Intra-Entity Eliminations

When consolidated financial statements are prepared, activity between components of the consolidated entity needs to be eliminated. An example of this could be the financial statements for GM. When statements are prepared for GM in it's entirety, transactions between the Cadillac Division and the Pontiac Division need to be eliminated from the statements to avoid overstating revenues for GM as a whole.

In the case of the Federal Government, when statements are prepared at various levels, transactions within the reporting entity also need to be eliminated. On the Federal Government statements, all activity between all government agencies has to be eliminated. On the Department of Commerce (DOC) statements, transactions between DOC Bureaus need to be eliminated. And for the NOAA statements, all activity between NOAA components needs to be eliminated.

This activity can best be described as reimbursable work performed by one component of NOAA for another component of NOAA, where both sides of the transactions are recorded (in other words, billings/income is recorded as well as cost). An example of possible candidates for elimination is the National Reconditioning Center within the NWS. Another might be the Aircraft Operations Center within ONCO. Cost adjustments and cost transfers between NOAA elements are not examples of entries needing to be eliminated.

The Finance Office will need help in identifying these activities. We will make a call for input in August or September to give us a starting point for researching these transactions. The information we will be looking for initially is task numbers and contact points. We will then follow up with the contact points if more information is required.