- (2) Intragovernmental Activity Summary Report by Trading Partner*
- (3) Intragovernmental Reciprocal Category Summary Report*
- (4) Intragovernmental Reciprocal Category Detail Report*
- (5) Fiduciary Quarterly Data vs. IFCS Agency Benefits Report*
- (6) Fiduciary Quarterly Data vs. IFCS Comparison Report*
- (7) Intragovernmental Material Difference Report*

Refer to **Appendix G** regarding the timeline for the quarterly reporting process.

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**Quarterly Status of Disposition Certification**

Each Federal agency will receive a *Material Differences Report* from IRAS containing comparative reporting between agencies and their trading partners by reciprocal category.

The *Material Differences Report* will allow agencies to identify differences with their trading partners by reciprocal categories (excluding TP “00”, TP “99”, and RC 25) that are greater than or equal to a respective reconciliation assurance level. Agencies should explain the differences on the “Status of Disposition Certification” template (**Appendix C**) and submit the form to the agency’s respective FMS review accountant. The “Status of Disposition Certification” should be signed by the agency’s CFO (or designee) and submitted to FMS via facsimile. Alternatively, the agency may email a signed copy in an Adobe Acrobat file format. This is due no later than August 10, 2004 for 3<sup>rd</sup> quarter and October 26, 2004 for 4<sup>th</sup> quarter.

When differences are identified and it is determined that adjustments are needed, agencies must make the adjustments in the subsequent periods.

FMS will also provide agencies with a *Comparative Status of Disposition Report*, which will compare differences reported between each reporting agency and their trading partner. Agencies will receive this report no later than August 13, 2004 for 3<sup>rd</sup> quarter and October 29, 2004 for 4<sup>th</sup> quarter. Agencies and their trading partners are expected to take corrective action regarding the reported explanation of material differences from their Status of Disposition Certification. (Refer to Appendix D for a list of scenarios).

**Intragovernmental Fiduciary Confirmation System**

The Intragovernmental Fiduciary Confirmation System (IFCS) is an internet-based system for reconciling fiduciary transactions. OMB designates the IFCS as the system of record for reconciling and confirming fiduciary balances between trading partners and central fiduciary agencies (BPD, FFB, OPM and DOL).

Agencies must use the IFCS to reconcile and confirm balances and activity with their trading partners on a quarterly basis. Agencies must ensure that amounts entered into the IFCS agree to their quarterly submission, annual Closing Package reporting, and audited financial statements before submitting yearend data to FMS.

In order to facilitate reconciliation, FMS will provide agencies with the following reports:

- (1) *Fiduciary Quarterly Data vs. IFCS for Agency Benefits*
- (2) *Fiduciary Data vs. Quarterly IFCS Comparison*

To access and confirm fiduciary balances in the IFCS, agency users should access the Internet Web site at <http://www.fmsapps.treas.gov/ias>.

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To gain access to the IFCS, all agency users and back up personnel must submit an External GOALS II Enterprise System Access Request Form (ESAAS) by fax to the Financial Reports Division, Attention: Lena Lewis at 202-874-9907. The ESAAS form is located on the IRRI Web site at <http://fms.treas.gov/irri/index.html>. All agencies must designate agency user backups for all roles.

After the ESAAS form is processed, the IFCS administrator will make the agency assignment. The agency department administrator will then assign the designee to his or her specific agency fund symbols for the borrowings and investment categories and agency code for OPM and DOL categories. The designee will receive their User ID and password by mail.

All users of the IFCS application must re-certify their role annually and attest to FMS' IT Security Rules of Behavior Standards. Re-certification focuses on re-verifying each user's need for access and that level of access to FMS' IT resources, as required by the Federal Information Security Management Act of 2002 (FISMA). The supervisor of each IFCS user will receive a form to complete and sign for the re-certification process.

**Yearend Intragovernmental Reconciliation Process Related to Closing Package Reporting**

FMS will use the intragovernmental data (by Federal line item) submitted by verifying agencies as part of their Closing Package submission in order to issue reports to the agencies. FMS will issue a Closing Package *Material Difference Report* on November 19, 2004, that shows agencies their reciprocal balances for each of their trading partner agencies.

Agencies should use these reports to work with their trading partners to reconcile reciprocal Closing Package differences. Any significant differences that are reconciled should form the basis for adjusting journal entries affecting intragovernmental activity and balances. In addition, the Closing Package *Material Difference Report* may assist agencies in completing their *Status of Disposition Certification*.

FMS will provide other IRAS reports to assist with eliminating intragovernmental differences on November 29, 2004. These additional reports will include a Closing Package *Comparative Status of Disposition* and a report comparing fiduciary IFCS balances with the Closing Package.

**CFO Representations for Federal Intragovernmental Activity and Balances**

Verifying agencies are required to represent that they have properly and completely reconciled their Intragovernmental activity and balances with their trading partners, using the Closing Package submission and agency audited financial statements. This requirement is outlined in TFM Section 4705.70.

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For fiscal 2004, FMS will provide a standard form that agencies will use to complete the CFO representations. FMS will post this form on the IRRI Website, (<http://www.fms.treas.gov/irri/index.html>) for download in Microsoft Excel format. The CFO Representations form is also included at the end of this document as **Appendix E**. The representations relating to whether the reconciliation was completed for item of Section I (General Intragovernmental Reporting Results) and Section II (Explanation of Closing Package Differences) must be completed in its entirety.

**IG Agreed-Upon Procedures for Federal Intragovernmental Activity and Balances**

Verifying agencies should use the IG agreed-upon procedures, included in the TFM (Section 4705.75), to assist with auditing Intragovernmental activity and balances in the preparation of agency and Governmentwide financial statements and reports. IGs must perform these procedures regardless of the audit opinion on the agency consolidated financial statements.

For fiscal 2004, agencies will use a standard form to complete the IG Agreed-Upon Procedures for Federal Intragovernmental Activity and Balances (**Appendix F**).

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**POLICIES**

**Accounting**

Intragovernmental transactions should be accounted for consistently, in accordance with Generally Accepted Accounting Principles (GAAP), by both the providing and receiving agencies. Agencies should maintain transaction logs or detailed records of transactions as a part of their accounting systems to provide a means for identifying the postings to USSGL accounts and to facilitate the reconciliation process. The transaction logs (or detail) should include enough information to enable easy identification and location of the supporting documentation. Refer to OMB Memorandum M-03-01, dated October 4, 2002, for additional guidance and standardized business rules.

**USSGL Account Attributes**

The Federal (“F”) and Non-Federal (“N”) attributes used in conjunction with a USSGL account in the Closing Package submission provides information that enables FMS to prepare elimination entries for the Governmentwide Financial Report. The attribute is used to identify the nature of the account balances and to identify intragovernmental transactions. When the Federal attribute “F” is used with a USSGL account, a 2-digit trading partner should also be designated for each transaction posted to the account.

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#### Asset Accounts

Asset accounts related to inventory, property, and equipment are submitted to FMS with a Non-Federal “N” attribute. 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. These assets are not eliminated in the consolidation process.

Related USSGL memorandum accounts 8801 and 8802 were established to record capitalized purchases and to be used in the elimination process (trading partner identification is associated with these accounts.)

#### Fund Balance With Treasury

Fund Balance With Treasury (1010) is submitted to FMS with no attribute since all balances in these accounts are assumed to be Federal “F”. Trading partner codes do not need to be identified for transactions posted to Fund Balance With Treasury.

#### Trading Partner Codes

Each quarter, agencies are required to use the 2-digit department code of the trading partner when reporting USSGL account balances that relate to transactions with another Federal agency (“F” attribute). For example, *1610F (20) Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt* indicates that this Federal entity is posting a transaction occurring with Treasury, 20 (BPD). BPD records *2530F (XX) Securities Issued by Federal Agencies Under General and Special Financing Authority*, indicating a transaction with Federal entity XX. For yearend reporting, agencies must use the 4-digit department codes that are established in the GFRS. (See **Appendix B** for a list of trading partner codes).

Agencies should comply with the transaction posting models consistent with USSGL guidance and policies when recording and classifying transactions. Agencies should identify trading partners for all intragovernmental transactions and accumulate detail and summary information for each activity by trading partner from their accounting records.

Agencies can employ a number of methods to identify trading partners including:

- Incorporating the trading partner code as part of the account coding classification.
- Incorporating the trading partner code into data captured when transactions are entered into accounting systems.

Note: The U.S. Department of Agriculture’s Graduate School should be classified as a Non-Federal “N” transaction; therefore, a trading partner code is not required.

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**Department Code “99” Reporting for the Treasury General Fund**

Partner code “99” should be applied for recording transactions with the Treasury General Fund, as follows:

- Custodial activity, such as tax revenue, and miscellaneous revenue that is collected or accrued on behalf of the Treasury General Fund. USSGL accounts applicable to this activity include: 2980F, 5800F, 5801F, 5990F and 5991F.
- Employer FICA contributions that are collected by the Internal Revenue Service.
- Transfers out and distributions of income (e.g., USSGL account 7500F) that are returned to the General Fund.
- Governmentwide entity/custodial accounts (USSGL account 5790F) only for Treasury Bureaus: FMS and BPD.
- Fees collected for services provided and subsequently transferred to the General Fund.
- Treasury-managed Trust Funds – expenditure and non-expenditure transfers receivable/payable.
- Liquidating fund assets in excess of liabilities that are transferred to the General Fund.
- Receivable from appropriations (USSGL account 1921F).
- Rescissions that are permanently canceled by law.
- Other asset/liability activities associated with the Treasury General Fund (e.g., USSGL accounts 1325F and 2400F).

Agencies engaged in all other intragovernmental activities with Treasury as a trading partner will use department code “20.” For example, partner code “20” is used for investments, borrowings, transfers, appropriations, and buy/sell activity. Agencies should contact their assigned FMS Intragovernmental Team liaison if they are unsure about the applicability of partner code “99” to particular transactions.

In addition to agencies’ requirement to report partner code “99” balances and activity, Treasury should report appropriate contra balances and activity.

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**INTRAGOVERNMENTAL BUSINESS RULES**

OMB released guidance in the form of "Business Rules" for intragovernmental transactions to agency heads on October 4, 2002. These rules reference fiduciary and non-fiduciary transactions and are intended to address major elements of the intragovernmental material weaknesses, as identified by GAO, during the audit of the Financial Report (FR). For detailed information, agencies may refer to OMB guidance (*FY 2003 Memorandum - M-03-01*) on OMB's Website at: <http://www.whitehouse.gov/omb>.

**Fiduciary Transactions**

**General Guidance**

- The system of record for confirming and reconciling fiduciary balances between trading partners and central fiduciary agencies is the Intragovernmental Fiduciary Confirmation System (IFCS).
- Agencies are required to confirm intragovernmental balances (enter and provide explanation for differences) with central fiduciary agencies in the IFCS for all five fiduciary categories.

**BPD Investments**

- For intragovernmental investments with the Bureau of the Public Debt (BPD), BPD and trading partner agencies will use the effective interest method for amortization on market-based notes, bonds, and zero-coupon bond securities. BPD and the trading partner agencies will continue to use the straight-line method for market-based bills. There are three provisions that apply to investments with BPD: (1) Amortization of market-based premiums to call date, (2) Held-to-maturity vs. Available-for-sale, and (3) Inventory relief method for redemptions prior to maturity.

**BPD and FFB Borrowings**

- For borrowings from the Bureau of the Public Debt (BPD) and borrowings from the Federal Financing Bank (FFB), agencies will report amounts consistent with those reported by these central fiduciary agencies.

**OPM Employment Benefits**

- The Office of Personnel Management (OPM) provides "cost factors" for the Federal civilian benefit programs. Agencies will use these cost factors to calculate their imputed costs

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relating to the Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), Federal Employees Health Benefit (FEHB) and the Federal Employees Group Life Insurance (FEGLI) programs. The "pension" and life insurance cost factors are provided as percentages of basic pay, whereas the health benefits cost factor is stated as a dollar amount per FEHB enrollee. The cost factors are provided by September 15th of each fiscal year reporting period.

OPM Employment Benefits are classified into three distinct components, with each impacting financial reporting differently:

1. Employer contributions – This is intragovernmental activity and must be classified to "USSGL 6400 and reported with an "F.24" attribute; the IFCS confirmations are based on this activity.
2. Employee contributions – This is non-federal activity and must be reported with an "N" attribute. This activity is normally included in gross pay and classified to USSGL 6100.
3. Imputed costs – This activity is classified as both an imputed cost (USSGL 6730) and an imputed financing source (USSGL 5780) by the reporting agency. The imputed cost and imputed financing source must be reported in equal amounts with "F.24" attributes.

Department of Labor FECA Transactions

- The Department of Labor (DOL) will provide revenue and receivables for each agency, which FMS will upload into the IFCS each quarter. Agencies must report the DOL provided amount as expenses/payables on their financial statements.

Non-Fiduciary Transactions

- Federal agencies must obtain and register the Dun and Bradstreet Universal Numbering System (DUNS) as unique business location identifiers (not associated with the Agency Location Code) in the Central Contactor Registration (CCR) database.
- The Business Rules for non-fiduciary transactions are effective for all intragovernmental purchases of goods and services at the established threshold level with the exception of (1) purchase card acquisitions, (2) national emergencies, and (3) national security considerations.
- Refer to OMB Business Rules for Intragovernmental Exchange Transactions for further information regarding advances for reimbursable orders, billing documentation, unbilled accounts receivable, and general buy/sell business practices.  
(M-03-01, Business Rules for Intragovernmental Transactions, Attachments A, A1, and A2).



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**YEAREND PROCEDURES**

At the end of each fiscal year (September 30), all transactions and activity related to the fiscal year should be recorded in each agency's general ledger. Agencies should correspond with their trading partners to ensure consistency in recording intragovernmental transactions. Agencies will need to work together to identify the transactions and amounts and in determining the estimated accruals to record. (For guidance, refer to OMB FY 2003 Memorandum - M-03-01).

**Transactions Related to Revenues Earned/Expenses Incurred as of September 30 that Occurred Subsequent to Yearend**

Transactions that are incurred as of September 30 and not billed should be recorded as accruals in both agencies' records. These transactions may have been billed subsequent to year-end or remain unbilled at the time of accrual. Providing agencies should identify these transactions and should work with the receiving agencies to provide detailed information supporting the transactions and the amounts incurred as of the cut-off date (September 30) and not yet billed. The providing agency should record these transactions as receivables/revenues as of September 30. The receiving agency should record these transactions as payables/expenses or assets as of September 30.

Agencies should work together to calculate and estimate accruals and to record corresponding entries in each set of records so they are in agreement or that long term accounting policy differences can be easily identified. The providing agency is typically responsible for estimating the accrual and communicating this information to the buying agency. Both agencies are responsible for recording the information.

The following are the cut-off procedures to be performed by the providing and receiving agencies for September 30 (year-end).

<b>Procedure</b>	<b>Responsible Party</b>	<b>Comments</b>
Identify the types of transactions requiring cut-off procedures.	Providing/receiving agency	Together, agencies should make a list of the transactions to be recorded and agree on the agency to be responsible for accumulating the data and calculating estimates (if any) at year-end.
Determine and agree on the methodology to be used for estimates.	Providing/receiving agency	Together, agencies should agree on the methodology used to calculate the estimate.
Provide a listing (with	Providing agency	An example is included in

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<b>Procedure</b>	<b>Responsible Party</b>	<b>Comments</b>
amounts and relevant information necessary to record the transactions) of transactions to be recorded as of September 30.		this guide.
Provide a listing of transactions representing estimates with supporting documentation and amounts and relevant information necessary to record the transactions as of September 30.	Providing agency	
Ensure amounts agree in both sets of records (reconciliation process).	Providing/receiving agency	Accrued amounts should be included in the reconciliations.

**Reconciliation**

The integrity of the data reported in each agency's financial records and reports as well as the data reported in agency's audited financial statements and in the Closing Package are dependent on timely and accurate reconciliations of intragovernmental activity and resulting account balances.

The responsibility for the reconciliation of an agency's activity and balances is with the agency, regardless of the trading partner's involvement in the transactions. Responsibility for the individual account reconciliations within an agency is based on the agency's organizational structure and delegation of responsibilities. Reconciliations should be reviewed and approved by the appropriate agency designated personnel.

Agencies are required to use the IFCS to confirm and reconcile fiduciary 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 adjusted in the agency's records and corrected prior to the preparation of financial statements and the Closing Package submission.

**Reconciliation Requirements**

Agencies should reconcile and confirm intragovernmental activity and balances with their trading partners before submitting year-end data to FMS and reporting it in the agency's audited financial statements.

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Specifically, OMB requires reporting agencies to reconcile/confirm activity and balances for intragovernmental fiduciary transactions quarterly with central fiduciary agencies in the following reciprocal grouping, through the IFCS.

- Investments—Includes interest accruals, interest income and expense and amortization of premiums and discounts with the Bureau of the Public Debt.
- Borrowings—Includes interest accruals, interest income and expense from the Bureau of the Public Debt or Federal Financing Bank.
- Federal Employees' Compensation Act transactions with DOL - Includes routine payments and accruals for actuarial liabilities.
- Employee Benefit Program transactions with OPM—Includes routine payments and post-retirement benefits related to the Federal Employees' Retirement System (FERS), the Civil Service Employees' Retirement System (CSRS), the Federal Employees' Life Insurance Program, and the Federal Employees' Health Benefits Program.

**Reconciliation Process**

The suggested methodology for reconciliations is as follows:

1. Determine the reconciliations required by *OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements* and FMS' TFM.
2. The receiving agency compares its balances to the appropriate reciprocal category balances of the providing agency. This can be facilitated through FMS' IRAS Reports.
3. The receiving and providing agencies identify differences and reconcile their intragovernmental accounts balances.
4. For fiduciary transactions, the fiduciary entities (BPD, FFB, DOL and OPM) will make account balance information and other details available through the IFCS for the receiving agencies to reconcile amounts to their records. Specific procedures for these reconciliations are discussed below.
5. For other intragovernmental transactions, agencies should work together to establish the data needs and availability to facilitate the reconciliations.<sup>1</sup>

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<sup>1</sup> Agencies should be sensitive about transmitting intragovernmental classified data.

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**Fiduciary Transaction Reconciliation Procedures**

An authorized agency official should review the agency's reconciliation documents. Agencies should also have written standard operating procedures to direct and document the reconciliation process. Agencies are responsible for ensuring that the reconciled and agreed upon confirmed balances are reported in the IFCS, the Closing Package, and in the audited financial statements. If adjustments are made subsequent to the completion of the confirmations (during the audit process), agencies should revise reconciliations and confirmations and submit the updated data to FMS.

The following are fiduciary transaction procedures:

**Investments in Treasury Securities with BPD**

During October, BPD account balances as of September 30 will be available in the IFCS for all agencies investing in Government Account Series securities to reconcile and confirm. This confirmation will include accrual data and will be used to reconcile agency USSGL account balances and activity with BPD reporting. The Federal Investments Account Statements and other related information are available on BPD's website at <http://federalinvestments.gov/>. BPD personnel will be available at (304) 480-5151 for questions regarding this reporting. Questions regarding FACTS I and agency reporting should continue to be directed to FMS.

**Borrowings from Treasury (BPD and FFB)**

Reconciliation of amounts borrowed: At the end of each month, FMS forwards to BPD a copy of its Borrowings Query (STAR generated) report with the month end loan balances. The Borrowings Query report can be used by BPD to reconcile ending loan balances with information maintained by FMS. Lending agency (BPD) should reconcile their SF1151 (Nonexpenditure Transfer Authorization) subsidiary ledger to the FMS generated Borrowings Query. Differences identified by this reconciliation are resolved by BPD. In addition to reconciling with FMS, BPD and FFB will confirm outstanding loans receivable balances as of September 30, with partner agencies. BPD and FFB account balances as of September 30 will be available in the IFCS in October for all agencies to reconcile and confirm borrowings from BPD and FFB.

Reconciliation of interest paid and accrued: The interest calculations for certain loans accounted for by BPD and FFB are extremely complex, particularly those related to loans made under the Federal Credit Reform Act. For borrowings with FFB, the FFB calculates interest due on federal agency borrowings (agencies may verify interest computations on the borrowings.) For borrowings with Treasury (BPD), the borrowing agencies compute interest and BPD verifies any discrepancies. The program agencies are charged with providing the lending agency with information detailing their calculation of interest expense for the fiscal period. These

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calculations will be used to substantiate the amounts reported on the SF1081 (Voucher and Schedule of Withdrawals and Payments), which will in turn be used to post the interest received. Borrowing and lending agencies should confirm and reconcile interest amounts at the end of each fiscal year.

Reconciliation of principal and interest between BPD and the borrowers: The borrowing agency must confirm and reconcile the principal USSGL account balance with the borrower's reciprocal USSGL account balance in the IFCS. Agencies that identify a difference in the account balances should contact the BPD representative. If the agency's records do not agree to the BPD report, the agency should provide an explanation and or reconciliation, as applicable, for the differences. The USSGL account balances to be reported in the agency's audited financial statements and in the Closing Package must also be submitted. This information will assist FMS in properly eliminating intragovernmental balances.

Reconciliation of principal and interest between FFB and the borrowers: The borrowing agency must confirm each FFB USSGL account balance with the borrower's reciprocal USSGL account balance in the IFCS. Agencies that identify a difference in the account balances should contact the FFB representative. If the agency records do not agree to the FFB report, the agency should provide an explanation or reconciliation, as applicable, for the differences. It is critical that the account balances reported on the confirmation are the same amounts reported in the agency's audited financial statements and in the Closing Package submission to FMS. This information will assist FMS in properly eliminating intragovernmental balances.

**FECA Transactions with DOL**

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

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

For the above accounts it is critical that only those balances associated with the Federal Employees' Compensation Act are reported in the IFCS. You should exclude amounts relating to unemployment compensation. USSGL accounts 2650N and 7600N are not reported in the IFCS.

DOL will compare the amount your agency reports for accounts 6400F and 6850F to the amount recorded for your agency in DOL account 5400F - Benefit Program Revenue. The balance reported for your agency accounts 2225F and 2215F will be compared to the amount recorded for your agency in DOL account 1320F – Employment Benefit Contributions Receivable. If this comparison reveals material differences, DOL will contact the departmental contact to resolve

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the difference(s). Agencies will be expected to provide information to explain and reconcile any differences.

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

Annually, during the month of September, the Department of Labor's Chief Financial Officer sends a memorandum (with attachments) to the Chief Financial Officers of Executive Departments and Agencies subject to the CFO Act of 1990 and GMRA Act of 1994, which transmits 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, the Department's Office of the Inspector General issues the results of their audit of the Federal Workers' Compensation (FWC) liability during the month of October for the preceding fiscal year ending September 30. The audit report contains a schedule of actuarial liability by federal agency. Agencies are to report the FECA actuarial liability and changes in FECA actuarial liability in USSGL accounts 2650N and 7600N, respectively. DOL does not have corresponding accounts for agency accounts 2650N and 7600N.

**Employee Benefits Transactions with OPM**

Employee Benefit Program transactions are separated into three categories - health, retirement, and life – and should be reconciled individually. The Employment Benefit Contribution Receivable and Benefit Program revenue figures for the fiscal year ended September 30 will be available in the IFCS in November. Agencies are required to provide the balances in the following intragovernmental accounts on the "Confirmation of Intragovernmental Account Balances" in the IFCS.

2213F Employer Contributions and Payroll Taxes Payable  
6400F Benefit Expense

For account 2213F, agencies should only report balances related to the Federal civilian benefit programs (i.e. government contributions for Retirement, Health Benefits, and Life Insurance transactions) in IFCS.

OPM will compare the agency reported account 2213F balance to the amount recorded for the agency in OPM account 1320F Employment Benefit Contributions Receivable. The balance reported for agency account 6400F will be compared to the revenue recorded for each agency in OPM account 5400F - Benefit Program Revenue. If this comparison reveals material differences, OPM will notify the departmental contact to resolve the difference(s). Agencies will be asked to provide information to explain and reconcile any differences.

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**Non-Fiduciary Transaction Reconciliation Procedures**

OMB requires reporting agencies to reconcile/confirm intragovernmental activity and balances quarterly with trading partners, resulting from non-fiduciary transactions, for the following reciprocal groupings (examples not all inclusive).

- Assets—Includes accounts receivable, advances to others, other assets.
- Liabilities—Includes accounts payable, advances from others, other liabilities.
- Revenue—Includes services, products, and goods provided to others.
- Expenses—Includes operating expenses.

**Reconciliation Differences**

Even when both agencies' accounting records are accurate and current, there may be identifiable differences between the two records (the reconciliation should show that both sets of records equal each other). Analyzing and determining the nature of the differences will require agencies to work together to exchange detailed information and other accounting records. It will also require agencies to understand each other's accounting procedures for identifying and recording transactions related to the activity. Differences identified during the reconciliation process should be corrected (adjusted) before the final reconciliation and confirmation is prepared. Agencies should refer to OMB guidance (FY 2003 Memoranda - M-03-01) for a listing of business rules to be observed when engaging in intragovernmental exchange activity, ([www.whitehouse.gov/omb/memoranda](http://www.whitehouse.gov/omb/memoranda)).

The following are discussions of common and potential differences resulting from the initial reconciliation and the recommended adjustments to be made to prepare the final reconciliation.

**Beginning Balances Differences**

These differences will be in the beginning balances of balance sheet accounts. The materiality of the differences should be evaluated by each agency relative to its financial statements. If the amounts are not material for either agency, the agencies should agree on adjustments to be made to correct the asset and/or liability balances. These adjustments could result in differences in revenue/expense accounts for the reconciliation period. These differences should be clearly identified and quantified on the reconciliation form. If differences are material, the agencies should analyze the historical data and try to identify the transactions causing the differences. Once identified, the proper adjustments should be made by the appropriate agency.

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Timing of Recording Accruals

In some cases, when a providing agency generates bills for services or when IPAC transactions are batch processed subsequent to the end of the period, there may be differences in activity and balances due to the timing of the receiving agency recording the transactions. Timing differences can also be caused by a receiving agency delay in reclassifying IPAC transactions into the proper accounts. IPAC reports and bills subsequent to the accounting period should be identified and reviewed, and the appropriate adjustments should be made in the proper accounting period. Adjustments should be made to accounts receivable/accounts payable for bills received after the end of the period that applies to the period. Agencies should communicate with each other to identify these timing differences.

Estimated Accruals

In some cases, either the providing or receiving agency, or both, records an estimated accrual (receivable or payable) at the end of the period. If only one agency involved in a transaction has recorded the accrual, the other agency will need to record a corresponding amount in its records if the goods/services were received. If the accruals were calculated separately and differently, the agencies should work together to determine a methodology for both to use to ensure the same amount is recorded on both sets of records.

In cases where goods/services were not received (by the receiving agency) and the providing agency recorded unbilled revenue, these amounts should be identified as reconciling differences.

Unrecorded Transactions

Other causes of differences may be due to unrecorded transactions. Agencies should exchange detailed records and work together to analyze the data and identify differences attributable to unrecorded transactions. Agencies should also review IPAC reports and determine whether any transactions were not reclassified into the proper accounts. All differences should be identified and adjustments should be made in the appropriate agency's records.

Other Differences

There can be differences between receivables and payables between agencies due to disputes, misunderstandings, or other issues. Agencies should work together to resolve these types of issues. Adjusting entries should be recorded in the accounting records so amounts are in agreement. If agencies cannot resolve the issues, there will be a difference. This should be clearly identified and explained on the reconciliation.



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Accounting Policy Differences

There may be circumstances where differences cannot be resolved in the current accounting period. In these circumstances, agencies should work together to understand and document the reasons for the differences. Where possible, agencies should use consistent accounting treatments in these circumstances to eliminate any differences. Any differences that remain should be clearly explained on the final reconciliations/confirmations and quantified to the extent possible. The following are examples:

- **DIFFERENCES IN ACCOUNTING STANDARD REQUIREMENTS:** Certain differences may be due to different accounting methods allowed by accounting standards. An example of this is the amortization of discounts and premiums. If one trading partner amortizes discounts/premiums using the interest method and the other trading partner uses the straight-line method, there will be an accounting policy difference.
- **BASIS OF ACCOUNTING:** Certain differences may arise due to agencies using a different basis of accounting for reciprocal transactions. An example of this would be with the accounting for inventory. If a receiving agency inventories supplies and materials at average cost, there may be difficulty reconciling to the amount reported as sales by the providing agency. Another example is sales under a long-term contract (greater than a fiscal year). If a providing agency uses the completed contract method to recognize sales on manufactured goods (and does interim shipments of goods as completed) and the receiving agency recognizes the expense (or assets) as received, there would be a difference between the sales recorded by the providing agency (deferred credits should be recorded) and the expenses recorded by the receiving agency.

When the final reconciliation is completed, if there are unresolved or accounting policy differences, they should be clearly explained on the final reconciliation.

Agencies should make adjustments for all resolvable differences and should clearly identify the cause of any remaining differences on the final reconciliation.

For purchases/sales of goods and services, buyers and sellers should reconcile intragovernmental activity and balances by processes that result in:

- Seller revenue and deferred revenue amounts (and other amounts in the sellers balance sheet) reconciling with
- Buyer cost and prepaid amounts (and other amounts in the Buyer's balance sheet)

**Consolidation/Elimination**

The primary focus of this guide is on transactions occurring between and within Federal agencies. Agencies prepare department wide consolidated financial statements and will prepare

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elimination entries for intragovernmental transactions within the agencies based on this financial information. This guide does not include examples for elimination entries within agencies. Agencies should develop procedures providing for the accurate and complete elimination of transactions occurring within the agency in their consolidated financial statements.

#### **Reporting**

Financial reports should be prepared in accordance with *OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements*. All transactions should be recorded and reported in the proper USSGL accounts. All USSGL accounts should be reported in accordance with the financial statement crosswalk(s) provided in this guide and the USSGL guidance on the FMS website.

As indicated in FASAB Standard 7, agencies are to recognize and reflect costs associated with exchange revenue on the Statement of Net Cost and to recognize and reflect cost associated with non-exchange revenue on the Statement of Net Position. To facilitate proper reporting, agencies are required to designate the portion of expense captured as pertaining to exchange, or non-exchange revenue, on the appropriate financial statements in the Closing Package for yearend reporting.

#### ***Reciprocal Accounts***

Each agency should be able to account for intragovernmental transactions and accumulate related activity and balances in the appropriate USSGL accounts. The reciprocal account categories delineated in this section should be used by agencies to account for the intragovernmental transactions. Use of these reciprocal accounts will facilitate the quarterly intragovernmental transactions reconciliation process and reconciliation as of the financial statement preparation or final reconciliation date. The trading partner activity, between two agencies, within the reciprocal accounts, should reconcile. Agencies are encouraged to work with their trading partners to determine the accounts to be used to record accounting transactions for each type of activity transpiring between the agencies.

The “**Reconciliation Reciprocal Account Categories Listing**” (on the following page) is intended to provide category descriptions for Fiduciary and Non-Fiduciary transactions. For additional guidance, refer to the *Federal Intragovernmental Transactions Categories of Reciprocal U.S. Government Standard General Ledger Proprietary Accounts* table, Appendix A.

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<b>Fiduciary Transactions:</b>	<b>Non-Fiduciary (Exchange) Transactions:</b>
<p><b>RC 01:</b> <u>Investments/Debt</u> — (i.e., assets/liabilities related to principle, discount, premium and amortized debt).</p>	<p><b>RC 18:</b> <u>Transferred In/Out Without Reimbursement</u> — (i.e., financing source transferred in/out without reimbursement).</p>
<p><b>RC 02:</b> <u>Interest Receivable/Interest Payable</u>— (i.e., assets/ liabilities related to interest receivable/payable).</p>	<p><b>RC 19:</b> <u>Appropriation Transfers - In/Out</u> — (i.e., financing source and earmarked receipts transferred in/out).</p>
<p><b>RC 03:</b> <u>Federal Securities Interest Expense/Interest Revenue (Exchange)</u> —(i.e., interest revenue/expense resulting from an exchange transaction.)</p>	<p><b>RC 22:</b> <u>Accounts Receivable - Accounts Payable (Buy/Sell Related)</u> — (i.e., assets/liabilities related to accounts receivable/payable, and other liabilities).</p>
<p><b>RC 04:</b> <u>Federal Securities Interest Expense/Interest Revenue (Non-Exchange)</u> —(i.e., interest revenue/expense resulting from a non-exchange transaction.)</p>	<p><b>RC 23:</b> <u>Advances From/To (Buy/Sell Related)</u>— (i.e., assets/liabilities related to advances, prepayments, and deferred credits).</p>
<p><b>RC 05:</b> <u>Interest Expense/Interest Revenue</u> – (i.e., interest expense/revenue related to BPD &amp; FFB borrowings)</p>	<p><b>RC 24:</b> <u>Buy/Sell Related—Cost vs. Revenue</u>—(i.e., revenue/expense related to goods sold and services rendered).</p>
<p><b>RC 06:</b> <u>Borrowings – Losses/Gains</u>– (i.e., gains/losses on disposition of borrowings)</p>	<p><b>RC 25:</b> <u>Imputed Costs/Imputed Financing Sources</u></p>
<p><b>RC 07:</b> <u>Borrowing and Other Interest Expense/Revenue (Non-Exchange)</u> – (i.e., interest expense/revenue on borrowings/loans)</p>	<p><b>RC 27:</b> <u>Transfers Receivable/Payable</u>— (i.e.,assets/liabilities related to transfer expenditure receivable/payable).</p>
<p><b>RC 08:</b> <u>Benefit Program Costs/Revenues (Non-Exchange)</u>– (revenue/expense related to employee benefits)</p>	<p><b>RC 28:</b> <u>Unexpended Appropriations</u>—(i.e., equity related to unexpended appropriations transferred in/out).</p>
<p><b>RC 10:</b> Other Interest Expense/Interest Revenue</p>	
<p><b>RC 17:</b> <u>Loans Receivable/Payable</u>— (i.e., assets /liabilities related to BPD/FFB loans receivable/payable.)</p>	
<p><b>RC 21:</b> <u>Benefit Program Contributions Receivable/Payable</u> — (i.e., assets/liabilities related to employee benefits receivable/payable).</p>	
<p><b>RC 26:</b> <u>Benefit Program Costs/Revenues (Exchange)</u>— (i.e. revenue/expense related to employee benefits)</p>	

**Note:** RC 29 consists of USSGL accounts that do not eliminate against each other.

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***Examples of Accounting for and Reporting Transactions***

The following are examples of the proprietary accounting entries and reporting requirements for various types of Intragovernmental transactions. Budgetary information will also need to be captured and recorded at the same time, as applicable, when the proprietary accounting entries are made. The transactions in this guide do not represent the complete accounting cycle for proprietary transactions related to the particular accounting event. (Complete scenarios of accounting events are at <http://www.fms.treas.gov/ussgl>). This guide only includes the parts of transactions that occur on both partner agencies' records. The guide does not include any budgetary transactions. *The examples are for illustrative purposes only and do not represent actual transactions.*

Currently, there are no reporting requirements for intragovernmental transactions involving "N" accounts to be recorded with a trading partner code (xx). However, agencies need a mechanism to identify and summarize these transactions as intragovernmental in order to reconcile properly. Agencies will need to report capitalized acquisitions from Government agencies in USSGL accounts 8801 and 8802.

In the applicable examples, goods recorded as assets by the receiving agency, goods recorded as supplies inventory by the receiving agency, sale of equipment, and transfers is demonstrated with the trading partner code (xx). Each example is accompanied with a USSGL account crosswalk to the financial statement presentation. In addition, credit amounts/balances are in parenthesis (-). These transactions should be reported based on the USSGL account with the corresponding trading partner code identified in accordance with USSGL Documents and Agency Reporting Requirements for the FR.

**Investments in Federal Securities Issued by the Treasury Department, BPD**

Federal trust fund receipts and cash balances are invested in Treasury securities through the Bureau of the Public Debt (BPD). BPD also issues federal debt securities to the public and accounts for the public debt. BPD reports this activity (in summary) to the public and other interested users in the Monthly Statement of Public Debt. Note: Treasury securities purchased by agencies through non-governmental sources, such private brokerage firms, should be reported as non-federal (i.e. with an "N" attribute). BPD does not account for these securities.

**Treasury- managed trust funds:** Federal trust funds are created by and maintained in accordance with the various Acts and Public Laws as enacted by Congress. BPD manages certain trust funds for program agencies. The Division of Federal Investments of BPD provides accounting, investment, and financial reporting services for the trust funds. This includes managing the investments, maintaining related accounting records and supporting documentation, and preparing activity statements.

BPD is responsible for administering and monitoring the daily activities of the managed trust funds including receipts, investment and redemption activity, and calculation of interest. The

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trust fund program agencies are responsible for determining the nature, extent, and timing of disbursements to satisfy the objectives of the programs financed by the trust funds. The trust fund program agencies are also responsible for reporting to FMS.

*Federal agency managed funds:* Many program agencies are responsible for trust, revolving and other funds, and manage the purchase and sale of securities from Treasury through BPD. These program agencies are responsible for determining amounts to be invested and the terms of the investments. These agencies are responsible for reconciling periodic interest income from information provided by BPD.

The transactions illustrated in the following sections apply to all intragovernmental investments.

**Purchase of Investments from BPD**

The purchase of an investment should be recorded at acquisition cost. The investment account should be charged with par value and a premium or discount recorded for the difference between acquisition cost and par value.

**Purchased at a Discount**

Bureau of the Public Debt (trading partner code 20) issues a Treasury Security to the DOL Unemployment Trust Fund (trading partner code 16), a Treasury security with a par value of \$20,000. DOL purchases the security at discount for \$19,100.

The following entries should be recorded:

Providing agency Bureau of the Public Debt			Receiving agency Department of Labor, Unemployment Trust Fund		
1010	Fund Balance With Treasury	19,100	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	20,000
2531F (16)	Discount on Securities Issued by Federal Agencies Under General and Special Financing Authority	19,100	1611F (20)	Discount on U.S. Treasury Securities Issued by the Bureau of the Public Debt	900
			1010	Fund Balance With Treasury	19,100

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	19,100
Balance Sheet	2531F (16)	Discount on Securities Issued by Federal Agencies Under General and Special Financing Authority	(19,100)

<b>Department of Labor Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(19,100)
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	20,000
Balance Sheet	1611F (20)	Discount on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(900)

*Purchased at a Premium*

The Highway Trust Fund of the Department of Transportation (trading partner code 69) purchased an interest-bearing note for \$20,200 with a par value of \$20,000 and a premium of \$200.

The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>			<b>Receiving agency</b> <b>Department of Transportation</b>		
1010	Fund Balance With Treasury	20,200	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	20,000
2530F (69)	Securities Issued by Federal Agencies under General and Special Financing Authority	20,000	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	200
2532F(69)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	200	1010	Fund Balance With Treasury	20,200

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	20,200
Balance Sheet	2530F (69)	Securities Issued by Federal Agencies Under General and Special Financing Authority	(20,000)
Balance Sheet	2532F (69)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	(200)

<b>Department of Transportation Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(20,200)
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	20,000
Balance Sheet	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	200

Purchase at Par Value

The Federal Highway Trust Fund, DOT (trading partner code 69) purchased a Treasury security at a par value of \$10,000.

The following entries should be recorded:

<b>Providing agency</b>			<b>Receiving agency</b>		
<b>Bureau of the Public Debt</b>			<b>Department of Transportation</b>		
1010	Fund Balance With Treasury	10,000	1610F (20)	Investments in U.S. Treasury Securities Issued by Public Debt	10,000
2530F (69)	Securities Issued by Federal Agencies under General and Special Financing Authority	10,000	1010	Fund Balance With Treasury	10,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
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<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	10,000
Balance Sheet	2530F (69)	Securities Issued by Federal Agencies Under General and Special Financing Authority	(10,000)

<b>Department of Transportation Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(10,000)
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	10,000

*Purchase of Interest with a Security Purchased at Par Value*

When a note or bond, bearing a stated semi-annual interest rate, is purchased on a date other than an interest payment date, the investing entity must purchase interest back to the last interest payment date. On the next interest payment date, the entity will receive an interest payment for the full six-month interest period. The Department of Transportation, Federal Highway Trust Fund (trading partner code 69), purchased a Treasury security at a par value of \$10,000 plus interest purchased of \$500.

The following entries should be recorded:

<b>Providing agency Bureau of the Public Debt</b>			<b>Receiving agency Department of Transportation</b>		
1010	Fund Balance With Treasury	10,500	1340F (20)	Interest Receivable	500
2140F (69)	Accrued Interest Payable	500	1610F (20)	Investments in U.S. Treasury Securities Issued by Public Debt	10,000
2530F (69)	Securities Issued by Federal Agencies under General and Special Financing Authority	10,000	1010	Fund Balance With Treasury	10,500

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	10,500
Balance Sheet	2140F (69)	Accrued Interest Payable	(500)
Balance Sheet	2530F (69)	Securities Issued by Federal	(10,000)



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<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
		Agencies Under General and Special Financing Authority	

<b>Department of Transportation Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(10,500)
Balance Sheet	1340F (20)	Interest Receivable	500
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	10,000

**Interest Income**

Periodic interest payments are made to trust, revolving or other funds based on the terms of the securities. Most notes and bonds pay interest semi-annually. The following entries are to record the periodic interest paid by the Bureau of the Public Debt on a Treasury Security. The Civil Service Retirement and Disability Fund managed by OPM (trading partner code 24) received a semi-annual interest payment of \$5,000 on a Treasury security (trading partner code 20).

The following entries should be recorded:

<b>Providing agency Bureau of the Public Debt</b>			<b>Receiving agency Office of Personnel Management</b>		
6320F (24)	Interest Expenses on Securities	5,000	1010	Fund Balance With Treasury	5,000
1010	Fund Balance with Treasury	5,000	5311F (20)	Interest Revenue - Investments	5,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(5,000)
Statement of Net Cost	6320F (24)	Interest Expenses on Securities	5,000

<b>Office of Personnel Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	5,000
Statement of Net Cost	5311F (20)	Interest Revenue – Investments	(5,000)

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**Interest Accruals**

Interest accruals should be calculated and recorded periodically in accordance with the investing agency's accounting policies and procedures. Interest should be accrued for amounts earned and unpaid at the cut-off date. Interest accrued on September 30 must be verified by the agencies with BPD records and any material differences resolved before submission of the Closing Package.<sup>2</sup> The following are the entries to record accrued interest on investments at September 30. The Centers for Medicare and Medicaid Services (trading partner code 75) has a Treasury bond purchased from the Bureau of the Public Debt (trading partner code 20) with a par value of \$10,000 and an interest rate of 10% payable on June 30 and December 31. As of September 30, accrued interest would be calculated as follows:  $3 \text{ months} = 92 \text{ days}/184 \text{ days} \times (\$10,000 \times 10\%)/2 = \$250$ .

The following entries should be recorded:

<b>Providing agency</b>		<b>Receiving agency</b>	
<b>Bureau of the Public Debt</b>		<b>Centers for Medicare and Medicaid Services</b>	
6320F (75)	Interest Expenses on Securities 250	1340F (20)	Interest Receivable 250
2140F (75)	Accrued Interest Payable 250	5311F (20)	Interest Revenue – Investments 250

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	2140F (75)	Accrued Interest Payable	(250)
Statement of Net Cost	6320F (75)	Interest Expenses on Securities	250

<b>Centers for Medicare and Medicaid Services Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	1340F (20)	Interest Receivable	250
Statement of Net Cost	5311F (20)	Interest Revenue – Investments	(250)

<sup>2</sup> The Guide includes illustrative entries for the receipt and payment of interest and recognition of accrued interest receivable and payable. These entries illustrate the accounting that would be required, on a stand-alone basis, if the entity had not previously recognized any accrued interest.

For example, an investing entity credits USSGL A/C 5311 (F), Interest Income for \$5,000 on receipt of a semi-annual interest payment. This entry assumes that no portion of the semi-annual interest payment had previously been accrued as earned. However, if the investing entity had previously accrued \$4,000 of interest earned on this investment prior to receipt of the \$5,000 semi-annual interest payment, the required entry would include a credit to accrued interest receivable for \$4,000 and a credit to interest income for \$1,000.

Agency practices for the accrual of interest and accounting for interest received or paid may vary. The illustrative entries contained in the Guide should be considered in the context of agency practice and modified if necessary. In all cases, in accounting for interest, agencies should consider the methodology they use to account for interest earned, as well as accrued interest receivable and payable balances.

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**Amortization of Premium or Discount**

The agencies' amortized premiums and discounts should be calculated using the effective interest method (as outlined in SFFAS No. 1, Accounting for Select Assets and Liabilities) for Treasury notes and bonds. The straight-line method is used for Treasury Bills. Amortization schedules for premiums and discounts should be available for the Bureau of the Public Debt to reconcile to its records at the end of each fiscal year (at a minimum). The Social Security Administration Federal Disability Insurance Trust Fund (trading partner code 28) purchased a Treasury security at a premium. The amortization of the premium for the current fiscal year is \$8,000.

The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>		<b>Receiving agency</b> <b>Social Security Administration</b>	
2533F (28)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority 8,000	5311F (20)	Interest Revenue - Investments 8,000
6320F (28)	Interest Expenses on Securities 8,000	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt 8,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	2533F (28)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	8,000
Statement of Net Cost	6320F (28)	Interest Expenses on Securities	(8,000)

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<b>Social Security Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(8,000)
Statement of Net Cost	5311F (20)	Interest Revenue - Investments	8,000

**Amortization of Discount**

The Department of Commerce (trading partner code 13) purchased a Treasury security at a discount of \$10,000. The amortization for the fiscal year ended September 30 is \$5,000.

The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>		<b>Receiving agency</b> <b>Department of Commerce</b>	
6320F (13)	Interest Expenses on Securities 5,000	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt 5,000
2533F (13)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority 5,000	5311F (20)	Interest Revenue – Investments 5,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2533F (13)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	(5,000)
Statement of Net Cost	6320F (13)	Interest Expenses on Securities	5,000

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<b>Department of Commerce Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	5,000
Statement of Net Cost	5311F (20)	Interest Revenue - Investments	(5,000)

**Sale of an Investment (at Book Value) with Unamortized Premium**

The Highway Trust Fund, DOT (trading partner code 69) has a Treasury security with a par value of \$2,000 purchased with a premium of \$200. The security was redeemed for \$2,100 on September 30. \$100 was not amortized at the end of the period.

The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>			<b>Receiving agency</b> <b>Department of Transportation</b>		
2530F (69)	Securities Issued by Federal Agencies under General and Special Financing Authority, Net	2,000	1010	Fund Balance With Treasury	2,100
2532F(69)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	200	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	100
2533F(69)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	100	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	2,000
1010	Fund Balance With Treasury	2,100	1612F (20)	Premium on U.S. Securities Issued by the Bureau of the Public Debt	200

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(2,100)
Balance Sheet	2530F (69)	Securities Issued by Federal Agencies Under General and Special Financing Authority	2,000
Balance Sheet	2532F (69)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	200
Balance Sheet	2533F (69)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	(100)

<b>Department of Transportation Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	2,100
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	(2,000)
Balance Sheet	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(200)
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	100

**Sale of a Security (with no Gain or Loss) with Unamortized Discount**

Centers for Medicare and Medicaid Services (trading partner code 75) sold a Treasury security issued with a par value of \$5,000, original issue discount of \$600, and unamortized discount of \$300 for \$4,700.

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The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>			<b>Receiving agency</b> <b>Centers for Medicare and Medicaid Services</b>		
2530F (75)	Securities Issued by Federal Agencies under General and Special Financing Authority	5,000	1010	Fund Balance With Treasury	4,700
2533F(75)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	300	1611F (20)	Discount on U.S. Treasury Securities Issued by the Bureau of the Public Debt	600
2531F(75)	Discount on Securities Issued by Federal Agencies Under General and Special Financing Authority	600	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	300
1010	Fund Balance With Treasury	4,700	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	5,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	1010	Fund Balance With Treasury	(4,700)
Balance Sheet	2530F (75)	Securities Issued by Federal Agencies Under General and Special Financing Authority	5,000
Balance Sheet	2531F (75)	Discount on Securities Issued by Federal Agencies Under General and Special Financing Authority	(600)
Balance Sheet	2533F (75)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	300

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<b>Centers for Medicare and Medicaid Services Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	4,700
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	(5,000)
Balance Sheet	1611F (20)	Discount on U.S. Treasury Securities Issued by the Bureau of the Public Debt	600
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(300)

**Sale of an Investment with a Gain**

The Employees' Life Insurance Fund managed by OPM (trading partner code 24) sells a Treasury security with a par value of \$50,000. The security was purchased with a premium of \$6,000. The security was sold for \$56,000. The unamortized premium balance was \$4,000 at the time of the sale.

The following entries should be recorded:

<b>Providing agency</b>			<b>Receiving agency</b>		
<b>Bureau of the Public Debt</b>			<b>Employees' Life Insurance Fund</b>		
2530F (24)	Securities Issued by Federal Agencies under General and Special Financing Authority	50,000	1010	Fund Balance With Treasury	56,000
2532F(24)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	6,000	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	6,000
6320F (24)	Interest Expenses on Securities	4,000	1613F (20)	Amortization of Discount and Premium on U.S.	4,000



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Providing agency Bureau of the Public Debt			Receiving agency Employees' Life Insurance Fund		
2533F(24)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	4,000	1610F (20)	Treasury Securities Issued by the Bureau of the Public Debt Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	50,000
1010	Fund Balance With Treasury	56,000	7111F (20)	Gains on Disposition of Investments	4,000

The crosswalk for financial statement reporting of these accounts is as follows:

Bureau of the Public Debt Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(56,000)
Balance Sheet	2530F (24)	Securities Issued by Federal Agencies Under General and Special Financing Authority	50,000
Statement of Net Cost	6320F (24)	Interest Expenses on Securities	4,000
Balance Sheet	2532F (24)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	6,000
Balance Sheet	2533F (24)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	(4,000)

Employees' Life Insurance Fund Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	56,000
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	(50,000)
Balance Sheet	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(6,000)
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	4,000

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<b>Employees' Life Insurance Fund Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Statement of Net Cost	7111F (20)	Gains on Disposition of Investments	(4,000)

**Sale of an Investment with a Loss and Unamortized Premium**

The Employees' Life Insurance Fund managed by OPM (trading partner code 24) sells a Treasury security with a par value of \$50,000 that was purchased with a premium of \$6,000. The security is sold for \$48,000 and the unamortized premium balance was \$3,000.

The following entries should be recorded:

<b>Providing agency</b> <b>Bureau of the Public Debt</b>			<b>Receiving agency</b> <b>Employees' Life Insurance Fund</b>		
2530F (24)	Securities Issued by Federal Agencies under General and Special Financing Authority	50,000	1010	Fund Balance With Treasury	48,000
2532F(24)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	6,000	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	3,000
2533F(24)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	3,000	7211F (20)	Losses on Disposition of Investments	5,000
6320F (24)	Interest Expenses on Securities	5,000	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	50,000
1010	Fund Balance With Treasury	48,000	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	6,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(48,000)
Balance Sheet	2530F (24)	Securities Issued by Federal Agencies Under General and Special Financing Authority	50,000
Statement of Net Cost	6320F (24)	Interest Expenses on Securities	(5,000)
Balance Sheet	2532F (24)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	6,000
Balance Sheet	2533F (24)	Amortization of Discount and Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority	(3,000)

<b>Employees' Life Insurance Fund Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	48,000
Balance Sheet	1610F (20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	(50,000)
Balance Sheet	1612F (20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	(6,000)
Balance Sheet	1613F (20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	3,000
Statement of Net Cost	7211F (20)	Losses on Disposition of Investments	5,000

**Borrowings from Treasury, BPD and FFB**

The Department of the Treasury lends funds to Federal government agencies and entities, based on agency specific legislative borrowing authority. The Bureau of the Public Debt keeps records and accounts for agency loans and FFB loans from the Treasury. BPD does not track the loans made from FFB to other federal agencies. FFB engages in lending to various federal entities through the purchase of agency financial assets, the acquisition of agency debt securities and by providing direct loans on behalf of the agency. The same methodology for recording, tracking and reporting proceeds from borrowing, interest payments, interest accruals and repayments for federal Intragovernmental loans should be used for Department of the Treasury, BPD and FFB loans. However, BPD does not recognize gains or losses on borrowings. Gains or losses on FFB loans should be recorded in accordance with this guide.

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**Proceeds from Borrowing**

The Department of Education (trading partner code 91) borrows \$200,000 from Bureau of the Public Debt to finance student loans.

The following entries should be recorded:

Providing agency Bureau of the Public Debt			Receiving agency Department of Education		
1350F (91)	Loans Receivable	200,000	1010	Fund Balance With Treasury	200,000
2980F (91)	Custodial Liability	200,000	2510F (20)	Principal Payable to Treasury	200,000

The crosswalk for financial statement reporting of these accounts is as follows:

Bureau of the Public Debt Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1350F (91)	Loans Receivable	200,000
Balance Sheet	2980F (91)	Custodial Liability	(200,000)

Department of Education	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	200,000
Balance Sheet	2510F (20)	Principal Payable to the Bureau of the Public Debt	(200,000)

**Interest Payments**

The Department of Agriculture, Rural Development Program, (trading partner code 12) pays a periodic interest payment of \$60,000 to FFB that was not previously accrued.

The following entries should be recorded:

Providing agency Federal Financing Bank			Receiving agency Department of Agriculture		
1010	Fund Balance With Treasury	60,000	6310F (20)	Interest Expenses on Borrowing from Treasury	60,000
5312F (12)	Interest Revenue – Loans Receivable/Uninvested Funds	60,000	1010	Fund Balance With Treasury	60,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Federal Financing Bank Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	60,000
Statement of Net Cost	5312F (12)	Interest Revenue – Loans Receivable/Uninvested Funds	(60,000)

<b>Department of Agriculture Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(60,000)
Statement of Net Cost	6310F (20)	Interest Expenses on Borrowing from the Bureau of the Public Debt and/or the Federal Financing Bank	60,000

**Interest Accruals**

The Small Business Administration (trading partner code 73) accrues interest of \$80,000 on its borrowings from the Bureau of the Public Debt under the Credit Reform Act.

The following entries should be recorded:

<b>Providing agency Bureau of the Public Debt</b>			<b>Receiving agency Small Business Administration</b>		
1340F (73)	Interest Receivable	80,000	6310F (20)	Interest Expenses on Borrowing from Treasury	80,000
5312F (73)	Interest Revenue – Loans Receivable/Uninvested Funds	80,000	2140F (20)	Accrued Interest Payable	80,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1340F (73)	Interest Receivable	80,000
Statement of Net Cost	5312F (73)	Interest Revenue – Loans Receivable/Uninvested Funds	(80,000)

<b>Small Business Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2140F (20)	Accrued Interest Payable	(80,000)
Statement of Net Cost	6310F (20)	Interest Expenses on Borrowing from the Bureau of the Public Debt and/or	80,000

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<b>Small Business Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
		the Federal Financing Bank	

**Principal Payments**

The Department of Education (trading partner code 91) borrows \$200,000 from the Bureau of the Public Debt to finance student loans and repays \$10,000 at the end of the first fiscal year.

The following entries should be recorded:

<b>Providing agency Bureau of the Public Debt</b>			<b>Receiving agency Department of Education</b>		
2980F (91)	Custodial Liability	10,000	2510F (20)	Principal Payable to Treasury	10,000
1350F (91)	Loans Receivable	10,000	1010	Fund Balance With Treasury	10,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Bureau of the Public Debt Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	1350F (91)	Loans Receivable	(10,000)
Balance Sheet	2980F (91)	Custodial Liability	10,000

<b>Department of Education Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount (based on the above transaction)</b>
Balance Sheet	1010	Fund Balance With Treasury	(10,000)
Balance Sheet	2510F (20)	Principal Payable to the Bureau of the Public Debt	10,000

**Gains on the Disposition of FFB Loans**

The Department of Agriculture (trading partner code 12) prepays (early disposition) a \$50,000 FFB loan for \$48,000 cash (gain of \$2,000).

The following entries should be recorded:

<b>Providing agency Federal Financing Bank</b>			<b>Receiving agency Department of Agriculture</b>		
1010	Fund Balance With Treasury	48,000	2520F (20)	Principal Payable to the Federal Financing Bank	50,000
7212F (12)	Losses on	2,000			

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Providing agency Federal Financing Bank			Receiving agency Department of Agriculture		
	Disposition of Borrowings		1010	Fund Balance With Treasury	48,000
1350F (12)	Loans Receivable	50,000	7112F (20)	Gains on Disposition of Borrowings	2,000

The crosswalk for financial statement reporting of these accounts is as follows:

Federal Financing Bank Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	48,000
Balance Sheet	1350F (12)	Loans Receivable	(50,000)
Statement of Net Cost	7212F (12)	Losses on Disposition of Borrowings	2,000

Department of Agriculture Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(48,000)
Balance Sheet	2520F (20)	Principal Payable to the Federal Financing Bank	50,000
Statement of Net Cost	7112F (20)	Gains on Disposition of Borrowings	(2,000)

**Losses on the Disposition of FFB Loans**

The Department of Agriculture (trading partner code 12) prepays a \$50,000 FFB loan for \$54,000 (loss of \$4,000).

The following entries should be recorded:

Providing agency Federal Financing Bank			Receiving agency Department of Agriculture		
1010	Fund Balance With Treasury	54,000	2520F (20)	Principal Payable to the Federal Financing Bank	50,000
1350F (12)	Loans Receivable	50,000	7212F (20)	Losses on Disposition of Borrowings	4,000
7112F (12)	Gains on Disposition of Borrowings	4,000	1010	Fund Balance With Treasury	54,000

The crosswalk for financial statement reporting of these accounts is as follows:

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<b>Federal Financing Bank</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	54,000
Balance Sheet	1350F (12)	Loans Receivable	(50,000)
Statement of Net Cost	7112F (12)	Gains on Disposition of Borrowings	(4,000)

<b>Department of Agriculture Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(54,000)
Balance Sheet	2520F (20)	Principal Payable to the Federal Financing Bank	50,000
Statement of Net Cost	7212F (20)	Losses on Disposition of Borrowings	4,000

**Transactions with the DOL Relating to the FECA**

The Federal Employees' Compensation Special Benefit Fund was established under the authority of the Federal Employees' Compensation Act (FECA). The FECA Special Benefits Fund pays for income lost and medical costs for Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease.

The FECA Special Benefits Fund pays benefits on behalf of Federal entities as costs are incurred and bills (charges back) the entity annually (August 15) for the costs incurred during the previous 12-month period ended June 30 (July 1 – June 30). Federal entities fund the FECA payments through appropriations or operating revenues. For appropriated funds, the payment is due at the beginning of the second fiscal year after receipt of the bill (approximately 15 months). These liabilities due to the FECA Special Benefits Fund are recorded by the entities as unfunded (if annual appropriations are used) at the time of receipt of the bill. The liability amounts (including accruals) are provided by the DOL (on its website) by the 5<sup>th</sup> business day following the end of the preceding quarter.

“Government Corporations” are billed an administrative fee – fair share. The fair share fee is recorded as an operating expense in the fiscal year billed.

Federal entities with annual appropriations should recognize the unfunded liability for the charge backs at the time of receipt of the bill. The amount recorded should equal the amount billed by DOL. Generally, entities with no-year appropriations should recognize a funded liability and the funding availability at the time of the receipt of the chargeback from DOL.



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On or before August 15 of each year, DOL submits a yearly billing (chargeback) report to Federal entities. The report is entitled *Notification of Workers' Compensation Cost Incurred on Your Behalf* (annual chargeback report) and covers the preceding 12-month period ended June 30 (July 1 through June 30). Additionally, each entity receives a quarterly Detailed Chargeback Report. The quarterly report provides a detailed listing of amounts paid by the FECA fund from the beginning of the current program year through the end of the quarter. The current year FECA expense and total liability will be calculated using information contained in these reports.

In general, the FECA expense and liability is calculated as follows:

Accrued FECA Liability:

The amount of accrued FECA liability (unfunded) for the year ended September 30, 20X 4 should equal:

- Add: Annual FECA Chargeback Report for the period July 1, 20X 2 through June 30, 20X 3.
- Add: Annual FECA Chargeback Report for the period July 1, 20X 3 through June 30, 20X 4.
- Add: Quarterly FECA Chargeback Report for the quarter ended September 30, 20X 4.

FECA Expense:

The current year expense should equal:

- Add: Annual FECA Chargeback Report for the period July 1, 20X 3 through June 30, 20X 4.
- Add: Quarterly FECA Chargeback Report for the quarter ended September 30, 20X 4.
- Less: Quarterly FECA Chargeback Report for the quarter ended September 30, 20X 3.

When the agencies receive budgetary authority to pay DOL for the accrued FECA costs, the unfunded FECA liability should be reclassified to funded liability. The funded liability will be reduced when the payment of the chargeback is made to DOL-FECA. Federal entities with no year appropriations should record a funded liability upon receipt of the billing from DOL.

Annually, Federal entities are allocated the portion of the long term FECA actuarial liability attributable to the entity. The liability is calculated to estimate the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases. The liability amounts and the calculation methodologies are provided by DOL to the entities by September 15. However, the actuarial liability is not part of the intragovernmental elimination process or the IFCS.

Each entity should record its portion of the FECA actuarial liability based on amounts provided by DOL. Each year, entities should record the change in the actuarial liability. The entity's actuarial liability balance should equal the amounts provided by DOL. The expense incurred for the year should equal the difference between the current year's liability and the liability for the previous year.

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**FECA Liability and FECA Actuarial Liability Transactions - Example**

The Department of Justice (trading partner code 15) received the following reports/information from the Department of Labor (trading partner code 16):

I.	Quarterly FECA Chargeback Report:	
	July 1, 2002 - September 30, 2002	\$4,000
	July 1, 2003 - September 30, 2003	\$3,000
II.	Notification of Workers Compensation Cost Incurred on Your Behalf by DOL Employment Standard Administration Report (Annual FECA Chargeback Report):	
	July 1, 2000– June 30, 2001	\$15,000
	July 1, 2001 – June 30, 2002	\$18,000
	July 1, 2002– June 30, 2003	\$20,000
III.	Additional Accrual Information:	
	(From FY 2002 DOL web page)	
	Allocation of Accrued Benefits – September 30, 2002	\$1,000
	Allocation of Overpayment Receivables – September 30, 2002	(\$600)
	(From FY 2003 DOL web page)	
	Allocation of Accrued Benefits – September 30, 2003	\$1,350
	Allocation of Overpayment Receivables – September 30, 2003	(\$800)
IV.	Fair Share (Administrative Fee) – Due in FY 2004	\$5,000
V.	DOL Estimates of Total FECA Future Liabilities Report:	
	Fiscal year 2002	\$140,000
	Fiscal year 2003	\$160,000
VI.	Accrued FECA liability for fiscal year 2001 (prior year trial balance)	\$37,400

The following sections provide the fiscal year 2002 beginning trial balance, accounting entries, pre-closing trial balance and financial statements for DOJ (partner code 15) and DOL (partner code 16) based on the above information.

**1. Accrued FECA Liability and Expense:** Federal entities receive FECA chargeback reports from DOL and record accruals for the unfunded FECA liability and expense incurred during the current fiscal year. (If the entity has no year appropriations, the FECA liability would be funded). DOL publishes FECA liability information including amounts for the allocation of accrued benefits and allocation of overpayment receivables for all agencies on the DOL/OCFO website: <http://www2.dol.gov/ocfo/newsroom/main.htm>

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**Department of Justice Example:**

DOJ unfunded FECA liability and FECA expense for fiscal year 200 3 is calculated as follows:

Annual FECA Chargeback for 7/1/01 - 6/30/02	18,000.00
Annual FECA Chargeback for 7/1/02- 6/30/03	20,000.00
Quarterly FECA Chargeback for 7/1/03- 9/30/03	3,000.00
<b>Unfunded FECA Liability for fiscal year 2003 (before Allocations)</b>	41,000.00
Allocation of Accrued Benefits as of 9/30/03	1,350.00
Allocation of Overpayment Receivables as of 9/30/03	(800.00)
<b>Unfunded FECA Liability for fiscal year 2003</b>	41,550.00
Unfunded FECA Liability for fiscal year 2002(before Allocations)	37,000.00
Allocation of Accrued Benefits as of 9/30/02	1,000.00
Allocation of Overpayment Receivables as of 9/30/02	(600.00)
<b>Unfunded FECA Liability for fiscal year 2002</b>	37,400.00
<b>FY 2003 Unfunded FECA benefit expense</b>	4,150.00
Annual FECA Chargeback for 7/1/02 - 6/30/03	20,000.00
Quarterly FECA Chargeback for 7/1/02 - 9/30/02	(4,000.00)
Quarterly FECA Chargeback for 7/1/03 - 9/30/03	3,000.00
Net Allocation of Accrued Ben/Overpayment Rec. as of 9/30/03	550.00
Net Allocation of Accrued Ben/Overpayment Rec. as of 9/30/02	(400.00)
<b>Fiscal Year 2003 total FECA expense</b>	19,150.00

**Beginning Balance s - 10/1/02:**

Department of Labor	Account #	USSGL Account Title	Amount
Balance Sheet	1010	Fund Balance With Treasury	8,000
Balance Sheet	1320F (15)	Employment Benefit Contributions Receivable	37,400
Balance Sheet	3310	Cumulative Results of Operations	(45,400)

Department of Justice	Account #	USSGL Account Title	Amount
Balance Sheet	2225F (16)	Unfunded FECA Liability	(37,400)
Balance Sheet	3310	Cumulative Results of Operations	37,400

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**Proprietary entry to appropriate the Annual FECA Chargeback  
7/1/ 00 – 6/30/ 01:**

Providing agency Department of Labor	Receiving agency Department of Justice	
No Entry	1010	Fund Balance With Treasury 15,000
	3101	Unexpended Appropriations – Appropriations Received 15,000

**Entry to reclassify unfunded accrued FECA liability and expense to funded accrued FECA liability and expense for the Annual FECA Chargeback 7/1/ 00 – 6/30/ 01:**

Providing agency Department of Labor		Receiving agency Department of Justice	
1320F (15)	Employment Benefit Contributions Receivable (funded)* 15,000	2225F (16)	Unfunded FECA Liability 15,000
1320F (15)	Employment Benefit Contributions Receivable (unfunded)* 15,000	2215F (16)	Other Post - Employment Benefits Due and Payable 15,000
5400F (15)	Benefit Program Revenue (unfunded) 15,000	6400F (16)	Benefits Expense 15,000
5400F (15)	Benefit Program Revenue (funded) 15,000	6850F (16)	Employer Contributions to Employee Benefit Programs Not Requiring Current Year Budget Authority 15,000
		3107	Unexpended Appropriations – Used 15,000
		5700	Expended Appropriations 15,000

\* This is only for the Department of Labor.

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**Entry to record DOJ payment to DOL for Annual FECA Chargeback 7/1/ 00 – 6/30/ 01**

Providing agency Department of Labor			Receiving agency Department of Justice		
1010	Fund Balance With Treasury	15,000	2215F (16)	Other Post-Employment Benefits Due and Payable	15,000
1320F (15)	Employment Benefit Contributions Receivable	15,000	1010	Fund Balance With Treasury	15,000

The crosswalk for financial statement reporting of these accounts is as follows:

Department of Labor	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	15,000
Balance Sheet	1320F (15)	Employment Benefit Contributions Receivable	(15,000)

Department of Justice	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	2215F (16)	Other Post-Employment Benefits Due and Payable	15,000
Balance Sheet	1010	Fund Balance With Treasury	(15,000)

**Entry to record DOL payment of FECA claims on behalf of DOJ**

Providing agency Department of Labor			Receiving agency Department of Justice		
6400	Benefits Expense	19,150	No Entry		
1010	Fund Balance With Treasury	19,150			

**Entry to record DOJ accrued FECA expense for fiscal year 2001**

Providing agency Department of Labor			Receiving agency Department of Justice		
1320F (15)	Employment Benefit Contributions Receivable (unfunded)	19,150	6850F (16)	Employer Contributions to Employee Benefit Programs Not Requiring Current - Year Budget Authority	19,150
5400F (15)	Benefit Program Revenue (unfunded)	19,150	2225F (16)	Unfunded FECA Liability	19,150

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The pre-closing trial balance crosswalk of these accounts is as follows:

<b>Department of Labor</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	3,850
Balance Sheet	1320F (15)	Employment Benefit Contributions Receivable (unfunded)	41,550
Balance Sheet	3310	Cumulative Results of Operations	(45,400)
Statement of Net Cost	5400F (15)	Benefit Program Revenue (funded)	(15,000)
Statement of Net Cost	5400F (15)	Benefit Program Revenue (unfunded)	(4,150)
Statement of Net Cost	6100N	Operating Expenses/Program Costs	19,150

<b>Department of Justice</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2225F (16)	Unfunded FECA Liability	(41,550)
Balance Sheet	3310	Cumulative Results of Operation	37,400
Statement of Net Cost	5700	Expended Appropriations	(15,000)
Statement of Net Cost	6400F (16)	Benefit Expense	15,000
Statement of Net Cost	6850F (16)	Employer Contributions to Employee Benefit Programs Not Requiring Current -Year Budget Authority	4,150

**Actuarial FECA Liability**

Agencies record the change in the FECA actuarial liability to adjust the liability to equal the amount provided by DOL on the Estimates of Total FECA Future Liabilities Report. Actuarial liabilities for future benefits should be recorded in Federal entity records as “N” transactions. DOL does not record a corresponding entry. Additionally, budgetary accounting is not required when recording transactions related to the actuarial liability.

The Department of Justice change in the FECA actuarial liability is calculated as follows:

Fiscal Year 200 3	\$160,000
Fiscal Year 200 2	(140,000)
Fiscal Year 200 3 Actuarial expense	<u>\$ 20,000</u>

<b>Department of Justice Beginning Trial Balance (10/1/200 1)</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2650N	Actuarial FECA Liability	(140,000)
Balance Sheet	3310	Cumulative Results of Operations	140,000

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*Entry to record the change in the FECA actuarial liability in 2003*

Providing agency Department of Labor	Receiving agency Department of Justice		
No entry	7600N	Changes in Actuarial Liability	20,000
	2650N	Actuarial FECA Liability	20,000

The pre-closing reporting of these accounts for 9/30/2003 is as follows:

Department of Justice Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	2650N	Actuarial FECA Liability	(160,000)
Balance Sheet	3310	Cumulative Results of Operation	140,000
Statement of Net Cost	7600N	Changes in Actuarial Liability	20,000

**Transactions with the OPM Relating to Employee Benefit Programs**

OPM administers three earned benefit programs for civilian Federal employees: the Retirement Program - comprised of the Civil Service Retirement System and the Federal Employees' Retirement System, the Federal Employees Health Benefits Program, and the Federal Employees Group Life Insurance Program.

*Retirement Program:* 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). 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 the FERS. For CSRS, the law fixes the contributions by and for most participants at a combined percent of basic pay. Since the cost to provide a future benefit to most CSRS employees is higher than the contributions, the combined contributions by and for most participants do not cover the cost of CSRS. The service cost of providing future benefits to FERS employees is fully covered by the combined employee and employer contributions.

Since total contributions by and for covered employees fall short of the service cost of the program, SFFAS No. 5 requires that employing agencies recognize their share of this "shortfall" as an imputed cost. By September 15, OPM will provide the cost factors to agencies needed to calculate and record imputed cost.

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Health Benefits Program: The Federal Employees Health Benefits Program (FEHBP) provides health benefits for covered employees and annuitants. FEHBP is contributory, with the cost shared by the covered participant and his/her employer, based upon a formula in law. For covered annuitants, the employer contribution is paid from an OPM appropriation. 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 employing agencies to recognize their share of that cost as an imputed cost. OPM will provide to employing agencies, by September 15, the cost factors needed to calculate and record imputed cost.

Life Insurance Program: The Federal Employees Group Life Insurance (FEGLI) is contributory, with the full cost of premiums for basic coverage shared by the covered participant and his/her employer. For covered annuitants, the employer contribution to basic coverage derives from an OPM appropriation. (The cost for the optional coverage is borne entirely by the covered individual). Based upon a formula in law, participants contribute approximately two-thirds of the cost of premiums, with the applicable employing 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 their share of that cost as an imputed cost. OPM will provide to employing agencies, by September 15, the cost factors needed to calculate and record imputed cost.

Payroll Cross-Servicing Arrangements: Agencies using cross-servicing agencies (the USDA National Finance Center, the Department of Interior and the General Services Administration) are responsible for reconciling their payroll data to the OPM information (the cross-servicers are not responsible).

The following are contacts for payroll information:

<u>Cross-servicer</u>	<u>Contact</u>	<u>Phone</u>
National Finance Center	Patrick Foret	504-255-4110
Department of the Interior	Sandy Gregory	303-969-7739
General Services Administration	John Shields	816-926-6639

**Agency (Employer) Contributions (Cash Basis)**

The Department of Housing and Urban Development (trading partner code 86) makes employer contributions for Retirement (\$8,500), Health Benefits (\$2,500) and Life Insurance (\$2,000). The total contribution of \$13,000 is remitted to OPM when the payroll is paid.

<b>Providing agency</b>			<b>Receiving agency</b>		
<b>Office of Personnel Management</b>			<b>Department of Housing and Urban Development</b>		
1010	Fund Balance With Treasury	13,000	6400F (24)	Benefit Expense	13,000
5400F (86)	Benefit Program Revenue	13,000	1010	Fund Balance With Treasury	13,000



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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Office of Personnel Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	13,000
Statement of Net Cost	5400F (86)	Benefit Program Revenue	(13,000)

<b>Department of Housing and Urban Development Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(13,000)
Statement of Net Cost	6400F (24)	Benefit Expense	13,000

**Agency (Employer) Contributions (Yearend Accrual)**

There is one pay period that will affect the computation of the FY 2004 year-end accrual:

1. The pay period in question is the one that "straddles" September 30, 2004. For example, the pay period begins on September 19, 2004 and ends on October 2, 2004 with a payroll paid date of October 13, 2004. In this case, 90% of employer contributions would be included in the year-end accrual. Agencies should use the ratio of the number of workdays in the prior fiscal year divided by the total number of workdays in the "straddling" pay period to compute this portion of the accrual.

The Department of Housing and Urban Development payroll was \$50,000 for the pay period ended on and October 4 (Saturdays for this example). Employer contributions are \$6,500 for the pay period. The straddle period is nine working days out of ten working days.

The following entries should be recorded:

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Providing agency Office of Personnel Management			Receiving agency Department of Housing and Urban Development		
Pay period ended October 13			Pay period ended October 13		
1320F (86)	Employment Benefit Contributions Receivable	5,850	2213F (24)	Employment Benefit Contributions Payable	5,850
5400F (86)	Benefit Program Revenue	5,850	6400F (24)	Benefit Program Expense	5,850

The entry would also apply to Voluntary Separation Incentive Payments.

The crosswalk for financial statement reporting of these accounts is as follows:

Office of Personnel Management Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1320F (86)	Employment Benefit Contributions Receivable	11,050
Statement of Net Cost	5400F (86)	Benefit Program Revenue	(11,050)

Department of Housing and Urban Development Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	2213F (24)	Employer Contributions and Payroll Taxes Payable	(11,050)
Statement of Net Cost	6400F (24)	Benefit Expense	11,050

**Imputed Costs**

The Department of Interior computes its imputed costs as \$109,950 [Retirement - \$8,690, Health Benefits - \$101,160 and Life - \$100].

The following entry should be recorded:

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<b>Providing agency</b> <b>Office of Personnel Management</b>	<b>Receiving agency</b> <b>Department of Interior</b>		
No entry	6730F (24)	Imputed Costs	109,950
	5780F (24)	Imputed Financing Sources	109,950

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Department of Interior</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Statement of Changes in Net Position	5780F (24)	Imputed Financing Sources	(109,950)
Statement of Net Cost	6730F (24)	Imputed Costs	109,950

**Services Provided**

Services provided between agencies can include administrative support, financial accounting and grants management, disbursement of funds, consulting, telecommunication, child care and other functions where the providing agency incurs costs to provide services and bills the receiving agency fees for the services.

The General Services Administration (trading partner code 47) provided \$120,000 of engineering services for the Department of Transportation (trading partner code 69). The General Services Administration records the transaction through IPAC when the services are completed (General Services Administration does not bill the transactions before collecting since the collection occurs on the day the amounts would be billable). The Department of Transportation records the entry when the transaction is posted through IPAC (in the same accounting period).

The following entries should be recorded:

<b>Providing agency</b> <b>General Services Administration</b>			<b>Receiving agency</b> <b>Department of Transportation</b>		
1010	Fund Balance With Treasury	120,000	6100F (47)	Operating Expenses/Program Costs	120,000
5200F (69)	Revenue from Services Provided	120,000	1010	Fund Balance With Treasury	120,000

The crosswalk for financial statement reporting of these accounts is as follows:

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<b>General Services Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	120,000
Statement of Net Cost	5200F (69)	Revenue from Services Provided	(120,000)

<b>Department of Transportation Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(120,000)
Statement of Net Cost	6100F (47)	Operating Expenses/Program Cost	120,000

**Goods/Products**

Goods/products sold or leased between agencies include cars, equipment, manufactured goods, office space, supplies and other similar transactions where the providing agency manufactures, distributes, or owns the assets which are sold or leased to the receiving agency. The following examples demonstrate three transactions: (1) the receiving agency records the items as expenses, (2) the receiving agency records the items as fixed assets and (3) the receiving agency records the items as inventory. These entries are for agencies that routinely provide goods/products to other agencies. Agencies who periodically sell agency owned and used assets to other agencies should use the transactions in the *Sale of Equipment* (below) as a basis for recording entries. Agencies should classify fixed assets and inventory into the appropriate USSGL accounts based on the items purchased.

**Goods Recorded as Expenses by Receiving Agency**

Federal Prison Industries, Inc. (Department of Justice trading partner code 15) sold \$45,000 of small office furniture to the Department of Health and Human Services. The small office furniture was delivered to the Department of Health and Human Services (trading partner code 75) on September 15. The IPAC transaction occurred on October 15. The Department of Health and Human Services recorded the small office furniture as expenditures.

The following entries should be recorded as of September 15:

<b>Providing agency Federal Prison Industries, Inc.</b>			<b>Receiving agency Health and Human Services</b>		
1310F (75)	Accounts Receivable	45,000	6100F (15)	Operating Expenses/Program Costs	45,000
5100F (75)	Revenues from Goods Sold	45,000	2110F (15)	Accounts Payable	45,000

The crosswalk for financial statement reporting of these accounts is as follows:

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<b>Federal Prison Industries, Inc. Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1310F (75)	Accounts Receivable	45,000
Statement of Net Cost	5100F (75)	Revenue from Goods Sold	(45,000)

<b>Health and Human Services Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2110F (15)	Accounts Payable	(45,000)
Statement of Net Cost	6100F (15)	Operating Expenses/Program Cost	45,000

**Goods Recorded as Assets by the Receiving Agency**

Federal Prison Industries, Inc. (Department of Justice trading partner code 15) sold \$475,000 of systems furniture to the Department of Health and Human Services. The systems furniture was delivered to the Department of Health and Human Services (trading partner code 75) on September 15. The IPAC transaction occurred on October 15. The Department of Health and Human Services recorded the systems furniture as assets (capitalized) in the September accounting period.

For these “N” accounts, a mechanism was established effective beginning FY 2003 to identify and summarize the transactions as intragovernmental purchases that are recorded as inventory, property, or other capitalized assets. This is demonstrated with the application of memorandum account 8802, Purchases-Assets, with trading partner code (xx) below.

The following entries should be recorded as of September 15. The “N” accounts are listed to demonstrate the reciprocal relationships:

<b>Providing agency Federal Prison Industries, Inc.</b>			<b>Receiving agency Health and Human Services</b>		
1310F (75)	Accounts Receivable	475,000	1750N	Equipment	475,000
5100F (75)	Revenues from Goods Sold	475,000	2110F (15)	Accounts Payable	475,000
			8802F (15)	Asset Activity Summary	475,000
			8801F (15)	Purchases - Assets	475,000

The future depreciation of the assets has no affect on the intragovernmental activity and should be recorded as an “N” account transaction within the Department of Health and Human Services general ledger. Depreciation should be calculated in accordance with the Department of Health and Human Services policies and procedures.

The crosswalk for financial statement reporting of these accounts is as follows:

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<b>Federal Prison Industries, Inc. Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1310F (75)	Accounts Receivable	475,000
Statement of Net Cost	5100F (75)	Revenue from Goods Sold	(475,000)

<b>Health and Human Services Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet *	1750N (15)	Equipment	475,000
Balance Sheet	2110F (15)	Accounts Payable	(475,000)

\* For FY 2003 the increase in General Property, Plant and Equipment, Net for Federal purchases is reflected in USSGL account 8802. USSGL 8802F (15) is closed out to USSGL account 8801F (15), Asset Activity Summary.

**Goods Recorded as Supplies Inventory by the Receiving Agency**

The General Services Administration (trading partner code 47) sold \$25,000 of supplies to the Department of Health and Human Services. The supplies were delivered to the Department of Health and Human Services (trading partner code 75) on September 15. The IPAC transaction occurred on October 15. The Department of Health and Human Services recorded the supplies as inventory in the September accounting period. This entry is recorded regardless of when the Department of Health and Human Services uses and/or issues the inventory for use.

For these “N” accounts, a mechanism was established effective beginning FY 2003 to identify and summarize the transactions as Intragovernmental purchases that are recorded as inventory, property or other capitalized assets. This is demonstrated with the application of memorandum account 8802, Purchases-Assets, with trading partner code (xx) below.

The following entries should be recorded as of September 15, 2003:

<b>Providing agency General Services Administration</b>			<b>Receiving agency Health and Human Services</b>		
1310F (75)	Accounts Receivable	25,000	1511N (47)	Operating Materials and Supplies Held for Use	25,000
5100F (75)	Revenues from Goods Sold	25,000	2110F (47)	Accounts Payable	25,000
			8802F (47)	Asset Activity Summary	25,000
			8801F (47)	Purchases - Assets	25,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>General Services Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1310F (75)	Accounts Receivable	25,000
Statement of Net Cost	5100F (75)	Revenue from Goods Sold	(25,000)

<b>Health and Human Services Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet *	1511N (47)	Operating Materials and Supplies Held for Use	25,000
Balance Sheet	2110F (47)	Accounts Payable	(25,000)

\* For FY 2003 the increase in inventory for Federal purchases is reflected in USSGL account 8802. USSGL 8802F (47) is closed out to USSGL account 8801F (47), Asset Activity Summary.

Sale of Inventory (Cost of Goods Sold)

Sale of inventory can occur between agencies.

The General Services Administration (GSA) (trading partner code 47) bought \$5,000 of inventory for resale from a Non-Federal vendor. GSA sold \$1,000 of the inventory to Department of Justice (DOJ) (trading partner code 15) and classified it as inventory. DOJ then sold \$300 of its inventory to Department of the Treasury (trading partner code 20), who expensed the items.

Inventory accounts are classified as “N” for the Federal/Non-Federal attributed. A mechanism was established effective beginning FY 2003 to identify and summarize the transactions as intragovernmental purchases that are recorded as inventory or other capitalized assets.

This is demonstrated with the application of the memorandum account 8802 Purchases of Capitalized Assets with trading partner code (xx) below:

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<b>General Services Administration (47)</b>			<b>General Services Administration (47)</b>		
To record the delivery of goods and activity for current-year purchases of assets.			To record the cash sale of inventory to Department of Justice (New).		
1521N	Inventory Purchased for Resale	5,000	1010	Fund Balance With Treasury	1,000
2110N	Accounts Payable	5,000	5100F (15)	Revenue from Goods Sold	1,000
8802N	Purchases of Capitalized Assets	5,000	6500N	Cost of Goods Sold	1,000
8801N	Offset for Purchases of Capitalized Assets	5,000	1521N	Inventory Purchased for Resale	1,000

<b>Department of Justice (15)</b>			<b>Department of Justice (15)</b>		
To record the delivery of goods and activity for current-year purchases of assets.			To record the cash sale of inventory to Department of the Treasury.		
1521N	Inventory Purchased for Resale	1,000	1010	Fund Balance With Treasury	300
2110N	Accounts Payable	1,000	5100F (20)	Revenue from Goods Sold	300
8802F (47)	Purchases of Capitalized Assets	1,000	6500N	Cost of Goods Sold	300
8801N	Offset for Purchases of Capitalized Assets	1,000	1521N	Inventory Purchased for Resale	300



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<b>Department of the Treasury (20)</b>			
To record the delivery of goods.			
6100F (15)	Operating Expenses/Program Costs	300	
			300
1010	Fund Balance With Treasury		

**Reimbursables**

Reimbursables are similar to services, except the amounts billed to the receiving agency by the providing agency are based on actual costs incurred (instead of on a fee basis). Many times these transactions occur within agencies when an administrative group provides services for bureaus throughout the agency. The providing agency should have policies, procedures, systems and documentation for cost accumulation supporting amounts billed to receiving agencies. The following are examples of transactions with an advance provided to the providing agency and transactions without an advance.

The Department of Veterans Affairs, Facilities Management Field Service, provides technical consulting services, project management, real property administration (including leases, site acquisition and disposal activities directly supporting projects) for other components of the Department of Veterans Affairs on a reimbursable basis. The following are the entries to reflect the activity with an advance and without an advance.

**Advance**

The Department of Veterans Affairs, Veterans Health Administration, issues a delivery order for \$150,000 of services and provides an advance in the same amount.

The following entries should be recorded:

<b>Providing agency VA Facilities Management Service</b>			<b>Receiving agency VA Health Administration</b>		
1010	Fund Balance With Treasury	150,000	1410F (36)	Advances to Others	150,000
2310F (36)	Advances from Others	150,000	1010	Fund Balance With Treasury	150,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>VA Facilities Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	150,000
Balance Sheet	2310F (36)	Advances from Others	(150,000)

<b>VA Health Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(150,000)
Balance Sheet	1410F (36)	Advances to Others	150,000

The VA Facilities Management Service incurs \$150,000 of reimbursable expenses.

The following entry should be recorded:

<b>Providing agency</b> <b>VA Facilities Management Service</b>			<b>Receiving agency</b> <b>VA Health Administration</b>	
6100N	Operating Expenses/Program Costs	150,000	No transaction.	
1010	Fund Balance With Treasury	150,000		

The VA Facilities Management Service completed services and recognizes the advance received as revenues. The VA Health Administration recognizes the advance paid as expenses.

The following entries should be recorded:

<b>Providing agency</b> <b>VA Facilities Management Service</b>			<b>Receiving agency</b> <b>VA Health Administration</b>		
2310F (36)	Advances from Others	150,000	6100F (36)	Operating Expenses/Program Costs	150,000
5200F (36)	Revenue from Services Provided	150,000	1410F (36)	Advances to Others	150,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>VA Facilities Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Statement of Net Cost	5200F (36)	Revenue from Services Provided	(150,000)
Statement of Net Cost	6100N	Operating Expenses/Program Cost	150,000

<b>VA Health Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Statement of Net Cost	6100F (36)	Operating Expenses/Program Cost	150,000

**No Advance**<sup>3</sup>

The Department of Veterans Affairs, Facilities Management Service, completed services (or cut-off cost accumulation for a period) and billed \$150,000 to the Department of Veterans Affairs Health Administration.

The following entries should be recorded:

<b>Providing agency</b> <b>VA Facilities Management Service</b>			<b>Receiving agency</b> <b>VA Health Administration</b>		
1010	Fund Balance With Treasury	150,000	6100F (36)	Operating Expenses/Program Costs	150,000
5200F (36)	Revenue from Services Provided	150,000	1010	Fund Balance With Treasury	150,000

The VA Facilities Management Service incurs \$150,000 of reimbursable expenses.

The following entry should be recorded:

<b>Providing agency</b> <b>VA Facilities Management Service</b>			<b>Receiving agency</b> <b>VA Health Administration</b>		
6100N	Operating Expenses/Program Costs	150,000	No transaction.		
1010	Fund Balance With Treasury	150,000			

<sup>3</sup> Accounting for Treasury managed funds (collections/disbursements by Treasury on behalf of other agencies would be accounted for in a similar manner as no advance reimbursables).

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>VA Facilities Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	0
Statement of Net Cost	5200F (36)	Revenue from Services Provided	(150,000)
Statement of Net Cost	6100N	Operating Expenses/Program Cost	150,000

<b>VA Health Administration Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(150,000)
Statement of Net Cost	6100F (36)	Operating Expenses/Program Cost	150,000

If there was a cut-off billing at year-end (rather than a cash transaction), the following entries should be recorded as of September 30:

<b>Providing agency VA Facilities Management</b>			<b>Receiving agency VA Health Administration</b>		
1310F (36)	Accounts Receivable	150,000	6100F (36)	Operating Expenses/Program Costs	150,000
5200F (36)	Revenues from Services Provided	150,000	2110F (36)	Accounts Payable	150,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>VA Facilities Management Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1310F (36)	Accounts Receivable	150,000
Statement of Net Cost	5200F (36)	Revenue from Services Provided	(150,000)

<b>VA Health Administration Statement</b>	<b>Line #</b>	<b>Acct. #</b>	<b>Financial Statement Line Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet		2110F (36)	Accounts Payable	(150,000)
Statement of Net Cost		6100F (36)	Operating Expenses/Program Cost	150,000

**Sale of Equipment**

Sales of equipment can occur between agencies at book value or with a gain or loss to the providing (selling) agency.

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**Accounting for Gains/Losses in Future Years**

Gains/losses on intragovernmental equipment sales will need to be tracked by the receiving agency on a separate schedule, to be provided to FMS, with the Closing Package data submission. This information is necessary for preparation of the consolidated financial statements. If the gain/loss is material to the receiving agency, the following information should be provided to FMS:

- Amount of gain/loss.
- Date of the transaction.
- Amount of gain/loss depreciated by year, for each year commencing with the transaction.

The following are examples of each scenario:

**Sale of Equipment at Net Book Value**

The Department of Energy (trading partner code 89) sold \$650,000 of equipment to the Department of Commerce (trading partner code 13). The book value of the equipment was \$650,000 (cost \$750,000 and accumulated depreciation \$100,000). The Department of Commerce should record the equipment for the amount paid (\$650,000) without any accumulated depreciation.

For these “N” accounts, a mechanism was established effective beginning FY 2003 to identify and summarize the transactions as Intragovernmental purchases that are recorded as inventory, property, or other capitalized assets. This is demonstrated with the application of memorandum account 8802, Purchases-Assets, with trading partner code (xx) below.

The following entries should be recorded:

<b>Providing agency Department of Energy</b>			<b>Receiving agency Department of Commerce</b>		
1010	Fund Balance With Treasury	650,000	1750N	Equipment	650,000
1750N	Equipment	750,000	1010	Fund Balance With Treasury	650,000
1759N (13)	Accumulated Depreciation	100,000	8802F (89)	Asset Activity Summary	650,000
			8801F (89)	Purchases - Assets	650,000

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The future depreciation of the assets has no affect on the intragovernmental activity and should be recorded as an “N” account transaction within the Department of Commerce general ledger. Depreciation should be calculated in accordance with the Department of Commerce policies and procedures.

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Department of Energy Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	650,000
Balance Sheet	1750N (13)	Equipment	(750,000)
Balance Sheet	1759N (13)	Accumulated Depreciation on Equipment	100,000

<b>Department of Commerce Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(650,000)
Balance Sheet*	1750N (89)	Equipment	650,000

\* For FY 2003 the increase in Equipment is reflected in USSGL account 8802. USSGL 8802F (89) is closed out to USSGL account 8801F (89), Asset Activity Summary.

**Sale of Equipment with a Gain**

The Department of Energy (trading partner code 89) sold \$650,000 of equipment to the Department of Commerce (trading partner code 13). The book value of the equipment was \$550,000 (cost \$550,000, accumulated depreciation \$0).

The mechanism to identify and summarize the transactions as an intragovernmental purchase and sale, and the associated gain, is demonstrated below.

The following entries should be recorded:

<b>Providing agency Department of Energy</b>			<b>Receiving agency Department of Commerce</b>		
1010	Fund Balance With Treasury	650,000	1750N	Equipment	650,000
1750N	Equipment	550,000	1010	Fund Balance With Treasury	650,000
7110N	Gains on Disposition of Assets - Other	100,000	8802F (89)	Asset Activity Summary	650,000
			8801F (89)	Purchases - Assets	650,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Department of Energy Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	650,000
Balance Sheet	1750N	Equipment	(550,000)
Statement of Net Cost	7110N	Gains on Disposition of Assets - Other	(100,000)

<b>Department of Commerce Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(650,000)
Balance Sheet	1750N	Equipment*	650,000

\* For FY 2003 the increase in Equipment is reflected in USSGL account 8802. USSGL 8802F (89) is closed out to USSGL account 8801F (89), Asset Activity Summary.

**Sale of Equipment with a Loss**

The Department of Energy (trading partner code 89) sold \$650,000 of equipment to the Department of Commerce (trading partner code 13). The book value of the equipment was \$700,000 (cost \$700,000, accumulated depreciation \$0).

The mechanism to identify and summarize the transactions as an intragovernmental purchase and sale, and the associated gain, is demonstrated below.

The following entries should be recorded:

<b>Providing agency Department of Energy</b>			<b>Receiving agency Department of Commerce</b>		
1010	Fund Balance With Treasury	650,000	1750N	Equipment	650,000
1750N	Equipment	700,000	1010	Fund Balance With Treasury	650,000
7210N	Losses on Disposition of Assets - Other	50,000	8802F (89)	Asset Activity Summary	650,000
			8801F (89)	Purchases - Assets	650,000

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Department of Energy Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	650,000
Balance Sheet	1750N	Equipment	(700,000)
Statement of Net Cost	7210N	Losses on Disposition of Assets - Other	50,000

<b>Department of Commerce Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(650,000)
Balance Sheet	1750N (89)	Equipment	650,000

\* For FY 2003 the increase in Equipment is reflected in USSGL account 8802. USSGL 8802F (13) is closed out to USSGL account 8801F (13), Asset Activity Summary.

**Transfers, Appropriations Used and Collections for Others, and Unusual Assets and Liabilities Related to Appropriations**

Funding may be transferred from one agency to another. The providing agency transfers the funds to the receiving agency. Funds are transferred based on an agreement between the agencies. The funding is transferred based on the terms of the agreement and can occur at the time the agreement commences or as expenditures are incurred.

Receivables/payables for the amount in the agreement are established if the transfer is funded based on cash needs of the receiving agency. Subsequent cash transfers are recorded as deductions of the receivables/payables. A transfer is recorded (without receivables/payables) if all of the cash is transferred at the commencement of the agreement.

The following are examples of transfers where funds are sent to the receiving agency at commencement of the agreement, and where funds are sent to the receiving agency when the receiving agency incurs expenses.

**Transfer where Funds are Sent to the Receiving Agency when the Agreement Commences**

DOL (trading partner code 16) receives a transfer appropriation from the Environmental Protection Agency (EPA) (trading partner code 68) of \$550,000. EPA sends all of the funds to DOL when the agreement commences. Trading partner codes should be used with Unexpended Appropriations to facilitate both financial reporting and the reconciliation process when funds are transferred between agencies.



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The following entries should be recorded:

Providing agency Environmental Protection Agency			Receiving agency Department of Labor		
3103F (16)	Unexpended	550,000	1010	Fund Balance With Treasury	550,000
	Appropriations –				
	Transfers-out				
1010	Fund Balance With Treasury	550,000	3102F (68)	Unexpended Appropriations – Transfers-in	550,000

The crosswalk for financial statement reporting of these accounts is as follows:

Environmental Protection Agency Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(550,000)
Statement of Changes in Net Position	3103F (16)	Unexpended Appropriations-Transfers-out	550,000

Department of Labor Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	550,000
Statement of Changes in Net Position	3102F (68)	Unexpended Appropriations-Transfers-in	(550,000)

**Example of a Trust Fund Expenditure Transfer**

DOL (trading partner code 16) receives an expenditure transfer from the Environmental Protection Agency (EPA) (trading partner code 68) of \$550,000. EPA provides funding to DOL as it incurs costs. The first entry is to record the receivables and payables.

The following entries should be recorded:

Providing agency Environmental Protection Agency			Receiving agency Department of Labor		
5760F (16)	Expenditure	550,000	1335F <sup>4</sup> (68)	Expenditure	550,000
	Financing Sources –			Transfers	
	Transfers-out			Receivable	
2155F (16)	Expenditure	550,000	5750F (68)	Expenditure	550,000
	Transfers Payable			Financing Sources-Transfers-in	

<sup>4</sup> 1330F Receivable for Transfers of Currently Invested Balances and 2150F Payable for Transfers of Currently Invested Balances can also be used in this entry (only for nonexpenditure transfers accomplished via SF 1151: Nonexpenditure Transfer Authorization). The corresponding revenue transfer is 5755F Nonexpenditure Financing Sources Transfers-In and 5765F Nonexpenditure Financing Sources Transfers-out, respectively.

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The crosswalk for financial statement reporting of these accounts is as follows:

<b>Environmental Protection Agency Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2155F (16)	Expenditure Transfers Payable	(550,000)
Statement of Changes in Net Position	5760F (16)	Expenditure Financing Sources – Transfers-out	550,000

<b>Department of Labor Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1335F (68)	Expenditure Transfers Receivable	550,000
Statement of Changes in Net Position	5750F (68)	Expenditure Financing Sources – Transfers-in	(550,000)

DOL incurs \$150,000 of expenses (entries to record the expenses in the DOL records are not shown - see reimbursables for an example of recording expenses). The second entry is when cash is transferred as disbursements are incurred.

The following entries should be recorded:

<b>Providing agency Environmental Protection Agency</b>			<b>Receiving agency Department of Labor</b>		
2155F (16)	Expenditure Transfers Payable	150,000	1010	Fund Balance With Treasury	150,000
1010	Fund Balance With Treasury	150,000	1335F (68)	Expenditure Transfers Receivable	150,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Environmental Protection Agency Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	(150,000)
Balance Sheet	2155F (16)	Expenditure Transfers Payable	150,000

<b>Department of Labor Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1010	Fund Balance With Treasury	150,000
Balance Sheet	1335F (68)	Expenditure Transfers Receivable	(150,000)

**For further information regarding trust fund transfers, refer to the Federal Trust Fund Accounting Guide located on the FMS-USSGL website.**

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Example of a Transfer of Financing Sources

Several examples of proprietary accounting transactions pertaining to transfers of financing sources are presented below. For illustrative purposes, Department of Homeland Security (DHS) is used as the transfer-in agency. In the examples below, both the transferring agency and DHS transactions are shown side-by-side.

Note: These examples are intended to be illustrative, not comprehensive, therefore the budgetary transactions are not shown. For additional guidance on Transfers to/from, consult FMS' USSGL Division's web link at: [http://www.fms.treas.gov/ussgl/approved\\_scenarios/index.html](http://www.fms.treas.gov/ussgl/approved_scenarios/index.html)

**Transfer of Nonexpenditure Financing Sources**

Transfer-Out Agency		Transfer-In Agency (DHS)	
Dr 5765 – Nonexpenditure Financing Sources – Transferred-in	14,000	Dr 1010 – Fund Balance w/Treasury	14,000
Cr 1010 – Fund Balance w/Treasury	14,000	Cr 5755 – Nonexpenditure Financing Sources – Transferred-in	14,000
To record transfer-out of nonexpenditure financing sources for trust and special funds spending authority from offsetting collections.		To record transfer-in of nonexpenditure financing sources for trust and special funds spending authority from offsetting collections.	

**Transfer of Financing Sources Without Reimbursement – Assets (Equipment)**

Transfer-Out Agency		Transfer-In Agency (DHS)	
Dr 1759N – Accumulated Depreciation on Equipment	4,000	Dr 1750N – Equipment	8,000
Dr 5730F (70) – Financing Sources Transferred-out Without Reimbursement	4,000		
Cr 1750N - Equipment	8,000	Cr 1759N – Accumulated Depreciation on Equipment	4,000
		Cr 5720F (xx) – Financing Sources Transferred-in Without Reimbursement	4,000
To record transfer-out of assets.		To record transfer-in of assets.	

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**Transfer of Financing Sources Without Reimbursement - Liabilities**

Transfer-Out Agency		Transfer-In Agency (DHS)	
Dr 2220N – Unfunded Annual Leave	10,000	Dr 5720F (xx) – Financing Sources	10,000
		Transferred-in Without Reimbursement	
Cr 5730F (70) – Financing Sources	10,000	Cr 2220N – Unfunded Annual Leave	10,000
Transferred-out Without Reimbursement			
To record the transfer-out of liabilities.		To record the transfer-in of liabilities.	

**Transfer of Unexpended Appropriations**

Transfer-Out Agency		Transfer-In Agency (DHS)	
Dr 3103F (70) – Unexpended Appropriations- Transfers-Out	800	Dr 1410 – Advances to Others	800
Cr 1410 – Advances to Others	800	Cr 3102F (xx) – Unexpended Appropriations – Transfers-In	800
To record the transfer-out of current year undelivered orders paid in advance.		To record the transfer-in of current year undelivered orders paid in advance.	

**Other Transactions**

There are other intragovernmental transactions occurring between agencies not specifically referred to in this guide. FMS suggests that agencies establish accounting procedures for these transactions in conjunction with their partners to provide for easy identification and reconciliation of the activities and balances.

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**Yearend Cut-off Procedures**

The following is an example of how year-end cut-off activity can be communicated and recorded by trading partners. For purposes of the example, the following transactions occurred in October:

*Transaction 1* - 10/15/01 - The providing agency billed (through IPAC) for services provided through September 15 - \$40,000.

*Transaction 2* - 10/30/01 - The providing agency estimated amounts billable as of September 15 under a separate service agreement - \$10,000.

*Transaction 3* - The receiving agency borrowed funds from the providing agency. A semi-annual interest payment of \$180,000 is due on 12/31/01. The providing agency calculated the amount to be accrued as of September 30 [ $\$180,000 \times (3\text{months}/6\text{ months}) = \$90,000$ ].

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These transactions should be reported based on the USSGL account with the corresponding trading partner code identified in accordance with USSGL Documents and Agency Reporting Requirements in the TFM. The following is an example of a format providing agencies can use for informing receiving agencies of cut-off activity:

<b>Year end cut-off activity</b>				
<b>Providing agency preparer/name/phone/e-mail:</b> Agency preparer name, 202-000-0000, name@email.address				
<b>Providing agency trading partner code:</b> xx				
<b>Receiving agency trading partner code:</b> xx				
<b>Fiscal year:</b> 2000				
<b>Date prepared:</b> October 30, 2000				
<b>Date</b>	<b>Agreement Number/Customer PO</b>	<b>Brief Description of Services/Goods Provided</b>	<b>Amount of Transaction</b>	<b>ALC Code Billed</b>
10/15/01	6785332	Billing for services provided through September 15 ( <i>Transaction 1</i> )	\$40,000	06665588
10/30/01	48998773	Amount earned as of September 15 - not billed for services provided as of October 30 (bill date is November 30) ( <i>Transaction 2</i> )	\$10,000	06658555
10/15/01	N/A	Amount representing interest earnings as of September 30 ( <i>Transaction 3</i> )	\$90,000	05655568

The following entries should be recorded as of September 15 for *transaction 1*:

<b>Providing agency</b>			<b>Receiving agency</b>		
1310F (xx)	Accounts Receivable	40,000	6100F (xx)	Operating Expenses/Program Costs	40,000
5200F (xx)	Revenues from Services Provided	40,000	2110F (xx)	Accounts Payable	40,000

The crosswalk for financial statement reporting of these accounts is as follows:

<b>Providing Agency Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	1310F (xx)	Accounts Receivable	40,000
Statement of Net Cost	5200F (xx)	Revenue from Services Provided	(40,000)

<b>Receiving Agency Statement</b>	<b>Account #</b>	<b>USSGL Account Title</b>	<b>Amount</b> (based on the above transaction)
Balance Sheet	2110F (xx)	Accounts Payable	(40,000)
Statement of Net Cost	6100F (xx)	Operating Expenses/Program Cost	40,000

The following entries should be recorded as of September 15 for *transaction 2*:

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Providing agency			Receiving agency		
1310F (xx)	Accounts Receivable	10,000	6100F (xx)	Operating Expenses/Program Costs	10,000
5200F (xx)	Revenues from Services Provided	10,000	2110F (xx)	Accounts Payable	10,000

The crosswalk for financial statement reporting of these accounts is as follows:

Providing Agency Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1310F (xx)	Accounts Receivable	10,000
Statement of Net Cost	5200F (xx)	Revenue from Services Provided	(10,000)

Receiving Agency Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	2110F (xx)	Accounts Payable	(10,000)
Statement of Net Cost	6100F (xx)	Operating Expenses/Program Cost	10,000

The following entries should be recorded as of September 30 for *transaction 3*:

Providing agency			Receiving agency		
1340F (xx)	Interest Receivable	90,000	6330F (xx)	Other Interest Expenses	90,000
5310F (xx)	Interest Revenue	90,000	2140F (xx)	Accrued Interest Payable	90,000

The crosswalk for financial statement reporting of these accounts is as follows:

Providing Agency Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	1340F (xx)	Interest Receivable	90,000
Statement of Net Cost	5310F (xx)	Interest Revenue	(90,000)

Receiving Agency Statement	Account #	USSGL Account Title	Amount (based on the above transaction)
Balance Sheet	2140F (xx)	Accrued Interest Payable	(90,000)
Statement of Net Cost	6330F (xx)	Other Interest Expenses	90,000

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***Reconciliation Procedures***

The Department of Defense (trading partner code 97) provides the Department of Agriculture (trading partner code 12) with engineering services under an ongoing contract. The Department of Defense also sells the Department of Agriculture unused furniture and equipment and transfers appropriations to it.

The following is the detailed information relating to the example:

Providing agency: Department of Defense (DoD) trading partner code 97

Receiving agency: Department of Agriculture (USDA) trading partner code 12

Transactions:

<u>DATE</u>	<u>AMOUNT</u>
Services provided for USDA (in dollars):	
09/99	\$10,000
10/99	8,000
11/99	9,000
12/99	6,000
01/00	8,000
02/00	7,000
03/00	7,000
04/00	9,000
05/00	6,000
06/00	5,000
07/00	9,000
08/00	3,000
09/00	6,000
Goods sold to USDA:	
12/99 Trucks (not capitalized)	4,000
01/00 Desks (not capitalized)	8,000
04/00 Supplies	6,000
09/00 Supplies	7,000
Funds transferred to USDA:	
07/00	50,000
09/00	30,000

*Balances in DoD records:*

1310F (12) Accounts Receivable at 10/1/99	\$10,500
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Fiscal year 2000:

5100F (12)	Revenue from Goods Sold	\$25,000
5200F (12)	Revenue from Services Provided	\$83,000
1310F (12)	Accounts Receivable	\$6,500
3100 (12)	Unexpended Appropriations (Transfers-Out)	\$80,000

*Balances in USDA records:*

Accounts Payable at 10/1/99: \$10,000

Fiscal year 2000:

6100F (97)	Services Purchased from DoD	\$77,000
6100F (97)	Goods Purchased from DoD	\$25,000
2110F (97)	Accounts Payable	\$0
3100 (97)	Unexpended Appropriations (Transfers-In)	\$80,000

DoD bills USDA for services provided 15 days following each month end. USDA reclassifies transactions for services provided based on IPAC reports received in the following month. USDA uses purchase orders to procure the goods purchased from DoD.

The following is an example of data provided to USDA by DoD. It represents the information necessary for reconciliation (this information was agreed upon by both agencies).

<b>TRANSACTION DETAILS</b>				
<b>Providing agency preparer/name/phone/e-mail:</b> Department of Defense, John Jones 703-300-3000				
<b>Providing agency trading partner code:</b> 97 <b>Receiving agency trading partner code:</b> 12				
<b>Dates covered:</b> Fiscal Year 2000			<b>Date prepared:</b> October 3, 2000	
<b>Date</b>	<b>Agreement number/ Customer PO</b>	<b>Brief Description of Services/Goods Provided</b>	<b>Amount of Transaction</b>	<b>ALC Code Billed</b>
10/99	2560	Technical support contract	8,000	60060066
11/99	2560	Technical support contract	9,000	60060066
12/99	2560	Technical support contract	6,000	60060066
1/00	2560	Technical support contract	8,000	60060066
2/00	2560	Technical support contract	7,000	60060066
3/00	2560	Technical support contract	7,000	60060066
4/00	2560	Technical support contract	9,000	60060066
5/00	2560	Technical support contract	6,000	60060066
6/00	2560	Technical support contract	5,000	60060066
7/00	2560	Technical support contract	9,000	60060066
8/00	2560	Technical support contract	3,000	60060066
9/00	2560	Technical support contract	6,000	60060066
		<b>Total billed for the contract posted to USSGL 5200F (12)</b>	<b>83,000</b>	
10/1/99		Accounts Receivable	10,500	
FY 2000	From 5200G above	Amounts Billed	83,000	
10/99	2560	Technical support contract payment	(10,000)	
11/99	2560	Technical support contract payment	(8,000)	60060066
12/99	2560	Technical support contract payment	(9,000)	60060066



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<b>TRANSACTION DETAILS</b>				
<b>Providing agency preparer/name/phone/e-mail:</b> Department of Defense, John Jones 703-300-3000				
<b>Providing agency trading partner code:</b> 97 <b>Receiving agency trading partner code:</b> 12				
<b>Dates covered:</b> Fiscal Year 2000 <b>Date prepared:</b> October 3, 2000				
<b>Date</b>	<b>Agreement number/Customer PO</b>	<b>Brief Description of Services/Goods Provided</b>	<b>Amount of Transaction</b>	<b>ALC Code Billed</b>
1/00	2560	Technical support contract payment	(6,000)	60060066
2/00	2560	Technical support contract payment	(8,000)	60060066
3/00	2560	Technical support contract payment	(7,000)	60060066
4/00	2560	Technical support contract payment	(7,000)	60060066
5/00	2560	Technical support contract payment	(9,000)	60060066
6/00	2560	Technical support contract payment	(6,000)	60060066
7/00	2560	Technical support contract payment	(5,000)	60060066
8/00	2560	Technical support contract payment	(9,000)	60060066
9/00	2560	Technical support contract payment	(3,000)	60060066
			(87,000)	
9/30/00		<b>Balance posted to USSGL 1310F (12)</b>	<b>6,500</b>	
12/99	PO62514	Trucks	4,000	60070006
01/00	PO45699	Desks	8,000	60080006
04/00	PO74856	Supplies	6,000	60090006
09/00	PO43987	Supplies	7,000	60090006
		<b>Total posted to USSGL 5100F (12)</b>	<b>25,000</b>	
7/00	458527	Transfer allocation	50,000	
9/00	458528	Transfer allocation	30,000	
		<b>Total posted to account 3100 (12)</b>	<b>80,000</b>	

The following is an example of the initial reconciliation performed by USDA:

<b>Initial Reconciliation – Intragovernmental Activities and Balances</b>						
<b>Agency preparing reconciliation:</b> Department of Agriculture (12)						
Providing agency: DoD Contact: Someone Phone/e-mail: 703-000-000 Trading partner code: 97			Receiving agency: USDA Contact: Someone Phone/e-mail: 202-000-0000 Trading partner code: 12			<b>Enter as of date for reconciliation</b>
Appropriation symbol:			Appropriation symbol:			
<b>USSGL A/C</b>	<b>Title</b>	<b>Balance</b>	<b>USSGL A/C</b>	<b>Title</b>	<b>Balance</b>	<b>Difference</b>
<i>CATEGORY: 22-Accounts Receivable, Accounts Payable, and Other Liabilities</i>						
1310F (12)	Accounts Receivable	6,500	2110F (97)	Accounts Payable	0	6,500
<i>CATEGORY: 23-Federal Advances/Federal Advances from Others and Federal Prepayments/Federal Deferred Credits</i>						
2310F (12)	Advances from Others		1410F (97)	Advances to Others		
2320F (12)	Deferred Credits		1450F (97)	Prepayments		
<i>CATEGORY:-24-Intra-governmental buy/sell costs/revenues</i>						
5100F (12)	Revenues from Goods Sold	25,000	6100F (97)	Operating Expenses/ Program Costs	25,000	0
5200F (12)	Revenues from	83,000	6100F (97)	Operating Expenses/	77,000	6,000

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<b>Initial Reconciliation – Intragovernmental Activities and Balances</b>						
<b>Agency preparing reconciliation: Department of Agriculture (12)</b>						
Providing agency: DoD Contact: Someone Phone/e-mail: 703-000-000 Trading partner code: 97			Receiving agency: USDA Contact: Someone Phone/e-mail: 202-000-0000 Trading partner code: 12			<b>Enter as of date for reconciliation</b>
Appropriation symbol:			Appropriation symbol:			
USSGL A/C	Title	Balance	USSGL A/C	Title	Balance	Difference
<i>CATEGORY: 22-Accounts Receivable, Accounts Payable, and Other Liabilities</i>						
	Services Provided			Program Costs		
5900F (12)	Other Revenues		6100F (97)	Operating Expenses/ Program Costs		
5100F (12)	Revenues from Goods Sold		1511N*	Operating Materials and Supplies Held for Use		
5100F (12)	Revenues from Goods Sold		1521N*	Inventory Purchased for Resale		
5100F (12)	Revenues from Goods Sold		1525N*	Inventory - Raw Materials		
5100F (12)	Revenues from Goods Sold		1750N*	Equipment		
5100F (12)	Revenues from Goods Sold		1890N*	Other General Property, Plant and Equipment		
5100F (12)	Revenues from Goods Sold		1990N*	Other Assets		
<i>CATEGORY:- 28-Unexpended Appropriations-Transferred-In/Out</i>						
3103F (12)	Unexpended Appropriations (Transfers Out)	80,000	3102F(97)	Unexpended Appropriations (Transfers In)	80,000	0
Prepared by/date: Reviewed by/date: Someone at USDA October 15 Final phase reconciliation prepared on (attach): October 20						

\* For reconciliation of FY 2003 Intragovernmental balances, USSGL account 8802F (97) would be used instead of the individual asset USSGL accounts. The receiving agency (in this example) would need to perform an internal reconciliation between USSGL 8802 and the asset USSGL accounts.

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USDA used the Agency Data Request Form to identify the causes of the differences.

USDA and DoD worked together to determine the appropriate adjustments to be made, in order to agree with the account activity and balances. The following differences were identified in the initial reconciliation.

1. USDA did not record the bill for September 30 until October (\$6,000).
2. DoD did not make an adjustment for an accounting event from the prior year (\$500).

The adjusting entries to correct the differences would be as follows.

Entry 1: USDA records the accrual for September services provided by DoD.

<b>Providing agency</b> <b>Department of Defense</b>	<b>Receiving agency</b> <b>Department of Agriculture</b>		
No transaction.	6100F (97)	Operating Expenses/Program Costs	6,000
	2110F (97)	Accounts Payable	6,000

Entry 2: DoD corrects its records for the \$500 adjustment to the beginning balance.

<b>Providing agency</b> <b>Department of Defense</b>			<b>Receiving agency</b> <b>Department of Agriculture</b>	
1310F (12)	Accounts Receivable	500	No transaction.	
5200F (12)	Revenues from Services Provided	500		

The above documents were completed by USDA. It is an example of a format for reconciliation.

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**Appendix A - Federal Intragovernmental Transactions Categories of Reciprocal U.S. Government Standard General Ledger Proprietary Accounts**

Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
01	Investments/Debt	1610F(20)	Investments in U.S. Treasury Securities Issued by the Bureau of the Public Debt	2530F(XX)	Securities Issued by Federal Agencies Under General and Special Financing Authority, Net
		1611F(20)	Discount on U.S. Treasury Securities Issued by the Bureau of the Public Debt	2531F(XX)	Discount on Securities Issued by Federal Agencies Under General and Special Financing Authority
		1612F(20)	Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	2532F(XX)	Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority
		1613F(20)	Amortization of Discount and Premium on U.S. Treasury Securities Issued by the Bureau of the Public Debt	2533F(XX)	Amortization of Discount/Premium on Securities Issued by Federal Agencies Under General and Special Financing Authority
		1620F(20)	Investments in Securities Other Than the Bureau of the Public Debt Securities	2540F(XX)	Participation Certificates
		1621F(20)	Discount on Securities Other Than the Bureau of the Public Debt Securities		
01 (Continued)	Investments/Debt	1622F(20)	Premium on Securities Other Than the Bureau of the Public Debt Securities		

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Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
		1623F(20)	Amortization of Premium and Discount on Securities Other Than the Bureau of the Public Debt Securities		
		1630F(20)	Investments in U.S. Treasury Zero Coupon Bonds Issued by the Bureau of the Public Debt		
		1631F(20)	Discount on U.S. Treasury Zero Coupon Bonds Issued by the Bureau of the Public Debt		
		1633F(20)	Amortization of Discount on U.S. Treasury Zero Coupon Bonds Issued by the Bureau of the Public Debt		
		1638F(20)	Market Adjustment - Investments in U.S. Treasury Zero Coupon Bonds		
		1639F(20)	Contra Market Adjustment - Investments in U.S. Treasury Zero Coupon Bonds		
		1690F(20)	Other Investments		
02	Interest Receivable/Interest Payable	2140F(XX)	Accrued Interest Payable	1340F(XX)	Interest Receivable
03	Federal Securities Interest Expense/Federal Securities Interest Revenue <b>(Exchange)</b>	5311FX(XX)	Interest Revenue - Investments	6320F(20)	Interest Expense on Securities

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Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
		7111FX(XX)	Gain on Disposition of Investments	7211FX(XX)	Losses on Disposition of Investments
		7180FX(XX)	Unrealized Gains	7280FX(XX)	Unrealized Losses
04	Federal Securities Interest Expense/Federal Securities Interest Revenue <b>(NonExchange)</b>	5311FT(XX)	Interest Revenue - Investments	6320F(20)	Interest Expense on Securities
		7111FT(XX)	Gain on Disposition of Investments	7211FT(XX)	Losses on Disposition of Investments
		7180FT(XX)	Unrealized Gains	7280FT(XX)	Unrealized Losses
05	Interest Expense/ Interest Revenue	6310F(20)	Interest Expenses on Borrowings From the Bureau of the Public Debt and/or the Federal Financing Bank	5312FX(XX)	Interest Revenue – Loans Receivable/Uninvested Funds
		6330F(XX)	Other Interest Expenses	5310FX(XX)	Interest Revenue - Other
06	Borrowings – Losses/Gains	7190FX(20)	Other Gains	7112FX(XX)	Gains on Disposition of Borrowings
		7290FX(20)	Other Losses	7212FX(XX)	Losses on Disposition of Borrowings

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Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
07	Borrowing and Other Interest Expense – Borrowing and Other Interest Revenue <b>(Nonexchange)</b>	6310F(20)	Interest Expenses on Borrowings from BPD and/or FFB	5312(FT)	Interest Revenue – Borrowings/Loans
08	Benefit Program Costs/Revenues <b>(Nonexchange)</b>	6400F(XX)	Benefit Expense	5400FT(XX)	Benefit Program Revenue
		6850F(XX)	Employer Contributions to Employee Benefit Programs Not Requiring Current-Year Authority (Unobligated)		
10	Other Interest Expense/Interest Revenue	6330F(XX)	Other Interest Expenses	5310F(XX)	Interest Revenue-Other
17	Loans Receivable/Payable	2510F(XX)	Principal Payable to the Bureau of the Public Debt	1350F(XX)	Loans Receivable
		2520F(XX)	Principal Payable to the Federal Financing Bank		
		2590F(XX)	Other Debt		
18	Transferred In/Out Without Reimbursement	5720F(XX)	Financing Sources Transferred-In Without Reimbursement	5730F(XX)	Financing Sources Transferred-Out Without Reimbursement

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Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
19	Appropriation Transfers-In/Out	5740F(XX)	Appropriated Earmarked Receipts Transferred In	5745F(XX)	Appropriated Earmarked Receipts Transferred Out
		5750F(XX)	Expenditure Financing Sources – Transfers-In	5760F(XX)	Expenditure Financing Sources – Transfers-Out
		5755F(XX)	Nonexpenditure Financing Sources – Transfers-In	5765F(XX)	Nonexpenditure Financing Sources – Transfers-Out
21	Benefit Program Contributions Receivables and Payables	2213F(XX)	Employer Contributions and Payroll Taxes Payable	1320F(XX)	Employment Benefit Contributions Receivable
		2215F(XX)	Other Post Employment Benefits Due and Payable		
		2225F(XX)	Unfunded FECA Liability		
		2290F(XX)	Other Unfunded Employment Related Liability		
22	Accounts Receivable - Accounts Payable	2110F(XX)	Accounts Payable	1310F(XX)	Accounts Receivable
		2120F(XX)	Disbursements in Transit		
		2130F(XX)	Contract Holdbacks		
		2190F(XX)	Other Accrued Liabilities		
		2990F(XX)	Other Liabilities		



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Category	Category Name	Pairing of Accounts			
		Receiving Agency		Providing Agency	
		USSGL Account	USSGL Account Title	USSGL Account	USSGL Account Title
23	Advances to Others and Prepayments/ Advances From Others and Deferred Credits	1410F(XX)	Advances To Others	2310F(XX)	Advances From Others
		1450F(XX)	Prepayments	2320F(XX)	Deferred Credits
24	Buy/Sell Costs/Revenues	6100F(XX)	Operating Expenses/Program Costs	5100FX(XX)	Revenue from Goods Sold
		6790F(XX)	Other Expenses Not Requiring Budgetary Resources	5200FX(XX)	Revenue from Services Provided
		6800F(XX)	Future Funded Expenses	5900FX(XX)	Other Revenue
		6900F(XX)	Non-production Costs		
		8802F(XX)	Purchases – Assets		
25	Imputed Costs/Imputed Financing Sources	5780F(XX)	Imputed Financing Sources	6730F(XX)	Imputed Costs
26	Benefit Program Costs/Revenues <b>(Exchange)</b>	6400F(XX)	Benefit Expense	5400FX(XX)	Benefit Program Revenue
		6850F(XX)	Employer Contributions to Employee Benefit Programs Not Requiring Current-Year Budget Authority (Unobligated)		
27	Transfers Receivable/ Transfers Payable	1330F(XX)	Receivable for Transfers of Currently Invested Balances	2150F(XX)	Payable for Transfers of Currently Invested Balances
		1335F(XX)	Expenditure Transfers Receivable	2155F(XX)	Expenditure Transfers Payable
28	Unexpended Appropriations- Transferred-In/Out	3102F(XX)	Unexpended Appropriations – Transferred-In	3103F(XX)	Unexpended Appropriations – Transferred-Out

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**Category 29 – Non-Reciprocating USSGLs**

(The USSGL accounts indicated in RC 29 do not eliminate against another USSGL account.)

1010	Fund Balance With Treasury
1319	Allowance For Loss on Accounts Receivable
1325	Taxes Receivable
1329	Allowance for Loss on Taxes Receivable
1349	Allowance for Loss on Interest Receivable
1359	Allowance for Loss on Loans Receivable
1360	Penalties, Fines and Administrative Fees Receivable
1369	Allowance for Loss on Penalties, Fines & Administrative Fees
1618	Market Adjustment - Investments
1921	Receivable From Appropriations
1990	Other Assets
2170	Subsidy Payable to the Financing Account
2179	Contra Liability for Subsidy Payable to the Financing Account
2400	Liability for Deposit Funds, Clearing Accounts, and Undeposited Collections
2920	Contingent Liabilities
2940	Capital Lease Liability
2950	Liability for Subsidy Related to Undisbursed Loans
2960	Accounts Payable From Canceled Appropriations
2970	Resources Payable to Treasury
2980	Custodial Liability
2995	Estimated Cleanup Cost Liability
5109 X	Contra Revenue for Goods Sold
5209 X	Contra Revenue for Services Provided
5317 X/T	Contra Revenue for Interest Revenue – Loans Receivable
5318 X/T	Contra Revenue for Interest Revenue - Investments
5319 X/T	Contra Revenue for Interest Revenue - Other
5320 X/T	Penalties, Fines, and Administrative Fees Revenue
5329 X/T	Contra Revenue for Penalties, Fines, and Administrative Fees
5409 X/T	Contra Revenue for Benefit Program Revenue
5500 X	Insurance and Guarantee Premium Revenue
5509 X	Contra Revenue for Insurance and Guarantee Premium Revenue
5790 X/T	Other Financing Sources
5800 T	Tax Revenue Collected
5801 T	Tax Revenue Accrual Adjustment
5809 T	Contra Revenue for Taxes
5890 T	Tax Revenue Refunds
5900 X/T	Other Revenue

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5909 X/T	Contra Revenue for Other Revenue
5990 X/T	Collections for Others
5991 X/T	Accrued Collections for Others
6190	Contra Bad Debt Expense - Incurred for Others
6720	Bad Debt Expense
7180 T	Unrealized Gains – Investments
7190 T	Other Gains
7280 T	Unrealized Losses – Investments
7290 T	Other Losses
7300	Extraordinary Items
7400	Prior-Period Adjustments - Not Restated
7401	Prior-Period Adjustments – Restated
7500 X/T	Distribution of Income - Dividend
8801	Offset for Purchases of Capitalized Assets

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**Appendix B - Trading Partner Codes**

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1200 12 Department of Agriculture  
 1300 13 Department of Commerce  
 1400 14 Department of Interior  
 1500 15 Department of Justice  
 1601 16 Department of Labor  
 1602 16 Pension Benefit Guarantee Corp.  
 1800 18 U. S. Postal Service  
 1900 19 Department of State  
 2000 20 Department of the Treasury  
 2400 24 Office of Personnel Management  
 2500 25 National Credit Union Administration  
 2700 27 Federal Communications Commission  
 2800 28 Social Security Administration  
 3100 31 U.S. Nuclear Regulatory Commission  
 3300 33 Smithsonian Institution  
 3600 36 Department of Veterans Affairs  
 4700 47 General Services Administration  
 4900 49 National Science Foundation  
 5000 50 Securities and Exchange Commission  
 5100 51 Federal Deposit Insurance Corp.  
 6000 60 Railroad Retirement Board  
 6400 64 Tennessee Valley Authority  
 6800 68 Environmental Protection Agency  
 6900 69 Department of Transportation  
 7000 70 Department of Homeland Security  
 7200 72 Agency for International Development  
 7300 73 Small Business Administration  
 7500 75 Dept.of Health and Human Services  
 7801 78 Farm Credit Administration  
 7802 78 Farm Credit System Insurance Corp.  
 8000 80 National Aeronautics & Space Admin.  
 8300 83 Export-Import Bank of the U.S.  
 8600 86 Dept. of Housing and Urban Develop.  
 8900 89 Department of Energy  
 9100 91 Department of Education  
 9900 99 Treasury General Fund  
 9999 00 Unidentified

GFRS FACTS I

DE00 17 Department of the Navy  
 21 Department of the Army  
 57 Department of the Air Force  
 96 U.S. Army Corps of Engineers  
 97 Office of the Secretary of Defense-  
 Defense Agencies

9500 01 Architect of the Capitol  
 03 Library of Congress  
 04 Government Printing Office  
 05 General Accounting Office  
 08 Congressional Budget Office  
 09 Other Legislative Branch Agencies  
 10 The Judiciary  
 11 Executive Office of the President  
 22 Resolution Trust Corporation  
 23 U.S. Tax Court  
 26 Federal Retirement Thrift Invest. Board  
 29 Federal Trade Commission  
 34 International Trade Commission  
 41 Merit Systems Protection Board  
 42 Pennsylvania Avenue Develop. Corp.  
 45 Equal Employment Opportunity Comm.  
 46 Appalachian Regional Commission  
 48 Independent Agencies  
 54 Federal Labor Relations Authority  
 55 Advisory Commission on  
 Intergovernmental Relations  
 56 Central Intelligence Agency  
 59 Nat'l Found. on the Arts & Humanities  
 61 Consumer Product Safety Commission  
 62 Office of Special Counsel  
 63 National Labor Relations Board  
 65 Federal Maritime Commission  
 71 Overseas Private Investment Corp.  
 74 American Battle Monuments Comm.  
 76 Independent Agencies  
 84 Armed Forces Retirement Home  
 88 National Archives and Records Admin.  
 90 Selective Service System  
 93 Fed. Mediation & Conciliation Service  
 94 Arms Control & Disarmament Agency  
 95 Independent Agencies

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**Appendix C – Status of Disposition Certification**

**MATERIAL DIFFERENCES REPORT: 4th Quarter FY 2004**

Agency Code/Name: \_\_\_\_\_  
Agency Contact/Ph/Email: \_\_\_\_\_

Indicate amount in appropriate columns for reason of material difference from your agency's perspective. If all or a portion of agency's reporting cannot be substantiated, complete item 5 -Unknown/Unreconciled

TP	RC	P_or_S <sup>1</sup>	Rptg_Agy	Trdg_Partner	Material_Diff	1-Confirm Rptg (X)	2-Acctg Method Diff (X) List Below <sup>2</sup>	3-Acctg/Rptg Error <sup>3</sup>	4-Timing Difference-CY <sup>4</sup>	5-Unknown/Unreconciled	6-Timing Difference-PY <sup>4</sup>

<sup>1</sup>P=Primary, S=Secondary

<sup>3</sup>Identify the amounts of accounting error attributable to reporting agency.

<sup>4</sup>CY=Current Year; PY=Prior Year.

TP	RC	<sup>2</sup> Basis of Accounting Methodology Used by the Agency (Based Material Difference #2, Above)												

**Certification**

I have reviewed the Material Differences Report generated by FMS' IRAS from Intragovernmental data submitted by our agency and associated trading partner(s). The data provided by this agency is consistent with its supporting records and is derivative of unaudited financial statement data submitted to OMB, as indicated from the disposition of material differences by: 'X' in the 1-confirm reporting column, or reported in columns 3-timing differences, or 4-accounting method difference. Or, in the event of accounting/reporting error(s), the agency is expected to correct reporting in a subsequent period, and account for/report timing difference activity.

\_\_\_\_\_  
Chief Financial Officer or Designee

\_\_\_\_\_  
Date

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***Appendix D – Scenarios for Status of Disposition Explanation of Material Difference***

Scenario	Reported Explanation of Material Difference		Expected Corrective Action (Agencies and/or FMS)
	Agency A	Agency B	
1	Confirmed Reporting	Confirmed Reporting	FMS will submit a report to OMB for possible mediation.
2	Confirmed Reporting	Accounting Methodology	The Confirmed Reporting agency (A) shall report 'Accounting Methodology' explanation and basis of accounting in subsequent reporting period.
3	Confirmed Reporting	Current Year Timing Difference	Agency B is expected to account for activity in subsequent reporting period.
4	Confirmed Reporting	Prior Year Timing Difference	FMS is expected to delete Material Difference record from future reports due to permanent difference.
5	Confirmed Reporting	Unknown	Agency B is expected to further research accounting treatment.
6	Confirmed Reporting	Accounting Error	Agency B is expected to correct reporting in subsequent period.
7	Accounting Methodology	Accounting Methodology	Both Agency A and B shall provide basis of accounting treatment; if the same treatment is used FMS deem it to be inconsistent; otherwise FMS is expected to delete Material Difference record from future reports due to permanent difference.
8	Accounting Methodology	Accounting Error	Agency B shall correct explanation in subsequent reporting period to indicate 'Accounting Methodology' and provide basis; ultimately FMS is expected to delete Material Difference record if methodology used is different.
9	Accounting Methodology	Current Year Timing Difference	Refer to scenario 8
10	Accounting Methodology	Prior Year Timing Difference	Refer to scenario 8
11	Accounting Methodology	Unknown	Refer to scenario 8
12	Accounting Error	Accounting Error	Both Agency A and B are expected to correct reporting in subsequent for the amount impacting its own agency.
13	Unknown	Unknown	Both Agency A and B are expected to further research accounting treatment; FMS will provide report to OMB and an Unreconciled Activity report to GAO.

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14	Unknown	Accounting Error	Agency A is expected to further research accounting treatment; while Agency B is expected to correct reporting in subsequent period to the extent of the accounting error made.
15	Unknown	Current Year Timing Difference	The Agency (A) reporting 'Unknown' explanation shall correct explanation in subsequent period to 'Current Year Timing Difference'; while the corresponding agency (B) is expected to record activity in a subsequent reporting period.
16	Unknown	Prior Year Timing Difference	The Agency (A) reporting 'Unknown' explanation shall correct explanation in subsequent period to 'Prior Year Timing Difference'; FMS is expected to delete the Material Difference record from future reports due to permanent difference.
17	Prior Year Timing Difference	Prior Year Timing Difference	FMS is expected to delete the Material Difference record from future reports due to permanent difference.
18	Current Year Timing Difference	Current Year Timing Difference	Whichever Agency (A or B) that requires future accounting treatment is expected to record activity in a subsequent accounting period.

Note: when agency A and B explanations are reversed the corrective action is applied also in reverse.



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**Appendix E-- FY 2004 CFO Representations for Federal Intragovernmental Activity and Balances**

**Mark in Green Areas Only**

<b>Agency Name</b>			
<b>2-Digit Agency Code</b>			
<p><b>INSTRUCTIONS:</b> Next to each category enter "Yes," "No," or "N/A" to indicate whether criteria has been met. Also, enter explanations for exceptions (briefly).   <i>(Please refer to the requirements stated in subsection 4705.70-CFO Procedures for Intragovernmental Activity/Balances.)</i></p>		<p><b>"Yes" or No" or "N/A"</b></p>	<p><b>Reason for Exceptions</b></p>
<b>Section I. General Intragovernmental Reporting Results</b>			
A. Is consistency maintained between the audited Required Supplemental Information (RSI) and the Closing Package Intragovernmental RSI Schedules? If not, please provide an explanation.			
A.1. Is consistency maintained between the Audited Financial Statement line items and the Closing Package line items? If not, please provide an explanation.			
B. Review the agency's activity reported under trading partner "00." Indicate how much of this activity relates to business conducted with highly classified agencies.			
C. Did all of the trading partners report Closing Package Intragovernmental activity/balances? If not, list those Federal program agencies that did not report Closing Package Intragovernmental activity/balances.			
D. Look at the IRAS-generated Closing Package <i>Intragovernmental Material Differences Report</i> provided to the agency by FMS. List those Federal program agencies that were not contacted or pursued concerning material differences.			
E. Is the fourth-quarter data submission versus Closing Package reporting difference greater than 10 percent of the total activity? If so, disclose any differences greater than 10 percent.			
F. Did the independent auditors propose any adjustments? If so, list any auditor's adjustments waived by management.			
<b>Section II. Explanation of Closing Package Differences</b>			
Look at the IRAS-generated Closing Package <i>Intragovernmental Material Differences Report</i> provided to the agency by FMS. Based on the material differences indicated on the left-hand side of the form, complete the reasons for these differences, which is on the right-hand side of the form.			

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**Appendix F**

**FY 2004**

***Illustrative Independent Accountant's Report on the  
Application of Agreed-Upon Procedures***

To: Chief Financial Officer, [Department] (or FMS, GAO and OMB)

We have performed the procedures described below (or in the attachment), which were agreed to by the Department of the Treasury's Financial Management Service (FMS), the Government Accountability Office (GAO), and the Office of Management and Budget (OMB) as stated in the *FMS Agency Reporting Requirements for the Financial Report of the United States Government* guidance, solely to assist FMS in the preparation of, and GAO in the audit of the consolidated financial statements of the U.S. Government as of and for the year ended September 30, 2004. The [Department's] management is responsible for the proper accounting, presentation and reporting of its consolidated financial statements and reporting of information to FMS.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of FMS, GAO and OMB. Consequently, we make no representations regarding the sufficiency of the procedures described below (or in Attachment I) either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our associated findings are presented below (or in Attachment I).

The procedures we performed and our associated findings are presented in Attachment I (or insert procedures and findings)

We were not engaged to, and did not perform an audit of the matters addressed herein, the objective of which would be the expression of an opinion on such information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the [Department], OMB, FMS and GAO and is not intended to be, and should not be, used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

[Signature] (Independent Public Accountant or IG)  
[Date]

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**Appendix F**

**FY 2004**

***Illustrative Attachment I to the IG Agreed-Upon Procedures Report  
For Federal Intragovernmental Activities and Balances***

**Procedure 1**

Obtain all RSI schedules for intragovernmental activity/balances supporting the Closing Package Reclassified Balance Sheet's Federal Assets and Liabilities, Reclassified Statement of Net Cost's Federal Gross Cost and Federal Earned Revenue, and Reclassified Statement of Change in Net Position's Federal Nonexchange Revenue and Budgetary and Other Financing Sources.

**Findings:** Provide the results of Procedure 1.

**Procedure 2**

Trace the Closing Package Intragovernmental RSI schedules' identified intragovernmental transactions trading partners by Federal line item totals and/or trading partner activity/balances to the agency general ledger and the audited financial statements. Identify any differences.

**Findings:** Provide the results of Procedure 2.

**Procedure 3**

Trace trading partner activities/balances from the Closing Package Intragovernmental RSI schedules to the agency's supporting schedules (Agency Fourth Quarter Intragovernmental Reconciliation and CFO Representations using Closing Package data). For items where agency reporting differences exist, trace the explanations to supporting documentation and identify any discrepancies.

**Findings:** Provide the results of Procedure 3.

**Procedure 4**

Obtain FMS' *Comparative Closing Package Explanation of Differences Report* for intragovernmental activities/balances.

- Trace the differences between the agency and its trading partners by reciprocal category/line-item from FMS' comparative reports to explanations from agency supporting documentation.

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- Identify any inconsistencies in amounts or explanations between FMS' comparative reports and agency supporting documentation.

In the event of nonreporting by trading partners, as indicated in the footer section of FMS' comparative reports, identify that the difference is due to a nonreporting partner and do not proceed further with the review of the differences.

**Findings:** Provide the results of Procedure 4.

**Procedure 5**

Identify and include copies of internal control findings related to intragovernmental activities from the financial statements audit. Also, identify and report auditor-proposed intragovernmental adjustments that were waived by the agency, including items cited in the management letter.

**Findings:** Provide the results of Procedure 5.

**Deliver the separate Agreed-Upon Federal Intragovernmental Activity and Balances Procedures Report, as well as copies of any internal control findings, to the agency's CFO, FMS, and GAO by December 2, 2004.**

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**Appendix G - Intragovernmental Key Dates**

<b><u>Action No.</u></b>	<b>Required Action</b>	<b>Responsible Organization</b>	<b>*Due Date</b>
1	IFCS opens for 3 <sup>rd</sup> Quarter/2004	FPA	7/9/04
2	IFCS closes for 3 <sup>rd</sup> Quarter/2004 (last day for agency fiduciary confirmations)	FPA	7/26/04
3	Intragovernmental (“F” transactions) 3 <sup>rd</sup> Quarter/2004 agency data file due to FMS	FPA/CFO	7/26/04
4	FMS provides 3 <sup>rd</sup> Quarter/2004 Intragovernmental Activity Reporting data (from IRAS) to agencies	FMS	7/30/04
5	Agencies submit 3 <sup>rd</sup> Quarter/2004 Status of Disposition Certification to FMS	FPA/CFO	8/10/04
6	FMS provides 3 <sup>rd</sup> Quarter/2004 Comparative Status of Disposition to agencies	FMS	8/13/04
7	IFCS opens for 4 <sup>th</sup> Quarter/2004	FPA	10/8/04
8	Intragovernmental (“F” transactions) 4 <sup>th</sup> Quarter/2004 agency data file due to FMS	FPA/CFO	10/18/04
9	FMS provides 4 <sup>th</sup> Quarter/2004 Intragovernmental Activity Reporting data (from IRAS) to agencies	FMS	10/22/04
10	IFCS closes for 4 <sup>th</sup> Quarter/2004 (Final)	FPA	10/25/04
11	Agencies submit 4 <sup>th</sup> Quarter/2004 Status of Disposition Certification to FMS	FPA/CFO	10/26/04
12	FMS provides 4 <sup>th</sup> Quarter/2004 Comparative Status of Disposition to agencies	FMS	10/29/04
13	FMS provides a Closing Package <i>Material Difference Report</i> to agencies	FMS	11/19/04
14	CFO Representation Letter due to FMS	FPA/CFO	11/23/04
15	FMS provides Comparative Closing Package Reports for intragovernmental activities/balances (from IRAS) to agencies	FMS	11/29/04
16	Intragovernmental IG Agreed Upon Procedures due to FMS	FPA/IG	12/2/04

Note: \*All above dates are “no later than”