



BUREAU OF THE  
**Fiscal Service**

U.S. DEPARTMENT OF THE TREASURY

# **Intragovernmental Transaction Material Weakness: General Fund of the U.S. Government**

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# Agenda

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- Introduction to General Fund Operations
- IGT Material Weakness – Focus on the General Fund
- Completing the IGT Model
  - Accounting for...
  - Reconcile...
  - Reporting...
- Timeline & What's on the Horizon
- Questions

# Introduction to General Fund Operations

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- Staff
- General Ledger components
- Source Data
  - Central Accounting and Reporting System (CARS)
  - Agency provided accruals and information
- Information sharing and data collection
  - General Fund mail box

# IGT Material Weakness

## Focus on the General Fund of the U.S. Government

- As it has for each of the past **18 fiscal years**, the U.S. Government Accountability Office (GAO) issued a disclaimer of opinion on the FY2014 Financial Report of the U.S. Government. In its report, GAO cited the government's difficulty to "**adequately account for and reconcile intra-governmental activity and balances between Federal entities**" as a material weakness and a major impediment to expressing an opinion.

### IGT Material Weakness – Focus on the General Fund

#### ■ General Fund

- Further, GAO cited "*There are unreconciled transactions between the General Fund of the U.S. Government and federal entity trading partners...which amount to hundreds of billions of dollars...the ability to effectively **reconcile** General Fund transactions is hampered because a significant amount of the General Fund is not independently **accounted for and reported.***"



# ACCOUNTING FOR...

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Completing the IGT Model

# Accounting for...

## General Fund Definition & Overview

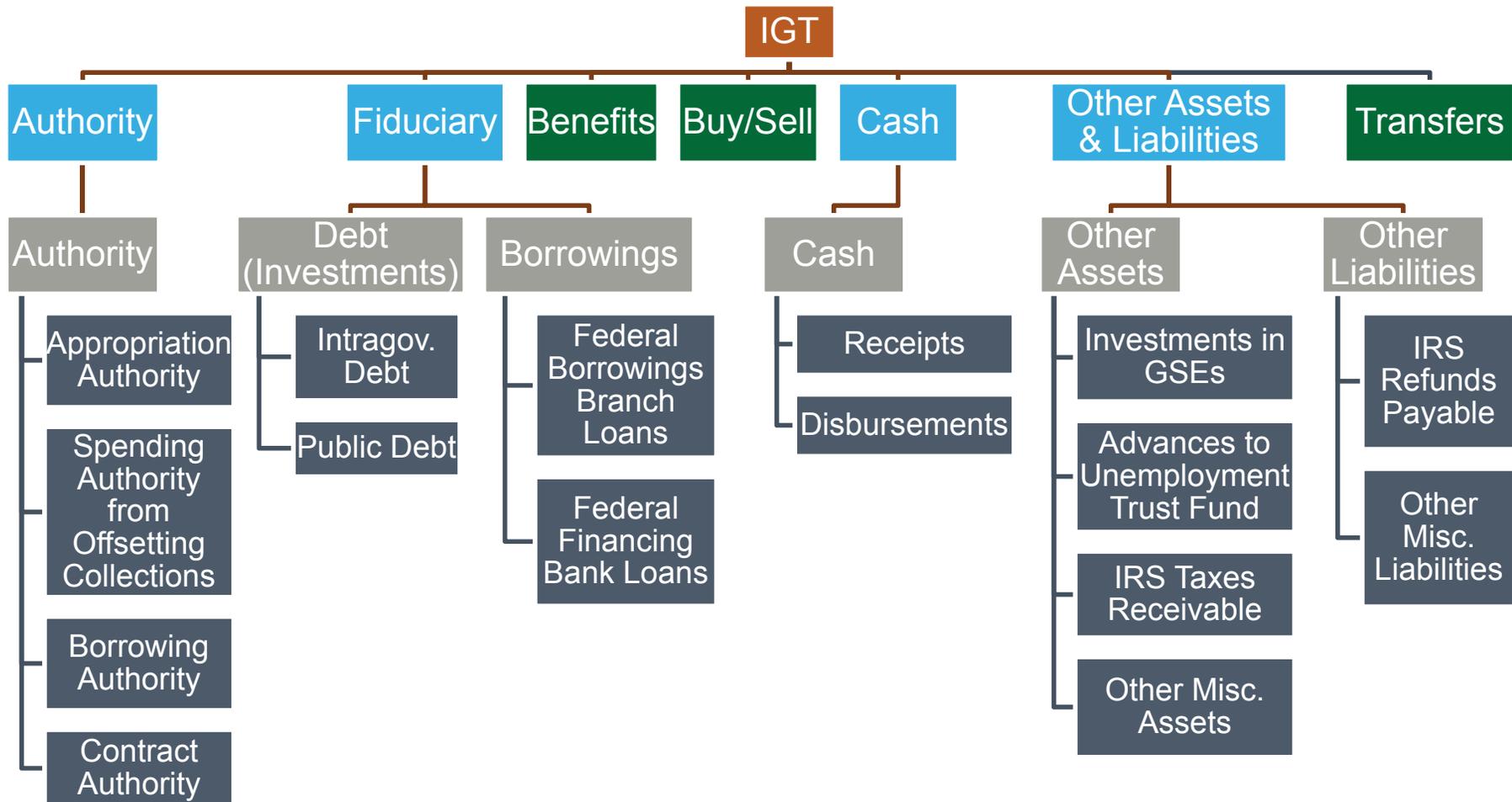
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- Definition: The General Fund comprises assets and liabilities used to finance the daily and long-term operations of the U.S. Government as a whole.
  - This includes:
    - Authority
    - Debt (Investments)
    - Borrowings
    - Cash
    - Other Assets and Liabilities
- In accordance with Statement of Federal Financial Accounting Concepts 2 (SFFAC 21), the General Fund meets the requirements of a separate, stand-alone entity.

<sup>1</sup>SFFAC 2, par 29 [http://www.fasab.gov/pdf/files/handbook\\_sffac\\_2.pdf](http://www.fasab.gov/pdf/files/handbook_sffac_2.pdf)

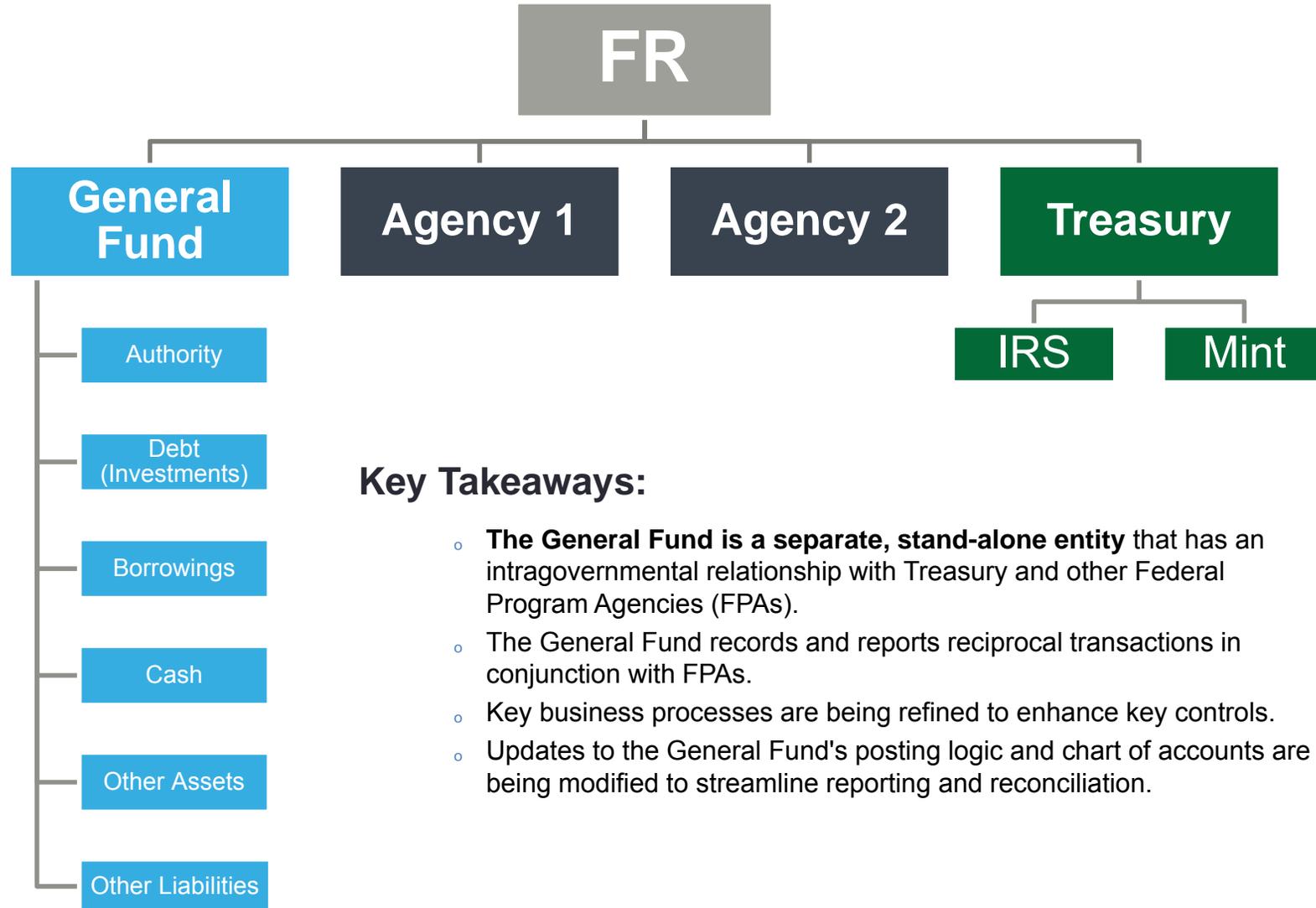
# Accounting for...

## Scope of the General Fund within IGT



# Accounting for...

## General Fund as a Reporting Entity – Conceptual Framework



### Key Takeaways:

- **The General Fund is a separate, stand-alone entity** that has an intragovernmental relationship with Treasury and other Federal Program Agencies (FPAs).
- The General Fund records and reports reciprocal transactions in conjunction with FPAs.
- Key business processes are being refined to enhance key controls.
- Updates to the General Fund's posting logic and chart of accounts are being modified to streamline reporting and reconciliation.

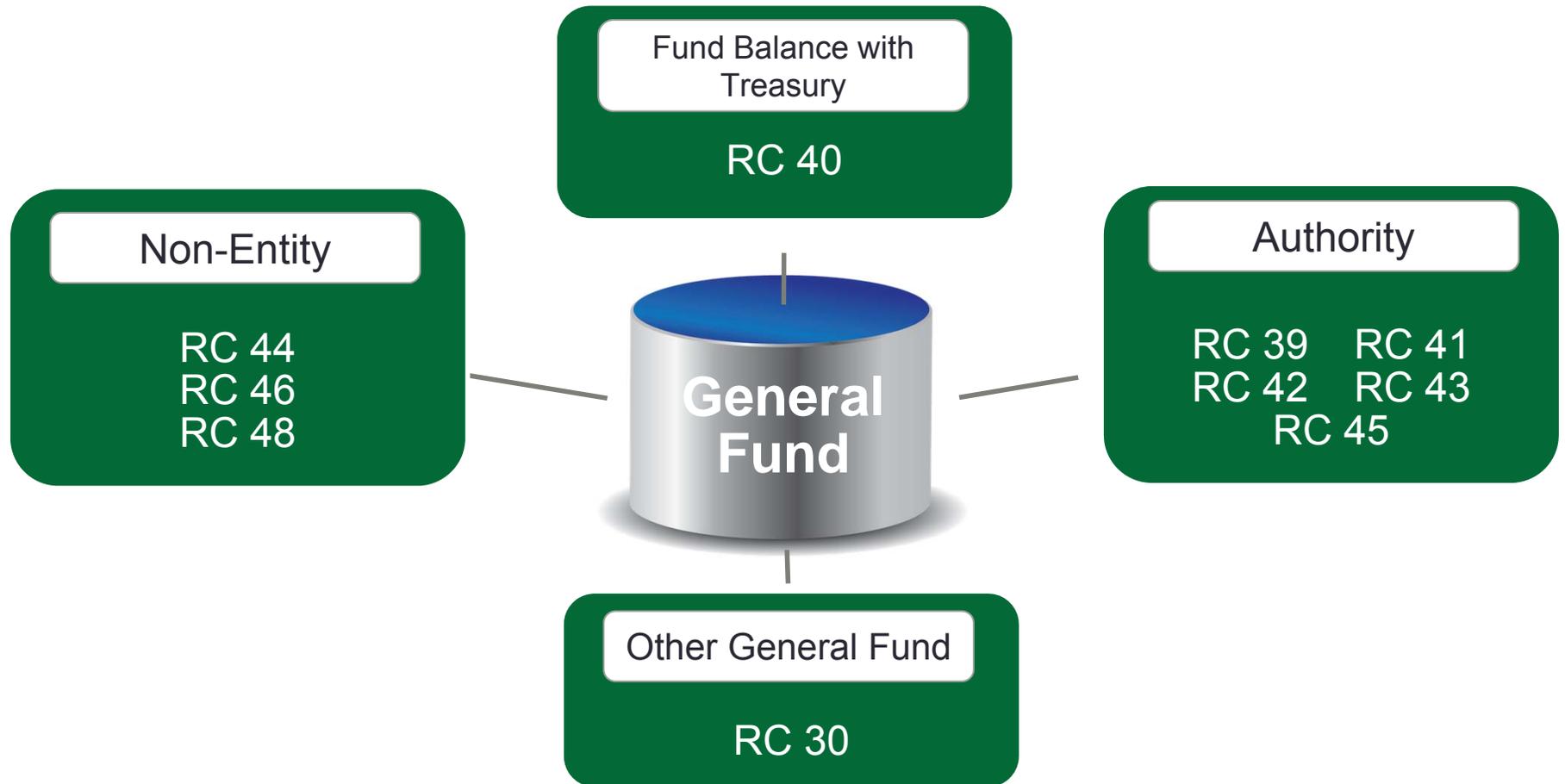
# RECONCILING...

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Completing the IGT Model

# Reconciling...

## General Fund IGT Subcategories



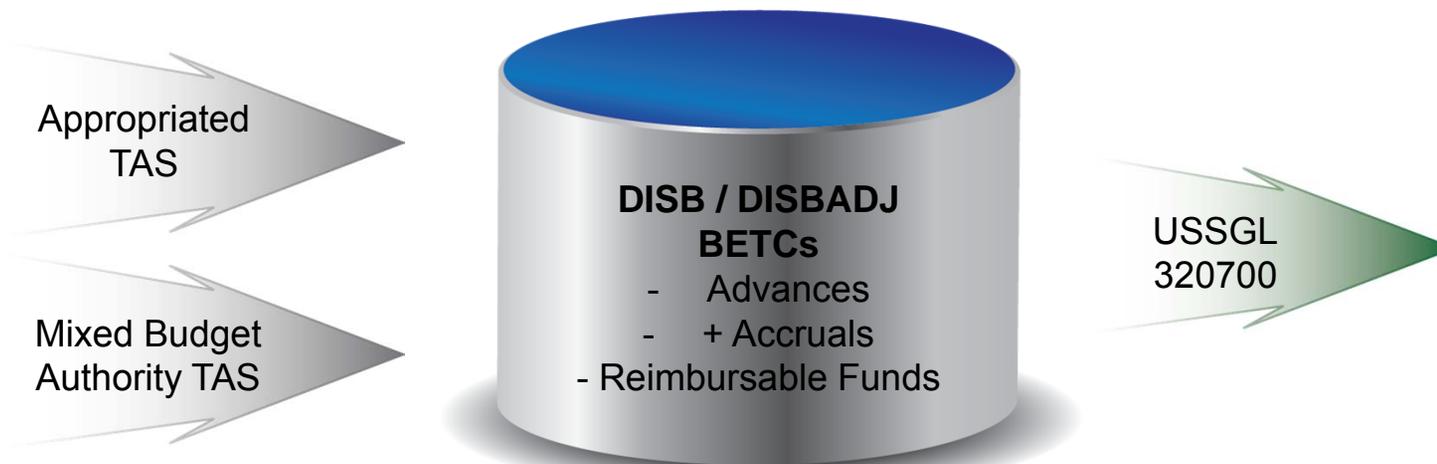
Please refer to I TFM 2-4700, Appendix 7 for the USSGL accounts contained within each RC.

# Reconciling...

## General Fund IGT Difference Progress

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- Agencies and the General Fund must coordinate with one another to communicate information about accruals, advances, and TASs with mixed budget authority to promote the reconciliation of appropriations used business activity.



- The General Fund will calculate its USSGL 320700 balance in part by analyzing agencies' disbursements posted in CARS using the DISB BETC (along with the DISBADJ BETC).

# Reconciling General Fund Progress

## Trend in Total General Fund Differences



# REPORTING...

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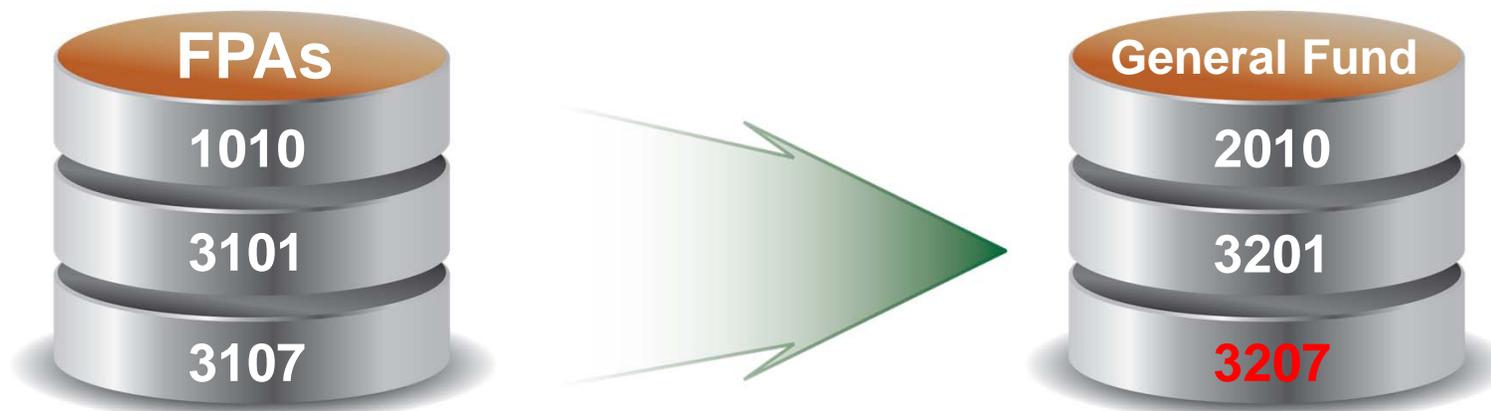
Completing the IGT Model

# Reporting...

## General Fund Authority: New USSGL 320700

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- **Account Definition:** The amount of reduction during the fiscal year to outstanding General Fund-financed appropriations from current or prior years. This account is for the General Fund of the Treasury use only.



- USSGL 320700 establishes an offset to USSGL 310700 to enable proper IGT eliminations.
- This new USSGL impacts IGT scorecards **beginning Q4 FY2015**.

# Summary

## General Fund IGT Reconciliation Accomplishments

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- Treasury has taken the lead in developing a plan to mitigate and eliminate the IGT material weakness finding specific to the General Fund. Key efforts include:
  - Reported ATB file in GTAS on a monthly basis starting in FY 2014
  - Published General Fund Reciprocal Categories (RC)
  - Issued quarterly General Fund IGT Scorecard
  - Incorporated General Fund RCs in agency IGT Scorecards
  - Limited General Fund trading partner usage
  - Monitored valid use of the General Fund as a Trading Partner

# Reporting...

## General Fund Reporting Requirements

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- General Fund Reporting includes:
  - Monthly trial balance data submitted to GTAS
    - Information primarily derived from CARS
    - Accrual and other pertinent information from Federal Program Agencies
  - Quarterly Material Difference Reporting and certification in GTAS
  - Quarterly IGT Scorecard and Metrics program

Requirements for communicating  
with the General Fund  
can be found in  
**I TFM 2-4700, Section 4705.20f**

# WHAT'S ON THE HORIZON?

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Summary & Timeline

# Summary

## What to Expect in FY2016 and Beyond

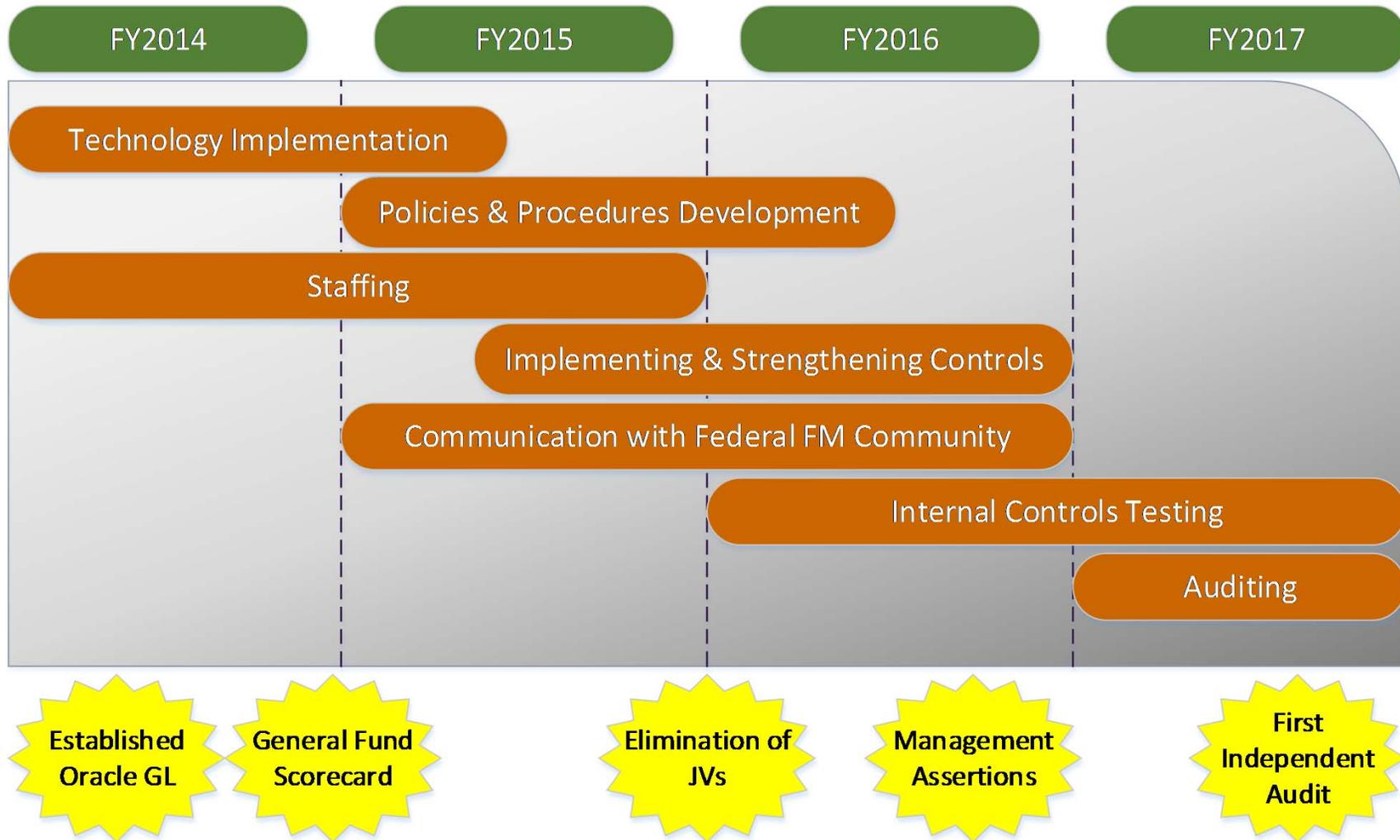
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- Incorporate new USSGLs and RCs in agency scorecards beginning Q1 FY2016
- Reconcile authority (FBwT and related equity accounts) with the General Fund.
- Reconcile transactions with the General Fund to reduce IGT differences and support FR audit target of FY2017.
- Complete and finalize General Fund general ledger.
- Complete an internal audit on the General Fund balances.
- Reduce USSGLs in RC 29.

Be proactive in reconciling your agency's  
General Fund differences!

# Timeline

## General Fund Steps Toward IGT Reconciliation



# Contact Information

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