



Pension Benefit Guaranty Corporation
Office of Inspector General
Evaluation Report

**Independent Accountants' Report
On Applying Agreed-Upon Procedures
For CFO Representations For Federal
Intragovernmental Activity and Balances**

February 6, 2003

2003-5/23168-4

**Report of Independent Accountants
On Applying Agreed-Upon Procedures**

To the Inspector General of the
Pension Benefit Guaranty Corporation (PBGC)

We have performed the procedures enumerated in Exhibit I, which were agreed to by the PBGC Office of Inspector General and Chief Financial Officer (CFO), the U.S. Department of the Treasury's Financial Management Service, the General Accounting Office, and the Office of Management and Budget, solely to assist you in analyzing the CFO's reconciliation of Federal Intragovernmental Activity and Balances as of and for the fiscal year ended September 30, 2002. The PBGC CFO is responsible for the reconciliation of Federal Intragovernmental Activity and Balances. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit I either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the CFO's reconciliation of Federal Intragovernmental Activity and Balances. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users identified in the first paragraph of this report, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 5, 2003

**Independent Accountants' Report
On Applying Agreed-Upon Procedures
for Federal Intragovernmental Activity and Balances**

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AGREED-UPON PROCEDURES

Procedures	Findings
<p>1. Review the electronic file provided by the CFO of the responses to items (5) and (6) of the CFO representations for Federal Intragovernmental Activity and Balances described in the Treasury Finance Manual (TFM) and the copies of the reconciliations and confirmations at item (9). For each "Yes" response to items (5) and (6), Inspector Generals shall perform the following steps. (A "Yes" response indicates that the intragovernmental activity and/or balance was reconciled with the agency's trading partner.)</p> <ul style="list-style-type: none"> - Compare the amounts in such reconciliations to supporting documentation. Indicate if no differences were found. Clearly explain any differences. - Trace the adjustments, if any, identified in the reconciliation process that require recognition on the books of the reporting entity (rather than on the books of the trading partner) to documentation supporting recording of such amounts in the agency's financial records. Indicate if no differences were found. Clearly explain any differences. <p>NOTE: Item numbers above correspond to the "CFO Procedures for Federal Intragovernmental Activity and Balances" item numbers in section 4030.80 of the TFM, as updated 8/16/02.</p>	<p>No differences were identified.</p> <p>PBGC did not identify any adjustments in the reconciliation process that required recognition on PBGC's books.</p>

2. Review the electronic file provided by the CFO (CFO representations for Federal Intragovernmental Activity and Balances). For each "Yes" response to item (10) under the section entitled CFO Procedures for Federal Intergovernmental Activity and Balances, compare the amounts, excluding intradepartmental activity and balances, in the audited agency consolidated financial statements to such amounts in the agency's final Federal Agencies' Centralized Trial-Balance System (FACTS) I and/or FACTS I NOTES reports to Financial Management Service (FMS). (A "Yes" response indicates that the amount of the intragovernmental activity and/or balance per the agency's financial statements, excluding intradepartmental activity and balances, agree with the final amounts reported to FMS by FACTS I and/or FACTS I NOTES for fiscal year 2002.) Indicate if no differences were found. Clearly explain any differences.

NOTE: Item numbers in the procedures correspond to the "CFO Procedures for Federal Intragovernmental Activity and Balances" item numbers in section 4030.80 of the TFM, as updated 8/16/02.

No differences (other than rounding differences) were noted.

FYE '02 CFO Representations for
Federal Intragovernmental Activity and Balances

Paragraphs 5 - 8

Mark in Green
Areas Only

Agency Name Pension Benefit Guaranty Corporation	2-Digit Agency Code 1602
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INSTRUCTIONS: Next to each Category type in "Yes", "No", or "N/A" to indicate whether or not reconciliation was complete, or not applicable. <i>(Requirements stated in TFM Sec.4030.80)</i>	Enter "Yes" or "No" or "N/A"	If Reconciliation NOT Complete Describe Area & Extent of Noncompliance	If Reconciliation IS Complete Was an Adjustment Recorded? ("Yes" or "No") If "No," Describe Reason for No Adjustment
A. FIDUCIARY CATEGORIES			
1. Investments in Federal securities with trading partner debt issued by BPD	Yes		
2. Interest receivable with trading partner, BPD, interest payable	Yes		
3. Interest revenue with trading partner, BPD, Interest expense	Yes		
4. Loans receivable of Treasury and the Federal Financing Bank (FFB) with trading partners, Treasury and FFB, loans payable	N/A		
5. Interest payable with trading partners, Treasury and FFB, interest receivable	N/A		
6. Interest expense with trading partners, Treasury and FFB, interest revenue	N/A		
7. Agencies' activity and balances for the Federal Employees' Compensation Act with the trading partner, Department of Labor (DOL) --Liability	Yes		
8. Agencies' activity and balances for the Federal Employees' Compensation Act with the trading partner, Department of Labor (DOL) --Expense	Yes		
9. Agencies' employee benefit program activity and balances for the Federal retirement, health benefits and life insurance programs with the trading partner, Office of Personnel Management (OPM) --Liability	Yes		
10. Agencies' employee benefit program activity and balances for the Federal retirement, health benefits and life insurance programs with the trading partner, Office of Personnel Management (OPM) --Expense	Yes		
11. Other (Enter here)	N/A		
B. NON-FIDUCIARY CATEGORIES			
Asset			
1. Accounts receivable with trading partners' accounts payable and other liabilities	N/A		
2. Loans receivable with trading partners' loans payable	N/A		

FYE '02 CFO Representations for
Federal Intragovernmental Activity and Balances
Paragraphs 5 - 8

Mark in Green
Areas Only

Agency Name Pension Benefit Guaranty Corporation	2-Digit Agency Code 1602
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INSTRUCTIONS: Next to each Category type in "Yes", "No", or "N/A" to indicate whether or not reconciliation was complete, or not applicable. <i>(Requirements stated in TFM Sec. 4030.80)</i>	Enter "Yes" or "No" or "N/A"	If Reconciliation NOT Complete Describe Area & Extent of Noncompliance	If Reconciliation IS Complete Was an Adjustment Recorded? ("Yes" or "No") If "No," Describe Reason for No Adjustment
3. Interest receivable with trading partners' interest payable	N/A		
4. Transfer assets with trading partners' transfer liabilities	N/A		
5. Advances and prepayments with trading partners' advances from others and deferred credits	N/A		
6. Other (Enter here)	N/A		
Liability			
7. Accounts payable and other liabilities with trading partners' accounts receivable	N/A		
8. Other (Enter here)	N/A		
Cost			
9. Operating cost with trading partners' earned revenue	N/A		
10. Imputed cost with trading partners' imputed revenue	N/A		
11. Benefit program expense with trading partners' benefit program revenue	N/A		
12. Interest expense with trading partners' interest revenue	N/A		
13. Other (Enter here)	N/A		
Revenue			
14. Earned revenue with trading partners' operating cost	N/A		
15. Other (Enter here)	N/A		
Other			
16. Contra liability for subsidy payable to financing account with trading partners' subsidy payable to financing account	N/A		
17. Transfers in with trading partners' transfers out	N/A		
18. Other (Enter here)	N/A		

FYE '02 CFO Representations for
Federal Intragovernmental Activity and Balances

Paragraphs 10 - 12 Mark in Green Areas Only

Agency Name	Pension Benefit Guaranty Corporation
2-Digit Agency Code	1602

INSTRUCTIONS: Next to each Requirement enter "Yes" or "No" to indicate whether or not your Agency's audited financial statements agree with the criteria below. Also, enter explanations for exceptions (briefly) <i>(Please refer to the requirements stated in TFM Sec.4030.80)</i>	"Yes" or "No" or "N/A"	Reason for Exceptions
Did you compare intragovernmental balances per your agency financial statements with FACTS I and/or FACTS NOTES for the fiscal year? Please indicate "Yes" if all amounts and USSGL accounts agree, or "No" if there are differences. For all "No" responses, please identify and describe the differences.	No	See Attachment
Did you compare the disclosures in the notes to your audited agency financial statements for gross cost and earned revenue by budget functional classification with the requirements of OMB Bulletin 01-09 ? Please indicate "Yes" if such disclosures conform to OMB's form and content bulletin, and "No" if there are exceptions. For all "No" responses, please briefly identify and describe the exceptions.	N/A	
Did Agency compare the disclosures in the RSI section of the audited agency consolidated financial statements with the requirements of OMB Bulletin 01-09? Please Indicate "Yes" if such disclosures conform to OMB's form and content bulletin, and "No" if there are exceptions. For all "No" responses, please identify and describe the exceptions.	N/A	

Exhibit II
Attachment

FYE '02 CFO Representations for Federal Intragovernmental Activity and Balances

Paragraph 10. Reason for Exceptions

Confirmation with DOL:

- Balances for 2225G(16) and 2215G(16) are reversed
- Amount on confirmation for 6850G(16) is included in 6400F(16) on FACTS I ATB.

Confirmation with Bureau of Public Debt (for Zero Coupon Bonds):

- On the confirmation, the accounts for reporting activity of Zero Coupon Bonds are the same as those used for other U.S. Government securities. There are now separate accounts for zeroes, which were used on FACTS I reports. The amount for 1610G(20) on the confirmation is shown as 1630F(20) on FACTS I. The total of 1611G(20) and 1613G(20) on the confirmation agrees with the total of 1631F(20) and 1638F(20) on FACTS I. The amount for 7110G(20) on the confirmation is included in 7180F(20) on FACTS I.

Note: On the reconciliations, "G" is used to represent transactions with other governmental agencies. For FACTS I reporting, "F" is used.