

# Fiscal Service IRC Meeting

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## Abnormal Budgetary USSGL Account Balances

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Office of Management and Budget

December 1, 2021; February 9, 2022



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The following slides were presented at the USSGL IRC meeting on December 1, 2021.

# Overview



- Budgetary USSGL accounts where ending abnormal balances are required to be resolved before FY 2022-09 GTAS reporting window
  - List of Budgetary USSGL accounts (Begin\_End values B/E, E)
  - GTAS Prior\_Year\_Adjustment Attribute (values B, P, X)
  - GTAS edits 140-147 (SF 133/Schedule P unobligated balance memo lines)
  - New GTAS validation (effective FY 2022-06) for abnormal beginning balances before FY 2022-09 GTAS reporting window. For any TAFS and USSGL account currently under GTAS validation 122, beginning balances will be accepted thru FY 2022-12 GTAS reporting window as an exception to this new GTAS validation.
  - Beginning FY 2022-04 GTAS reporting window, any FY 2022 abnormal balance GTAS validation exception request will require a written justification (i.e., plan to resolve with milestones) included in agency request.
  
- Budgetary USSGL accounts where ending abnormal balances are required to be resolved before FY 2023-09 GTAS reporting window
  - List of Budgetary USSGL accounts (Begin\_End values B/E, E)
  - GTAS Prior\_Year\_Adjustment Attribute (values B, P, X)
  - GTAS edits 148-155 (SF 133/Schedule P obligated balance memo lines)
  - New GTAS validation (effective FY 2023-06) above for abnormal beginning balances before FY 2023-09 GTAS reporting window. For any TAFS and USSGL account currently under GTAS validation 122, beginning balances will be accepted thru FY 2023-12 GTAS reporting window as an exception to this new GTAS validation above.

# Overview (continued)



- Budgetary USSGL accounts where ending abnormal balances are required to be resolved before FY 2024-09 GTAS reporting window
  - List of Budgetary USSGL accounts (Begin\_End values B/E, E)
  - GTAS Prior\_Year\_Adjustment Attribute (values B, P, X)
  - GTAS edits 148-155 (SF 133/Schedule P obligated balance memo lines)
  - GTAS validation (created in FY 2022) (effective FY 2024-06) for abnormal beginning balances before FY 2024-09 GTAS reporting window. For any TAFS and USSGL account currently under GTAS validation 122, beginning balances will be accepted thru FY 2024-12 GTAS reporting window as an exception to this GTAS validation.
  - Budgetary and proprietary USSGL accounts and TC modifications [Pending IRC approval]

# FY 2022-08 Deadline



- Budgetary USSGL accounts
  - Ending balances only: 411900, 413200, 426600, 451000, 461000, 462000, 470000, 488100, 498100, 490200 where GTAS Prior\_Year\_Adjustment attribute value X
    - No abnormal ending balances as of the FY 2022-09 and beyond GTAS reporting windows
  - Beginning & Ending balances: 412600, 413900, 414900, 422100, 422200, 422500, 425100, 438400, 439400, 439700 where GTAS Prior\_Year\_Adjustment attribute value X
    - Abnormal beginning balances permitted thru FY 2022-12 GTAS reporting window
    - No abnormal ending balances as of the FY 2022-09 and beyond GTAS reporting windows
- GTAS Edits 140-147 (SF 133/Schedule P unobligated balance memo lines)

Number	Name	Fatal/Proposed Analytical
140	SF133 Line 5311 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
141	SF133 Line 5312 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
142	SF133 Line 5313 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
143	SF133 Line 5314 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
144	SF133 Line 5321 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
145	SF133 Line 5322 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
146	SF133 Line 5323 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
147	SF133 Line 5324 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12

# FY 2022-08 Deadline



- GTAS Edits 140-143 (FY 2022 GTAS Overrides)

**Number of TAFS with Negative Amounts in Select SF-133/Schedule P Lines by OMB Agency**  
**GTAS Reporting Period 2021-12**  
 Excludes Legislative and Judicial Branches

	Line 2490 Unobligated Balance End of Year	Memo Lines (FY 2021-12 End of Year)				Total Unique TAFS with Negative Amounts
		Line 5321 Direct Unobligated Balance End of Year	Line 5322 Reimbursable Unobligated Balance End of Year	Line 5323 Discretionary Unobligated Balance End of Year	Line 5324 Mandatory Unobligated Balance End of Year	
Commodity Futures Trading Commission	1	1		1		1
Department of Commerce			1			1
Department of Defense--Military Programs	5	4	33	10	9	50
Department of Education	2	2		1	1	2
Department of Homeland Security			8			8
Department of Transportation	1	1			1	1
Department of Veterans Affairs			1			1
Federal Communications Commission	1	1			1	1
General Services Administration			1			1
International Assistance Programs	4	4		4		4
National Council on Disability	1	1		1		1
Northern Border Regional Commission			1			1
Other Defense--Civil Programs	1	1		1		1
Railroad Retirement Board				1	1	2
Small Business Administration		1	1			2
United States Holocaust Memorial Museum	3	3		3		3

For FY 2022-02 GTAS reporting window, OMB will submit GTAS override requests for 80 TAFSs in the Executive branch where the amounts on lines 5311, 5312, 5313, and 5314 (start of year) for FY 2022 equal the amounts on SF 133 lines 5321, 5322, 5323, and 5324 (end of year) for the FY 2021-12 (respectively).

# FY 2023-08 Deadline



- Budgetary USSGL accounts
  - Beginning & Ending balances: 420100, 445000, 465000 where GTAS Prior\_Year\_Adjustment attribute value X
    - Abnormal beginning balances permitted thru FY 2023-12 GTAS reporting window
    - No abnormal ending balances as of the FY 2023-09 and beyond GTAS reporting windows
- GTAS Edits 140-147 (SF 133/Schedule P unobligated balance memo lines)

Number	Name	Fatal/Proposed Analytical
140	SF133 Line 5311 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
141	SF133 Line 5312 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
142	SF133 Line 5313 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
143	SF133 Line 5314 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
144	SF133 Line 5321 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
145	SF133 Line 5322 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
146	SF133 Line 5323 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12
147	SF133 Line 5324 Balance Check	Fatal 01/02/03/04/05/06/07/08/09/10/11/12

For FY 2023-02 GTAS reporting window, OMB will submit GTAS override requests for the TAFSS in the Executive branch where the amounts on lines 5311, 5312, 5313, and 5314 (start of year) for FY 2022 equal the amounts on SF 133 lines 5321, 5322, 5323, and 5324 (end of year) for the FY 2022-12 (respectively).

# FY 2024-08 Deadline



- Budgetary USSGL accounts
  - Beginning & Ending balances: 480100, 480200, 490100 where GTAS Prior\_Year\_Adjustment attribute value X
    - Abnormal beginning balances permitted thru FY 2024-12 GTAS reporting window
    - No abnormal ending balances as of the FY 2024-09 and beyond GTAS reporting windows
- GTAS Edits 148-155 (SF 133/Schedule P obligated balance memo lines)

U.S. Standard General Ledger		
Data Edits - Summary Report		
Number	Name	Fatal/Proposed Analytical
148	SF133 Line 5331 Balance Check	Proposed Analytical
149	SF133 Line 5341 Balance Check	Proposed Analytical
151	SF133 Line 5333 Balance Check	Proposed Analytical
152	SF133 Line 5334 Balance Check	Proposed Analytical
154	SF133 Line 5343 Balance Check	Proposed Analytical
155	SF133 Line 5344 Balance Check	Proposed Analytical

Note: Beginning FY 2025, GTAS edits 148 thru 155 will be FATAL.

- New budgetary USSGL accounts & TC modifications [Effective FY 2024]  
(Adjusting Upward Adjustments 488100, 488200, 498100, 498200)
- Financial Statement accruals (e.g. payroll), TC modifications, & OMB Circular No. A-11 [2022 proposal – Effective FY 2024]
- Agency specific situations (Discuss Jan 2022 thru Mar 2022)



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The following slides were presented at the USSGL IRC meeting on February 9, 2022.

# Beginning in FY 2022-09



## ■ Validation 122 Expansion

- FY 2022 attributes: TAFS, USSGL account, Begin\_End
- Additional FY 2023 attributes: Reimbursable\_Flag, BEA\_Category\_Indicator, Cohort, BOC
- Abnormal beginning balances **will** continue to be permitted thru FY 2022-12 GTAS reporting window for TAFSs that have been granted exceptions to validation 122 as of FY 2022-08 for the following USSGL accounts: 412600, 413900, 414900, 422100, 422200, 422500, 425100, 438400, 439400, 439700 where GTAS Prior\_Year\_Adjustment attribute value X.
- For USSGL accounts 413900 and 414900 abnormal ending balances will be permitted for TAFSs that have been granted exceptions to validation 122 as of FY 2022-08. A new GTAS edit or validation is being developed to apply closing entry against pre-closing Adjusted Trial Balance. (TCs F304 and F306)
- Abnormal ending balances will **no longer** be accepted for the following USSGL accounts: 411900, 412600, 413200, 422100, 422200, 422500, 425100, 426600, 438400, 439400, 439700, 451000, 461000, 462000, 470000, 488100, 498100, and 490200 where GTAS Prior\_Year\_Adjustment attribute value X. Limited exceptions will be considered on a case-by-case basis.
- GTAS Override Request Exercise:
  - Abnormal Budgetary USSGL Account Balance (EXISTING FOLDER): Request will be restricted to USSGL accounts 420100, 445000, 465000, 480100, 480200 and 490100.
  - Folder Title TBD (NEW FOLDER): Available in FY 2022-06. Requires action plan with milestones. Limited exceptions will be considered on a case-by-case basis for previously approved TAFSs as of FY 2022-08.

# Beginning in FY 2022-09 (Cont'd)



75% of TAFS  
Government-wide  
with issues

	June 2022	June 2023	June 2024	Overall
Total number of TAFS with Abnormal Ending Balances	633	292	937	1357
Department of Defense--Military Programs	46%	51%	42%	37%
Department of Health and Human Services	13%	7%	9%	12%
International Assistance Programs	4%	9%	7%	7%
Department of Agriculture	4%	3%	6%	5%
Department of Homeland Security	3%	4%	4%	5%
Department of State	2%	1%	5%	4%
Department of Transportation	5%	2%	3%	3%
Department of Justice	3%	4%	2%	3%
Department of Labor	2%	0%	3%	3%
Department of the Interior	3%	0%	0%	2%
Department of Commerce	1%	1%	2%	2%
Other Defense--Civil Programs	1%	1%	1%	1%
Executive Office of the President	0%	0%	2%	1%
Department of Education	1%	1%	1%	1%
Department of Energy	1%	0%	1%	1%
Environmental Protection Agency	1%	0%	1%	1%
Department of Housing and Urban Development	1%	0%	1%	1%
Small Business Administration	1%	3%	1%	1%
National Science Foundation	1%	0%	0%	0%
Office of Personnel Management	0%	0%	0%	0%
Social Security Administration	0%	1%	0%	0%
Department of Veterans Affairs	0%	0%	0%	0%
Corps of Engineers--Civil Works	0%	1%	0%	0%
National Aeronautics and Space Administration	0%	0%	0%	0%
General Services Administration	0%	0%	0%	0%
All other agencies	5%	9%	9%	8%

For a list of budgetary  
USSGL accounts for each  
column to the right, please  
refer to the Abnormal  
Budgetary USSGL  
Account Balances  
Dashboard:

<https://go.max.gov/abnormalbalances>

Source: FY 2022-03 GTAS Data



# Beginning in FY 2022-09 (Cont'd)

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Have additional questions  
or concerns regarding this process?  
Below is the Dashboard “Office Hours”  
meeting link to sign up.  
(Dashboard available February 22<sup>nd</sup>)

<https://go.max.gov/abnormalbalances>

Thursday, March 3 at 11AM  
Tuesday, March 22 at 2PM

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# Beginning in FY 2023-02



## New GTAS edits and/or validations

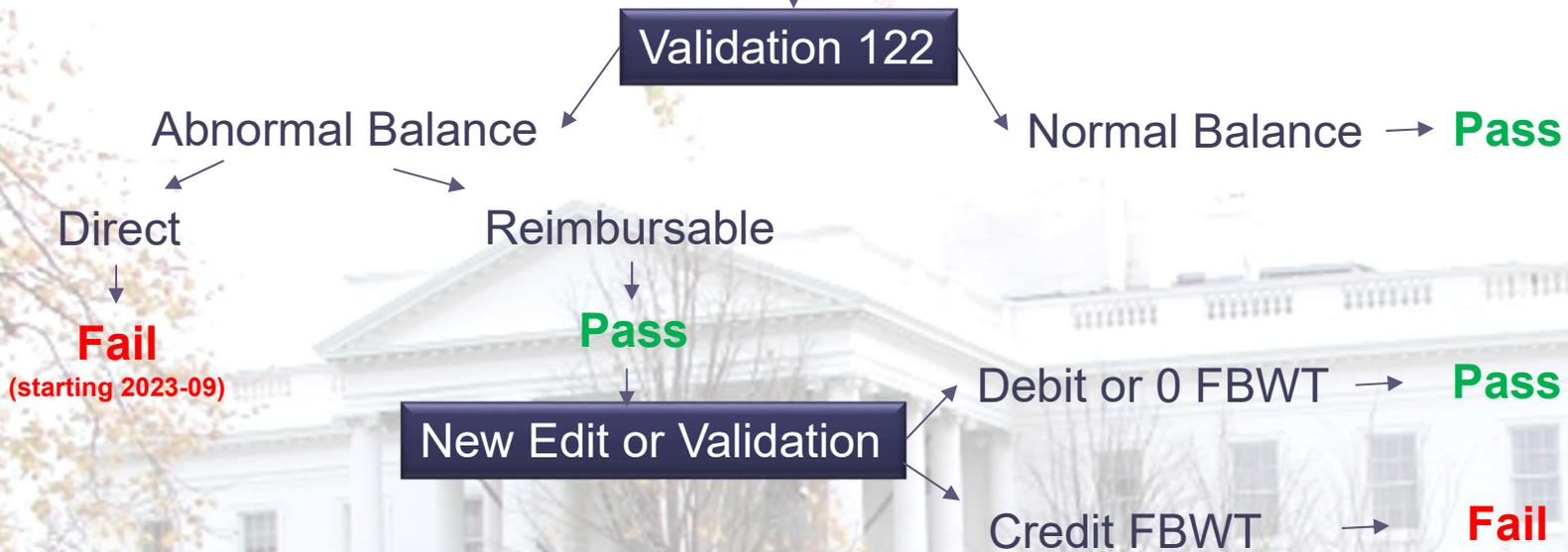
- **USSGL account 420100 where GTAS attribute Reimbursable\_Flag value R (for reimbursable)**
  - Abnormal USSGL account 421000 Beginning balance is permitted where Fund Balance With Treasury (i.e., USSGL account 101000 Beginning) is zero or debit balance
  - Abnormal USSGL account 421000 Ending balance is permitted where Fund Balance With Treasury (i.e., USSGL account 101000 Ending) is zero or debit balance
- **881 TAFS have abnormal USSGL account 420100 Ending balance (as of FY 2022-03)**
  - 721 of those TAFSs have GTAS attribute Reimbursable\_Flag value R in USSGL account 420100 Ending AND a zero/debit balance in USSGL account 101000 Ending. These would always be permitted in GTAS.
  - 160 of those TAFSs have GTAS attribute Reimbursable\_Flag value D (direct) in USSGL account 420100 Ending OR a USSGL account 420100 Ending with an R attribute and a credit balance in USSGL account 101000 Ending. These would not be able to pass either Validation 122 or the new edit/validation.
- **There will be separate new GTAS edits and/or validations for beginning and ending balances in USSGL account 420100**

**“When a reimbursable agreement with another Federal account is accompanied by a cash advance, you may disburse to pay obligations associated with that advance. However, if you are authorized to incur obligations against customer orders from other Federal accounts without an advance, the order establishes obligational authority only and you may not disburse the account into a negative position (see section 145.2 on Antideficiency Act violations).” [Source: Section 20.10 of OMB Circular No. A-11 (2021)]**

# Beginning in FY 2023-02



Agency Submits an ATB containing USSGL 420100  
(Beginning and Ending balances analyzed separately)



Unique TAFS with a Abnormal Ending Balance in 420100 – (GTAS Data 2022-03)	Direct: Will fail Validation 122 as of 2023-09	Reimbursable w/ Credit FBWT: Will pass Validation 122, but Will fail new edit/validation as of 2023-02
Department of Defense--Military Programs	36	3
Department of Health and Human Services	19	5
Department of Justice	10	4
International Assistance Programs	11	2
Department of Homeland Security		11
All Others	35	29
<b>Total</b>	<b>111</b>	<b>54</b>

# Beginning in FY 2023-02 Cont'd



## New GTAS edits and/or validations

- **USSGL accounts 480100, 480200, and 490100 Ending balance in pre-closing Adjusted Trial Balance**
  - Abnormal USSGL account 480100 Ending balance is permitted where the sum of USSGL accounts 480100 and 488100 (upward adjustments) Ending balances where GTAS attribute Prior\_Year\_Adjustment value B, P, and X is a credit balance
  - Abnormal USSGL account 480200 Ending balance is permitted where the sum of USSGL accounts 480200 and 488200 (upward adjustments) Ending balances where GTAS attribute Prior\_Year\_Adjustment value B, P, and X is a credit balance
  - Abnormal USSGL account 490100 Ending balance is permitted where the sum of USSGL accounts 490100 and 498100 (upward adjustments) Ending balances where GTAS attribute Prior\_Year\_Adjustment value B, P, and X is a credit balance
- **Using data from GTAS Period 2022-03:**
  - 443 TAFS have abnormal ending balances in USSGL account 480100
  - Only 18 TAFS would close to a credit balance in USSGL account 480100
  - 123 TAFS have abnormal ending balances in USSGL account 480200
  - NONE of these TAFS would close to a credit balance in USSGL account 480200
  - 614 TAFS have abnormal ending balances in USSGL account 490100
  - Only 31 of these TAFS would close to a credit balance in USSGL account 490100

# Effective October 1, 2023

## OMB Circular No. A-11 (2022) Proposal



### Do I record budgetary accounting accruals when recording proprietary accounting accruals for agency financial statements?

- **No for situations where no gross outlays result, immediately or in the future. This means that budgetary accruals are not reversed.**
  - May require new proprietary USSGL account(s) to maintain tie points with budgetary USSGL.

**Obligation** means a binding agreement that will result in outlays, immediately or in the future.  
(Source: *Section 20.3 of OMB Circular No. A-11 (2021)*)

- **Yes for situations where gross outlays result, immediately or in the future.**
  - **Budgetary accruals remain in place until reclassification to disbursement.**
  - **If prior fiscal year budgetary accruals are adjusted in subsequent fiscal year, recoveries of prior year unpaid and paid obligations must be recorded.** (Source: *Appendix F of OMB Circular No. A-11 (2021)*)

**NOTE: Grants and payroll are discussed on subsequent slides.**

# Grant Accounting Discussion



- Overview:
  - HHS raised an issue with drawdowns and showing new budgetary resources where there is an outstanding obligation in place. Other Federal agencies have come to OMB with similar issues. OMB would like to explore this issue with all agencies that are experiencing this issue by developing an interagency workgroup, which will provide recommendations for a solution.
- Outcome:
  - Proposed solution that will be compliant with OMB Circular No. A-11 whereby any modification to OMB and/or Fiscal Service guidance can be identified and incorporated no later than March 31, 2022 with an effective date of October 1, 2023 (FY 2024).
- Scope
  - The scope is not limited to grants. The group will explore all potential funding instruments that this may apply to, for example compact agreements.
- Participants:
  - Federal agency accountants, grants staff, OMB (BRD/OFFM) staff, Fiscal Service USSGL staff
- Timeline (tentative)
  - February 2022: Agencies to reach out to OMB to participate. Agencies to send a one page example of the issue, similar to the next slide example from HHS
  - February 2022: Workgroup kickoff
  - March 2022: Workgroup to compare all on to three page agency submissions and develop white paper with recommendations to OMB. Proposal will be submitted for OMB Circular No. A-11 (2022) inclusion.
  - April 2022: Based on OMB's determination of proposal acceptance, discuss with OMB and USSGL potential changes to USSGL TFM guidance to support proposal. Present at IRC meeting.

# Grant Accounting Discussion



**Scenario:** Grant recipient draws down **\$100K** in August 2021, but reports expenses for **\$80K** in following fiscal year. Recipient must return **\$20K** until it is needed at a later date. See *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.305 Payments*.

## Agency Perspective

The agency is forced to show new budgetary resources where there is an outstanding obligation in place.

## OMB Perspective

The accounting transaction does not comply with OMB Circular No. A-11, creates negative outlays, and limits OMB program examiner's oversight via the apportionment process.

Example provided by HHS for further discussion and display.



Fatal...  
Fatal Error?  
Nooooo!

# Grant Accounting Discussion(Con't)



<i>Step 1: Grant Award</i>			<i>Year 1 Period 6</i>	
<b>Budgetary Entry</b>				
Debit	461000	Allotments - Realized Resources	100	
Credit	480100	Undelivered Orders – Obligations, Unpaid		100

<i>Step 2: Drawdown by Grant Recipient (Advance)</i>			<i>Year 1 Period 11</i>	
<b>Budgetary Entry</b>				
Debit	480100	Undelivered Orders – Obligations, Unpaid	100	
Credit	480200	Undelivered Orders – Obligations, Prepaid/Advanced		100
<b>Proprietary Entry</b>				
Debit	141000	Advances and Prepayments	100	
Credit	101000	Fund Balance With Treasury		100

<i>Step 3: Grant Recipient Reports Expenditures</i>			<i>Year 1 Period 12</i>	
<b>Budgetary Entry</b>				
Debit	480200	Undelivered Orders – Obligations, Prepaid/Advanced	80	
Credit	490200	Delivered Orders - Obligations, Paid		80
<b>Proprietary Entry</b>				
Debit	610000	Operating Expenses/Program Costs	80	
Credit	141000	Advances and Prepayments		80
Debit	310710	Unexpended Appropriations - Used Disbursed	80	
Credit	570010	Expended Appropriations - Disbursed		80

<i>Step 4: Unused Grant Advance Returned (Record Negative Outlay)</i>			<i>Year 2 Period 1</i>	
<b>Budgetary Entry</b>				
Debit	480200	Undelivered Orders – Obligations, Prepaid/Advanced	20	
Credit	480100	Undelivered Orders – Obligations, Unpaid		20
<b>Proprietary Entry</b>				
Debit	101000	Fund Balance With Treasury	20	
Credit	141000	Advances and Prepayments		20

Example provided by HHS for further discussion and display.

# Grant Accounting Discussion(Con't)



<i>Step 5: Entry Posted to Pass GTAS Edits and Validations. Recoveries and Upward Adjustments Overstated (Manual Adjustment, reversed in subsequent period)</i>			<i>Year 2 Period 2 GTAS Rpt'ing</i>	
<b>Budgetary Entry</b>				
Debit	487200	Downward Adjustments of Prior-Year Prepaid/Advanced Undelivered Orders - Obligations, Refunds Collected	20	
Credit	488100	Upward Adjustments of Prior-Year Undelivered Orders - Obligations, Unpaid		20

<i>Step 6: Subsequent Drawdown by Grant Recipient (Advance)</i>			<i>Year 2 Period 11</i>	
<b>Budgetary Entry</b>				
Debit	480100	Undelivered Orders – Obligations, Unpaid	20	
Credit	480200	Undelivered Orders – Obligations, Prepaid/Advanced		20
<b>Proprietary Entry</b>				
Debit	141000	Advances and Prepayments	20	
Credit	101000	Fund Balance With Treasury		20

<i>Step 7: Grant Recipient Reports Expenditures</i>			<i>Year 2 Period 12</i>	
<b>Budgetary Entry</b>				
Debit	480200	Undelivered Orders – Obligations, Prepaid/Advanced	15	
Credit	490200	Delivered Orders - Obligations, Paid		15
<b>Proprietary Entry</b>				
Debit	610000	Operating Expenses/Program Costs	15	
Credit	141000	Advances and Prepayments		15
Debit	310710	Unexpended Appropriations - Used Disbursed	15	
Credit	570010	Expended Appropriations - Disbursed		15

<i>Step 8: Grant Closeout - Unused Grant Advance Returned (Recovery)</i>			<i>Year 3 Period 1</i>	
<b>Budgetary Entry</b>				
Debit	487200	Downward Adjustments of Prior-Year Prepaid/Advanced Undelivered Orders - Obligations, Refunds Collected	5	
Credit	465000	Allotments - Realized Resources		5

Example provided by HHS for further discussion and display.

# Grant Accounting Discussion(Con't)



	Number of OMB Accounts	Obligations Incurred in BOC 41.0 (\$ Billion)	Percent of OMB Accounts	Percent of Total Obligations Incurred
Department of Health and Human Services	52	1,093	8%	45%
Department of the Treasury	37	625	5%	26%
Department of Agriculture	64	170	9%	7%
Department of Education	19	108	3%	4%
Department of Transportation	70	106	10%	4%
Department of Homeland Security	28	73	4%	3%
Department of Housing and Urban Development	33	64	5%	3%
Social Security Administration	2	56	0%	2%
Department of State	21	21	3%	1%
International Assistance Programs	27	20	4%	1%
Small Business Administration	5	20	1%	1%
Department of Veterans Affairs	12	16	2%	1%
Department of Labor	14	11	2%	0%
Department of the Interior	71	8	11%	0%
National Science Foundation	4	7	1%	0%
Department of Justice	12	6	2%	0%
Environmental Protection Agency	7	5	1%	0%
Department of Defense--Military Programs	29	4	4%	0%
Department of Commerce	16	3	2%	0%
Department of Energy	22	3	3%	0%
National Aeronautics and Space Administration	8	1	1%	0%
Corps of Engineers--Civil Works	1	0	0%	0%
All other agencies	60	14	9%	1%

To get a sense of which agencies are impacted by grants issues:

- Reporting of Obligations incurred for unexpired TAFs in Budget Object Class (BOC) 41.0 (Grants, subsidies, and contributions)
- For non-credit accounts
- For the PY column of PB 2022 (FY 2020)
- The table shows number of OMB Accounts (not TAFs) reporting with BOC 41.0

# Payroll Discussion



## ■ Overview:

- A number of agencies raised concerns regarding payroll and accruals at the December 1, 2022 IRC meeting. With the assistance of Fiscal Service, OMB would like to explore this issue with all agencies that are experiencing this issue by developing an interagency workgroup, which will provide recommendations for a solution.

## ■ Outcome:

- Proposed solution that will be compliant with OMB Circular No. A-11 whereby any modification to OMB and/or Fiscal Service guidance can be identified and incorporated no later than March 31, 2022 with an effective date of October 1, 2023 (FY 2024).

## ■ Scope

- The scope is limited to payroll.

## ■ Participants:

- Federal agency accountants, payroll staff (may include payroll providers), OMB staff, Fiscal Service USSGL staff

## ■ Timeline (tentative)

- February 2022: Agencies to reach out to Fiscal Service (USSGL staff) to participate. Agencies to send a one to two page example of the issue, similar to the next slide example from SEC
- February 2022: Workgroup kickoff
- March 2022: Workgroup to compare all one-page agency submissions and develop white paper with recommendations to OMB. Proposal will be submitted for OMB Circular No. A-11 (2022) inclusion.
- April 2022: Based on OMB's determination of proposal acceptance, discuss with OMB and USSGL potential changes to USSGL TFM guidance to support proposal. Present at IRC meeting.

# Payroll Discussion



## ■ SEC Accounting Treatment – Payroll Example

**Scenario:** Treasury Symbol 50X0100, Fund 0100XXX00, Current Budget Fiscal Year

The U.S. Securities and Exchange Commission (SEC) uses the Department of Transportation (DOT) Enterprise Service Center (ESC) as its **Federal Shared Service Provider (FSSP)** which uses the Delphi financial system (**Oracle Financials**) to process the SEC's General Ledger (GL) accounting transactions. ESC accesses the Department of Interior (DOI) **Federal Personnel and Payroll System (FPPS)** application to obtain the Labor Cost File (LCF) for the necessary data to create payroll related journal entries.

ESC calculates an automated payroll accrual based on the last payroll payment and the number of days to be accrued. ESC automatically reverses the accrual with the first payroll in the subsequent month.

### 1. Record Salary Accrual

DR 610000 Operating Expenses/Program Costs

CR 221000 Accrued Funded Payroll and Leave

DR 461000 Allotments/Realized Resources

CR 490100 Delivered Orders - Obligations, Unpaid

DR 310700 Unexpended Appropriations - Used - Accrued

CR 570000 Expended Appropriations - Used – Accrued



Fatal...  
Fatal Error?  
**Noooo!**

Example provided by SEC for further discussion and display.

# Payroll Discussion (Con't)



## 2. Federal Benefit Accrual

DR 640000 Benefit Expense

CR 221300 Employer Contributions and Payroll Taxes Payable

DR 461000 Allotments/Realized Resources

CR 490100 Delivered Orders - Obligations, Unpaid

DR 310700 Unexpended Appropriations - Used - Accrued

CR 570000 Expended Appropriations - Used – Accrued

## Agency Perspective

The agency is forced to show new budgetary resources where there is an outstanding obligation in place.

## OMB Perspective

The accounting transaction (debiting USSGL account 490200 below) does not comply with OMB Circular No. A-11, creates negative outlays, and limits OMB program examiner's oversight via the apportionment process.

In October, SEC performs a manual adjustment at the Organization (ORG) Code and Budget Object Class (BOC) levels to handle spending adjustments based on the October payroll payment.

- If the October payroll payment is less than the prior year payroll payable balance, which generates a downward adjustment, SEC performs the following entry:

DR 497100 Downward Adjustments of Prior-Year Unpaid Delivered Orders - Obligations, Recoveries

CR 490100 Delivered Orders - Obligations, Unpaid.

- If the October payroll payment is more than the prior year payroll payable, which generates an upward adjustment, SEC performs the following entry:

DR 490200 Delivered Orders - Obligations, Paid

CR 498200 Upward Adjustments of Prior-Year Delivered Orders - Obligations, Paid

**Example provided by SEC for further discussion and display.**



# Next Steps

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- Abnormal Budgetary USSGL Account Balances Dashboard available as of February 22nd
- Contact and follow-up
  - Grants workgroup: Gil Tran (OMB): [htran@omb.eop.gov](mailto:htran@omb.eop.gov)
  - Payroll workgroup: Joshua Hudkins (Treasury Fiscal Service) [Joshua.Hudkins@fiscal.treasury.gov](mailto:Joshua.Hudkins@fiscal.treasury.gov)
  - General contacts: Teresa Tancre (OMB) [ttancre@omb.eop.gov](mailto:ttancre@omb.eop.gov) and Dan Singer (OMB) [dsinger@omb.eop.gov](mailto:dsinger@omb.eop.gov)
- “Lessons Learned” from grants and payroll breakout groups
- Proposals for OMB and Treasury guidance