

## **Federal Accounting Corner** by Simcha Kuritzky, CGFM CPA

### Rewriting History? Part II--Data Model Changes

In recent years, Treasury FMS has increased the amount of detail required in their trial balance-based interfaces (FACTS and FACTS II), especially in the area of Trading Partner. There is a JFMIP requirement that such detail come from the reporting agency's accounting system. But what does an agency do when the new requirements forces them to increase the level of detail that has already been recorded? If the balances must come from the accounting system, then the detail must be added retroactively.

#### **Example**

An agency wishes to restate their accounts receivable balances so they include agency Department ID and Fund Group. Their first step is to update their vendor file to include these fields for all federal agency vendors.

The quickest solution would then be to add these fields to the accounts receivable subsidiary ledger, and run a program to populate them with this information from the vendor file. This provides a current balance, but that is all it provides. To get balance information for different points in time, it is necessary to add this information to the journals.

Restating the proprietary receivable accounts (e.g., 1310, 1320, and 1350) in the journals is relatively straightforward, whether this is done for all journals or just to establish a beginning balance for the current year. Since there are no accounting model changes or closing entries, the process only has to read all journal entries and add the new attributes. If only beginning balances for the current year are needed, then one can summarize the prior-year entries by appropriation symbol, GL account, and vendor first, and then discard entries that net to zero. However, because the vendor detail was not required in times past, the agency may have recorded some activity, such as corrections, adjustments, accruals, and other summary entries without the proper vendor information (or with a blank vendor). Unfortunately, the only way to handle that activity is to back out the entries that have the wrong vendor and put them back in with the correct vendor.

Restating the budgetary receivable account 4251 presents special difficulties. The agency first has to establish when each accounting model was used. Let us say that the agency model prior to FY2000 used account 4250 for reimbursements earned, not just receivable, and it closed at year end. For FY2000 on, accounts 4251 and 4252 are used for reimbursements, with 4252 closing to 4210 at year end.

If a complete restatement of journals is desired, then the postings to account 4250 in the pre-FY2000 journals has to be split into two groups: cash entries, which are represented by account 4252 in the new journal, and receivable entries, represented by 4251. The collection postings, which did not post to budgetary accounts, will have to be amended to include a dr. 4252 cr. 4251 posting (or its backout). The post-FY1999 entries to accounts

4251 and 4252 can be kept as is. The new vendor attribute details will be added to all old journal records.

If only a FY2004 beginning balance is needed, the agency has two choices. They can restate the budgetary postings as above, or they can base them on the accounts receivable subsidiary ledger. Restating the budgetary postings for entries made before FY2000 requires the same complicated split out and amendments as a complete restatement. The FY2000 beginning balance entry for account 4251 cannot be used, because it contains no vendor detail, so the receivable collections that occurred in FY2000 and later would create negative receivable balances.

Since the SGL requires that account 4251 be supported by the proprietary receivable balances, and the proprietary accounts are real, for most agencies the easiest course of action would be to copy all the proprietary entries, and substitute the budgetary account in their stead. First, though, the agency would have to compare the current beginning balances of all proprietary and budgetary receivable accounts, and document any differences. They would have to post entries to eliminate these differences in the old journal before switching to the new journal. By "switch," I mean that the old journals would be archived, and the new, restated journals substituted in their place. So the adjusting entries would disappear. If these adjustments were really needed, then no further action would be necessary. However, if these adjustments were only entered because of timing differences, then the agency should reverse these entries in the new journals.

Comments, suggestions, and critiques are welcome. Send them to [Simcha.Kuritzky@ams.com](mailto:Simcha.Kuritzky@ams.com), and not to the AGA.