*FSC News Flash*

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**New Process for IPACs with Unidentified Obligations**

VA receives a large number of IPAC charges for which the obligation number is missing or the obligation is not fully funded. These transactions have traditionally been recorded into FMS as a temporary advance (DV 04) by FSC Intragovernmental Accounting Section and are then offset against the correct obligation by the field station after identifying and properly funding the appropriate obligation. Field stations use the F855 report in this effort. Advances are reported as assets in the financial statements, so establishing temporary advances for this purpose causes a misstatement of both assets and expenses on VA’s Financial Statements until the transaction is expensed to the appropriate obligation. VA’s trading partners record revenue for the IPACs they charge to VA and expect VA to record an expense. Temporary advances create reconciliation differences between the records of VA and our trading partners. This is one of the most significant issues VA has to resolve in order to remediate audit findings regarding intragovernmental reconciliation.

To eliminate these financial statement and reconciliation issues moving forward, FSC will no longer establish temporary advances for IPAC charges for which the obligation number is missing or the obligation is not fully funded. FSC will record these IPAC charges to a default accounting string that has been established for each fund. As with the previously recorded temporary advances, field stations will be responsible for identifying the correct obligation and transferring the default transaction to the correct obligation. Transactions currently on the F855 Advance report will remain there until cleared by the station as the new process will not impact IPAC charges which previously had been established as temporary advances. IPACs identified as true advances will continue to be recorded with DV 04 and should be expensed using the revenue recognition method agreed to in the IAA.

The default accounting strings used in the new process will consist of:

* Station number
* Budget Fiscal Year(s)
* Fund
* Budget Object Code (default 2580)
* Cost Center (if required by the fund)
* and Fund Control Point assigned based on fund (uses this convention: IPACDISBXX)

The transactions recorded as part of the new process will appear on the new F859 report in RSD. The F859 is scheduled to be available at the end of December. For any transactions recorded in November and December, a report will be sent out to VHA via VHA National Accountants list at the beginning and middle of the month.

Attached is a guide on recording the offsetting ET 01 transaction to transfer the default transaction to the correct obligation. Be aware that the ET 01 transaction will need to use the same SDD as the IPAC transaction and the decrease line will need to match the original transaction exactly to be cleared from the report.

To avoid having IPAC transactions recorded to the default accounting string, be sure that the Agency you are doing business with has the correct obligation number and that it is included on the IPAC. For bills that recur monthly, like telephone or rent, the obligation number can be provided to the IPAC Processing mail group so that the charge can be applied directly to the obligation.

Please direct any questions to the VAFSC IPAC Processing mailgroup using the email group: VAFSCIPACProcessing@va.gov

