Closing Package Update

Jaime M. Saling
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The Issue: A Disclaimer of Opinion

Since 1997, the Bureau of the Fiscal Service has compiled agency financial data to prepare the consolidated Financial Report of the U.S. Government, and has consecutively received a disclaimer from GAO.

Three Primary Impediments

DoD  Compilation  IGT
Disclaimer of Opinion

11 Remain...

We need your help!
Progress: Compilation Impediment

• Preparation of the Financial Report
  ○ Internal Control Review

• Successful Implementation of SFFAS No. 47

Reporting Entity

Thank you
Plans: Compilation Impediment

- Preparation of the Financial Report
  - Legal Representation Letters - Aggregate
    - Process Established for FY 2017 and 2018
    - Need a Signed Governmentwide Legal Representation Letter

- Legal Cases

  Management Schedules ≠ Agency Financial Reports ≠ Closing Packages
Plans: Compilation Impediment

• Preparation of the Financial Report
  – Treaties
    ➢ TFM 2-4700 Section 4705.65
      ➢ Current guidance is more budgetary and need to focus on GAAP
      ➢ Entities maintain an inventory and compare to Treaties in Force
      ➢ Process for handling treaties and other international agreements
        outside of the C-175
      ➢ Clarify reporting of commitments and contingencies
    ➢ Discrepancies between entity survey sent to Treasury and
      auditor survey sent to GAO
    ➢ Communication letter from GAO
      ➢ Perform specific test procedures
      ➢ Develop additional guidance
Progress: Compilation Impediment

• Budget Statements
  o Performed five new reconciliations to tie the Budget Statements to other published and/or audited reports
  o Identified all the unreconciled differences (Other lines)
  o Finalized the “why” documentation for each reconciling item
  o Moved from annual basis to monthly
**Plans: Compilation Impediment**

- **Budget Statements**
  - Properly support amounts used in calculating the budget deficit
  - Audit assurance over the Budget Deficit with the audit of the General Fund of the U.S. Government
  - Net Outlays on entities’ Statements of Budgetary Resources
Intragovernmental Impediment

IGT Data Quality

Focus on Quality
Completing the IGT Model
IGT Accomplishments – Trend Analysis

Pre-JV Differences between FY17 and FY18 reduced by 80% or $835 Billion.

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>TOTAL IGT DIFFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$163,589,925,945,410.00</td>
</tr>
<tr>
<td>2015</td>
<td>$12,399,948,566,047.10</td>
</tr>
<tr>
<td>2016</td>
<td>$1,369,805,741,908.21</td>
</tr>
<tr>
<td>2017</td>
<td>$1,048,461,073,065.37</td>
</tr>
<tr>
<td>2018</td>
<td>$213,777,998,988.95</td>
</tr>
</tbody>
</table>

60% of the $214 Billion are differences between the General Fund and their Trading Partners.
Future IGT Plans

- Continue the following initiatives:
  - Intragovernmental Scorecard Program
  - Monitor the Root Cause Analysis and Corrective Action Plan documentation provided by the agencies
  - Material Difference Reporting and Certification
- Implement the changes for “non-reciprocating” USSGL accounts
- Implement new USSGL guidance impacting IGT
- Support the G-Invoicing Initiative aimed at improving communication and reducing differences in the Buy/Sell Sub-Category
- Enhance TFM 2-4700 guidance (Appendix 6) on Intragovernmental Business Rules
How you can help...

• Understand why there are differences between the Legal Letter Management Schedules and AFR/PARs
• Include Treaties and Other International Agreements as part of audit procedures
• Focus on internal control deficiencies on budgetary transactions to avoid issues with Net Outlays
• Become familiar with the top level journal vouchers that Treasury does on audited data and try to address at the agency level
• Ensure the entity is implementing new USSGL guidance
Reporting Updates for FY 2019
Eliminating the Closing Package

In the current process, over 130 agencies publish audited financial statements. Each of these entities submit adjusted trial balances (ATB) to GTAS that should match their audited financial statements starting in 2014 per TFM 2-4700 guidance.
What Does this Mean to You?


### Illustrative Reclassification of Balance Sheet to Government-wide Balance Sheet Format

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>PBWT</td>
<td>PBWT</td>
</tr>
<tr>
<td>Investments, Net</td>
<td>Federal Investments</td>
</tr>
<tr>
<td>Total Investments, Net</td>
<td>Interest Receivable – Investments</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Accounts Receivable, capital transfers</td>
</tr>
<tr>
<td></td>
<td>Interest Receivable – Loans and Not</td>
</tr>
<tr>
<td></td>
<td>Otherwise Classified</td>
</tr>
<tr>
<td>Total Accounts Receivable</td>
<td>Transfers Receivable</td>
</tr>
<tr>
<td>Loans Receivable, Net</td>
<td>Benefit Program Contributions Receivable</td>
</tr>
<tr>
<td>Other</td>
<td>Asset for Agency Custodial and Non-</td>
</tr>
<tr>
<td></td>
<td>Entity Liabilities – Other than the</td>
</tr>
<tr>
<td></td>
<td>General Fund</td>
</tr>
<tr>
<td>Total Other</td>
<td>Total Reclassified A/R</td>
</tr>
<tr>
<td>Total Intra-Governmental Assets</td>
<td>Total Reclassified Other</td>
</tr>
<tr>
<td>Cash and Other Monetary Assets</td>
<td>Cash and Other Monetary Assets</td>
</tr>
<tr>
<td>Investments, Net</td>
<td>Debt and Equity Securities</td>
</tr>
<tr>
<td>Total Investments, Net</td>
<td>Investments in Government-Sponsored</td>
</tr>
<tr>
<td>Accounts, Net</td>
<td>Total Reclassified Investments, Net</td>
</tr>
<tr>
<td>Taxes Receivable, Net</td>
<td>Accounts and Taxes Receivable, Net</td>
</tr>
<tr>
<td>Direct Loan and Loan Guarantees,</td>
<td>Loans Receivable, Net</td>
</tr>
<tr>
<td>Net</td>
<td>Inventory and Related Property, Net</td>
</tr>
<tr>
<td>General FF&amp;E, Net</td>
<td>FF&amp;E, Net</td>
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<tr>
<td>Other</td>
<td>Other Assets</td>
</tr>
<tr>
<td>Total Non-Federal Assets</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
</tr>
</tbody>
</table>
What Does this Mean to You?

• Expanded OMB A-136 Notes
  o Federal Employee and Veteran Benefits Payable
  o Fiduciary Activities

• Disclosure Needed No Matter the Materiality
  o Criminal Restitution
  o Federal Employee and Veteran Benefits Payable

• Variance Analysis
  o Interim and Year-end uploaded to OMB Max
  o Explanation for differences greater than 10% and over $1 billion
What Does this Mean to You?

• Calendar-Year entities
• FASB Reporters
• Social Insurance
Contact Information

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