

## Final Department of Commerce FYs 2008/2009 Financial Statements Guidance Financial Reporting

### I. Purpose

This attachment provides financial reporting instructions and guidance to the Department of Commerce (Department) reporting entities' (hereinafter referred to as bureaus).

### II. General

- The following stand-alone bureau will prepare its own audited financial statements/footnotes/ Required Supplementary Information (RSI), Required Supplementary Stewardship Information (RSSI) and Other Accompanying Information (if applicable). The bureau is required to comply with all the reporting requirements included in this Attachment and all other Attachments of the FY 2008/2009 Financial Statements Guidance:

U. S. Patent and Trademark Office

- The following reporting entities are required to comply with all the reporting requirements included in this Attachment and all other Attachments of the FY 2008/2009 Financial Statements Guidance:

Bureau of Industry and Security  
Bureau of the Census  
Departmental Management/Gifts and Bequests  
Departmental Management/Salaries and Expenses  
Departmental Management/Working Capital Fund  
Economic and Statistics Administration/Bureau of Economic Analysis  
Economic Development Administration /Salaries and Expenses  
Economic Development Administration/Grant and Revolving Funds  
Emergency Oil and Gas Loan Guarantee Program  
Emergency Steel Loan Guarantee Program  
Franchise Fund  
HCHB Renovation and Modernization  
International Trade Administration  
Minority Business Development Agency  
National Institute of Standards and Technology  
National Intellectual Property Law Enforcement Coordination Council  
National Oceanic and Atmospheric Administration  
National Technical Information Service  
National Telecommunications and Information Administration  
Office of Inspector General  
Technology Administration

- **Management Responsibility and Authority:** Financial statements, footnotes, RSI, and RSSI are to be prepared at the direction of the head of the operating unit, with the advice and assistance of financial management staff, to ensure fair presentation and adequate disclosure.

Management is responsible for compliance with applicable laws and regulations and has disclosed all known significant laws and instances of noncompliance with laws and regulations. In addition, management is responsible for the identification of and compliance with all aspects of applicable laws, regulations, contracts, or grants that could have a direct and/or material effect on the determination of financial statement amounts. In the event of noncompliance, management must disclose all known instances of noncompliance with laws, regulations, contracts, or grants.

When a cross-servicing agreement exists, the manager who signs the management representation letter for the annual financial statements is responsible for coordinating the preparation of the reports, even where accounting services are provided by another bureau or agency. However, any organization that provides accounting services on a reimbursable basis is responsible for preparing its portion of the reports.

- **Adherence to Due Dates:** Due dates for bureau submissions are included in the FY 2008/2009 Financial Statements Guidance Attachment I, *Due Date Calendar*. A major factor in obtaining an unqualified (clean) audit opinion for the Department-wide financial statements is ensuring that the audit is performed and completed timely. The Department's auditors must receive timely and accurate information. Since the preparation of the Department-wide financial statements and the subsequent audit opinion relies on the cumulative results of the bureaus' information, any bureau that falls behind in providing information to the Office of Financial Management (OFM) and/or the auditors risks the possibility of a scope limitation and may adversely affect the Department's audit opinion. It is also important that OFM receive accurate information about the status of OFM and auditor requests, and any potential delays in the submission of data. If it appears that the bureau **will not** be able to meet a due date(s), please contact your bureau liaison as soon as possible to arrange due date(s) that can be achieved without significant delay to the preparation of the Department-wide financial statements and the audit.
- **Departmental and Stand-Alone Bureau's Audits of Financial Statements, Footnotes**
  - Audits of Department's or the stand-alone bureau's financial statements, footnotes, RSI and RSSI are performed by an independent contractor(s) to the Office of Inspector General (OIG), in accordance with generally accepted government auditing standards and Office of Management and Budget (OMB) Bulletin 01-02, *Audit Requirements for Federal Financial Statements*. The auditor will submit an audit report to the head of the reporting entity through the OIG. If the auditor considers it necessary to communicate other conditions not included in one of the required audit reports, a management letter may be prepared and submitted with, or following, the audit report.

- OFM encourages program and financial management staff to work closely and cooperatively with the auditors. At OFM, this approach has not only proven to be the most effective way to prepare and audit financial statements, but it is the method most likely to bring about needed improvements in the financial practices of the Department. Issues may arise during these audits, and it is of the utmost importance that they be resolved in a timely manner. OFM stands ready to work with program and financial managers, OIG, and contract auditors to resolve problems and issues as they arise.
- All Bureaus' Physical Inventories: All bureaus must notify the OIG, their auditors, and their OFM bureau liaison when their physical inventory counts (full or partial) for a) General Property, Plant, and Equipment; and b) Inventory, Materials, and Supplies are scheduled. This is necessary so an independent observer can be present at the inventory counts. Bureaus should provide notice to the auditors as soon as the date is set, to ensure adequate time for scheduling.

All Bureaus' Compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA): Section 803(b) of FFMIA requires that auditors include in their financial statement audits a report on compliance with FFMIA. The OMB has issued revised implementation guidance dated January 4, 2001, for FFMIA. The guidance lists the specific requirements of FFMIA, as well as factors to consider in reviewing systems for compliance.

An understanding of the checklists will aid the audit process, since these checklists document what the auditors will be looking for to attest to the Department's compliance with FFMIA. Managers are encouraged to use these checklists, which can be obtained from the following website:

[www.whitehouse.gov/omb/financial/ffmia\\_implementation\\_guidance.pdf](http://www.whitehouse.gov/omb/financial/ffmia_implementation_guidance.pdf).

### III. All Bureaus' Financial Statements, Footnotes, RSI and RSSI

#### 1. Generally Accepted Accounting Principles (GAAP)

In October 1990, three officials responsible for Federal financial reporting established the Federal Accounting Standards Advisory Board (FASAB). The officials (the Principals) were the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the U.S. They created FASAB to develop accounting standards and principles for the U.S. government.

The Original Pronouncements compiles and codifies the documents produced by the FASAB. It is designed to meet the needs of users for an authoritative reference to concepts, standards, interpretations, technical bulletins, technical releases, and other issuances. It contains extensive cross-referencing and indexing.

The following FASAB guidance is applicable to bureaus for FY 2008, which can be downloaded from the following FASAB website location: [www.fasab.gov/accepted.html](http://www.fasab.gov/accepted.html).

**Category A Hierarchy**

SFFAS 1	Accounting for Selected Assets and Liabilities
SFFAS 2	Accounting for Direct Loans and Loan Guarantees
SFFAS 3	Accounting for Inventory and Related Property
SFFAS 4	Managerial Cost Accounting Concepts and Standards
SFFAS 5	Accounting for Liabilities of the Federal Government
SFFAS 6	Accounting for Property, Plant, and Equipment
SFFAS 7	Accounting for Revenue and Other Financing Sources
SFFAS 8	Supplementary Stewardship Reporting
SFFAS 9	Deferral of the effective date of managerial Cost Accounting Standards for the Federal Government in SFFAS No.4
SFFAS 10	Accounting for Internal Use Software (amends SFFAS 6)
SFFAS 11	Amendments to Accounting for PP&E: Definitions (amends SFFASs' 6 and 8)
SFFAS 12	Recognition of Contingent Liabilities from Litigation (amends SFFAS 5)
SFFAS 13	Deferral of Paragraph 65.2 - Material Revenue-Related Transactions (amends SFFAS 7)
SFFAS 14	Amendments to Deferred Maintenance Reporting (amends SFFASs' 6 and 8)
SFFAS 15	Management's Discussion and Analysis - Standards
SFFAS 16	Amendments to Accounting for PP&E: Multi-Use Heritage Assets (amends SFFASs' 6 and 8)
SFFAS 17	Accounting for Social Insurance
SFFAS 18	Amendments to Accounting Standards for Direct Loans and Loan Guarantees (amends SFFAS 2)
SFFAS 19	Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees (amends SFFAS 2)
SFFAS 20	Elimination of Certain Disclosures
SFFAS 21	Reporting Corrections of Errors and Changes in Accounting Principles
SFFAS 22	Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations
SFFAS 24	Selected Standards for the Consolidated Financial Report of the United States Government
SFFAS 25	Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment
SFFAS 26	Presentation of Significant Assumptions for the Statement of Social Insurance: Amending SFFAS 25
SFFAS 27	Identifying and Reporting Earmarked Funds
SFFAS 28	Deferral of the Effective Date of Reclassification of the Statement of Social Insurance: Amending SFFAS 25 and 26
SFFAS 29	Heritage Assets and Stewardship Land
SFFAS 32	Consolidated Financial Report of the U.S. Government Requirements
Interpretation 1	Reporting on Indian Trust Funds in General Purpose Financial Reports of the Department of the Interior
Interpretation 2	Accounting for Treasury Judgment Fund Transactions
Interpretation 3	Measurement Date for Pension and Retirement Health Care Liabilities
Interpretation 4	Accounting for Pension Payments in Excess of Pension Expense
Interpretation 5	Recognition By Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS No. 7
Interpretation 6	Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4

## Interpretation 7 Items Held for Remanufacture

Additional Category A Guidance: The American Institute of Certified Public Accountants (AICPA) and Financial Accounting Standards Board (FASB) pronouncements specifically made applicable to federal governmental entities by FASAB Statements or Interpretations

### Category B Hierarchy

#### *Technical Bulletins*

- 2006-1 Recognition and Measurement of Asbestos-Related Cleanup Costs
- 2003-1 Certain Questions and Answers Related to the Homeland Security Act of 2002
- 2002-2 Disclosures Required By Paragraph 79(g) of SFFAS 7
- 2002-1 Assigning to Component Entities Costs and Liabilities That Result From Legal Claims Against the Federal Government
- 2000-1 Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance

Additional Category B Guidance: AICPA Industry Audit and Accounting Guides and AICPA Statements of Position, if specifically made applicable to federal governmental entities by the AICPA and cleared by the FASAB

### Category C Hierarchy

#### *Technical Releases*

- No. 1 Audit Legal Representation Letter Guidance
- No. 2 Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government
- No. 3 (revised) Auditing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act Amendments to Technical Release 3: Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act
- No. 4 Reporting on Non-Valued Seized and Forfeited Property
- No. 5 Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software
- No. 6 Preparing Estimates for Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act Amendments to Technical Release 3: Preparing and Auditing Direct Loan and Loan Guarantee Subsidies under the Federal Credit Reform Act
- No. 7 Clarification of Standards Relating to the National Aeronautics and Space Administration's Space Exploration Equipment

Additional Category C Guidance: AICPA Accounting Standards Executive Committee (ACSEC) Practice Bulletins, if specifically made applicable to federal governmental entities and cleared by the FASAB

## Category D Hierarchy

Additional Category D Guidance: Other Implementation guides published by the FASAB staff, and practices that are widely recognized and prevalent in the Federal Government

### Additional Guidance from FASAB

SFFAC 1	Objectives of Federal Financial Reporting
SFFAC 2	Entity and Display
SFFAC 3	Management's Discussion and Analysis – Concepts
SFFAC 4	Intended Target Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government

Report 1	Overview of Federal Financial Accounting Concepts and Standards
Research Report	Accounting for the Natural Resources of the Federal Government
Research Report	Capital and Operating Leases Research Report

## 2. OMB Circular A-136, Financial Reporting Requirements

For the Department's financial statements/footnotes/RSI/RSSI, the Department will adhere closely to OMB's revised Circular A-136, dated June 3, 2008. This Circular establishes a central point of reference for all Federal financial reporting guidance for Executive Branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PAR) under the Chief Financial Officers Act of 1990, the Accountability of Tax Dollars Act of 2002, and Annual Management Reports under the Government Corporations Control Act. This Circular is available on the Office of Management and Budget (OMB) home page on the Internet, which is currently located at [www.whitehouse.gov/omb/circulars/a136/a136\\_revised\\_2008.pdf](http://www.whitehouse.gov/omb/circulars/a136/a136_revised_2008.pdf)

## 3. Quarterly Financial Statements, Footnotes, RSI, and RSSI (the Department and bureaus are required to produce these reports each quarter)

- a. **Balance Sheet:** This statement is HFM produced. Bureaus are required to use the appropriate HFM account structures.
- b. **Statement of Net Cost:** This statement is HFM produced. Bureaus are required to use the appropriate HFM account structures.
- c. **Statement of Changes in Net Position:**  
This statement is HFM produced. Bureaus are required to use the appropriate HFM account structures.
  - **Prior Period Adjustments:** Bureaus are reminded that, for the third quarter and year-end submissions, prior period adjustments should only be recorded for items material to the reporting entity.
- d. **Statement of Budgetary Resources:**

This statement is HFM produced. Bureaus are required to use the appropriate HFM account structures.

- Bureaus are required to materially reconcile their Statement of Budgetary Resources with their:
  - SF 132s, *Apportionment and Reapportionment Schedule*
  - FACTS II SF-133s, *Report on Budget Execution and Budgetary Resources*
  - FACTS II Draft Program and Financing (P&F) Schedules - Actual Column (from FACTS II system). NOTE: FMS has been having difficulties implementing this report
  - FACTS II FMS 2108s, *Year-End Closing Statement* (year-end only).
  
- With regard to the Statement of Budgetary Resources comparison to the SF-133s, bureaus will enter their SF-133s data into a HFM schedule, and will provide explanations to OFM for differences of \$500K or more.
  
- With regard to the Statement of Budgetary Resources comparison to the SF-132s, OFM will enter bureaus' SF-132s data into a HFM schedule, and will provide explanations to OFM for differences of \$1M or more.
  
- Bureaus are required to submit to OFM copies of the following:
  - FACTS II Complete SF-133s, *Report on Budget Execution and Budgetary Resources*
  - FACTS II Complete Form 2108s, *Year-End Closing Statement* (only at year-end)
  - FACTS II Complete Draft Program & Financing (P&F) Schedules – Actual Column
  
- OFM will obtain copies of the SF-132s from the Department's Office of Budget and provide the SF-132s list to bureaus.
  
- e. **Statement of Financing:** This statement has been eliminated, and will now be prepared as a footnote (*Reconciliation of Net Cost of Operations (proprietary) to Budget*).
  
- f. **Statement of Custodial Activity:** This statement is HFM produced. Bureaus are required to use the new account structures that were provided during the HFM training.
  
- g. **Financial Statement Footnotes:**
  - Footnotes Text Matrix: OFM will provide a footnotes text matrix template (Word file) to the bureaus. The bureaus will review the existing text, enter any updates, revisions, deletions (show as strike-throughs), or indicate "N/A" in the Word file template, and the completed template will be e-mailed by the bureaus to OFM.

- Footnotes Data: Bureaus will enter footnote data into HFM per instructions provided during training – Please see FY 2008/2009 Financial Statements Guidance Attachment K, HFM Data Submissions/Reports.

**Preparing the HFM "Fund Balance with Treasury" Footnote (report "FBT") - Breakdown of FBWT by Status:**

The below contains general guidance on all of the FBWT Breakdown by Status lines. This general guidance will not address all situations, as properly calculating each line of this footnote can be rather complex. Furthermore, this general guidance may not apply in all situations, such as when the Department is under a Continuing Resolution scenario:

First of all, the total of the footnote must agree to the aggregate of SGL 1010 (Fund Balance with Treasury) and SGL 1090 (Fund Balance with Treasury under a Continuing Resolution).

**Temporarily Not Available Pursuant to Public Law:** This line should equal the ending balances in budgetary SGL accounts 4382, 4383, 4387, 4388, 4395, 4397, 4398, and 4399, to the extent of FBWT (aggregate of SGL 1010 and SGL 1090).

**Unobligated Balance, Available:** FBWT corresponding to SBR line 9A (Unobligated Balance, Apportioned) and 9B (Unobligated Balance, Exempt from Apportionment), less valid reconciling items - see tie-point FBTSBR1 (note: there are sometimes additional reconciling items beyond those listed on tie-point FBTSBR1).

**Unobligated Balance, Unavailable:** FBWT corresponding to SBR line 10 (Unobligated Balance Not Available), less valid reconciling items - see tie-point FBTSBR1 (note: there are sometimes additional reconciling items beyond those listed on tie-point FBTSBR1).

**Obligated Balance Not Yet Disbursed:** FBWT corresponding to SBR line 18A (Unpaid Obligations Brought Forward) and SBR line 18B (Less: Uncollected Customer Payments, Brought Forward), less valid reconciling items - see tie-point FBTSBR2 (note: there are sometimes additional reconciling items beyond those listed on tie-point FBTSBR2).

**Non-budgetary:** This line should equal the FBWT (aggregate of SGL 1010 and SGL 1090) balance for fund groups that do not have budgetary SGL entries (i.e. receipt accounts, clearing account suspense activity, deposit funds, etc.).

**Warrants (for appropriations) Not Yet Received:**  
**enter as a negative amount:** [The following general guidance may not apply under a Continuing Resolution scenario where SGL 1090 is also used.] Generally, bureaus usually use their budgetary SGL accounts to populate Unobligated Balance, Available, Unobligated Balance, Unavailable, and

Obligated Balance Not Yet Disbursed footnote lines above. The underlying budgetary SGL accounts for these three lines may reflect appropriations received for which the FBWT has not yet been received (because the warrant has not yet been processed). Accordingly, there sometimes needs to be a reconciling item for the above three lines, because those lines would not equal FBWT on hand when the FBWT has not yet been received for the appropriation. So, enter as a negative amount the warrants for appropriations not yet received in this line. This line will help you arrive at FBWT amount per SGL 1010.

**Negative Warrants (for Rescissions) Not Yet Received:**

**enter as a positive amount:** [The following general guidance may not apply under a Continuing Resolution scenario where SGL 1090 is also used.] Generally, bureaus usually use their budgetary SGL accounts to populate Unobligated Balance, Available, Unobligated Balance, Unavailable, and Obligated Balance Not Yet Disbursed footnote lines above. The underlying budgetary SGL accounts for these three lines may reflect rescissions to appropriations for which the FBWT has not yet been paid back to Treasury (because the negative warrant has not yet been processed). Accordingly, there sometimes needs to be a reconciling item for the above three lines, because those lines would not equal FBWT on hand when the FBWT has not yet been paid back for the rescission. So, enter as a positive amount the negative warrants for rescissions not yet received in this line. This line will help you arrive at FBWT amount per SGL 1010.

**Following are important instructions for bureaus' calculations of the amounts for the "Future Payments under Operating Leases" HFM footnote:**

**General Services Administration (GSA) Real Property Leases**

The Department's GSA real property operating leases are generally cancellable, however, the Department chooses to disclose estimated amounts in the Department's footnotes because of materiality. We will only disclose **ESTIMATED** payments for each of the next five fiscal years. HFM users will not type anything into "Thereafter" for the GSA Real Property Operating Leases.

Please calculate your best ESTIMATES of what your bureau will pay out in GSA Real Property Operating Leases for each of the next five fiscal years. Do not rely on strictly the lease terms or the lease agreement as they are cancellable leases anyway, and your calculations should reflect your best estimates. Please retain the supporting documentation of your calculations for the auditors.

### **Non-GSA Real Property Leases**

The non-GSA real property leases category captures all real property leases, excluding GSA real property leases (e.g. real property leases with other Federal agencies or the public).

Please follow the instructions under OMB Circular A-136, Note 18: "Enter future lease payments, by major asset category, for all noncancellable leases with terms longer than one year."

### **Personal Property Leases**

The personal property leases category includes all personal property leases.

Please follow the instructions under OMB Circular A-136, Note 18: "Enter future lease payments, by major asset category, for all noncancellable leases with terms longer than one year."

- 1) Submit manual (Excel<sup>®</sup> spreadsheets and/or Word documents) footnote data to OFM

OFM will provide footnote templates (Excel<sup>®</sup> spreadsheets and/or Word documents) to bureaus for the following footnotes that OFM requires manual submissions:

- Loans Receivable and Related Foreclosed Property, Net (EDA, ELGP, NOAA only)
- Prior Period Adjustments (if applicable)
- Statement of Net Cost by Major Program (Census, NIST, NOAA, and USPTO only; subject to change)
- Heritage Assets and Stewardship Land (Census, NIST, and NOAA only; subject to change)

- h. **Reconciliation of Net Cost of Operations (proprietary) to Budget (*formerly Statement of Financing*):** This footnote is HFM produced. Bureaus are required to use the appropriate HFM account structures. This footnote will be prepared in the same way the previously used *Statement of Financing* was prepared. All journal entry requests/information, and any other additionally submitted data/information used to prepare this footnote, should be sent directly to **TBD (TBD)**, with copy to the appropriate Bureau Liaison.

- i. **Required Supplementary Information (RSI)**

- The following RSI schedules are HFM produced - please see FY 2008/2009 Financial Statements Guidance, Attachment K, *HFM Data Submissions/Reports*:
  - **Schedule** of Budgetary Resources by Major Budget Account

- Deferred Maintenance: Applicable bureaus are required to manually submit (Word file) the Deferred Maintenance section of RSI. See OMB Circular A-136, section 12.3 for detailed instructions.
- j. **Required Supplementary Stewardship Information (RSSI):** For applicable bureaus, see OMB Circular A-136, SFFAS 8, SFFAS 11, SFFAS 14, SFFAS 16, SFFAS 25, and SFFAS 29. (SFFAS 11, SFFAS 14, and SFFAS 16 include amendments to SFFAS 8.)

#### IV. Quarterly All Bureaus' Review for Anomaly Balances

All bureaus are required to review their HFM trial balances (each fund group/fund code) for anomaly balances (and research/resolve the anomaly balances as appropriate). Explanations are required to be submitted to OFM for all anomaly balances.

#### V. Quarterly All Bureaus' Fluctuation Analyses of the Principal Financial Statements and Selected Footnotes

- The OMB Circular A-136 requires federal agencies to prepare and submit to OMB quarterly fluctuation analysis effective FY 2006. OFM is required to perform year-to-year fluctuation analyses of each line item of the Department-wide principal financial statements, and provide these analyses to the independent auditors for its audit and to OMB during quarterly submissions. Furthermore, selected footnotes require fluctuation analyses to help ensure the data is complete and accurate. Additionally, the Department must include a discussion of financial trends, and an analysis of financial condition and results, in the Accountability Report. For OFM to be able to meaningfully analyze the Department's fluctuations, trends, and financial conditions and results, explanations for significant fluctuations within bureaus are needed.
- Accordingly, for the following financial statements or footnotes, bureaus are required to provide explanations for fluctuations for line items that increased or decreased by 10% or more from the prior period **AND** are greater than or equal to the following dollar amounts – NOAA - \$12 million; Census, EDA, ITA, NIST, and USPTO - \$5 million; all other entities - \$2 million.

**NOTE:** These fluctuation analyses reports are in HFM sets, and should be exported by the bureaus into Excel spreadsheets in order to review and provide explanations directly in the Excel file.

**IMPORTANT NOTE: OFM May Have To Request, As Necessary, Bureau Explanations For Fluctuations Less Than 10% and/or dollar amounts Less Than required amounts. This Is Because Of The Auditor Requirement For The Department To Explain Fluctuations Of 6% Or More and \$5 million.**

#### VI. Quarterly All Bureaus' SBR vs SF-133 Differences Analyses

- Beginning with first quarter of FY 2007, the OMB Circular A-136 requires federal agencies to submit an analysis of significant differences between the current quarter's unaudited SBR and

the current quarter's department-wide SF 133, Report on Budget Execution and Budgetary Resources. OFM is required to provide an explanation for the differences between the SBR and SF 133 for comparable line items related to budgetary resources, obligations, and outlays to OMB 45 days after the end of the quarter. For OFM to be able to meaningfully analyze the Department's significant differences between these reports, explanations for differences within bureaus are needed.

- Accordingly, bureaus are required to provide explanations for all line items that have differences of \$500K or more.

## VII. All Bureaus' Net Position Analyses

- OFM is required to perform analyses of the components of the Department's Net Position (Unexpended Appropriations; and Cumulative Results of Operations) for appropriated fund groups/fund codes only (subject to change), and provide these analyses to the independent auditors for its audit. For OFM to be able to meaningfully analyze the components of the Department's Net Position for appropriated fund groups/fund codes, careful bureau review of the HFM produced Net Position Analyses is needed.
- Accordingly, for the HFM produced appropriated fund group/fund code level Net Position Analyses:

Bureaus will carefully review the appropriated fund group/fund code level Net Position analyses and provide explanations to OFM of any analyses differences of \$500 thousand or more.

In developing explanations for the Net Position Analyses differences, bureaus should determine which USSGL accounts have made an impact on the specific line items being reviewed and include these in their explanations.

## VIII. Quarterly All Bureaus' Review Procedures Checklist

All bureaus are required to submit the bureau Chief Financial Officer (CFO) Review Checklist Parts I & II (by their respective due dates), the Review Procedures Checklist, and the Subsequent Review Checklist for quarterly and for year-end financial statements. Each quarter, OFM will provide the bureaus with the most recent checklists.

Bureaus are required to provide explanations to OFM for regular tie-point differences of \$300 thousand or more and for budgetary-proprietary tie-point differences of \$750 thousand or more, **unless threshold is otherwise listed in the checklist.**

The bureau CFO will sign the Bureau CFO Review Checklist Parts I & II. The reporting entity financial manager and the accounting service provider financial manager will sign the Review Procedures Checklist and the Subsequent Review Procedures Checklist.

## IX. Quarterly Treasury Report on Receivables Due from the Public (TROR)

All bureaus are required to submit to OFM a copy of the completed TROR submission, certification, verification, and an accompanying reconciliation. Refer to Chapter 11 in the Credit and Debt Operating Standards and Procedures Handbook for more information regarding the TROR at the following Internet address: <http://www.osec.doc.gov/ofm/credit/DraftChapter11Credit&DebtHbk-3-01-07.doc>.

## X. All Bureaus' Government Accountability Office (GAO) Checklists

- The GAO Checklists for Reports Prepared under the CFO Act are available at the sites listed below. The first site links to the overall checklists overview and the checklists for the Balance Sheet. The second site links to the checklists for the Statements of Net Cost, Changes in Net Position, Budgetary Resources, Financing, Custodial Activity, and Notes to the Financial Statements, Required Supplementary Stewardship Information, and Required Supplementary Information.
  - [www.gao.gov/special.pubs/01765G/vol2\\_cacb.pdf](http://www.gao.gov/special.pubs/01765G/vol2_cacb.pdf)
  - [www.gao.gov/special.pubs/01765G/vol2\\_cace.pdf](http://www.gao.gov/special.pubs/01765G/vol2_cace.pdf)
- Also, the GAO has placed the Checklists in Word format that allows users to enter data directly onto the document checklist, and can be downloaded, as follows:
  1. [www.gao.gov/special.pubs/01765G/](http://www.gao.gov/special.pubs/01765G/)
  2. Scroll down to the "CFO Act Checklist (FAM 1004)" This will save the checklist as a zip file. Once opened you will have Word files for each chapter.
- While OFM does not currently require that bureaus submit completed GAO Checklists to OFM (subject to change), OFM strongly encourages the bureaus' use of these checklists.

## XI. Stand-Alone Bureau's Financial Statements, Footnotes, RSI, and RSSI

- a. **The stand-alone bureau should comply with OMB Circular A-136. Please consult with OFM in advance regarding any contemplated deviations from OMB Circular A-136.**
- b. **Treasury USSGL Crosswalks to the Financial Statements:**

For the stand-alone bureau, each principal statement should be prepared based on Treasury's most recently issued Form and Content Crosswalks for the financial statements. The bureau must notify OFM of any line items that are not calculated based on Treasury's Crosswalks.

Treasury's Form and Content Crosswalks can be obtained from the following website address: [www.fms.treas.gov/ussgl](http://www.fms.treas.gov/ussgl). Click on USSGL TFM, select appropriate fiscal year, select Section V USSGL Crosswalks to Standard External Reports

- c. **Audit Adjustments:** The final year-end financial statements shall contain all the stand-alone bureau's audit adjustments.

- d. Immaterial Amounts:** To ensure completeness of the Department's financial statements and avoid variances between FACTS I (Federal Agencies' Centralized Trial-Balance System I), and the financial statements, the stand-alone bureau should include all amounts included in its trial balance. For example, if one fund group has \$10 thousand of "Accounts Receivable-Gross" and \$10 thousand of "Allowance for Loss on Accounts Receivable," please include or disclose both of these amounts (gross) even though they are immaterial and net to zero.
- e. Rounding:** Line items should be rounded to the nearest thousand dollars. Line items should foot to the subtotals and totals shown.
- f. Statement of Net Cost:** The Statement of Net Cost is designed to show separately the components of the net cost of the reporting entity's operations for the period. Net cost of operations is the gross cost incurred by the reporting entity less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that program plus any non-production costs that can be assigned to the program (non-production costs are costs linked to events other than the production of goods and services). The net cost of a program consists of gross cost less related exchange revenues. By disclosing the gross and net cost of the entity's programs, the Statement of Net Cost provides information that can be related to the outputs and outcomes of the programs and activities. Intergovernmental gross costs and earned revenues shall be disclosed in notes to the financial statement.
- g. Other Accompanying Information:** If the stand-alone bureau presents a consolidated financial statement as the principal statement, and the bureau has intra-bureau eliminations for that statement, OFM requires that the bureau also present a consolidating financial statement in Other Accompanying Information.
- h. Distribution by Stand-Alone Bureau of Its Financial Statements:**

Once the stand-alone bureau's audited financial statements are issued, the Finance Officer may distribute copies of audited or unaudited financial statements to outside officials and interested parties, subject to the following:

If the financial statements are audited and are designated as such, all three sections of the auditor's reports must be included with any financial statements distributed to outside officials and interested parties.

Each page of unaudited financial statements must carry a clear label for the reader that the financial statement is "unaudited."

## **XII. Due Dates for Submissions**

- See FY 2008/2009 Financial Statements Guidance, Attachment I, *Due Date Calendar*, for due dates.
- OFM will monitor bureaus' submissions against the due dates. A deadline may be considered not met if the data is incomplete, inaccurate, or not reconciled to other applicable data

- Please e-mail bureau submissions to your OFM bureau liaison and also copy Tanya C. Smith at TSmith2@doc.gov

### **XIII. OFM Contact Persons (Bureau Liaisons and Other Contact Persons)**

OFM bureau liaisons (**Exhibit 1**) will be the **primary** contact persons for the bureaus. Bureau submissions should be delivered to your bureau liaison via e-mail or fax. **Exhibit 1** also lists OFM contact persons for transaction categories and Departmental financial statement processes.

OFM bureau liaisons (**Exhibit 1**) also serve as the **primary** contact persons for bureau HFM matters.

### **XIV. OFM Point of Contact**

Questions related to Attachment A can be directed to:

Tanya C. Smith  
14<sup>th</sup> & Constitution Avenue, NW  
HCHB, Room 6321  
Washington, DC 20230  
Tel. (202) 482-0854  
Fax: (202) 482-1992 or 5070  
E-mail: TSmith2@doc.gov

## OFM Bureau Liaisons and Other Contacts –As of Quarter 4 FY 2008

Bureau or Area of Responsibility	OFM Contact	Phone No	E-Mail Address
BIS & ITA	Tesfaye Wyes	(202) 482-2258	twyes@doc.gov
Census	Eric Carter	(202) 482-8107	ecarter@doc.gov
DM/G&B, DM/S&E, DM/WCF	Sakiyna Salaam	(202) 482-4343	ssalaam@doc.gov
EDA & TA	<b>TBD</b> Tanya C. Smith	<b>TBD</b> (202) 482-0854	<b>TBD</b> tsmith2@doc.gov
ELGP-Oil&Gas, ELGP-Steel	Kitina White Tanya C. Smith	(202) 482-0831 (202) 482-0854	kwhite2@doc.gov tsmith2@doc.gov
ESA/BEA & NTIS	D.J. Akinngbe	(202) 482-2933	djakinnagbe@doc.gov
Franchise Fund, NIPC, OIG, & HCHB	<b>TBD</b> Tanya C. Smith	<b>TBD</b> (202) 482-0854	<b>TBD</b> tsmith2@doc.gov
MBDA	Sakiyna Salaam	(202) 482-4343	ssalaam@doc.gov
NIST	<b>TBD</b> Tanya C. Smith	<b>TBD</b> (202) 482-0854	<b>TBD</b> tsmith2@doc.gov
NOAA	Atisha Burks	(202) 482-2715	aburks@doc.gov
NTIA & USPTO	Ayana Bess	(202) 482-0204	abess@doc.gov
HFM Issues	Marlon Rock	(202) 482-0590	mrock@doc.gov
Intra-Commerce Transactions	Ayana Bess	(202) 482-0204	abess@doc.gov
Intragovernmental Fiduciary	Kitina White Marlon Rock	(202) 482-0831 (202) 482-0590	kwhite2@doc.gov mrock@doc.gov
Intragovernmental Non-fiduciary	Sakiyna Salaam Marlon Rock	(202) 482-4343 (202) 482-0590	ssalaam@doc.gov mrock@doc.gov
Balance Sheet	<b>TBD</b> Tanya C. Smith	<b>TBD</b> (202) 482-0854	<b>TBD</b> tsmith2@doc.gov
Statement of Net Cost	Atisha Burks	(202) 482-2715	aburks@doc.gov
Statement of Changes in Net Position	D.J. Akinngbe	(202) 482-2933	djakinnagbe@doc.gov
Statement of Budgetary Resources/ FACTS II	Ayana Bess	(202) 482-0204	abess@doc.gov
Required Supplementary Information	Tesfaye Wyes Tanya C. Smith	(202) 482-2258 (202) 482-0854	twyes@doc.gov tsmith2@doc.gov
Required Supplementary Stewardship Information	Eric Carter	(202) 482-8107	ecarter@doc.gov
Treasury Report on Receivables	Atisha Burks	(202) 482-2715	aburks@doc.gov
Audit Process	Christine Courter for Julie Tao (Q4 FY 08 only)	(202) 482-0232	ccourter@doc.gov
Closing Package/ FACTS I Process	Tanya C. Smith	(202) 482-0854	tsmith2@doc.gov
Corrective Action Plans Process	Christine Courter for Julie Tao (Q4 FY 08 only)	(202) 482-0232	ccourter@doc.gov
Financial Reporting Process	Tanya C. Smith	(202) 482-0854	tsmith2@doc.gov
Fluctuation Analyses Process	Tanya C. Smith	(202) 482-0854	tsmith2@doc.gov
Intragovernmental Transactions Process	Marlon Rock	(202) 482-0590	mrock@doc.gov
Legal Letters/ Unasserted Claims Process	Atisha Burks	(202) 482-2715	aburks@doc.gov
Management Representation Letters Process	Christine Courter for Julie Tao (Q4 FY 08 only)	(202) 482-0232	ccourter@doc.gov

