



# United States Department of the Interior

OFFICE OF THE SECRETARY  
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## FINANCIAL MANAGEMENT MEMORANDA 2010 - 010 (Vol. II.B.)

To: Bureau Assistant Directors for Administration  
Bureau Chief Financial Officers

From: Don Geiger *Don Geiger*  
Acting Director, Office of Financial Management

Subject: FY 2010 Change to Bureau Reporting of Parent/Child Information

In FY 2007, the U.S. Department of the Interior (Interior) implemented the Office of Management and Budget (OMB) Circular A-136, Form and Content of the Agency Financial Report (AFR) (<http://www.whitehouse.gov/omb/circulars/index.html>) change in presentation related to Allocation Transfer (Parent/Child) reporting. As a result, the presentation of allocation transfer reporting was changed from the Child reporting the Child activity, to the Parent reporting the Child activity in the financial statements. In FY 2007, all Interior Bureaus completed and published separate annual reports.

Beginning in FY 2010, Interior Bureaus are no longer completing and publishing separate annual financial reports. All bureaus are part of the Consolidated Report and the Consolidated Audit. Since all the bureaus will be under the Consolidated process, Interior is implementing a revision to the reporting for allocation transfers where Interior is both parent and child. The revision will be that the Child reports its own activity, rather than the Parent. All current reporting processes in place for Non-Interior allocation transfer accounts will remain the same.

### **Benefits:**

- Reduction to the number/dollar value of adjustments for Interior
- Interior Child Bureaus will not have to complete separate reconciliations, account relationships, and account anomaly analysis
- Interior Child Bureaus will no longer have to complete the quarterly validations.
- Interior Child Bureaus will not be subject to audit request from the auditors of the parent bureau
- Interior Child Bureaus will present the balances related to its AP accrual methodologies and verifications
- Eliminate the Parent Bureau's October 8<sup>th</sup> trial balance, allowing additional time in a critical year-end and audit period
- Parent Bureaus will no longer have to wait for the Interior Child Bureau data
- Treasury Report on Receivables Report amounts will agree with the Bureau Balance Sheet amounts.
- Elimination Reconciliation Process will be cleaner

- Reconciliations of Hyperion data to accounting system data will be cleaner
- Simplified Departmental Offices reporting presentation for Child Contingent Liabilities
- Certain Intra-governmental costs (i.e.: FECA, & Unemployment) will require less analysis and adjustment

**Impact on FY 2010 reporting: Effective date of Change: (March 31, 2010 – 2<sup>nd</sup> quarter)**

1. This change in the Interior allocation transfer presentation must net to zero at the Interior Consolidated level. It is important that all bureaus follow the same procedures in implementing this change in FY 2010.
2. Interior Child Bureaus will have to review the CFO Hyperion Entity structure to ensure that all current fund/program/end outcomes exist for the Child allocation transfers. If additions are needed, Entity Requests need to be sent to the National Business Center(NBC) Hyperion Team. In addition, for those bureaus who load the Child data directly to the NON\_CFO entity structure, the load program will have to be adjusted to load the data to the CFO entity structures.
3. Reclassification of Trading Partner on Transfers: Beginning in FY 2007, Interior Parent Bureaus, began reclassifying trading partners on transfers in/out of the parent account. The trading partners were changed from the child to the parent information. This reclassification was needed to ensure that transfers in/out reconciled at the trading partner level, when the Parent was reporting both parts of the transfer. With the implementation of this change, the Parent will no longer have to reclassify the trading partners on transfers-out/in with Interior Child Accounts, since the Child will be reporting its own data.
4. Hyperion SGL Balances: All Interior Bureaus that are either Parents to Interior Children or Children to Interior Parents will adjust the FY 2010 Beginning Balances (Hyperion category FY 2009, and date 11/30/2009) as follows.
  - a. Interior Child Bureaus: Interior Child Bureaus will develop and load an adjusting entry for the Interior Child balances recorded in the NON\_CFO entity structure, moving the balances from the NON\_CFO to the CFO entities. Then beginning 2<sup>nd</sup> Quarter FY 2010, Interior Child balances will be loaded directly to the CFO entity structures instead of the NON\_CFO. The impact on the presentation of the Statement of Changes in Net Position (SCNP), Statement of Budgetary Resources (SBR), and FACTS II reporting are discussed in paragraphs 8 & 9 below.
  - b. Interior Parent Bureaus: Interior Parent Bureaus will develop and load an adjusting entry for the Interior Child balance included in the CFO entity structure, removing the balances. Then beginning 2<sup>nd</sup> Quarter FY 2010, the Interior Parent Bureaus will no longer receive or load the Interior Child Bureau trial balance data into its Hyperion Enterprise Application. The impact on the presentation of the SCNP and SBR are discussed in paragraphs 8 & 9 below.
5. FACTS II Reporting: The current policy for Interior is that the Child Bureau is responsible for the quarterly FACTS II submission. The Child Bureau will continue to input data for

FACTS II. The beginning and ending balances for the FACTS II submission will come from the CFO entities.

6. SBR to President's Budget: The President's Budget reports all budgetary amounts with the Parent for Allocation Accounts. The Interior Parent and Child bureaus will have reconciling items due to the reporting of Interior Child activity. The Bureaus should identify these amounts as reconciling items in the reconciliations. At the Department level, all these differences should offset and net to zero.
7. SBR to SF-133: OMB's Bureau-wide SF-133 reports all budgetary amounts with the Parent Bureaus for Allocation Accounts. The Interior Parent and Child bureaus will have reconciling items due to the reporting of Interior Child activity. The Bureaus should identify these amounts as reconciling items in the reconciliations. At the Department level, all these differences should offset and net to zero.
8. SCNP Presentation: The revised parent/child reporting will impact the SCNP for Interior Parent and Child Bureaus. The change in presentation will be shown as an adjustment to Beginning Balances, in both the Unexpended Appropriations and the Cumulative Results of Operations sections. Bureaus will need to add a line in the Adjustments section and title it "Change in Presentation of Interior Allocation Accounts". The amount of the adjustment will be calculated based on the Prior Year Ending Balance and the Current Year Adjusted Beginning Balance amounts in Hyperion. An example of the presentation and calculation is shown below:

2010

**Unexpended Appropriation**

Beginning Balance	XXX	Manually input FY 2009 Ending Balance
Adjustments		
Change in Presentation of Interior Allocation Accounts	XXX	Calculated (Adjusted BB – FY 2009 Ending Balance)
Beginning Balance, as adjusted	XXX	HPVAL, using adjusted FY 2010 BB (FY2009, 11/30/2009)

**Cumulative Results of Operations**

Beginning Balance	XXX	Manually input FY 2009 Ending Balance
Adjustments		
Change in Presentation of Interior Allocation Accounts	XXX	Calculated (Adjusted BB – FY 2009 Ending Balance)
Beginning Balance, as adjusted	XXX	HPVAL, using adjusted FY2010 BB (FY 2009, 11/30/2009)

9. SBR Presentation:

- a. Combined Statement Presentation: Line 1 of the SBR, Unobligated Balance, Beginning of Year, must equal the prior year ending balance shown on lines 9a, 9b, and 10. Also Line 12a and 12b, Obligated Balances, Beginning of the Year, must equal the prior year ending balances, shown on lines 18a and 8b. In order to ensure that these line relationships stay valid, Interior Parent/Child allocation transfers will be shows as follows:

		<u>2010</u>	
Line 1	Unobligated Balance, Beginning of Year	XXX	Manually input FY 2009 Ending Balance lines = 9A+9B+10
Insert	Adjustments		
Insert	Change in Presentation of Interior Allocation Accounts	XXX	Calculated (Adjusted BB – FY 2009 Ending Balance)
Insert	Unobligated Balance, Beginning of Year, Adjusted	XXX	HPVAL, using adjusted FY 2010 BB (FY 2009, 11/30/2009), SBR_1_Beg
	Obligated Balance		
	Obligated Balance, Net		
Line 12a	Unpaid Obligations, Brought Forward Beginning of FY	XXX	Manually input FY 2009 Ending Balance lines = 18a
Insert	Adjustment - Change in Presentation in Interior Allocation Accounts	XXX	Difference of calculated HPVAL using adjusted FY 2010 BB (FY2 009, 11/30/2009) for SBR_12a_Beg - the line above
Line 12b	Less: Uncollected Customer Payments from Federal Sources Brought Forward Beginning of FY	XXX	Manually input FY 2009 Ending Balance lines = 18b
Insert	Adjustment - Change in Presentation in Interior Allocation Accounts	XXX	Difference of calculated HPVAL using adjusted FY 2010 BB (FY 2009, 11/30/2009) for SBR_12b_Beg - the line above
	Total Unpaid Obligations, Net Beginning of Year, Adjusted	XXX	Sum of the above lines



mission, conducting a major line of activity, or producing one or a group of related products or services. A Bureau's Child Account activity is part of its assigned mission, and as such it is appropriate to include the related costs and exchange revenue with the Bureau responsible for performing the mission activities.

14. SOF Hyperion Entity Structure: Bureaus use the SOF Hyperion Entity structure to assist in the preparation of the Net Cost of Operations to Budget footnote. This entity structure organizes the Bureau's Appropriations/Funds by funding type. Bureaus will have to review the Interior Allocation Accounts at the appropriation/fund level to determine proper assignment to the existing SOF entity structure. Any changes needed to the SOF Hyperion Entity structure need to be communicated to the NBC Hyperion Team.

If you have any questions regarding this change, please contact Diane Washington at (202) 208-6225 or via email at [Diane\\_Washington@ios.doi.gov](mailto:Diane_Washington@ios.doi.gov).

cc: Financial Statement Guidance Team  
Finance Officers Partnership

Cancelled FMMs: 2009-089

Additional FMMs on the Subject: n/a