



**Retirement and Insurance Service
 Financial Management Letter**

Number: F-99-06

Date: August 20, 1999

Subject: Interdepartmental Eliminations

The Consolidated Financial Statements (CFS) of the U.S. includes a statement that because Federal agencies have serious financial management problems, an unqualified audit opinion is precluded. One of the specific problems identified concerns the accounting for intragovernmental transactions. According to the CFS, agencies cannot effectively identify transactions with other ("partner") agencies so they can be eliminated for governmentwide financial reporting purposes.

Last year, as you know, we attempted to play a leadership role in this regard. Our Financial Management Letter Number F-98-09 required that you submit an Interdepartmental Account Balance Confirmation. Upon receiving it, we attempted to match our revenues and receivables with the expenses and payables you reported on the Confirmation. We were not entirely successful because of two principal issues.

First, some agencies whose payroll operations are cross-serviced, did not report meaningful balances on their Confirmation. We can assure you that the three large cross-servicing agencies do furnish to their client agencies the information needed to meet all reporting requirements relating to Retirement, Health Benefits and Life Insurance transactions. It is incumbent upon the client agencies to collect this information and use it appropriately to report expenses and liabilities to Treasury via FACTS and to us on the Confirmation. If you should have any difficulty obtaining the information you need for FACTS or the OPM Confirmation from one of the "big three" cross-servicers, please contact the appropriate individual, as follows:

AGENCY	CONTACT	PHONE
National Finance Center	Joseph Vitale	(504) 255-5464
Department of the Interior	Sandy Gregory	(303) 969-7739
General Services Administration	Mark Lutz	(816) 926-5118

Second, agencies seem not to be clear about the intragovernmental accounts they need to report to Treasury via FACTS and to us on the Confirmation. The only OPM-related intragovernmental accounts are those associated with *employer* contributions and are designated as "G" accounts. *Employee* contributions, on the other hand, are governmental ["N"] accounts and must **not** be reported as intragovernmental via FACTS or on the Confirmation. The applicable interdepartmental account balances that must be eliminated on the Consolidated Financial Statement are:

*Civil Service
 Retirement
 System*

*Federal Employees
 Group Life
 Insurance*

*Federal Employees
 Health Benefits
 Program*

*Federal Employees
 Retirement
 System*

EMPLOYING AGENCY ACCOUNT		CORRESPONDING OPM ACCOUNT	
2210G	Accrued Funded Payroll and Benefits	1310G	Employer Contributions Receivable
6400G	Employer Contribution Expense	5400G	Benefit Program Revenue

Please make special note of the fact that agencies must report expenses related to employer contributions for Retirement, Health Benefits, and Life Insurance under standard general ledger account 6400G. Account 6100G is **not** acceptable for 1999.

We will again for Fiscal Year 1999 require a Confirmation of Intragovernmental Account Balances for Retirement, Health Benefits and Life Insurance from all of our "trading partners". **The Confirmation is due to us no later than January 1, 2000.** The Confirmation is provided, for your convenience, as an attachment to this letter.

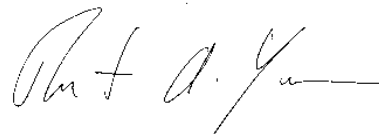
We have worked closely with the Financial Management Service and have incorporated our intragovernmental account reporting and elimination procedures in its Intragovernmental Fiduciary Transaction Accounting Guide. It is available at www.fms.treas.gov/cfs/dev-- the **OPM procedures are in Section V of the Guide.**

All significant intragovernmental account differences **MUST** be reconciled in 1999. We believe it is extremely important that this be accomplished prior to the reporting of the transactions to Treasury via FACTS. If, after receiving FACTS reporting, significant intragovernmental account differences are disclosed, Treasury will insist that we and all applicable employing agencies reconcile them within extremely stringent timeframes.

Please contact Mike Finucan, of this staff, on (202) 606-8083 if you experience problems or have questions regarding:

- Meeting the OPM Confirmation Report deadline;
- Accessing the Guide from the Internet;
- Understanding the OPM accounting transactions illustrated in the Guide; or
- Preparing the OPM Confirmation of Intragovernmental Account Balances.

Questions about the OPM portion of the Guide may also be emailed to finance@opm.gov. Thank you in advance for your cooperation.



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

Attachment

*U.S. Office of Personnel Management
Confirmation of Intragovernmental Account Balances
Fiscal Year 1999*

General Information

1. Agency Pay Office or Agency Name	<input type="text"/>		
2. Contact Name	<input type="text"/>	3. Phone	<input type="text"/>
4. E-Mail Address	<input type="text"/>	5. Fax	<input type="text"/>
6. Mailing Address	<input type="text"/>		

Account Balances

7. Actual government contributions remitted to OPM for Retirement, Health Benefits, and Life Insurance during fiscal year 1999 from RITS (2812 data). Report all cash transactions. Do not include accruals.....	\$
8. SGL account 2210G balance at the end of the fiscal year 1999. Report the accrued amount due OPM for agency contributions at the end of the fiscal year.....	\$
9. SGL account 2210G balance at the beginning of the fiscal year 1999. Report the accrued amount due OPM for agency contributions at the end of the fiscal year.....	\$
10. Total of line 7 plus line 8 less line 9.....	\$
11. SGL account 6400G balance at the end of the fiscal year 1999. The amount reported on this line should equal the amount reported on line 10.....	\$
12. Difference between lines 10 and 11.....	\$
13. Explanation for amount reported on line 12. Use additional attachments if necessary.	

Name and Signature of Preparer

14. Prepared by:	Title:
15. I hereby certify that the amounts reported above agree with amounts to be reported for Fiscal Year 1999 FACTS I submission to Treasury.	
16. Signature:	Date:
Send the original completed form with signature by facsimile to: U.S. Office of Personnel Management Financial Policy Staff Facsimile number (202) 606-7944 DUE DATE: January 1, 2000	Or by mail to: U.S. Office of Personnel Management Financial Policy Staff 1900 E Street, N.W. Room 3H28 Washington, DC 20415-001 Telephone number: (202) 606-8083

Retain copy at agency and submit original to OPM