



Department of Veterans Affairs

Financial Policy

Volume I

General Accounting

Chapter 11

Intragovernmental Transactions

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1101 Overview

This chapter establishes the Department of Veterans Affairs’ (VA) financial policies regarding recording, reconciling, and reporting Inter or Intragovernmental Transactions (IGT). IGTs occur from business activities conducted between federal entities referred to as trading partners (TP). VA will appropriately record, reconcile, and report IGTs to enable the Department of the Treasury (Treasury) to identify, track, and analyze IGTs at the governmentwide level to generate the Financial Report of the U.S. Government. VA will also comply with guidance from Treasury and the Office of Management and Budget (OMB) to record, reconcile, and report its IGTs by IGT category, TP, reciprocal category (RC), and accounting/reporting period.

This policy chapter will cover VA’s IGT-wide reporting and reconciliation process, as well as the essentials to record and reconcile the buy/sell, fiduciary, transfers, and General Fund IGTs.

Key points covered in this chapter:

- VA will record, reconcile, and report IGTs in four categories: buy/sell, fiduciary, transfer, and General Fund transactions;
- VA will report IGTs in Treasury’s systems in accordance with Treasury requirements;
- VA will perform required monthly/quarterly reconciliations for IGTs and communicate with TPs to resolve differences timely;
- VA will review, explain, and certify IGTs differences according to Treasury guidance;
- VA will adopt Treasury’s dispute resolution process when the differences cannot be resolved with its TPs;
- VA will review Treasury’s scorecard to enhance our understanding of IGT differences; and
- VA will identify the root causes of IGT differences, develop effective corrective actions, and monitor the resolution process.

1102 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Various	Performed five-year review and reformatted to new policy format	OFP (047G)	Reorganize chapter layout	September 2020
Various	Changed the title to Intragovernmental Transactions	OFP (047G)	Improve comprehension and understanding of related content	September 2020

Section	Revision	Office	Reason for Change	Effective Date
1103 Definitions	Updated definitions	OFP (047G)	To align definitions with FAR and Treasury TFM where applicable	September 2020
1104 Roles and Responsibilities	Removed offices without roles specific to IGT policy	OFP (047G)	Eliminate extraneous information	September 2020
1105 Policies	Updated policies section to clarify recording, reporting, and reconciliation requirements for IGT	OFP (047G)	Standardize agency guidance to federal guidance	September 2020

1103 Definitions

Buy/Sell IGTs – Transactions that occur between two federal entities where goods or services are purchased by one entity from another entity. This arrangement is accomplished through the issuance of a reimbursable agreement (i.e., VA Form 2269 or Treasury Form 7600(A)(B)) between the two entities. Trading partners should have appropriate statutory authority (e.g., Economy Act), prior to engaging in an agreement for buy/sell transactions.

Fiduciary IGTs – Transactions where a single agency, also referred to as authoritative source, performs a centralized function on behalf of all other federal agencies.

General Fund IGTs – Transactions that occur between a federal entity and the General Fund. The General Fund records and reports the assets and liabilities related to government operations. It tracks congressionally issued authority, manages general ledger accounts that offset agency activity.

Intragovernmental Transactions (IGTs) – These transactions result from business activities conducted by two different federal government entities. There are two types of IGTs: intradepartmental and intragovernmental. For the purposes of this chapter, business activities conducted between federal entities whether inside or outside VA will be known as intragovernmental transactions (IGT).

- Intradepartmental transactions result from activity between trading partners within the same department.
- Intragovernmental transactions result from activity between federal entities not within the same department.

MAX or OMB MAX – A portfolio of software applications sponsored by OMB including an agency portal used to submit data to OMB, a suite of analytical tools, and collaboration tools for agencies to share and work together with other community members towards common federal goals.

Non-Exchange Transactions – A transaction where one party receives value without directly giving or promising value in return. The transaction does not represent payment for goods and services but serves only to adjust amounts available in accounts.

Reciprocal Category – A set of reclassified financial statement federal line items or a grouping of the United States Standard General Ledgers (USSGL). The set is used to perform eliminations at the governmentwide level.

Treasury Account Symbol (TAS) – An identification code assigned by the Department of the Treasury. A TAS represents an individual appropriation, receipt, or other fund account.

Trading Partner – A federal entity that is party to an IGT as either the buyer or the seller.

Transfers IGTs – Non-exchange transactions that reduce resources (budgetary and proprietary) in one TAS and increase them in one or more other TAS by the total cumulative amount.

1104 Roles and Responsibilities

VA Chief Financial Officer (VA CFO) is responsible for reviewing and signing VA's fiscal year-end CFO Representation for Federal Intragovernmental Activity and Balances Form. Quarterly, the CFO or designee (Director of Financial Accounting Service in Financial Services Center (FSC)) is responsible for reviewing and certifying the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Material Differences Report (MDR).

Administration and Staff Office Fiscal Staff are responsible for recording IGTs within their jurisdiction. The Administration and Staff Office Fiscal Staff are responsible for actively participating in IGT reporting and reconciliation processes. The Administrations and staff offices are responsible for performing adjustments to resolve differences within their jurisdiction. VA's fiduciary IGTs are primarily recorded by FSC and the Veterans Benefits Administration (VBA) designated offices.

Financial Services Center (FSC) is responsible for collaborating with other designated offices, for recording and reporting VA's IGTs to Treasury; performing reconciliations; explaining, updating, and resolving IGT differences. At fiscal year-end, FSC is responsible for preparing and submitting VA's CFO Representation for Federal Intragovernmental Activity and Balances Form.

VBA's Office of Financial Management (OFM) (Administrative and Loan Accounting Center (ALAC), Finance Center (FC), and Accounting Policy and Reporting Division (APRD), etc.) is primarily responsible for recording VA's fiduciary borrowing and investment IGTs; reporting and certifying VBA's TAS submission in GTAS; reaching out to TPs to resolve differences affecting VBA's funds; and furnishing explanations for VBA's differences.

1105 Policies

110501 General Policies

- A. There are four IGT categories:
- buy/sell;
 - fiduciary;
 - transfer; and
 - General Fund.
- B. VA will comply with:
- OMB Circular A-136, Financial Reporting Requirements;
 - Treasury Financial Manual (TFM) Volume I, Part 2, Chapters 2000 and 4700, Part 6, Chapter 4000; and
 - Federal Accounting Standards Advisory Board (FASAB) guiding standards.
- C. VA will record, reconcile, and report IGTs in four categories: buy/sell, fiduciary, transfers, and General Fund transactions.
- D. Each IGT category has its corresponding RCs to facilitate reporting associated financial line items in GTAS.
- E. VA will take collection action on a timely basis with effective follow-up for intragovernmental receivables/debts.
- F. All dispute resolution will occur between FSC's reconciliation team and Treasury directly.

110502 Buy/Sell IGT Recording and Reconciliation

- A. Buy/sell IGTs consist of transactions that occur between two federal entities where goods or services are purchased by one federal entity (i.e., the buyer) from another federal entity (i.e., the seller).

- B. VA will identify and document the appropriate statutory authority, such as the Economy Act, prior to entering a buy/sell transaction.
- C. VA will execute all buy/sell transactions through the issuance of an IAA (e.g., VA Form 2269, Treasury Form 7600(A)(B), etc.).
- D. Due to the substantial number of requirements associated with buy/sell transactions, this category is further described in Vol I, Ch. 11a, Buy/Sell Transactions.

110503 Fiduciary IGT Recording and Reconciliation

- A. Fiduciary IGTs consist of the government managing, protecting, accounting for, investing, and/or disposing of cash and other assets in which VA has an ownership interest that the government must uphold. The following are examples of authoritative sources for VA fiduciary activity:
 - 1. VA has the authority to operate Direct Loan and Loan Guarantee Programs to assist Veterans and their qualifying dependents in purchasing homes and retaining homeownership. Under these loan programs, VA is authorized to borrow from Treasury and the Federal Financing Bank, respectively.
 - 2. The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job. Claims submitted by VA employees are administered by the Department of Labor (DOL) and ultimately paid through IGT by VA.
- B. FSC and VBA will record fiduciary IGTs in VA's accounting and financial reporting systems. Treasury's Bureau of Fiscal Service (Fiscal Service), the Federal Financing Bank (FFB), the DOL, and the Office of Personnel Management (OPM) will be the TPs and authoritative sources for VA's fiduciary IGTs. Authoritative sources are only applicable to the fiduciary IGTs and these agencies, as authoritative sources, will account for and report the fiduciary IGT balances. The fiduciary IGT subcategories are as follows:
 - Fiscal Service investments and borrowings;
 - FFB borrowings;
 - DOL FECA transactions; and
 - OPM employee benefit transactions.
- C. Fiscal Service investments IGTs:
 - 1. VBA's OFM will record the investment transactions, with related interest and amortization, in VA's accounting system. OFM will process the annual earned interest via the Intragovernmental Payment and Collections (IPAC) system.
 - 2. VBA's OFM will report the investment transactions to Fiscal Service.

3. Fiscal Service processes the investments; transmit daily data; calculate the accruals, amortizations, and inflations; and record the resulting liability and expense balances.
4. FSC and VBA's OFM will perform monthly reconciliations for balances and amounts reported by Fiscal Service for the investments IGTs, which contains, at a minimum:
 - a. Review the Monthly Statement of Account provided by Fiscal Service to:
 - Confirm investment/redemption/maturity/interest were processed accurately, timely, and in accordance with VA's instructions;
 - Recalculate interest for accuracy;
 - Verify adjustments were processed completely and accurately;
 - Reconcile interest payments received; and
 - Reconcile the Monthly Statement of Account with the Account Statement Expenditure Activity Report for VA.
 - b. Reconcile the monthly Accrual Confirmation Report from FedInvest (a federal investment program application owned and maintained by Fiscal Service) to VA's related United States Standard General Ledger (USSGL) account balances.

D. Fiscal Service and FFB borrowing IGTs:

1. Fiscal Service and FFB records approved VA borrowings.
2. Fiscal Service and FFB accrues interest, account for, and report VA's borrowing balances.
3. VBA's OFM will record the loan payable, interest payable, interest expense, payments of principal and interest, gain, and loss in VA's accounting system. OFM will process interest payments via IPAC.
4. For borrowings from Fiscal Service, FSC and VBA's OFM will perform monthly reconciliations for balances and amounts reported by Fiscal Service, which incorporates, at least:
 - a. Review of the Detail Principal and Accrued Interest Balances report provided by Fiscal Service to verify the accuracy of loan classification and accrued interest.
 - b. Review of the Summary General Ledger Balances report from Fiscal Service to confirm all balances are recorded accurately.

5. For borrowings from FFB, FSC and VBA's OFM will perform monthly reconciliations, which includes, but is not limited to:
 - a. Review the monthly loan activity report from FFB to confirm that the maturity/interest/amortization was processed accurately, timely, and in accordance with VA's instructions.
 - b. Review FFB confirmations to confirm that the maturity/interest/amortization was processed accurately, timely, and in accordance with VA's instructions.
 - c. Review FFB confirmations to reconcile interest payments and re-calculate interest for accuracy.

E. DOL FECA IGTs:

1. DOL generates and distributes VA's quarterly FECA accrual information.
2. DOL reports quarterly estimates for VA's unbilled FECA current liabilities and billed but unpaid current liabilities.
3. Administration and Staff Office Fiscal Staff will record FECA obligation in VA's accounting system; FSC will record the quarterly FECA entry in VA's financial reporting system to bring VA's FECA benefits in line with the DOL reported balance.
4. By August 15 of each year, DOL generates an annual bill detailing VA's FECA charges and expenses incurred from the previous July 1 through June 30 period and will record receivables in its general ledger.
5. VA will submit the annually billed amount in VA's budget request upon receipt of DOL's annual bill. FSC will record an unfunded FECA liability and associated expense accordingly.
6. DOL collects money annually from VA via IPAC.
7. FSC will reconcile the balances and amounts reported by DOL, which consists of VA's billed but unpaid current liabilities with DOL, unbilled estimates of current liabilities with DOL, and VA's confirmed amounts in the trial balance and financial statements. As a part of the reconciliation process, FSC and the Administrations and Staff Offices Fiscal Staff will also review the quarterly Chargeback Agency Billing List Detail report provided by DOL to confirm the accuracy for reported employees and that compensation costs appear reasonable for the injured employee's compensation at the date of injury.

F. OPM benefits IGTs:

1. OPM calculates and distributes VA employees' accrual amounts for benefits. FSC will review the OPM accruals to ensure that the accruals were processed in accordance with VA's pay period cutoff procedures.
2. Through the bi-weekly payroll process, VA's payroll service provider will withhold employees' benefit contributions from paychecks; and calculate and charge VA's contributions as well. FSC will submit the withholdings and contributions data to OPM.
3. OPM accounts for and report VA employees' benefit transactions and provide quarterly balances.
4. FSC will record the quarterly OPM benefits entry in VA's financial reporting system to bring VA's OPM benefits in line with the OPM reported balance.
5. FSC will perform the quarterly reconciliation for balances reported by OPM to review and validate both cash and accrued expenses by USSGL account.

110504 Transfers IGT Recording and Reconciliation

- A. Transfer IGTs are non-exchange transactions that reduce budgetary and proprietary resources in one Treasury Account Symbol (TAS) and increase them in one or more TAS. Transfers IGTs typically require proper interpretation of legislative language and can involve complex scenarios with intricate accounting treatment
- B. Fiscal Staff in the Administrations and Staff Offices will record IGTs for transfers in three subcategories: expenditure transfers, non-expenditure transfers, and other transfers.
 1. Expenditure transfers – The shifting of funds between Treasury Account Symbols (TAS) for transactions related to outlays.
 2. Non-expenditure transfers – transfers of fund balances and authority between TAS. An SF1151 will be used to record this activity in the Central Accounting Reporting System (CARS). Transfers of this type involve the transfer of current or prior year authority, and may also be referred to as appropriation, balance, or reappropriation transfers.
 3. Other transfers – transfers executed by means other than SF1151, such as transferring authority between TASs without affecting Fund Balance with Treasury (FBWT) or simply transferring assets. Examples of this type include transfers of property, other assets, and prepaid undelivered orders from one federal entity to another.

- C. FSC, in cooperation with Fiscal Staff in the Administrations and Staff Offices, will communicate with TPs to determine the transfer type, establish appropriate accounting data, and confirm proper account postings and eliminations. The Transfers Logic Model (TLM) developed by Treasury is an authoritative tool to facilitate agencies' consistent identification, recording, and reporting for transfer IGTs.
1. If VA is the transferring agency, VA will ensure the transfers are consistent with statutory authorities, identify the proper accounting treatment of the transfers, and communicate with the receiving agency concerning these matters.
 2. If VA is the receiving agency, VA will promptly confirm the acceptance of the transfers, or communicate any disagreements or issues regarding the accounting treatment of the transfers.
 3. Administration and Staff Office Fiscal Staff will ensure that a reciprocal transaction is recorded for all transfer-out and transfer-in activities.
 4. Administration and Staff Office Fiscal Staff will, to the extent possible, post transfers in the same accounting period as the TP posts the transfer.
- D. FSC will work with the Fiscal Staff of the Administrations and Staff Offices to perform quarterly reconciliations of VA's transfer IGTs.

110505 General Fund IGT Recording and Reconciliation

- A. Administration and Staff Office Fiscal Staff will record General Fund IGTs to reflect VA's transactions with the General Fund, which consist of five subcategories, as follows:
- FBwT;
 - General Fund authority;
 - General Fund non-entity transactions;
 - Other General Fund Reciprocal Category; and
 - Other General Fund Financing Sources.
- B. The General Fund is a central reporting entity established for the purpose of fulfilling the authority on behalf of the U.S. Federal Government. Administration and Staff Office Fiscal Staff will cite the General Fund (agency identifier 099) as the trading partner when recording General Fund IGTs, if needed.
- C. FSC, in collaboration with Fiscal Staff in the Administrations and Staff Offices, will perform quarterly reconciliations of VA's General Fund IGTs.

110506 Reconciliation Process for IGT Differences

- A. FSC, assisted by other designated offices, will perform regular reconciliations of IGTs to identify and resolve differences with TPs timely. FSC, VBA, and the Veterans Health Administration (VHA) will correct differences in the accounting period in which they are detected.
- B. In order to measure and monitor IGT differences, Fiscal Service provides scorecards to agencies every quarter (including fiscal year-end). VA's scorecard contains Fiscal Service's analyses of VA's IGT differences by subcategory, RC, and TP, a quarterly trend analysis, VA's significant TP relationship challenges, and Fiscal Service suggested corrective actions.
 - 1. FSC, Administrations, OFR, and VA's TPs will participate in quarterly meetings with Fiscal Service. The meeting will facilitate communicating issues related to the differences, identifying problematic areas, analyzing the root cause, and creating corrective actions.
 - 2. FSC will prepare a corrective action plan (CAP) with root cause analysis for recurring differences of two or more quarters, as required by Fiscal Service. VA will work with TPs to determine which agency will complete the CAP form and analysis. Both VA and TP's CFO or designee will sign the CAP form. If VA is responsible for the CAP form and analysis, FSC will submit the form to Fiscal Service and provide quarterly status updates.
 - 3. Fiscal Service posts VA's fiscal-year final scorecard to the OMB MAX portal.
- C. When Fiscal Service sends VA the Targeted Difference Form, which contains the same differences as the scorecard, FSC will complete the form and submit it to Fiscal Service based on Treasury's designated due date. The form is used to provide explanations and status concerning VA's differences.
- D. If FSC cannot resolve differences with their TPs, FSC will settle the differences directly with Treasury through their dispute resolution process. For details on the Treasury dispute resolution process, see section 120508 Dispute Resolution below.

110507 Reporting IGT Activity

- A. Every quarter (including fiscal year-end), FSC and VBA's OFM will submit VA's IGTs in the GTAS intragovernmental reporting module. After submission, GTAS will populate the MDR which consists of three parts and categorizes the reported differences amongst federal entities by dollar amount thresholds, RCs, and TPs.
 - 1. FSC, in coordination with other designated offices, will research and provide adequate explanations for the differences in the MDR. The explanations will

include, at a minimum, the cause of the difference; what is being done by VA to reconcile the difference; and VA's expected completion date for eliminating the difference.

2. VA CFO or designee (Director of FSC's Financial Accounting Service) will review the MDR and certify it in the GTAS intragovernmental module.
3. FSC and Administration and Staff Office Fiscal Staff will cooperate to actively address and resolve differences in amounts and explanations with VA's TPs (see section 120505, Reconciliation Process for IGT Differences).
4. FSC will ensure that intragovernmental activities and balances reported in GTAS are accurate.
5. FSC will prepare the CFO Representation for Federal Intragovernmental Activity and Balances Form for VA CFO's review and signature. FSC will then provide an electronically signed copy of the form to VA's Office of Inspector General (OIG), Fiscal Service, and the U.S. Government Accountability Office (GAO).

B. For fiscal year-end:

1. VA will report IGT accounts receivable/debt separately from public accounts receivable on its financial statements in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 1: Accounting for Selected Assets and Liabilities.
2. VA will report any allowance for losses for intragovernmental receivables in accordance with Treasury memorandum, "Rescission of September 15, 2017 Treasury Policy Prohibiting Recording of Loss Allowances on Intragovernmental Receivables" dated June 5, 2020. Refer to Volume V Chapter 6, Accounts and Interest Receivables for specific financial reporting requirements when recognizing accounts receivables on the financial statements.
3. VA will provide reports on IGT accounts receivable/debt collection actions as required by 31 U.S.C. § 3719, Reports on debt collection activities and incorporate the required data into the quarterly Treasury Report on Receivables (TROR).
4. For more information regarding reporting the debt to Treasury, refer to VA Financial Policy Volume XII, Chapter 15 – Treasury Report on Receivables.

110508 Accounts Receivable Collection Activities

- A. VA will take collection action on a timely basis with effective follow-up for intragovernmental receivables/debts.

- B. VA will not assess additional charges to balances due from other Federal entities.
- C. VA will maintain all supporting documentation to include the debt details and notifications.
- D. VA will record a reduction to an intragovernmental debt if a settlement is reached and amend the original billing to reflect the amount agreed to in the settlement. VA will not compromise, or record as a compromise, any debt owed by another Federal entity which has been reduced by settlement.
- E. VA will record a cancellation of the intragovernmental debt when the debt is not supported by documentation or the Chief of the Finance Activity or designee has directed such action.
- F. VA will not write-off any debt owed by another Federal entity that has been canceled.
- G. VA may not sue another Federal entity, hire a private debt collector, or offset the claim against another debt from the entity even when the debt is considered delinquent.

110509 Dispute Resolution

- A. All dispute resolution will occur between FSC's reconciliation team and Treasury directly.
- B. FSC will submit to Fiscal Service the dispute resolution form with supporting information; or receive the form from Fiscal Service, if the dispute resolution is initiated by TP.
- C. FSC will provide any information requested by Fiscal Service to ensure VA's scorecard will not be impacted by the disputed differences.
- D. Upon receiving the decision from Fiscal Service regarding the disputed differences:
 - 1. If VA agrees with the decision, FSC, VBA, or VHA will make any necessary adjustment to VA's records to reflect the decision; and provide a CAP and associated quarterly updates to Fiscal Service until the disputed amounts are resolved.
 - 2. If VA disagrees with the decision, FSC will file an appeal. The Office of the Fiscal Assistant Secretary (OFAS) in Treasury - Fiscal Service will review the appeal and render a final decision. After receiving the final decision, FSC, VBA, or VHA

will make any necessary adjustment to VA's records to reflect the final decision within the timeline required by Fiscal Service.

1106 Authorities and References

[31 U.S.C. § 3719, Reports on debt collection activities](#)

[OMB Circular A-136, Financial Reporting Requirements – Revised](#)

[Statement of Federal Financial Accounting Standards \(SFFAS\) 1 Accounting for Selected Assets and Liabilities](#)

[SFFAS 31: Accounting for Fiduciary Activities](#)

[TFM Volume I, Part 2, Chapter 2000, Warrant and Nonexpenditure Transfer \(NET\) Transactions](#)

[TFM Volume I, Part 2, Chapter 4700, Federal Entity Reporting Requirements for the Financial Report of the United States Government](#)

[TFM Volume I, Part 6, Chapter 4000, Intra-Governmental Payment and Collection \(IPAC\) System](#)

[Treasury Form 7600A, Agreement Between Federal Agencies General Terms & Conditions \(GT&C\) Section](#)

[Treasury Form 7600B, Agreement Between Federal Agencies Order Requirements and Funding Information \(Order\) Section](#)

[VA Form 2269, Intra-Agency Cross-Servicing Support Agreement](#)

1107 Rescissions

VA Financial Policy, Volume VII, Financial Reporting, Chapter 5 – Intragovernmental Activity and Reconciliation dated July 2014.

1108 Questions

Questions concerning these financial policies and procedures should be directed as follows:

VHA
VHA

[VHA 10A3A Accounting Policy](#) (Outlook)
[VAFSC Nationwide Accounting](#) (Outlook)

VBA
NCA
All Others

[VAVBAWAS/CO/FINREP](#) (Outlook)
[NCA Finance Group](#) (Outlook)
[OFP Accounting Policy](#) (Outlook)