

Reimbursables Management Processes

5.0 Reimbursables Management Processes

This chapter puts forth best practice business processes for administering and managing interagency buy/sell transactions. These processes are focused on buy/sell reimbursable activity between Federal agency trading partners and do not include fiduciary and non-expenditure transfer transactions. Purchase cards, although appropriate for payment of some reimbursable transactions, are not included as a payment method in the Standard Business Processes Reimbursables Management document as defined. The Reimbursables Management standard process spans the full lifecycle of an Interagency Agreement (IAA) from the establishment of an agreement between a Buyer (requesting agency) and Seller (servicing agency) where there is a bona fide need for an exchange of goods and/or services to IAA closeout. Each partner must actively communicate the status and progress to the other party throughout all phases of the agreement lifecycle. There must be a “meeting of the minds” between trading partners to discuss aspects of the agreement details before the Buyer sends a signed IAA document to the Seller and places an Order.

An IAA standard form that will be completed by the Buyer during the negotiation process is comprised of two parts: a General Terms and Conditions section, and an Order section:

General Terms and Conditions – describes General Terms and Conditions for the IAA that will govern the relationship between the Buyer and Seller, including responsibilities and roles for both trading partners to ensure effective management of the IAA and use of the IAA funds. One General Terms and Conditions section exists for each IAA. Each General Terms and Conditions section is assigned an agreement number. The Buyer and Seller may agree upon the General Terms and Conditions section prior to placing or upon placing one or more Orders.

Order – contains specific information about what the Buyer is requesting from the Seller based on a bona fide need and provides the Buyer’s funding information. In the General Ledger, an Order (Funding Information section) represents the Buyer’s obligation. Reconciliation and closeout will both be performed at the Order line level. There may be one or more Orders for an IAA. An Order number, or in the case of a Blanket Agreement a release number, will be associated with each Order and will be referenced on all transactions related to the Order by the Buyer and Seller. This number in combination with the General Terms and Conditions number component will become a common number shared by the trading partners to identify the appropriate Order.

The standard IAA number has three parts:

- The General Terms and Conditions Number component;
- The Order, Task or Release number component. Release number is used in the case of a blanket order. The Order, Task Order or Release number is sequentially assigned; and

- The modification number component. Modification number is sequentially assigned and would refer to an amendment to the General Terms and Conditions section or a modification to the Order section.

Throughout this document, reference to an IAA includes both the General Terms and Conditions and the Order sections. Reference to General Terms and Conditions section or Order section is limited to that respective section of the IAA.

- The benefits of effective Reimbursable Management include:
- Improved checks and balances in the reimbursable process;
- Improved understanding of IAA management process;
- Improved communication between the Buyer and Seller;
- Improved audit trail through recording and reconciliation activities by the Buyer and Seller;
- Improved recognition of United States Standard General Ledger (USSGL) accounting transactions in the reimbursable process;
- Improved interagency and government-wide reporting.

In support of the standard reimbursable management process, a mechanism is referenced throughout the chapter as the Intragovernmental Solution. The Intragovernmental Solution will facilitate the settlement and support of reciprocal transactions including Undelivered Order (UDO)/Unfilled Customer Order (UCO), Advances to Others/Advances from Others, Accounts Payable/Accounts Receivable, and Expenses/Revenue. The Intragovernmental Solution will be further defined under separate initiatives outside this document. The data exchanges required in support of the standard reimbursables processes are identified in this chapter.

The Reimbursables Management process diagrams and process dictionaries that follow the diagrams were developed using guidance from the following sources:

- Government Accountability Office (GAO) Principles of Federal Appropriation Law, also called the Red Book;
- Treasury Federal Intragovernmental Transactions Accounting Policy Guide;
- Treasury Financial Manual (TFM);
- TFM Bulletin No. 2007-03: Intragovernmental Business Rules;
- Federal Accounting Standards Advisory Board (FASAB) Statement #4 – Managerial Cost Accounting Concepts and Standards for the Federal government;
- Office of Management and Budget (OMB) Circular A-11 Preparing and Submitting Budget Estimates;
- OMB Guidance, 6 Jun 08 - Improving Management and Use of Interagency Acquisitions;
- Federal Acquisition Regulation (FAR).

The Reimbursable Management processes detailed in this chapter are:

- RA 5.1 Negotiate Interagency Agreement. This section provides the process that agencies should follow in order to establish an IAA with a Federal trading partner. This section also

recommends that the Buyer establish a commitment to reserve funds for the amount of the IAA.

- RA 5.2 Sign Interagency Agreement:
 - RA 5.2.1 Sign IAA General Terms and Conditions Section (Buyer and Seller). This section provides the process by which the Buyer and Seller agencies ratify the General Terms and Conditions section of the standard IAA. When an Order accompanies the General Terms and Conditions the General Terms and Conditions and Order signing processes occur simultaneously.
 - RA 5.2.2 Buyer Signs IAA Order Section. This section provides the process by which the Buyer agency ratifies the Order section of the standard IAA. During this process, the Buyer records the obligation and UDO if the Order is “required by law”. A common example of law specifying with whom an Order is placed is printing and binding to be done by the Governmental Printing Office (GPO).
 - RA 5.2.3 Seller Signs IAA Order Section. This section provides the process by which the Seller agency ratifies the Order Section of the standard IAA. During this process, the Seller records a UCO and the Buyer records the obligation and UDO if the Order is a “voluntary Order” (i.e., the Order is not required by law).
- RA 5.3 Work in Process. This section provides the process by which the Seller performs the work or supplies the goods specified in the IAA. This section identifies steps for the Seller to record the earned-unbilled amounts as appropriate. During this process, the Buyer engages in PM 3.1 Receipt and Acceptance of Goods, and PM 3.2 Receipt and Acceptance of Services, as specified in the Payment Management Standard Business Process.

RA 5.4 Receivable and Payment Management:

- RA 5.4.1 Advance Payment. This section provides the process by which the Buyer or Seller initiates an advance payment to the Seller, when an advance is determined to be necessary and when agreed upon in the IAA.
- RA 5.4.2 Seller Issues Bill. This section provides the process by which the Seller issues a bill to the Buyer, based on the Seller’s performance on the IAA. The Seller references the appropriate IAA Order on the bill.
- RA 5.4.3 Buyer Issues Payment. This section provides the process of the Buyer receiving and reviewing a payment request prior to execution of the funds transfer by Treasury.
- RA 5.4.4 Billing Error Resolution. This section provides the process by which the Buyer and Seller resolve billing issues, and identify appropriate adjustments, including follow-up steps with the Chief Financial Officer (CFO) Council (CFOC) Dispute Resolution Committee. Subsequent action may include a credit for a future bill, immediate refund for an overpaid bill, or a new bill if the original bill was less than the appropriate amount.

- RA 5.4.5 Seller Issues Refund. This section provides the process by which the Buyer requests from the Seller a refund for a bill that was previously overpaid or the return of an unused advance.
- RA 5.4.6 Funds Transfer. This section provides the process by which the Buyer and Seller record the appropriate General Ledger transactions upon funds transfers related to bills/payment requests, advances, or refunds.
- RA 5.5 Interagency Agreement Activity Reconciliation. This section provides the process by which the Buyer and Seller receive a monthly activity report for each active IAA Order and perform reconciliation activities. It is important for each trading partner to review their IAA Order account balances on a monthly basis to identify any issues in a timely manner. In this process, the Seller provides earned-unbilled information and the Buyer provides their estimated accrual. The reconciliation process is also performed in conjunction with the Interagency Agreement Order Closeout process.
- RA 5.6 Interagency Agreement Order Closeout. This section provides the process to perform Closeout activities for an IAA Order, including liquidating any open UCO and UDO balances.

The steps in the above processes are depicted in flowcharts. Following each flowchart are descriptions of the processes, steps, and related Business Rules. These steps reflect best practices in an electronic environment, sound internal controls, and compliance with the Financial Systems Integration Office (FSIO) Core Financial System Requirements (CFSR).

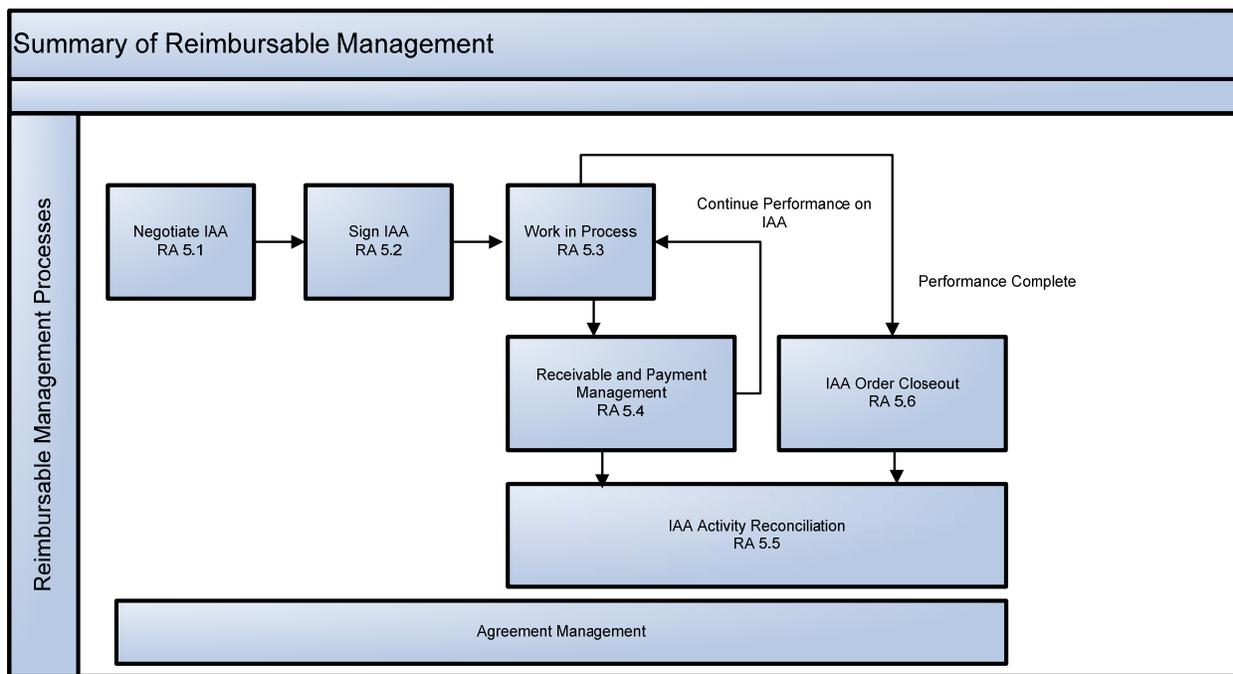
Excluded from the scope of this chapter are the following:

- Fiduciary Transactions Bureau of the Public Debt (BPD) investments and borrowings; Federal Financing Bank (FFB) borrowings; Department of Labor (DOL) Federal Employee Compensation Act (FECA) transactions; and Office of Personnel Management (OPM) employee benefit transaction);
- Expedited responses to National Emergencies – Agencies should follow the reimbursable process described in this chapter when appropriate and record Core Financial System transactions in a timely manner;
- National Security Considerations – Agencies should follow the reimbursable process described in this chapter when appropriate and record Core Financial System transactions in a timely manner;
- Non-expenditure transfers. A non-expenditure transfer moves budgetary resources from one budget account, appropriation, or fund to another that does not involve an outlay. Examples of such transactions include but are not limited to trust fund transfers between the Department of Transportation and the Corps of Engineers or the Department of Homeland Security and the Department of Transportation;
- Borrowing Authority. Borrowing authority is a type of budget authority that permits obligations and outlays to be financed by borrowing, usually from Treasury. Borrowing from Treasury is a non-expenditure transfer that has been separated from other non-expenditure transfer transactions due to their uniqueness and specific audience;

- Exchange transactions between federal agencies that do not require an interagency agreement
Examples of such transactions include but are not limited to; General Services Administration (GSA) Global Supply, GSA Telecommunications, GSA Fleet and Department of Defense (DoD) Interfund;
- Exchange transactions between federal agencies that utilize an interagency agreement and which are paid via purchase cards or convenience checks;
- Reimbursable agreements with foreign governments;
- Reimbursable agreements with non-federal government entities, e.g., universities, foundations, state and local governments;
- Reimbursable agreements with commercial entities.

The following flowchart provides a summary of the Reimbursable Management process.

Figure 0-1 Summary of Reimbursable Management



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

5.1 NEGOTIATE INTERAGENCY AGREEMENT

An IAA is a written arrangement that specifies the goods to be furnished or services to be provided by one agency (the Seller) in support of the other (the Buyer). The Negotiate IAA process begins with the identification of a bona fide need by the Buyer and concludes with the Buyer's completed review of the IAA. At the time the Buyer identifies a bona fide need, a commitment reflecting the agency's need to reserve funding may be recorded. If an agency does not record the commitment with identification of the bona fide need, it may record the commitment later in the Negotiate Interagency Agreement process (RA 5.1.6 – Commitment Recorded or RA 5.1.17 – Modify Commitment) or the Buyer Signs IAA Order Section process (RA 5.2.2.10 – Commitment Recorded). Although the Buyer may record a commitment (reservation of funds) in the Core Financial System during the negotiation process, the obligation would not be recorded until the sign process (RA 5.2.2 – Buyer Signs IAA Order Section in the case of an Order required by law or RA 5.2.3 – Seller Signs IAA Order Section if a voluntary Order).

Buyer and Seller agencies should develop clear and complete agreements that establish the specific terms and conditions that will govern the relationship between the agencies throughout the lifecycle of each agreement, including each partner's role in ensuring the effective management and use of the IAA. Negotiation of an IAA shall include, but shall not be limited to, an identification of: goods/services to be provided, an agreement amount, billing terms, period of performance (start and end date), Buyer and Seller funds expiration dates, terms of advances (if required), and additional terms such as performance measures.

An IAA standard form will be completed by the Buyer during the negotiation process. The standard IAA is comprised of two (2) parts: a General Terms and Conditions section, and an Order section, as defined in RA 5.0 – Reimbursables Management Processes. The identifier for the General Terms and Conditions section, the Order section, and all amendments/modifications is known as the IAA Number. A one-to-many relationship may exist between the General Terms and Conditions section and the Order section of an IAA. In other words, one General Terms and Conditions Section may have one or more associated Orders. Additionally, it is not necessary that the two sections be executed simultaneously; the IAA Order may be negotiated and signed during or after negotiation and signing of the IAA General Terms and Conditions. IAA Order sections may not be negotiated and signed prior to the IAA General Terms and Conditions section except under extenuating circumstances such as national emergencies or national security issues.

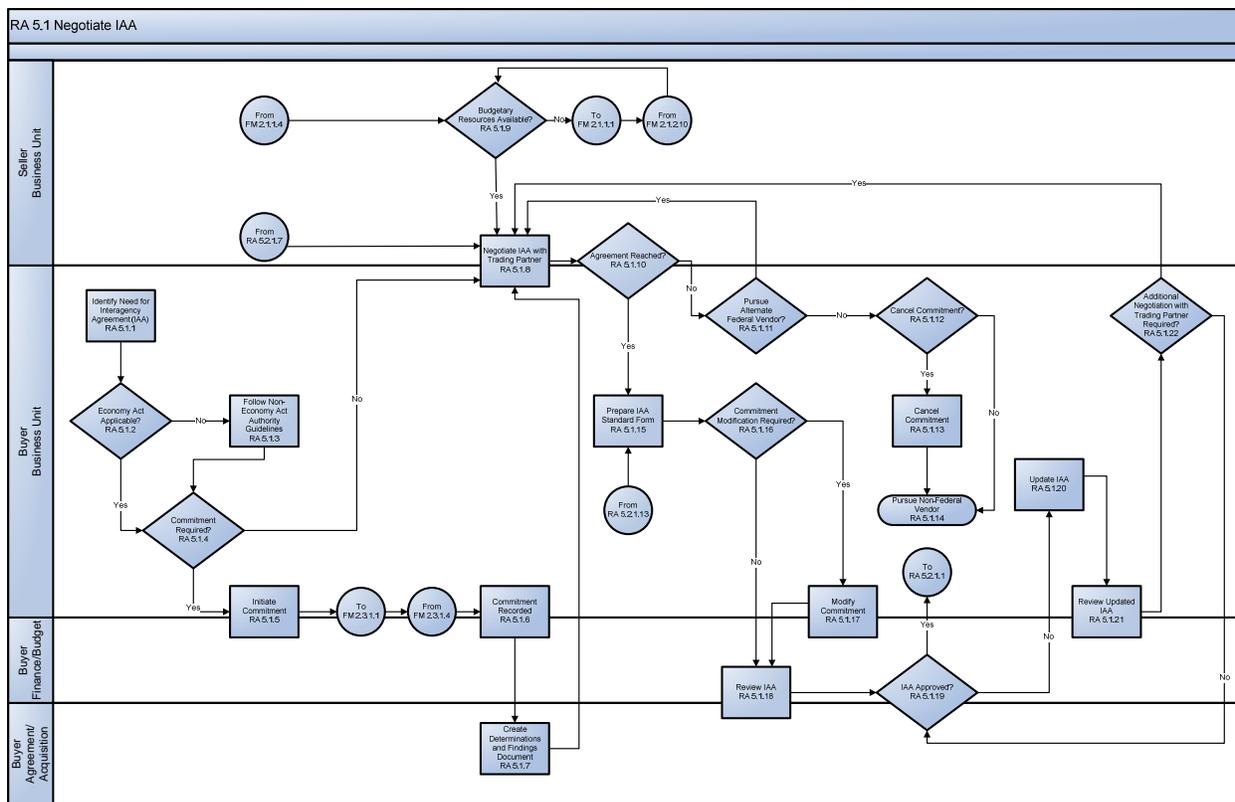
Use of an IAA does not supersede the Buyer's appropriation in terms of purpose, amount, or time. A fiscal year appropriation may be obligated only to meet a legitimate or bona fide need arising in the fiscal year that the appropriation was available, with the exception of a need that existed prior to the appropriation authority and continues to exist. Other exceptions such as call lead time and stock level may be used to permit use of current year funds for future year requirements under certain circumstances.

When obligating for a bona fide need within the available timeframe of the appropriation, the Buyer shall follow obligation rules from the GAO Red Book (Volume I, Chapter 5 – Availability of Appropriations: Time) that describes the following topics:

- Background;
- Needs for Future Years;
- Needs of Prior Years;
- Delivery of Materials Beyond the Fiscal Year;
- Services Rendered Beyond the Fiscal Year;
- Replacement Contracts;
- Contract Modifications;
- Multi-year Contracts;
- Specific Statutes.

When establishing an authorized contract or Order with another person to provide the requested goods or services, the Seller shall also follow obligation rules from the GAO Red Book (Volume I, Chapter 5 – Availability of Appropriations: Time).

RA 5.1 Negotiate Interagency Agreement Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Negotiate Interagency Agreement process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.1.1	Identify Need for Interagency Agreement (IAA)	The Buyer Business Unit determines a need and further determines that the need can be properly met by another Federal agency via an IAA.	<p>Assumptions: Prior to the start of this process, the Buyer:</p> <ol style="list-style-type: none"> 1. Has established a bona fide need to purchase the goods/services, and has supporting documentation. 2. Has ensured that the goods/services are consistent with their program/mission and that funding is available to purchase the goods/services. 3. Has determined that there is authority to enter into an IAA to fill the need. <p>Note: The bona fide need rule is one of the fundamental principles of appropriations law. A fiscal year appropriation may be obligated only to meet a legitimate or bona fide need arising in, or in some cases prior to, but continuing to exist in the fiscal year for which the appropriation was made (GAO Red Book, Volume I).</p>	
RA 5.1.2	Economy Act Applicable?	The Buyer determines if the Economy Act will be used as the authority to enter into the IAA.	The Buyer and Seller will use the Economy Act (Economy Act, 31 U.S.C. § 1535) authority, unless other authority is more appropriate for the IAA. The Economy Act provides authority for agencies to order goods or services from another Federal agency and to pay the actual cost of those goods or services. In accordance with 31 U.S.C., § 1535, the head of an agency or major organizational unit, or the delegated warranted contracting officer or contracting officer, may place an Order with a major organizational unit within the same agency or within another	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>agency for goods or services if:</p> <ol style="list-style-type: none"> 1. Funds are available. 2. The head of the requesting agency or unit or their designee decides the Order is in the best interest of the United States Government. 3. The agency or unit to be asked to fill the Order is able to provide the ordered goods or services. 4. The head of the requesting agency or their designee decides that ordered goods or services cannot be provided as conveniently or economically by a commercial enterprise (see 31 USC 1535 and FAR Part 17 for more details on the Economy Act). <p>Examples of non-Economy Act authorities include, but are not limited to:</p> <ul style="list-style-type: none"> · Revolving Funds; · Franchise Funds; · Working Capital Funds; · Foreign Assistance Act of 1961 (22 U.S.C. § 2392) Section 632(b); · The Comprehensive Environmental Response, Compensation and Liability Act of 1980 known as Superfund (42 U.S.C. § 9601 et seq.); · National Science Foundation (NSF) Act (42 U.S.C. § 1861 et seq.); · Space Act of 1958 Public Law #85-568, 72 Stat., 426; and · Federal Buildings Fund 40 U.S.C. § 592(b) (2). <p>The referenced authority in the IAA does not extend the period of</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			availability for the Buyer's appropriation, unless specifically included in the authority language.	
RA 5.1.3	Follow Non-Economy Act Authority Guidelines	The Buyer performs any necessary procedures for establishing the IAA based on provisions in the reimbursable authority used to enter into the agreement.	If a Determination and Findings (D&F) document is required under separate authority, an agency shall follow appropriate guidelines for that authority. See step RA 5.1.2 (Economy Act Applicable?) for examples of non-Economy Act guidance.	
RA 5.1.4	Commitment Required?	The Buyer determines whether a commitment (i.e., a requisition or reservation of funds) is required before proceeding with negotiations with the Seller based on internal agency procedures. If a commitment is required, the Buyer proceeds to initiate the commitment. If a commitment is not required, the Buyer proceeds to negotiate the IAA with the trading partner.	It is a recommended practice that the Buyer establishes a commitment when an agency needs to reserve funds. The commitment established would be based on the known (or estimated) cost of the IAA; a commitment would not be recorded if a reasonable IAA estimated amount is not available.	
RA 5.1.5	Initiate Commitment	The Buyer determines whether enough funding is available to initiate the IAA with the trading partner. The Buyer initiates the recording of a commitment.	The Buyer determines the estimated purchase cost of the need identified in step RA 5.1.1 – Identify Need for Interagency Agreement (IAA). The Buyer may record a commitment, if not already recorded, or may adjust the commitment recorded when the bona fide need was originally identified.	
RA 5.1.6	Commitment Recorded	The commitment has been recorded according to the procedures in		

Step ID	Step Name	Step Description	Business Rules	CFSR
		Chapter 2.0 Funds Management Processes steps FM 2.3.1.1 Prepare Requisition through FM 2.3.1.4 Commitment Records in General Ledger.		
RA 5.1.7	Create Determinations and Findings Document	If the Economy Act is applicable and funds have been committed, then a D&F document is created by the Buyer Agreement/Acquisition Office.	The Buyer shall create a D&F document as stated in the FAR, Part 17.503. A D&F is created after funds have been committed.	SMB-17
RA 5.1.8	Negotiate IAA with Trading Partner	<p>Buyer and Seller agencies negotiate the goods/services to be provided, costs, billing terms, length of the agreement, and additional terms of the agreement (e.g., performance measures).</p> <p>The Buyer and Seller utilize and follow the IAA standard form to establish the IAA. The result of the negotiation is a draft IAA representing shared input from both trading partners prior to the preparation of a formal IAA document.</p> <p>The draft IAA will incorporate clauses/terms applicable to the agreement. It is the Buyer's responsibility to complete the IAA.</p> <p>Note: there may be special circumstances where the Seller completes the paperwork</p>	<p>The Buyer will initiate the official IAA document. Use of an IAA does not extend funds availability beyond the Buyer's appropriation in terms of purpose, amount, or time.</p> <p>The Seller's authority can be derived from a variety of sources, including authorizing and appropriation language. The Seller shall provide reimbursable authority source information to the Buyer for reference on the IAA.</p> <p>Draft IAAs should receive appropriate levels of Buyer and Seller review and approval, and as the agency deems it appropriate, the Office of General Counsel (OGC) should be consulted.</p> <p>Before entering into an IAA, the Seller shall confirm that the work requested by the Buyer is within the scope of the Seller's mission, that the Seller has the authority and capacity to perform the work, and that the Seller can provide the goods or services or make an authorized contract with another person to provide the requested</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>associated with the creation of an IAA on behalf of the Buyer.</p> <p>Additional parties/units within the trading partner organizations that may need to be involved in development and/or review of the draft IAA document are not depicted on the process flow. Additional parties or units are based on agency-specific policies; those additional parties may include Office of General Counsel (OGC), Chief Information Officer (CIO), Chief Financial Officer (CFO), or Acquisition staffs.</p>	<p>goods or services before the Buyer's funds expire.</p> <p>In the case of interagency acquisition activity, the Buyer and Seller shall follow the guidance and rules provided by the OMB Office of Federal Procurement Policy (OFPP) in the Interagency Acquisitions current guidance or any successor document when entering into an interagency acquisition. An interagency acquisition is defined as the process by which one agency (Buyer) uses the contracts and/or contracting services of other agencies (Seller) to obtain supplies and services.</p> <p>In some cases, national security issues or national emergencies may require an agency to perform work prior to a signed IAA. Since an agency would be operating at risk without a signed IAA, the agency should establish internal control procedures to ensure that operating without a signed IAA is appropriate. Work is not generally authorized until the Order section of the IAA is signed by both parties.</p> <p>Both agencies must register their Business Partner Network (BPN) Number in FedReg.</p> <p>The recommended billing frequency or performance reporting is at least monthly, unless a business need is identified that dictates otherwise. The Seller shall document a business reason explaining why the alternative billing frequency is more advantageous to the government.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>It is recommended that billing be performed at the IAA Order line level rather than at the summary (header) level of the IAA.</p> <p>The Buyer and Seller may negotiate a different level of billing, if there is a business need and both trading partners agree. This should be documented in the IAA.</p> <p>Agencies shall use the Intragovernmental Solution as the billing/payment method for interagency transactions. This excludes transactions where purchase cards are more appropriate.</p> <p>Trading partners will prepare a draft IAA document to incorporate necessary terms for both agencies during this process.</p> <p>If the IAA spans multiple fiscal years, the Buyer shall indicate the estimated amount by each fiscal year. Note: This information may be provided as an attachment to the IAA Standard Form, which does not include a field specifically identified for this purpose.</p> <p>Federal IAAs employ a limited use of advances and must be supported by a Seller's business need that identifies the advance as necessary (the Seller's business preference is not a legitimate justification). The Seller must identify and document the business need to request an advance in the IAA General Terms and Conditions. The advance amount and payment dates should be indicated in the General Terms and Conditions. Seller agencies</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>should work to reduce advances where possible and plan ahead for sufficient cash balances to execute planned agreements.</p> <p><u>Note:</u> The business need for the advance and payment dates for the advance may be provided as attachments to the IAA Standard Form, which does not include fields specifically identified for these purposes.</p> <p>When the standard receipt/acceptance process is not adequate or proper for the Buyer's and Seller's needs, the Buyer and Seller shall agree to alternative acceptance procedures. See PM 3.1 - Receipt and Acceptance of Goods and PM 3.2 - Receipt and Acceptance of Services for the standard receipt/acceptance processes.</p>	
RA 5.1.9	Budgetary Resources Available?	<p>The Seller verifies whether currently apportioned resources as specified in the Apportionment and Reapportionment Schedule (SF-132) are adequate to encompass the IAA.</p> <p>If budgetary resources are not available, the Seller, working through their budget office, shall submit a reapportionment request to OMB based on the required change(s).</p> <p>Note: Some agencies have the authority in their appropriation language to automatically apportion funds without OMB</p>	<p>Assumption: The Seller has necessary authority established in their appropriation/apportionment to provide goods/services. This is determined in the Funds Management standard process.</p> <p>The Seller should work with appropriate agency Budget and Legal Officials to verify authority exists for the IAA being negotiated.</p> <p>The Seller shall work with OMB to obtain approved resources for performing the requested reimbursable work if sufficient resources are unavailable or if apportioned resources are unavailable in the current time period or activity/program.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
		approval. Automatic apportionment authority is provided in OMB Circular A-11.		
RA 5.1.10	Agreement Reached?	<p>Determine whether trading partners have reached an agreement.</p> <p>This step is designed to illustrate the iterative nature of the negotiation step and the required collaboration between the Buyer and Seller.</p>	<p>Although agreement on general terms has been reached, work is not authorized, except in specific situations for national emergencies or national security considerations.</p> <p>The President of the United States has available certain powers that may be exercised in the event that the nation is threatened by crisis, exigency, or emergency circumstances (other than natural disasters, war, or near-war situations). Such proclamation by the President shall immediately be transmitted to the Congress and published in the Federal Register. The National Emergencies Act (50 U.S. C. 1601-1651).</p> <p>When the President declares a national emergency, the President shall transmit to Congress, within ninety days after the end of each six-month period after such declaration, a report on the total expenditures incurred by the United States Government during such six-month period which are directly attributable to the exercise of powers and authorities conferred by such declaration. Not later than ninety days after the termination of each such emergency, the President shall transmit a final report of all such expenditures.</p> <p>Typically, ratification of both the General Terms and Conditions section and Order section by both trading partners is required prior to work being authorized.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.1.11	Pursue Alternate Federal Vendor?	<p>The Buyer determines whether to seek a new trading partner. In this step, the Buyer has determined that an agreement cannot be reached with the Seller with whom they have been negotiating, and must decide what to do next.</p> <p>If the Buyer determines another agency will provide the goods or services, the Buyer returns to step RA 5.1.8 – Negotiate IAA with Trading Partner.</p>		
RA 5.1.12	Cancel Commitment?	<p>The Buyer determines whether there is an outstanding requisition/commitment, and if there is, determines whether it needs to be canceled.</p> <p>If the Buyer decides not to continue to pursue use of an IAA with a Federal agency, the Buyer utilizes appropriate acquisition processes to pursue goods/services from a non-Federal source.</p>		
RA 5.1.13	Cancel Commitment	If trading partners fail to negotiate an agreement, and if the Buyer will not pursue another source, the Buyer cancels the commitment.	All updates to records, including cancellations within the General Ledger, are subject to appropriate levels of review and approval prior to being recorded.	SMB-17
RA 5.1.14	Pursue Non-Federal	The Buyer determines whether to seek a non-		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Vendor	federal trading partner. In this step, the Buyer has decided to begin negotiations with a non-federal vendor.		
RA 5.1.15	Prepare IAA Standard Form	<p>The Buyer's Business Unit prepares a document that specifies the terms and conditions that were agreed upon by the trading partners in step RA 5.1.8 - Negotiate IAA with Trading Partner.</p> <p>The IAA is to be reviewed by the Buyer staff for final sign-off.</p> <p>The IAA package shall include the IAA document as well as other related documentation that the trading partners require.</p> <p>Note: There may be special circumstances where the Seller will complete the paperwork associated with the creation of an IAA on behalf of the Buyer.</p>	<p>The General Terms and Conditions section contains, but is not limited to, the following information:</p> <ul style="list-style-type: none"> · Advance Payment Indicator; · Agreement Period (Start Date and End Date); · Buyer Department/Agency (Name, Address); · Buyer Agency Official Signature and Approval Date; · Scope (General Description of Products or Services to be provided by Seller); · IAA Number; · Seller Department /Agency (Name, Address); · Seller Agency Official Signature and Approval Date; and · Seller Authority Type (Statutory Authority Title and Citation). <p>If an IAA Order accompanies the IAA General Terms and Conditions section, the Order section contains, but is not limited to, the following information:</p> <ul style="list-style-type: none"> · Billing Frequency; · Buyer Agency Program and Funds Approving Official Signatures and Approval Dates; · Buyer point of contact information; · Description of Products or Services; · IAA Number; 	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<ul style="list-style-type: none"> · Line Detail (Buyer accounting classification elements: Agency Location Code (ALC), Business Event Type Code (BETC), Cancellation Date, Expiration Date, Object Class Code, Reporting Agency Identifier, Trading Partner Agency Identifier, Treasury Account Symbol (TAS); Line Amount; Line Advance Amount; Seller accounting classification elements: ALC, BETC, Object Class Code, Reporting Agency Identifier, TAS, and Trading Partner Agency Identifier); · Payment Terms; · Performance Period (Start Date and End Date); · Seller Agency Program and Funds Approving Official Signatures and Approval Dates; and · Seller point of contact information. <p>The Interagency Agreement Standard form as of September 30, 2009 is shown in Appendix F. It is anticipated that the IAA Standard Form will be formally published in January 2010.</p> <p>A best practice is that IAAs are prepared, validated, and maintained in an electronic environment.</p> <p>An image of the documentation supporting the IAA shall be maintained in an electronic format. Examples of supporting documentation may include descriptions of the goods/services to be provided, terms and conditions, and projected milestones.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>The IAA should stipulate the Buyer's statutory authority (title and citation) in the General Terms and Conditions section. Note: This information may be provided as an attachment to the IAA Standard Form, which does not include a field specifically identified for this purpose.</p> <p>The IAA should specify ownership of property upon completion.</p> <p>The IAA should stipulate in the General Terms and Conditions section if the Seller will initiate the Order section. Typical situations where a Seller might initiate the Order section would be a recurring agreement that will be renewed on an annual or other basis, unless a notice to discontinue is received, or a recurring agreement where the service must be continued and the Buyer's intent of continuing the service has been communicated (for example, payroll services). Note: This information may be provided as an attachment to the IAA Standard Form, which does not include a field specifically identified for this purpose.</p> <p>Work is not authorized until the Buyer and Seller have signed an Order, unless Federal laws specify otherwise.</p> <p>For additional information on interagency agreements, see TFM Bulletin No. 27-3: Intragovernmental Business Rules.</p>	
RA 5.1.16	Commitment Modification Required?	The Buyer determines whether the commitment/requisition recorded in RA 5.1.6 - Commitment Recorded is		

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>equal to the amount needed for the IAA as it was negotiated. If the amounts are different, a modification is made to the commitment record.</p> <p>If no modification is required, the IAA is provided to Buyer Finance/Budget and Agreement/Acquisitions staff for their review.</p>		
RA 5.1.17	Modify Commitment	<p>The Buyer Business Unit modifies the commitment based on the negotiated agreement amount.</p> <p>Once this step is complete, the IAA is provided to Buyer Finance/Budget and Agreement/Acquisitions personnel for review.</p>	<p>The Buyer may record a commitment, if not already recorded, or may adjust a previously-recorded commitment, depending on their agency procedures.</p> <p>The commitment is recorded according to the procedures in Chapter 2.0 Funds Management Processes, steps FM 2.3.1.1 - Prepare Requisition through FM 2.3.1.4 - Commitment Records in General Ledger.</p> <p>All updates to records within the General Ledger are subject to appropriate levels of review and approval prior to being recorded in the General Ledger.</p>	SMC-04
RA 5.1.18	Review IAA	<p>Buyer Agreement/Acquisition and Finance/Budget personnel review the prepared IAA package. Review includes verifying that proper funding is in place, correct funding sources are referenced, billing terms and conditions are acceptable, and billing</p>	<p>Buyer Agreement/Acquisition and Finance/Budget personnel review the prepared IAA package to ensure that it meets agency guidelines or standards for IAAs.</p> <p>The Buyer may require additional review by offices such as OGC.</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>references are proper and clear.</p> <p>If the Order section is included in the IAA package, it is also reviewed by Agreement/Acquisition personnel.</p>		
RA 5.1.19	IAA Approved?	Buyer personnel determine whether all necessary information has been provided and is correct.		
RA 5.1.20	Update IAA	<p>A notification of changes required by the Buyer reviewers (including Finance/Budget and the Agreement/Acquisition groups) is sent to the Business Unit.</p> <p>The Buyer Business Unit incorporates changes required by Buyer reviewers.</p>	Changes should be routed electronically to the appropriate office.	
RA 5.1.21	Review Updated IAA	<p>The Buyer Business Unit reviews changes identified or made by the Buyer Finance/Budget and the Agreement/Acquisition groups.</p> <p>If the Order section is included in the IAA package, it is also reviewed by the Buyer Business Unit.</p>		
RA 5.1.22	Additional Negotiation With Trading	The Buyer Business Unit reviews changes to determine whether the		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Partner Required?	<p>IAA is ready to send to the trading partner.</p> <p>If yes, the process routes the Buyer to step RA 5.1.8 - Negotiate IAA with Trading Partner.</p> <p>If no, the process routes the Buyer to RA 5.1.19 (IAA Approved?).</p>		

5.2 SIGN INTERAGENCY AGREEMENT

The Buyer’s review of the General Terms and Conditions section takes place in the RA 5.1 - Negotiate Interagency Agreement process. The Sign Interagency Agreement process describes the Seller’s review of the General Terms and Conditions section and the Buyer’s and Seller’s signing the General Terms and Conditions section of an IAA document. The process also includes the Buyer’s and Seller’s review and signing of the IAA Order section.

Although the processes are presented sequentially, it is important to note that the General Terms and Conditions section could be accompanied by an Order section. This is especially the case when there is a one-to-one relationships between the sections. If the General Terms and Conditions section is accompanied by an Order, it is anticipated the following steps in the table below would occur simultaneously.

Simultaneous Process Steps when General Terms and Conditions is Accompanied by Order(s)							
Negotiate Interagency Agreement (RA 5.1) and Sign IAA General Terms and Conditions Section (Buyer and Seller) (RA 5.2.1)		Buyer Signs IAA Order Section (RA 5.2.2) and Seller Signs IAA Order Section (RA 5.2.3)		Negotiate Interagency Agreement (RA 5.1) and Sign IAA General Terms and Conditions Section (Buyer and Seller) (RA 5.2.1)		Buyer Signs IAA Order Section (RA 5.2.2) and Seller Signs IAA Order Section (RA 5.2.3)	
Initiating Party	Step ID	Initiating Party	Step ID	Initiating Party	Step ID	Initiating Party	Step ID
Buyer	RA 5.1.1	Buyer	RA 5.2.2.1	Buyer	RA 5.1.20	Buyer	RA 5.2.2.6 RA 5.2.2.7
Buyer	RA 5.1.2	N/A	N/A	Buyer	RA 5.1.21	N/A	N/A
Buyer	RA 5.1.3	N/A	N/A	Buyer	RA 5.1.22	N/A	N/A
Buyer	RA 5.1.4	N/A	N/A	Buyer	RA 5.2.1.1	Buyer	RA 5.2.2.11 RA 5.2.2.12
Buyer	RA 5.1.5	N/A	N/A	Buyer	RA 5.2.1.2	Buyer	RA 5.2.2.13
Buyer	RA 5.1.6	Buyer	RA 5.2.2.10	Seller	RA 5.2.1.3	Seller	RA 5.2.3.1
Buyer	RA 5.1.7	N/A	N/A	Seller	RA 5.2.1.4	Seller	RA 5.2.3.2
Buyer/Seller	RA 5.1.8	Buyer/Seller	RA 5.2.2.2	Buyer/Seller	RA 5.2.1.5	Buyer/Seller	RA 5.2.3.13
Seller	RA 5.1.9	Seller	RA 5.2.2.3 RA 5.2.2.4	Buyer/Seller	RA 5.2.1.6	N/A	N/A
N/A	N/A	Buyer	RA 5.2.2.5	Buyer	RA 5.2.1.7	N/A	N/A
Buyer/Seller	RA 5.1.10	N/A	N/A	Seller	RA 5.2.1.8	Seller	RA 5.2.3.16
Buyer	RA 5.1.11	N/A	N/A	Seller	RA 5.2.1.9	Seller	RA 5.2.3.17
Buyer	RA 5.1.12	N/A	N/A	Buyer	RA 5.2.1.10	Buyer	RA 5.2.3.18
Buyer	RA 5.1.13	N/A	N/A	Buyer	RA 5.2.1.11	N/A	N/A
Buyer	RA 5.1.14	Buyer	RA 5.2.3.19	Buyer/Seller	RA 5.2.1.12	N/A	N/A
Buyer	RA 5.1.15	Buyer	RA 5.2.2.8	Buyer	RA 5.2.1.13	Buyer	RA 5.2.2.7
Buyer	RA 5.1.16	N/A	N/A	Seller	RA 5.2.1.14	Seller	RA 5.2.3.3 RA 5.2.3.4 RA 5.2.3.5 RA 5.2.3.6 RA 5.2.3.7
Buyer	RA 5.1.17	N/A	N/A	Seller	RA 5.2.1.15	Seller	RA 5.2.3.8
Buyer	RA 5.1.18	Buyer	RA 5.2.2.9	Buyer	RA 5.2.1.16	Buyer	RA 5.2.3.9 RA 5.2.3.20 RA 5.2.3.21 Ra 5.2.3.22
Buyer	RA 5.1.19	N/A	N/A				

See Appendix G – Simultaneous Process Steps when General Terms and Conditions is Accompanied by Order(s) for a version of the table above with step names.

The three Sign IAA sub processes are described in the following sections:

- RA 5.2.1 - Sign IAA General Terms and Conditions Section (Buyer and Seller);
- RA 5.2.2 - Buyer Signs IAA Order Section; and
- RA 5.2.3 - Seller Signs IAA Order Section.

5.2.1 Sign IAA General Terms and Conditions Section (Buyer and Seller)

Once the Buyer has completed preparing the General Terms and Conditions, the Buyer signs and routes it to the Seller for review and approval. The General Terms and Conditions section of the IAA that is routed to the Seller contains a number that will be cross-referenced on all related transactions. The General Terms and Conditions may indicate that Orders will be provided in the future (e.g., a blanket IAA) or may be accompanied by one or more Orders. The Buyer issues the Orders when the need arises and follows the steps in the RA 5.2.2 - Buyer Signs IAA Section Order process.

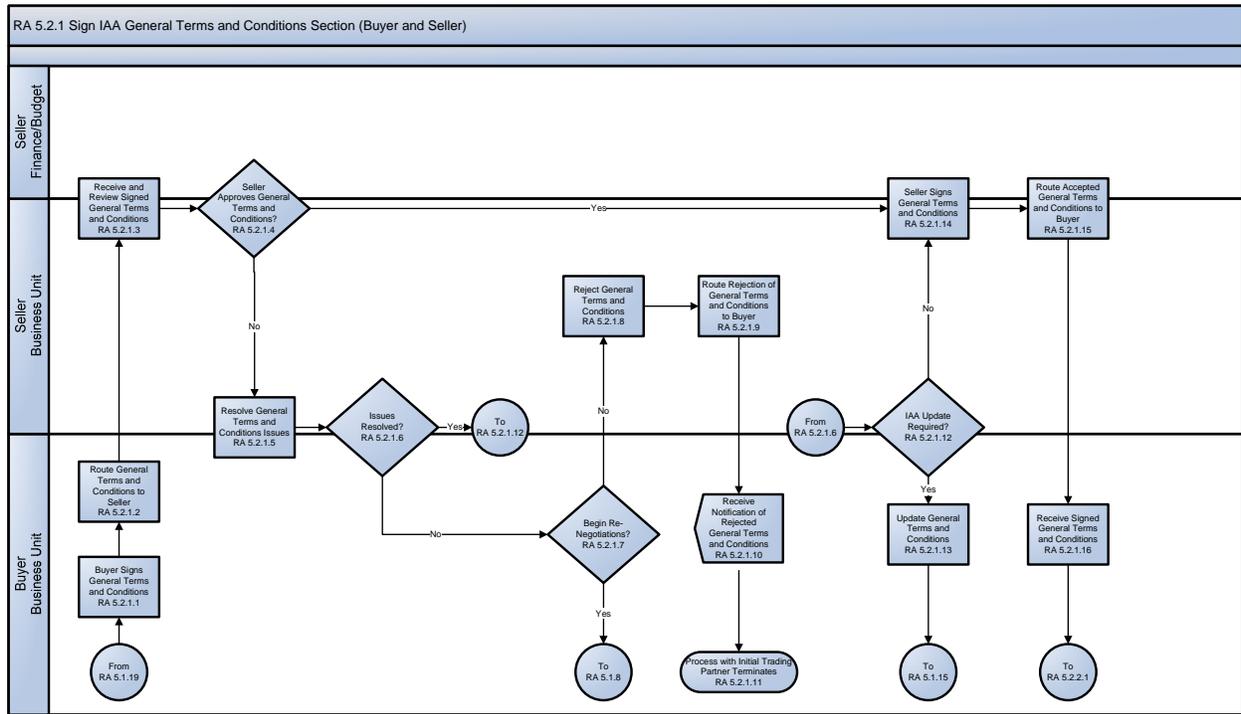
The Seller's review is designed to ensure that the Buyer has captured the agreed-upon information in the IAA and that the Seller has the capability to provide the goods or perform the agreed-upon services. The Seller's review will include, but is not limited to, all of the following that are applicable to the agreement:

- Confirming with the Buyer agency that the bona fide need is for the current year as authorized by Congress when the funds were appropriated to the agency;
- Confirming with the Buyer agency that a Buyer's Determinations and Findings (D&F) has been completed, if applicable;
- Confirming that the document is signed, includes the estimated agreement amount and agreement period;
- Confirming the inclusion of unique terms and conditions specified by the Buyer, if applicable;
- Verifying that all Seller's terms and conditions are included;
- Reviewing the Scope (Description of Products and Services); and
- Confirming that all required values in the General Terms and Conditions section are completed with valid information.

If the Seller identifies any problems with the IAA General Terms and Conditions during its review cycle, the Seller works with the Buyer to resolve the issues. If issues are identified that necessitate changes, the process goes back to the negotiate phase to update or re-negotiate the agreement. The revised IAA, based on the re-negotiations, follows the same flow as the original: it is updated, reviewed, and signed by the Buyer and then forwarded to the Seller for review and signature.

The General Terms and Conditions section may have a parent/child relationship to the Order section; in other words, there may be multiple Order sections for one General Terms and Conditions section.

RA 5.2.1 - Sign IAA General Terms and Conditions Section (Buyer and Seller) Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Sign IAA General Terms and Conditions Section (Buyer and Seller) process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.1.1	Buyer Signs General Terms and Conditions	The Buyer indicates that the IAA General Terms and Conditions section has passed review and is approved by having the appropriate Agency official sign it. There are occasions when the Seller signs the IAA General Terms and Conditions before the Buyer, but the common practice is for the Buyer to sign first.	<p>Before the Buyer sends the signed IAA General Terms and Conditions to the Seller, the Buyer uses agency guidelines to determine the functional component within the agency that has the authority and responsibility for signing the agreement. Only after the IAA General Terms and Conditions section is signed by the authorized Buyer approver is the section transmitted to the Seller for acceptance and the Seller's signature.</p> <p>The Buyer shall capture the appropriate Business Unit approvals electronically. Agencies without electronic signature capability must maintain a hard copy with signature. All agencies are encouraged to move to electronic signature capability. Work is not authorized until the IAA Order section is signed by both parties.</p>	
RA 5.2.1.2	Route General Terms and Conditions to Seller	The Buyer forwards the IAA General Terms and Conditions to the Seller after the Buyer signs the agreement.	The Buyer must sign the IAA General Terms and Conditions before sending it to the Seller.	
RA 5.2.1.3	Receive and Review Signed General Terms and Conditions	<p>The Seller Business Unit receives and reviews the General Terms and Conditions to verify that the negotiated terms are properly reflected and that it correctly provides all applicable data values.</p> <p>The Seller Business Units will route the IAA</p>	<p>In some cases, national security issues or national emergencies may require an agency to perform work prior to a signed Order. A national emergency is declared by the President of the United States; see the National Emergencies Act (50 U.S.C. 1601-1651).</p> <p>The Seller shall notify the Buyer within ten (10) business days, if</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>electronically to the appropriate reviewer(s). The Seller's internal review process should, at a minimum, include review by a Finance/Budget official.</p> <p>The Seller's Finance/Budget group(s) reviews the General Terms and Conditions section to verify that applicable data and Buyer's signature are provided.</p> <p>Additional parties/units within the Seller agency that may need to be involved in the review of the IAA document are not depicted on the process flow. Those additional parties may include OGC, CIO, CFO, or Acquisition.</p>	<p>the IAA General Terms and Conditions section has not yet been reviewed and signed and indicate an estimated review completion date.</p>	
RA 5.2.1.4	Seller Approves General Terms and Conditions?	The Seller determines if the IAA General Terms and Conditions section is approved.	The Seller may need to work with the Buyer to resolve any issues.	
RA 5.2.1.5	Resolve General Terms and Conditions Issues	If the Seller does not approve the IAA General Terms and Conditions, the Buyer and the Seller attempt to resolve outstanding issues.		
RA 5.2.1.6	Issues Resolved?	A decision is made to determine whether or not the issues are resolved and Buying and Selling agencies are ready to continue with the IAA.		

Step ID	Step Name	Step Description	Business Rules	CFSR
		If the issues are not resolved, then the trading partners return to step RA 5.1.8 -Negotiate IAA with Trading Partner to discuss the terms.		
RA 5.2.1.7	Begin Re-Negotiations?	Buyer and Seller agree to begin re-negotiations		
RA 5.2.1.8	Reject General Terms and Conditions	If the issues are not resolved, the Seller rejects the General Terms and Conditions.	If an Order section is attached it must be rejected with the General Terms and Conditions section.	
RA 5.2.1.9	Route Rejection of General Terms and Conditions to Buyer	The Seller notifies the Buyer that the General Terms and Conditions are rejected.	The Seller rejects the General Terms and Conditions; where possible, the Seller should cite the cause of the rejection or illustrate actions required on the part of the originator to prepare a complete and valid agreement. The rejection message is routed electronically to the Buyer.	
RA 5.2.1.10	Receive Notification of Rejected General Terms and Conditions	The Buyer receives notification of the rejected General Terms and Conditions from the Seller.		
RA 5.2.1.11	Process with Initial Trading Partner Terminates	The reimbursable process may be pursued with a new federal trading partner or a non-federal vendor/process may be pursued.		
RA 5.2.1.12	IAA Update Required?	Buyer and Seller determine if an update is required to the IAA General Terms and Conditions, based on the		

Step ID	Step Name	Step Description	Business Rules	CFSR
		resolution.		
RA 5.2.1.13	Update General Terms and Conditions	<p>If the Buyer and Seller are able to resolve the issues, then the Buyer updates the IAA document as necessary.</p> <p>The Buyer returns to step RA 5.1.15 - Prepare IAA Standard Form in the Negotiate Interagency Agreement process. This allows for the update of the agreement to take place and for agency officials to review the changes.</p>	The Buyer should electronically update the IAA.	
RA 5.2.1.14	Seller Signs General Terms and Conditions	Once the Seller has approved the IAA, the appropriate agency official signs the IAA General Terms and Conditions section.	The IAA should be electronically signed by the Seller. Agencies without electronic signature capability must maintain hard copy with signature. All agencies are encouraged to move to electronic signature capability.	
RA 5.2.1.15	Route Accepted General Terms and Conditions to Buyer	The Seller routes the IAA back to the Buyer electronically.		
RA 5.2.1.16	Receive Signed General Terms and Conditions	The Buyer receives the IAA General Terms and Conditions section signed by both trading partners.		

5.2.2 Buyer Signs IAA Order Section

When the bona fide need arises to order goods or services under an established IAA, the Buyer informs the Seller of their intent to place an Order. The Seller verifies they still have the reimbursable authority and the staff available to support the execution of the Order. Once the Buyer and Seller agree in principle that the Order can be supported, the Buyer creates the Order section of the IAA. When the Order section is complete and signed by the Buyer, the Order (Funding Information section) is routed to the Seller for review and signature as described in RA5.2.3 - Seller Signs IAA Order Section.

The Buyer's review of the IAA Order section will include, but is not limited to, ensuring that:

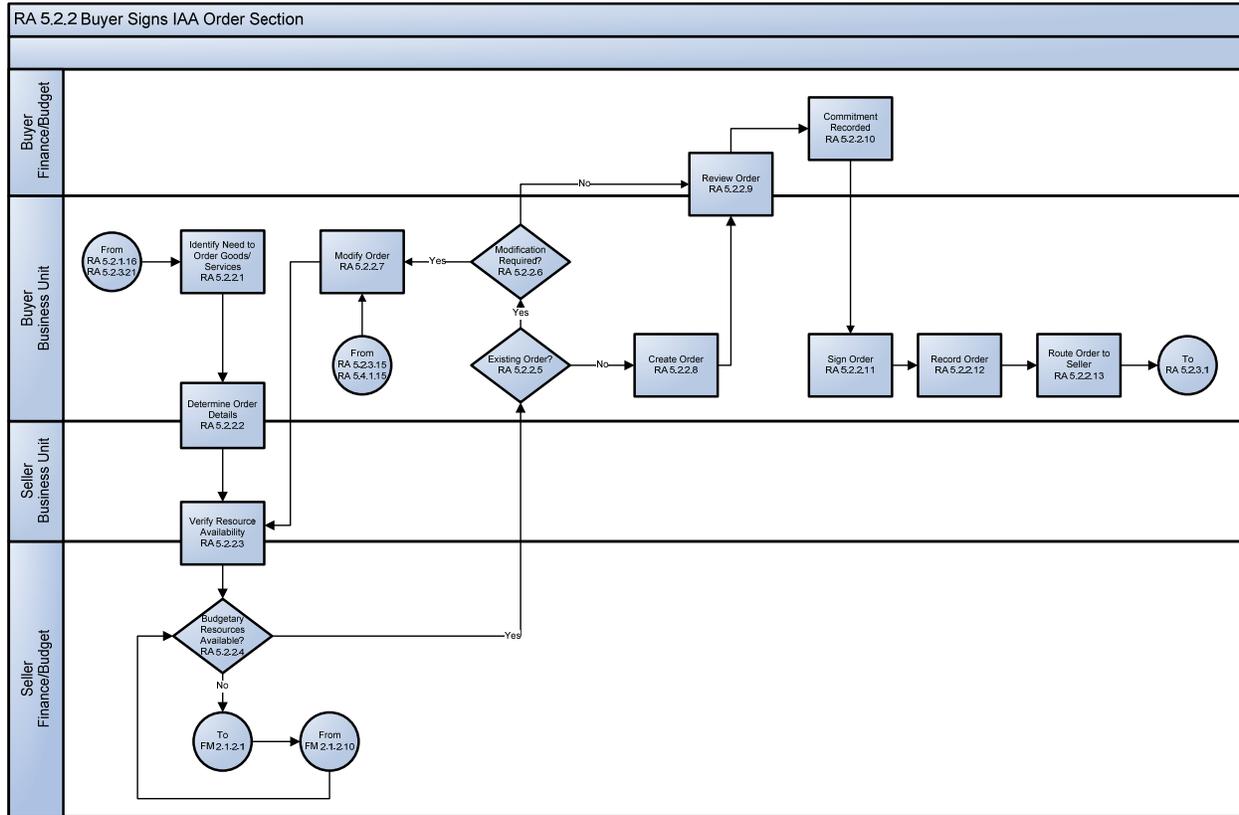
- All required values in the Order section are completed with valid information;
- The document includes the amount of authorized funds provided;
- The Order amount is within IAA guidelines, and amounts are separated for each TAS if multiple TASs are included;
- Accurate and complete point of contact information is provided; and
- The document has the required and appropriate signatures.

The Buyer Signs IAA Order Section process repeats when the Buyer identifies the need for additional goods or services and creates additional Orders or makes a modification to an approved Order. Modifications to a signed Order should be created in all cases where documented information is changing. The modification number is the third component of the IAA number and is assigned sequentially. Modifications to a signed Order include the following examples:

- New request for advance;
- Change in the date an advance is required;
- Change in line amount (increase or decrease);
- Change in referenced funding information;
- Change to delivery requirements or delivery dates; or
- Change in scope.

The recording of an obligation for interagency transactions is governed by whether the Order is "required by law" to be placed with the other agency. If a transaction is "required by law," it is governed by subsection (a) (3) of 31 U.S.C. § 1501 and the obligation and UDO is recorded when the Order is signed by the Buyer. A common example of an Order "required by law" is printing and binding to be done by the Governmental Printing Office (GPO).

RA 5.2.2 Buyer Signs IAA Order Section Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Buyer Signs IAA Order Section process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.2.1	Identify Need to Order Goods/Services	<p>The Buyer identifies a bona fide need to purchase goods/services based on an authorized (signed) IAA.</p> <p>Prior to discussing Order details with the Seller, the Buyer performs a funding review following individual agency procedures. This is a discussion among program/office officials to verify that appropriate funding is available for this Order.</p>	<p>Prior to placing the Order, the Buyer has established a bona fide need to purchase the goods/services, and the scope of the Order is within that established by the General Terms and Conditions section.</p>	
RA 5.2.2.2	Determine Order Details	<p>The Buyer and Seller discuss the details of the Order to be placed.</p> <p>The Buyer indicates what goods/services are requested. The Seller confirms that the goods/services can be provided and provides any additional pricing details not specified in the referenced IAA General Terms and Conditions section.</p>	<p>Prior to the Buyer creating and placing an Order, the Seller confirms that the goods/services can be provided.</p>	
RA 5.2.2.3	Verify Resource Availability	<p>The Seller verifies that appropriate workforce capacity exists to provide the goods/services.</p>		
RA 5.2.2.4	Budgetary Resources Available?	<p>The Seller verifies that enough reimbursable authority exists and has been apportioned to</p>	<p>Seller Budget staff shall ensure that sufficient reimbursable resources are apportioned for obligation for the time and purpose</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>support the requested Order. This is a manual check performed by the Seller.</p> <p>If resources are not currently available, the Seller works with OMB to obtain apportionment of any additional resources for the IAA prior to continuing negotiations. Budget initiates steps in Funds Management FM 2.1.2.1 - Enter Apportionment Detail (Availability of Resources) through FM 2.1.2.10 - Record Budget Resources in Core Financial System General Ledger to enter adjusted amounts as approved by OMB in their Core Financial System.</p> <p>If resources are available, the Seller finalizes Order details with the Buyer.</p>	<p>required by the IAA to enable the Seller to obligate the resources necessary to perform on the IAA Order.</p> <p>If sufficient resources are not available or if apportioned resources are unavailable in the current time period or activity/program, the Seller works with OMB to obtain approved resources for performing the requested reimbursable work.</p>	
RA 5.2.2.5	Existing Order?	The Buyer determines whether the Order already exists and requires modification, or if the Order is new.		
RA 5.2.2.6	Modification Required?	The Buyer determines if a change to the Order is needed.		
RA 5.2.2.7	Modify Order	The Buyer makes necessary modifications to the Order.	The Buyer follows internal processes to ensure the Order modifications are acceptable to the Buyer and Seller agency.	

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.2.8	Create Order	<p>The Buyer prepares the Order section of the IAA for an identified need or needs.</p> <p>This step may initiate a modification to the Order section of the IAA. If the Buyer or Seller requests an amendment to the IAA General Terms and Conditions section, the Buyer returns to the RA 5.1.8 - Negotiate IAA with Trading Partner process to create an amendment to the General Terms and Conditions section or a modification to the Order section of the IAA.</p> <p>In exceptional circumstances, the Seller may initiate the IAA Order.</p> <p>The Seller is operating at risk if they work without a signed agreement.</p>	<p>The Order shall be associated with the IAA General Terms and Conditions.</p> <p>Modifications require Buyer and Seller signature.</p> <p>The Order should contain sufficient information such that it specifies the support to be provided (goods/services) and supports the basis for the reimbursement.</p> <p>Work is not authorized until the Buyer and Seller have signed an Order, unless Federal laws specify otherwise.</p> <p>The Buyer generally initiates the IAA Order. However, it is possible for the Seller to initiate the IAA Order. Typical situations in which a Seller would initiate the IAA Order include:</p> <p>Stipulation in General Terms and Conditions that Seller will initiate Order.</p> <p>Stipulation in General Terms and Conditions that it is a recurring agreement that will be renewed on an annual or other basis, unless a notice to discontinue is received.</p> <p>A recurring agreement where the service must be continued and the Buyer's intent of continuing the service has been communicated (for example, payroll services).</p> <p>See step RA 5.1.15 - Prepare IAA Standard Form for a list of key data in the Order section.</p> <p>The IAA Number will be provided by the Buyer and is referenced by the Buyer and Seller on</p>	SMB-08 SMB-09

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>transactions related to this Order.</p> <p>Both Buyer and Seller must be informed of the authority being used to enter into the IAA under which an Order is being placed. They should also be informed of the period of availability (for obligation) of the Buyer's funds, when the funds expire, and when the balances are cancelled.</p> <p>More specifically, the Economy Act requires that the Seller obligate funds from the Buyer before the Buyer's account expires and that, when the Buyer's account expires, the Seller must return any unobligated funds to the Buyer.</p> <p>The Buyer, in turn, must deobligate their IAA Order when funds for it expire, to the extent that the Seller has not incurred an obligation.</p> <p>The Buyer's funds are obligated when an appropriate IAA Order is executed (signed by Seller and Buyer).</p> <p>For multiple year agreements, the Buyer specifies estimated annual amounts for funds not initially obligated to assist planning by both the Buyer and Seller. The period of performance (obligated amount) by the Buyer is based on the Buyer's funding authority and the period of time for which the resources are available (as well as any apportionment restrictions). Note: This information may be provided as an attachment to the IAA Standard Form, which does not include a field specifically identified for this purpose.</p> <p>For annual agreements, a new or</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>modified IAA Order is required whenever new fiscal year funding is used.</p> <p>Agencies should refer to the GAO Red Book in determining appropriate obligation rules for purpose, amount, and timing, and refer to OMB Circular A-11 Section 130 related to how reimbursable work should be shown on the SF-133.</p>	
RA 5.2.2.9	Review Order	The Buyer reviews Order to ensure that all terms have been documented.		
RA 5.2.2.10	Commitment Recorded	<p>The Buyer records the commitment according to the procedures in the Funds Management steps FM 2.3.1.1 - Prepare Requisition through FM 2.3.1.4 - Commitment Records in General Ledger.</p> <p>It is recommended that commitments be recorded when an agency needs to reserve funds. The commitment recorded here typically reflects the amount of the Order, as the UDO is not recorded until the Order is signed by the Seller if the Order is a “voluntary Order.”</p>	The Buyer may record a commitment, if not already recorded, or may adjust a previously-recorded commitment, depending on their agency procedures.	
RA 5.2.2.11	Sign Order	The Buyer indicates that the IAA Order section has passed review and is approved by having the appropriate agency official sign it.	Before the Buyer sends the signed Order section to the Seller, the Buyer uses agency guidelines to determine the functional component within the agency that has the authority and responsibility for signing the Order. After the Order is signed by the appropriate	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>Buyer approver or appropriate designee, it is transmitted to the Seller for acceptance and the Seller's signature.</p> <p>The Buyer captures the appropriate approvals electronically. Agencies without electronic signature capability must maintain a hard copy with signature. All agencies are encouraged to move to electronic signature capability.</p>	
RA 5.2.2.12	Record Order	<p>The Buyer captures the IAA Order section details in their Order or Requisition System.</p> <p>The recording of an obligation for interagency transactions is governed by whether the law specifies with whom an Order is placed. If a transaction is required by law, it is governed by subsection (a) (3) of USC 1501, and the obligation is recorded when the Order is issued.</p> <p>The obligation is recorded in FM 2.3.1 - Establishing Commitments and Obligations for Goods and Services process step FM 2.3.1.12 -Obligation Records in General Ledger.</p>	The information is updated in the subsidiary ledger and General Ledger.	
RA 5.2.2.13	Route Order to Seller	The Buyer routes the signed Order to the Seller.		

5.2.3 Seller Signs IAA Order Section

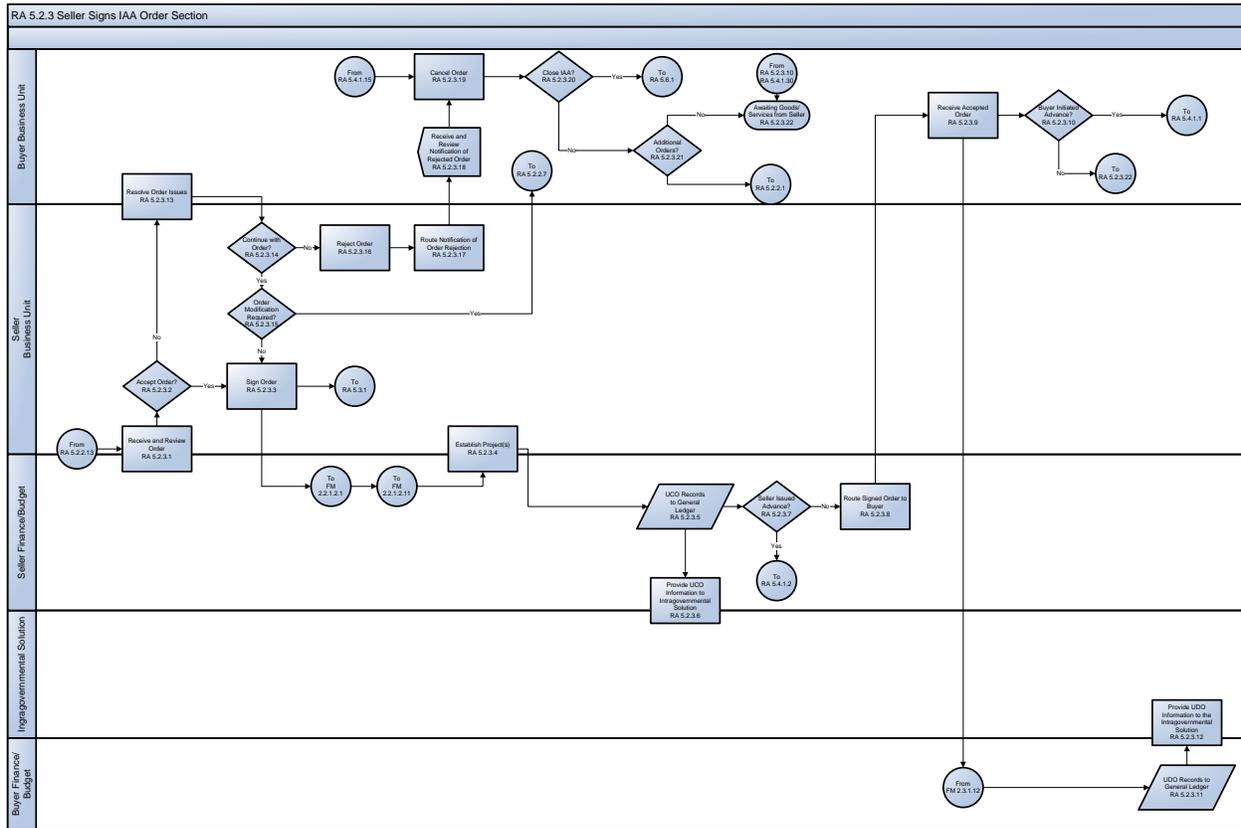
Following the Seller's review, the Seller either signs the IAA Order (Funding Information section) if approved, goes back to the negotiate phase to re-negotiate the agreement if necessary, or rejects the IAA Order. The Seller notifies the Buyer of the outcome of their review for either acceptance or rejection of the IAA Order. Having received notification of the accepted IAA Order, the Buyer will record an obligation and UDO.

For an accepted IAA Order, the Seller creates a project code(s) and uses the project code(s) or other Common Government-wide Accounting Classification Structure (CGAC) elements to track costs for the reimbursable activity. The Seller then records a UCO and is authorized to begin work. If a CGAC element other than project code is used to accumulate costs, the project code will be used to subsequently assign the costs.

- The Seller's review of the IAA Order section will include, but is not limited to, ensuring that:
- The Seller has the capability to provide goods/services requested;
- All required values in the IAA Order section are completed with valid information;
- The document includes the amount of authorized funds provided from the Buyer;
- The Order amount is within IAA guidelines, and amounts are separated for each TAS, if multiple TASs are included;
- Billing information is provided accurately;
- Shipping and delivery information is provided;
- Accurate and complete point of contact information is provided; and
- The document has the required and appropriate signatures.

When an advance is required, the Buyer or Seller may initiate the advance following the steps identified in the RA 5.4.1 - Advance Payment process.

RA 5.2.3 Seller Signs IAA Order Section Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Seller Signs IAA Order Section process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.3.1	Receive and Review Order	<p>The Seller receives the Buyer authorized Order and reviews the Order to verify that it is based on the discussed and agreed- upon details.</p>	<p>Appropriate personnel within the Seller’s agency (Finance/Budget or Business Unit based on agency procedures) initiate an electronic message to the Buyer to acknowledge receipt of the Order.</p> <p>Work is not authorized until the IAA Order section is signed by both parties. The Seller shall notify the Buyer within ten (10) business days if the Order has not yet been reviewed and signed. The Seller shall indicate an estimated review completion date.</p>	
RA 5.2.3.2	Accept Order?	<p>The appropriate official within the Seller organization determines whether or not to accept the Buyer’s request for goods/services via the Order.</p> <p>The Seller shall review the Buyer’s Order to ensure that the requested goods/services are within the scope of the IAA General Terms and Conditions section.</p> <p>Any unclear terms are clarified between the Buyer and Seller and are attempted to be resolved prior to rejecting an Order.</p>	<p>An appropriate official from the Seller agency determines whether or not to accept the Order.</p> <p>Seller organizations perform acceptance based on the agency’s Order acceptance procedures.</p>	
RA 5.2.3.3	Sign Order	<p>If the Seller accepts the Order, Seller signs the Order.</p>		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.3.4	Establish Project(s)	The Seller establishes a project(s) in their Core Financial System to track spending for the IAA. Costs are accumulated against the project as referenced on financial transactions.	<p>The following relationships are possible with a project and IAA:</p> <ul style="list-style-type: none"> · A project may have a one-to-one relationship with an IAA; · A project may track costs for one or more IAAs; and · A single IAA may be associated with multiple projects. 	
RA 5.2.3.5	UCO Records to General Ledger	<p>The Seller enters information required to establish a UCO in the subsidiary ledger and General Ledger.</p> <p>The Seller records the UCO to the subsidiary ledger and General Ledger.</p>	<p>The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A704: To record in the performing agency a reimbursable agreement that was not previously anticipated.</p> <p>TFM-A706: To record in the performing agency a reimbursable agreement without an advance that was previously anticipated.</p> <p>The Seller shall follow the appropriate postings as referenced in the USSGL Transaction Code A704 for recording advance amounts associated with an IAA. Seller shall reference the UCO with Advances account.</p> <p>The Seller shall record the UCO at the IAA Order line level. For example, if the IAA Order has three lines from the Buyer with a different TAS, the UCO would be recorded similarly by the Seller. The Seller should then have the capability within their Core Financial System to distribute the amount of reimbursable authority and provide funds availability at</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>desired levels of the Seller's budget:</p> <ul style="list-style-type: none"> · FM 2.2.1.2 – Allotment for Anticipated Reimbursable Funding; · FM 2.2.2 – Sub-Allotment Distribution; and · FM 2.2.3 – Lower Level Distribution. 	
RA 5.2.3.6	Provide UCO Information to Intragovernmental Solution	The Seller provides UCO reversal information to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the requirements determined by the Intragovernmental Solution. These requirements will be determined in the future.	
RA5.2.3.7	Seller Issued Advance?	The Seller reviews the agreement to determine if the Buyer requires an advance as agreed upon in the General Terms and Conditions. The advance must be less than or equal to the total ordered amount.		
RA 5.2.3.8	Route Signed Order to Buyer	A message is routed to the appropriate functional areas of both trading partners indicating acceptance of the Order.	The signed Order is routed electronically to the Buyer.	
RA 2.3.9	Receive Accepted Order	The Buyer receives completed Order.		
RA 5.2.3.10	Buyer Initiated Advance?	The Buyer reviews the agreement to determine if the Seller requires an advance as agreed upon in the General Terms and Conditions. The	The Buyer shall not advance funds until an Order is ratified.	

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>advance must be less than or equal to the total ordered amount.</p> <p>If an advance is required, the Buyer proceeds to step RA 5.4.1.1 - Establish Advance Payment Request.</p> <p>If an advance is not required, the Buyer proceeds to step RA 5.2.3.22 - Awaiting Goods/Services from Seller.</p>		
RA 5.2.3.11	UDO Records to General Ledger	<p>The Buyer records the UDO to the subsidiary ledger and General Ledger.</p> <p>The obligation is recorded in FM 2.3.1 - Establishing Commitments and Obligations for Goods and Services step FM 2.3.1.12 – Obligation records in General Ledger.</p>	The transactions are updated in the subsidiary ledger and General Ledger.	
RA 5.2.3.12	Provide UDO Information to Intragovernmental Solution	Once the obligation is recorded, the UDO details are provided to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the requirements determined by the Intragovernmental Solution. These requirements will be determined in the future.	
RA 5.2.3.13	Resolve Order Issues	The Seller has identified issues in the Buyer's Order and collaborates with the Buyer to resolve.		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.2.3.14	Continue with Order?	The Buyer and Seller determine if issues regarding the Order can be resolved. If the issues are resolved, the Seller determines if a modification to the Order is required by the Buyer prior to acceptance.		
RA 5.2.3.15	Order Modification Required?	Determination by the Seller and Buyer whether a modification is required to the Order.		
RA 5.2.3.16	Reject Order	If the issues are not resolved, the Seller rejects and returns the Order.		
RA 5.2.3.17	Route Notification of Order Rejection	The Seller notifies the Buyer that the Order is rejected.	The Seller rejects an Order when it determines it is not in compliance with the IAA General Terms and Conditions section. Where possible, the Seller should cite information or illustrate actions required on the part of the originator, to prepare a complete and valid Order. The rejection message is routed electronically to the Buyer.	
RA 5.2.3.18	Receive and Review Notification of Rejected Order	The Buyer receives notification of the rejected Order from the Seller.	The Buyer maintains and tracks a record of all returned Orders.	
RA 5.2.3.19	Cancel Order	The Buyer cancels all rejected Orders (in their Order System).	The status of the Order is updated in the Order System or Acquisition System to reflect its current status.	

Step ID	Step Name	Step Description	Business Rules	CFSR
		The status of the Order is updated in the Order System or Acquisition System to reflect its current status		
RA 5.2.3.20	Close IAA?	The Buyer determines if the IAA should be closed. If the IAA should be closed, the Buyer proceeds to the RA 5.6 –Interagency Order Closeout process.		
RA 5.2.3.21	Additional Orders?	The Buyer determines if additional Orders will be placed against the IAA. If the Buyer determines no additional task/delivery Orders will be issued, the Buyer proceeds to the RA 5.6 – Interagency Agreement Order Closeout process.	If additional Orders will be issued, this process is repeated for each Order.	
RA 5.2.3.22	Awaiting Goods/Services from Seller	The Buyer waits for goods or services to be delivered by the Seller. For goods received, the Buyer performs the standard acceptance procedures as described in Payment Management PM 3.1 - Receipt and Acceptance of Goods. For services received, the Buyer performs the standard acceptance procedures as described		

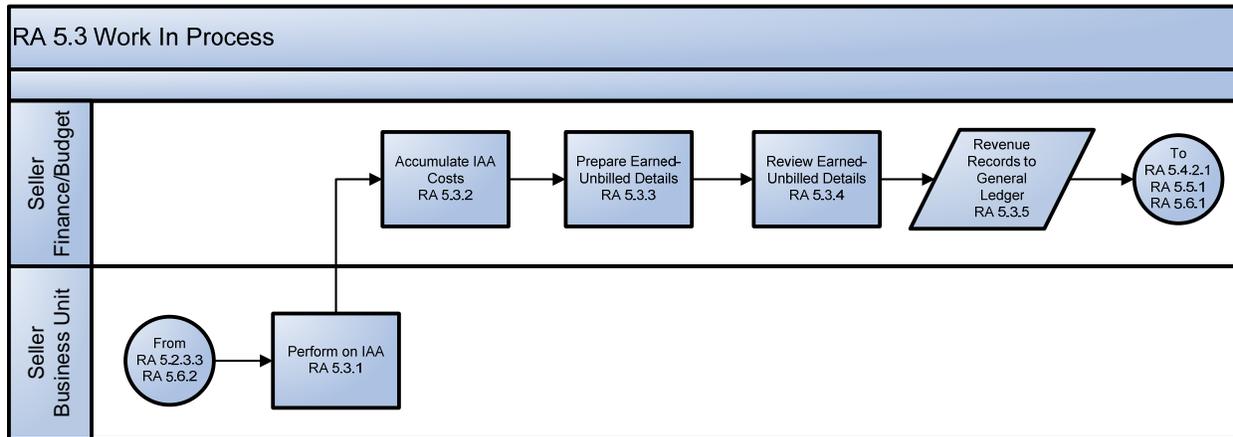
Step ID	Step Name	Step Description	Business Rules	CFSR
		in Payment Management PM 3.2 - Receipt and Acceptance of Services.		

5.3 WORK IN PROCESS

As the Seller performs the work necessary to deliver the agreed upon goods/services, the Seller tracks appropriate costs (direct and indirect) for the IAA and records revenue as costs are incurred against the IAA. The Seller references the appropriate IAA Order and project code(s) on transactions in their Core Financial System to track direct and indirect costs and later aid in determining the appropriate billable costs. Whenever feasible, the IAA costs assigned to a project should be directly charged. If it is impractical to assign the IAA costs to a project directly, one or more CGAC elements may be used for cost accumulation, then the costs are assigned by the agency-specified methodology to a project code established for the IAA.

Upon delivery of the requested goods or services, the Buyer performs the necessary receipt and acceptance procedures as specified in the Payment Management chapter (PM 3.1 - Receipt and Acceptance of Goods and PM 3.2 - Receipt and Acceptance of Services) to determine if the goods or services have been received and/or accepted. The Buyer informs the Seller of any issues that arise during the acceptance of goods or services.

RA 5.3 Work in Process Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Work in Process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.3.1	Perform on IAA	<p>The Seller performs the work as necessary based on the IAA Order. The Seller shall provide goods/services either directly or through a third-party vendor as appropriate.</p> <p>The Seller is incurring expenditures as necessary in order to deliver the goods/services requested by the Buyer.</p> <p>For goods received, the Buyer performs the standard acceptance procedures as described in Payment Management PM 3.1 - Receipt and Acceptance of Goods.</p> <p>For services received, the Buyer performs the standard acceptance procedures as described in Payment Management PM 3.2 - Receipt and Acceptance of Services.</p> <p>In all cases, the Buyer shall notify the Seller of the outcome of their receipt and acceptance procedures.</p> <p>The Buyer should notify the Seller Point of Contact (POC) based on the procedures (e.g., phone, email) identified in the IAA.</p>	<p>The Seller shall follow appropriate Funds Management and Payment Management standard processes when acquiring or manufacturing goods for the IAA or when performing or acquiring services for the IAA.</p> <p>The Seller shall reference the appropriate IAA Order Number and project code on transactions related to the IAA Order to assist with revenue recognition and determining the appropriate billable amount. As the Seller performs on the IAA and incurs expenses related to the IAA that represent revenue earned, the expense transactions shall follow the USSGL Account Transaction Listing provided in the current TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>Where an advance exists:</p> <p>TFM-A710 - To record earned revenue in the performing agency related to a reimbursable agreement or other income.</p> <p>Where no advance exists:</p> <p>TFM-A714 - To record earned revenue in the performing agency for goods or services performed on a reimbursable Order without an advance.</p>	<p>CMA-02</p> <p>FME-16</p> <p>SMB-04</p> <p>SMC-03</p>
RA 5.3.2	Accumulate IAA Costs	The Seller calculates additional direct and	Seller shall indicate all fees and rates, including indirect cost rates,	CMA-04

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>indirect costs associated with the IAA. These are costs that have not been charged to the IAA project codes as expenses are incurred.</p> <p>Seller may allocate costs to the IAA that have been recorded to an activity or other cost center.</p> <p>Direct costs accumulated on a periodic basis may include labor costs from information that resides in the Core Financial System or interfaced from an external system (e.g., Labor).</p> <p>It is recommended that the Seller's Core Financial System be integrated or interfaced with the agency's labor distribution system to receive accurate labor costs in order to be able to assign these costs to the appropriate IAA Order accurately.</p> <p>Indirect costs for the IAA may be calculated within the Core Financial System cost management functions or be interfaced from an external cost management system to record the General Ledger impact.</p>	<p>that will be charged to the Buyer beyond the direct cost of goods/services requested.</p> <p>Seller shall determine IAA costs including indirect costs on at least a monthly basis, at a minimum, and again at completion of the IAA period.</p> <p>Costs may be accumulated either through the use of cost accounting systems or other methods to identify agency costs to be assigned to the IAA Order.</p> <p>Seller shall follow the management cost accounting concepts and standards as defined in FASAB Statement #4 (SFFAS-4) and FASAB Statement #30 (SFFAS-30) (Amendment to SFFAS-4) in support of determining the cost of Federal programs.</p> <p>The Buyer utilizes three-way (i.e., invoice, obligation, and receiving document) or four-way (invoice, obligation, receipt, and acceptance) matching for recording the receipt and acceptance of goods or services. There may be certain cases where two-way matching is utilized, such as leases and training.</p> <p>The Buyer shall notify the Seller of accepted and rejected goods/services for those goods/services received directly from the Seller or from a third-party vendor on behalf of the Seller. Upon notification of acceptance of goods or services by the Buyer from a third-party vendor, the Seller will initiate the appropriate accounting entries (see Payment Management PM 3.1 -</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>Receipt and Acceptance of Goods and PM 3.2 - Receipt and Acceptance of Services).</p> <p>Upon notification of acceptance of goods or services by the Buyer from a third-party vendor, the Seller will initiate the appropriate accounting entries.</p> <p>The Buyer shall provide clarification on reason for rejection of goods/services, and whether the rejection is partial or complete.</p>	
RA 5.3.3	Prepare Earned-Unbilled Details	<p>Seller Finance prepares information required to establish a receivable that has not previously been recorded. For example, the Seller may have determined/calculated earned-unbilled amounts that were not previously recorded in steps RA 5.3.1 – Perform on IAA and RA 5.3.2 – Accumulate IAA Costs from information within the Core Financial System or interfaced from another system (e.g., Labor, Cost Management, etc.).</p> <p>The recorded data populates the detailed subsidiary record and is used to populate the General Ledger accounts receivable record.</p>	<p>The Core Financial System validates that data meets required formats and other applicable tests of validity.</p> <p>Processes and procedures for establishing a receivable include verifying, reviewing, and capturing receivable and customer information and performing calculations for receivable balances at the line item level as well as in total.</p>	RMB-01 RMB-03 RMB-04
RA 5.3.4	Review Earned-Unbilled Details	The Seller reviews the earned-unbilled details to verify information is correct. This may include reviews by the Seller Business Unit to confirm		

Step ID	Step Name	Step Description	Business Rules	CFSR
		amounts.		
RA 5.3.5	Revenue Records to General Ledger	Revenue for applicable billable costs is recorded in the Seller's subsidiary and General ledgers. The Seller's UCO is reduced. Updating the General Ledger includes recording the accounting event as debit and credit entries to both proprietary and budgetary ledger accounts.	<p>An agency must record entries for revenue that has yet to be billed and/or record revenue to reduce the advance amounts collected that have now been earned.</p> <p>Intragovernmental revenue entries must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Advance Remaining Balance; · Earned Revenue (unbilled); · IAA Number; · Order Line Number; · Seller BETC; · Seller BPN; · Seller TAS; and · USSGL impacted by the transaction. <p>Revenue shall be recognized when expenses are recorded.</p> <p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>Where an advance exists:</p> <p>TFM-A710 - To record earned revenue in the performing agency related to a reimbursable agreement or other income.</p> <p>Where no advance exists:</p> <p>TFM-A714 - To record earned revenue in the performing agency for goods or services performed on a reimbursable Order without an advance.</p>	<p>GLB-01</p> <p>GLC-01</p> <p>GLC-02</p> <p>GLC-03</p> <p>GLC-04</p> <p>GLC-05</p> <p>GLC-06</p> <p>RMB-01</p> <p>RMD-09</p>

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>TFM C422 - To record accrued revenue from Federal or non-Federal sources for non-revolving trust funds and special funds.</p> <p>TFM-C648 - To record a receivable from another Federal entity for the sale or disposition of assets other than personal properties and investments.</p> <p>TFM-C650 - To record accounts receivable and accrue revenue that was previously anticipated from another Federal entity.</p>	

5.4 RECEIVABLE AND PAYMENT MANAGEMENT

The Receivable and Payment Management processes include Seller activities such as: Billing, Collection of Receipts and Application of Receipts and Buyer activities such as: Invoice (Payment Request) Entry/Processing and Disbursements. Collectively the Receivable and Payment Management Processes ensure good stewardship of government funds through timely and accurate Billing and timely and accurate Payments. The Receivable and Payment Management processes are described in the following sections:

- RA 5.4.1 - Advance Payment;
- RA 5.4.2 - Seller Issues Bill;
- RA 5.4.3 - Buyer Issues Payment;
- RA 5.4.4 - Billing Error Resolution;
- RA 5.4.5 - Seller Issue Refund; and
- RA 5.4.6 - Funds Transfer.

5.4.1 Advance Payment

Federal IAAs employ a limited use of advances and must be supported by a Seller's business need that identifies the advance as necessary. The Seller must identify and document the business need to request an advance in the IAA General Terms and Conditions section, although no authority is required in support of receipt of the advance. The necessity for an advance will be determined in the IAA General Terms and Conditions section, and the advance amount will be determined at the IAA Order section at the IAA Order line level. Typical situations that may require the use of advances include: statutory requirement, cash flow need (e.g., working capital funds), subscription-type services (e.g., funding of government-wide programs), and contracts with third parties (e.g., space rentals in public venues). The advance may be initiated by the Buyer or the Seller.

Seller agencies should work to reduce advances where possible and plan ahead for sufficient cash balances to execute planned agreements. Advances are issued to cover capital requirements and should, if at all possible, be issued and exhausted in the period related to the capital need. An IAA Order use of an advance does not supersede the Buyer's appropriation in terms of purpose, amount or time. When obligating funds for a bona fide need within the available timeframe of the appropriation, the Buyer shall follow obligation rules from the GAO Red Book (Volume I, Chapter 5 – Availability of Appropriations: Time). Advances should be reviewed periodically to determine that the capital need still exists, if not the unneeded advance balance should be refunded.

Typically, the initiating document for an advance is the Order, which is initiated by the Buyer but may be initiated by the Seller. If the Order is initiated by the Seller and includes advance information where no advance bill will be issued, the funds transfer associated with the advance will not occur until the Order and advance are confirmed by the Buyer. Alternatively, the Seller may also create an advance bill, in which case the funds transfer associated with the advance does not occur until the payment request associated with the advance bill is approved by the Buyer. The Order must still be signed by both trading partners, when an advance bill is used.

The IAA provides the official documentation to support the issuing of an advance payment. Advances should be limited in usage and requested only when a business need exists for an advance in order for the Seller to execute on an IAA Order. For example, the Seller may not have the necessary cash balance in their appropriate account to execute the Order based on the Buyer's request and may require the advance to fund the effort.

Proper recording of advance transactions are covered during the following key topics:

- Negotiation – trading partners agree that the Seller requires an advance to support performing on the requested goods or services. This is further described in the RA 5.1 - Negotiate Interagency Agreement process.
- Advance Payment – when an advance is required based on an identified business need, the Buyer or Seller initiates the advance in RA 5.4.1 - Advance Payment process. The funds transfer related to the advance is described in the RA 5.4.6 - Funds Transfer process.
- Seller performs on Order – as the Seller performs on the Order, the Seller records earned revenue and reduces the advance from the Buyer. The Buyer reclassifies their UDO to

delivered, records an expense upon receipt of goods or services, and reduces the advance to the Seller.

- Refund unused advances – Advances should be reviewed periodically to determine that the capital need still exists, if not the Buyer and Seller confirm the unused advance is unneeded and the advance balance should be refunded to the Buyer. Advances are returned during the RA 5.4.5 – Seller Issues Refund process. The funds transfer related to the advance is described in the RA 5.4.6 - Funds Transfer process.

The Reimbursable Management Advance Payment process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.1.1	Establish Advance Payment Request	<p>The need for the advance payment request is stipulated in the IAA General Terms and Conditions.</p> <p>The Buyer creates an advance payment request based on the IAA Order.</p>	<p>The Buyer retains necessary backup documentation to support all payments to the Seller. The backup documentation for an advance payment request is the IAA.</p>	
RA 5.4.1.2	Execute Advance Billing Requirements and Confirm Advance Amount to be Billed	<p>The Seller determines the advance billing requirements using the customer information and advance data as specified in the IAA.</p> <p>Seller confirms the amount to be billed.</p>	<p>Based on the IAA, the Seller determines appropriate billing requirements.</p> <p>Advance billing (and offset) amounts shall be specified at the IAA Order line level. The breakdown of advance amounts by line shall be specified on the IAA Order.</p> <p>The Seller retains necessary backup documentation to support all bills to the Buyer. The backup documentation for an advance bill is the IAA.</p>	RMB-11
RA 5.4.1.3	Review Advance Billing Information	<p>The Seller reviews billing information for completeness.</p>	<p>The Seller verifies that advance billing information and amounts are established correctly in the Core Financial System.</p>	
RA 5.4.1.4	Is Advance Bill Information Complete?	<p>The Seller determines if the advance billing information (e.g., amounts, initiator, terms, etc.) based on the IAA is accurate.</p>		
RA 5.4.1.5	Resolve Advance Bill Issues	<p>The Seller corrects the billing information.</p>		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.1.6	Compute and Generate Advance Bill	The Seller determines the amount and generates the advance bill.	<p>Intragovernmental advance bill entries must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · IAA Number; · Order Line Number; · Line Amount; · Seller BETC; · Seller BPN; · Seller TAS; · Total Amount; · Transaction/Document Number; and · USSGL impacted by the transaction. 	
RA 5.4.1.7	Advance Billed Amount Records to General Ledger	The Seller records subsidiary ledger and General Ledger entries to reflect the advanced billed amount.		
RA 5.4.1.8	Provide Advance Bill to Intragovernmental Solution	The Seller enters advance information into the Intragovernmental Solution.	The advance bill information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.4.1.6 - Compute and General Advance Bill.	
RA 5.4.1.9	Notification of Advance Payment Request	The Intragovernmental Solution generates notification of advance payment request for Buyer.		
RA 5.4.1.10	Receive Advance Payment Request	The Buyer receives the advance payment request from the Intragovernmental Solution.		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.1.11	Review Advance Payment Request	The approving official for the Buyer agency reviews the validity of the advance payment transaction.	<p>Intragovernmental advance payment request entries must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Buyer BETC; · Buyer BPN; · Buyer TAS; · IAA Number; · Line Amount · Order Line Number; · Total Amount; · Transaction/Document Number; and · USSGL impacted by the transaction. <p>The Buyer shall ensure that proper internal procedures are developed to specify responsible parties for reviewing payments and determining whether they are approved or rejected in a timely manner based on the internal control plan as outlined in OMB Circular A-123.</p>	SMC-03
RA 5.4.1.12	Advance Payment Request Lines Approved?	Buyer determines if the advance payment should be approved.	The funding shall be disbursed to match the capital requirements of the performing of the Seller agency.	
RA 5.4.1.13	Resolve Advance Payment Request Issues	Based on internal review procedures, the responsible parties within the Buyer agency determine a resolution to the payment under review.		
RA 5.4.1.14	Advance Payment Request Issue	The advance line is ready for payment processing if all issues have been resolved or cancellation		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Resolved?	if a payment resolution cannot be reached.		
RA 5.4.1.15	Cancel Order?	The Order is cancelled if all issues cannot be resolved.	All updates to records including cancellations within the Order System are subject to appropriate levels of review and approval prior to being recorded.	
RA 5.4.1.16	Approved?	The Buyer determines if the payment request line(s) will be approved.		
RA 5.4.1.17	Reject Advance Payment Request Lines	<p>If the issues are not resolved, the Buyer rejects the advance payment request line in their Core Financial System. Partial payment/rejection or full rejection of each advance payment request line is supported.</p> <p>If an advance payment request line is rejected or partially paid/rejected, the Buyer shall supply a reason code and reason for the discrepancy for each line.</p> <p>The capability to associate the same rejection code and reason at the header level to each line of the advance payment request shall be supported.</p> <p>It is anticipated that the rejection of advance payment request lines shall be in response to an advance bill initiated by the Seller and not when the Buyer initiates the</p>		

Step ID	Step Name	Step Description	Business Rules	CFSR
		advance payment request based on the IAA.		
RA 5.4.1.18	Approve Payment Request Lines	The Buyer approves the advance payment request line in the Core Financial System. Approval may occur for the entire payment request or at the line level for a full or partial amount.		
RA 5.4.1.19	Disbursement-In-Transit Records to General Ledger	The disbursement-in-transit is recorded to the General Ledger when the advance payment request line is partially paid or paid in its entirety.	The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the current TFM. <u>Note:</u> No TFM entry currently exists for an in-transit posting of a reimbursable advance. The postings for the in-transit entry will be determined by Treasury.	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06
RA 5.4.1.20	Provide Advance Payment Request Information to Intragovernmental Solution	Advance payment request line information is provided to the Intragovernmental Solution for lines rejected in their entirety, partially paid/rejected, or when the advance payment line is fully approved.	The advance payment request information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.4.1.11 - Review Advance Payment Request. <u>Note:</u> The Buyer's Core Financial System supports the ability of the Buyer to include a reason code and description for the rejection or partially payment/rejection to the Seller. The Buyer's Core Financial System also supports the ability of the Buyer to include a memo notation associated with each fully paid payment request line. These requirements will be determined in the future.	

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.1.21	Approved Payment Request Lines?	The Intragovernmental Solution receives the accepted, partially paid/rejected, or rejected payment request lines. Accepted or partially paid payment request lines initiate a funds transfer. Rejected lines or partially paid/rejected lines initiate a message to the Seller.		
RA 5.4.1.22	Notification of Advance Bill Rejected Lines to Seller	The Intragovernmental Solution provides notification to the Seller POC(s) via email that a billing line has been rejected or partially paid/rejected.		
RA 5.4.1.23	Receive and Review Advance Bill Line Rejection Notification	The Seller POC(s) reviews the notification that a billing line has been rejected or partially paid/rejected.		
RA 5.4.1.24	Valid Advance Bill Line Rejection?	The Seller determines if the rejection of the entire line or the partially paid/rejected line by the Buyer is valid.	The Seller shall review the rejected bill request line(s) in a timely manner to expedite payment of billing request.	
RA 5.4.1.25	Update to Advance Bill Line Required?	The Seller determines if the billing line that was sent needs to be updated.	If it is determined that the billing line is correct, and trading partners agree regarding the resolution, the Buyer shall accept the billing line that was originally rejected in the Intragovernmental Solution.	
RA 5.4.1.26	Advance Billed Amount Reversal Records to	The Seller records the reversal of a rejected bill line or partially paid/rejected bill line in		

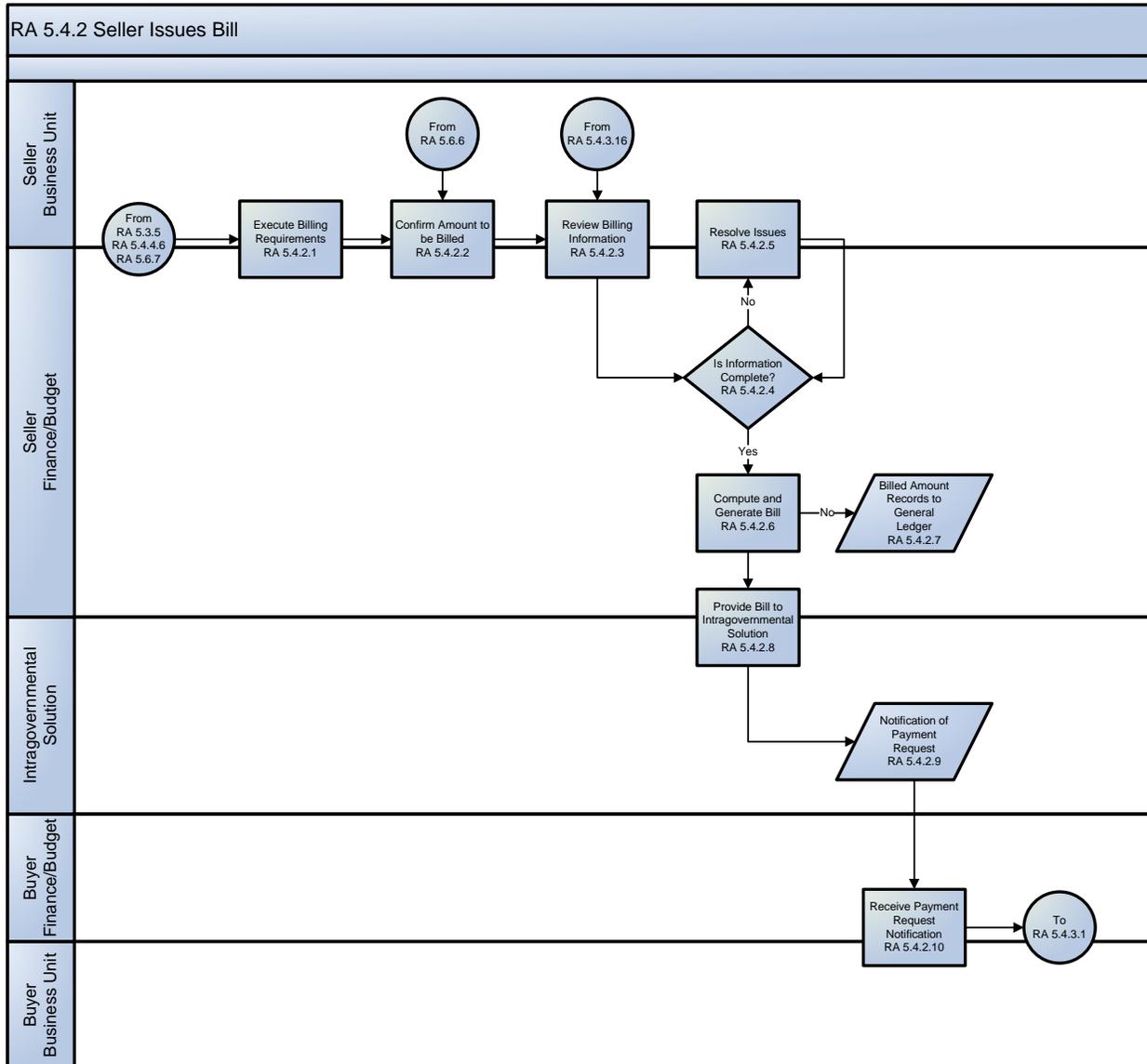
Step ID	Step Name	Step Description	Business Rules	CFSR
	General Ledger	their Core Financial System.		
RA 5.4.1.27	Update Advance Bill Line	The Seller updates the advance billing line based on what was discussed with the Buyer.		
RA 5.4.1.28	Resolve Advance Bill Issues With Buyer	The Seller works with the Buyer POC to determine why the rejection occurred and determine the appropriate course of action.	If it is determined that the bill line is correct and trading partners agree regarding the resolution, the Buyer shall accept the payment request line that was originally rejected in the Intragovernmental Solution.	
RA 5.4.1.29	Additional Issue Resolution Action Required By Buyer?	The Buyer works with the Seller to resolve any additional issues related to the billing line.	Seller disagreements in payment amount or timing shall be directed to the primary Buyer POC for the agreement. The POC must coordinate within appropriate channels and seek the advice of other offices as necessary to resolve disagreements.	
RA 5.4.1.30	Notification of Approved Advance Payment Request Lines	The Seller receives notification that the Buyer for all partially paid or fully approved payment request lines from the Intragovernmental Solution.		

5.4.2 Seller Issues Bill

The Issue Bill process describes the steps that the Seller performs to issue a bill to the Buyer based on costs accumulated and/or pricing agreed upon in the IAA. As the Seller prepares the bill, the bill may undergo an agency-internal review cycle to verify content. Agencies shall ensure that the cumulative billed amount does not exceed the IAA total, including any allowed tolerance. Any adjustments to the originally agreed-upon price must be negotiated and included in a modified General Terms and Conditions or Order. For each billing cycle, the Seller should review status of the IAA to determine if work has been completed and the final bill can be issued. Final bills should be marked “final.” If after submission of a bill the Seller determines the bill was actually the final bill and had not been marked as final, the Seller will inform the Buyer that billing is complete as of the date of the last bill. Buyer should be notified if costs are identified after final billing and the funds have expired; both agencies shall follow A-11 and Appropriations Law on how to handle the transactions. The Seller shall communicate any issues to the Buyer immediately and negotiate with the Buyer for the resolution.

It is recommended that trading partners use a standard billing frequency at least of monthly; however, other frequencies may be used. If it is determined that monthly billing is less advantageous to the government, the billing frequency may be changed if both trading partners agree and the decision is supported by a documented business reason. When an advance payment is liquidated, the bill generated from agency financial systems should reflect the amount due applied to the advance. Amounts billed will be recorded to the Seller’s General Ledger receivables billed account.

RA 5.4.2 - Seller Issues Bill Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Seller Issues Bill process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.2.1	Execute Billing Requirements	<p>The Seller determines the billing requirements using the customer information and receivable data as specified in the IAA. The Seller may identify the need to initiate a modification at this point and follow the steps in the RA 5.1 - Negotiate Interagency Agreement process for an amendment to the IAA General Terms and Conditions, or RA 5.2.2 - Buyer Signs IAA Order Section and RA 5.2.3 - Seller Signs IAA Order Section to modify an Order.</p>	<p>Based on the IAA, the Seller determines appropriate billing requirements. The Seller shall collect for the billable cost as agreed upon in the IAA.</p> <p>The Seller may prepare supplemental information to send to the Buyer in support of the bill. This is based on what is agreed upon in the IAA. If the Buyer requires additional information in support of the bill, it will be specified in the IAA along with contact information where it should be routed and the frequency for production of the supplemental information.</p> <p>Recommended billing is performed at the line level for the IAA Order being referenced. The Buyer and Seller may negotiate a lower or higher level of billing if there is a business need and both trading partners agree. This should be documented in the IAA.</p> <p>Advance billing (and offset) amounts shall be specified at the IAA Order line level. The breakdown of advance amounts by line shall be specified on the IAA Order.</p> <p>The Seller retains necessary backup documentation to support all bills to the Buyer. This is maintained in an accessible IAA file. Examples of additional documentation include, but are not limited to: project timesheets, building permits, inspection reports, and insurance policies.</p>	RMB-11

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.2.2	Confirm Amount to be Billed	Seller confirms the amount to be billed.	<p>Before an agency bills, it will need to consider discounts, shipping charges, partial payments, and other adjustments applicable to the transaction.</p> <p>The Seller shall evaluate methods in determining fees and overhead rates for IAAs on an annual basis to determine any updates to rates for amendments to existing IAAs or application to new IAAs.</p>	
RA 5.4.2.3	Review Billing Information	The Seller reviews billing information for completeness.	<p>The Seller establishes periodic review process to verify that billing information and amounts are established correctly in the Core Financial System.</p> <p>The Seller shall review each bill to determine if it is the final bill. Final bills should be indicated as final. If billing is complete, but the Seller has not sent a bill marked “final” to the Buyer, the Seller shall inform (e.g., email, phone) the Buyer that billing is complete, and together the Buyer and Seller can begin the IAA Order closeout activities.</p>	
RA 5.4.2.4	Is Information Complete?	The Seller determines if the billing information (e.g., amounts, billing type, terms, frequency, etc.) is correct based on the IAA.		
RA 5.4.2.5	Resolve Issues	The Seller’s Business Unit/Finance corrects the billing information.		
RA 5.4.2.6	Compute and Generate Bill	The Seller generates demand for payment that includes information necessary to facilitate	The recommended standard billing frequency is monthly unless another billing frequency is determined more advantageous to	RMB-07 RMB-08

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>payment from the Buyer, internal collection procedures, and allows for both Buyer and Seller to perform effective reconciliation procedures. The generated bill will include information related to normal bills as well as advance offset amounts. The amounts computed on the bill include:</p> <p>Amount Billed;</p> <p>Advance Offset Amount;</p> <p>Credit Offset Amount; and</p> <p>Balance Due.</p>	<p>the government. An alternative frequency shall be documented in the IAA and shall be supported by a valid business reason.</p> <p>Intragovernmental bills must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Advance Offset Amount; · Credit Offset Amount; · IAA Number; · Inventory/Asset Indicator; · Line Amount; · Order Line Number; · Partial/Final Indicator; · Period of Performance; · Quantity; · Seller BETC; · Seller BPN; · Seller TAS; · Transaction/Document Number; · Total Amount; · Unit Cost; and · USSGL impacted by the transaction. <p>The Order provides referential data for the Intragovernmental Solution to provide the payment request to the Buyer.</p> <p>The Core Financial System shall produce a bill regardless even if there is a zero balance due (e.g. resulting from an advance offset). The bill should indicate the Amount Billed, Amount Advance Offset, and the Balance Due.</p>	<p>RMB-11</p> <p>RMB-13</p> <p>RMB-18</p> <p>RMD-01</p>
RA 5.4.2.7	Billed Amount Records to General Ledger	The Seller records subsidiary ledger and General Ledger entries to reflect that the unbilled	Note: The USSGL entries for recording the entry from Unbilled to Billed have not yet been	SMC-03 GLB-01

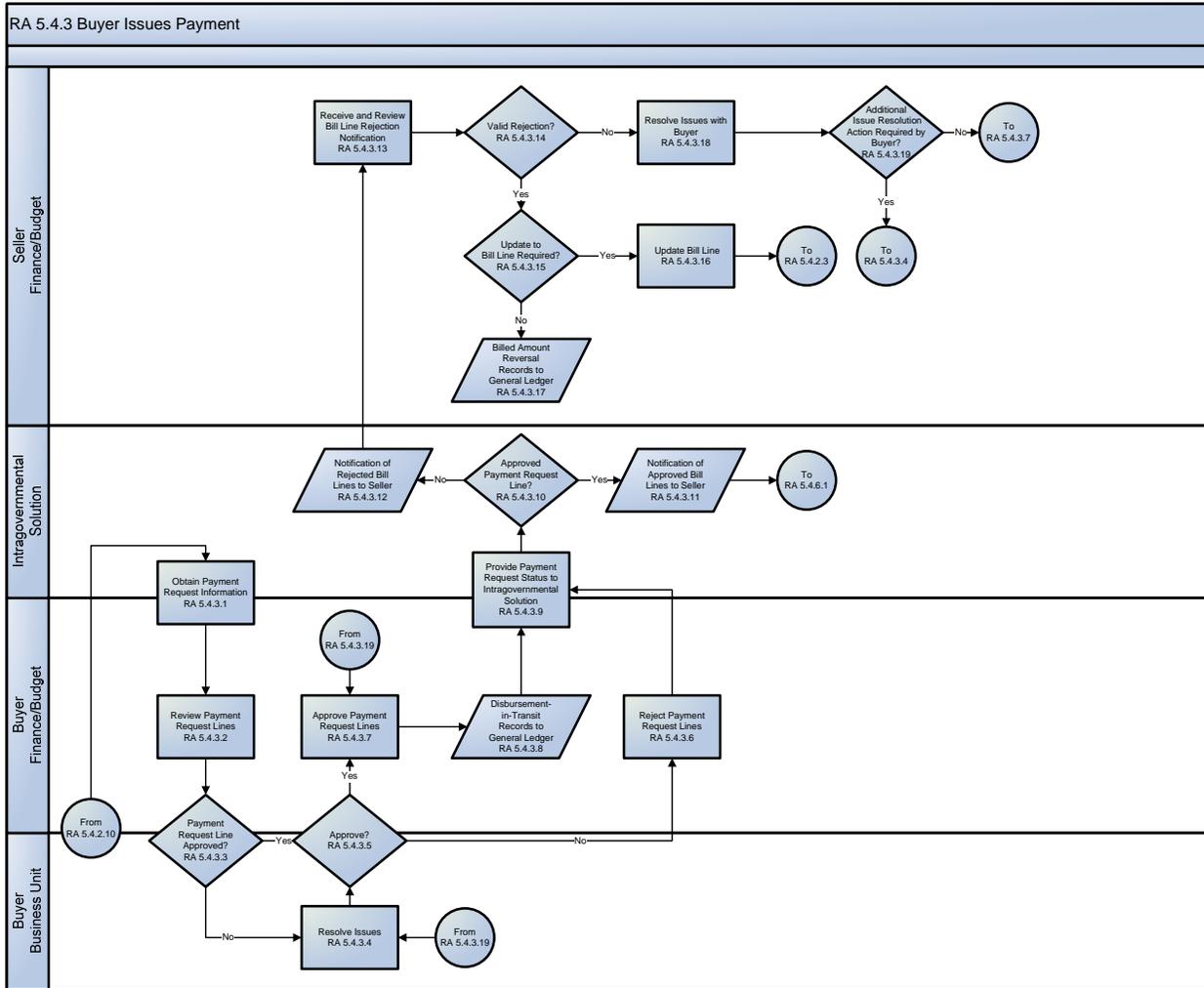
Step ID	Step Name	Step Description	Business Rules	CFSR
		amount has moved to billed when the net billed amount is greater than zero. Updating the General Ledger includes recording the accounting event as debit and recording credit entries to both proprietary and budgetary General Ledger accounts.	established.	GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06
RA 5.4.2.8	Provide Bill to Intragovernmental Solution	The Seller provides the Intragovernmental Solution with the necessary billing information.	<p>The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.</p> <p>The bill information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.4.2.6 - Compute and Generate Bill.</p> <p>The Intragovernmental Solution must allow for both Buyer and Seller access. Access of the repository should be limited to personnel responsible for performing related functions within both the Buyer and Seller organizations.</p> <p>Note: The Buyer and Seller should both be able to view/obtain an electronic copy of the bill from the Intragovernmental Solution.</p> <p>The Intragovernmental Solution will validate that the submitted bill references a valid IAA Order line between the trading partners.</p> <p>Following initial validation to ensure that data meets required formats and other applicable tests of validity, the Intragovernmental</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>Solution will then provide a response to the Seller showing that the submitted transactions were successfully received and processed, or rejected.</p> <p>The official bill will be provided from the Seller to the Intragovernmental Solution. If an IAA has a requirement for the Seller to provide supplemental information or copies of a bill to the Buyer, this shall be negotiated in the IAA document. The Seller may require additional fees to produce supplemental documentation, which shall also be indicated in the IAA document.</p>	
RA 5.4.2.9	Notification of Payment Request	The Intragovernmental Solution provides a notification to the Buyer that payment requests have been uploaded to the Intragovernmental Solution.		
RA 5.4.2.10	Receive Payment Request Notification	The Buyer receives the payment requests available in the Intragovernmental Solution.		

5.4.3 Buyer Issues Payment

The Intragovernmental Solution will provide the Buyer with payment request information based on the Bill issued by the Seller. The Buyer's Core Financial System will provide the Buyer the opportunity to approve or reject payment requesting lines within the payment terms period (typically seven calendar days) identified in the IAA. The Buyer and Seller may negotiate in the IAA (RA 5.1) an alternative to the standard number of days based on business needs. For example, for fixed recurring amounts, the trading partners may agree in the IAA Order section to payment terms of zero days to expedite transfer of funds. If the Buyer does not approve the payment request lines within the designated timeframe, the Intragovernmental Solution will generate an approved payment request for the Buyer and will initiate the transfer of funds. The Buyer reviews documents of receipt and acceptance, as applicable, to determine that the goods or services billed were in fact ordered and received prior to approving the payment request.

RA 5.4.3 - Buyer Issues Payment Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Buyer Issues Payment process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.3.1	Obtain Payment Request Information	The Buyer loads the billing information obtained from the Intragovernmental Solution into the Core Financial System. The result is the generation of payment requests to represent the Seller's bills.	The Buyer's Core Financial System loads billing information from the Intragovernmental Solution to generate payment requests for the Buyer's review and approval.	
RA 5.4.3.2	Review Payment Request Lines	The Buyer reviews the payment request and ensures all receipt and acceptance documents have been recorded.	<p>Intragovernmental payment requests must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Buyer BETC; · Buyer BPN; · Buyer TAS; · IAA Number; · Line Amount; · Order Line Number; · Rejection Code; · Rejection Reason; · Total Amount; · Transaction/Document Number; and · USSGL impacted by the transaction. <p>The Buyer shall follow the Payment Management standard processes for PM 3.3.1 - Invoice Entry and PM 3.3.2 - Invoice Processing for completing the invoice, and PM 3.1 - Receipt and Acceptance of Goods and PM 3.2 - Receipt and Acceptance of Services for creating any receipt and acceptance documents that have not yet been recorded. For an approved invoice, this will result in a matched invoice that is ready</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>for payment.</p> <p>The Buyer shall establish internal procedures for reviewing payment requests and reject payment requests, when appropriate.</p> <p>A payment request based on a bill marked “final” may result in deobligation based on Buyer agency procedures. Buyer’s Business Unit/Acquisitions shall review the status of the Order prior to deobligation.</p>	
RA 5.4.3.3	Payment Request Line Approved?	<p>Based on the review, the Buyer determines if the payment request line is ready for approval or if additional information is needed from the Seller. If so, the information is gathered.</p> <p>Once all necessary information is available, the Buyer determines if the payment request line will be approved.</p>	<p>The Buyer shall review a payment request as soon as practical after receipt. Unless otherwise specified in the IAA, payment requests should be approved within seven calendar days. If approval of the payment request does not occur within the timeframe specified in the payment terms, the Intragovernmental Reimbursable Solution will generate an approved payment request and forward that approved payment request to the Buyer. When rejecting or partially paying a payment request line, the Buyer shall identify all defects that prevent full payment and specify all reasons why the payment request line is being rejected or partially paid.</p> <p>The Buyer shall ensure that proper internal procedures are developed to specify responsible parties for reviewing payment requests lines and determining whether they are approved, partially approved or disapproved in a timely manner (e.g., the Buyer shall ensure that backup approvers are identified for the primary responsible parties).</p> <p>Trading partners may agree to an</p>	<p>PMC-19</p> <p>PMC-21</p> <p>PMD-01</p>

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>alternative acceptance period if a business need exists, and this shall be documented in the IAA.</p> <p>The Buyer will accept, partially pay or reject payment requests at the line level. The Buyer may also accept/reject the entire request.</p>	
RA 5.4.3.4	Resolve Issues	The Buyer and Seller work to resolve any issues related to the payment request/bill lines.	Seller disagreements in payment amount or timing shall be directed to the primary Buyer POC (e.g., Contracting Officer) for the agreement. The primary POC must coordinate within appropriate channels and seek the advice of other offices as necessary to resolve disagreements.	
RA 5.4.3.5	Approve?	The Buyer determines if the payment request line(s) will be approved.		
RA 5.4.3.6	Reject Payment Request Lines	<p>If the issues are not resolved, the Buyer rejects the payment request line in their Core Financial System. Partial payment/rejection or full rejection of each payment request line is supported.</p> <p>If a payment request line is rejected or partially paid/rejected the Buyer shall supply a reason code and reason for the discrepancy for each line.</p> <p>The capability to associate the same rejection code and reason at the leader level to each line of the payment request shall be</p>		

Step ID	Step Name	Step Description	Business Rules	CFSR
		supported.		
RA 5.4.3.7	Approve Payment Request Lines	The Buyer approves the payment request line in the Core Financial System. Approval may occur for the entire payment request or at the line level.		
RA 5.4.3.8	Disbursement-in-Transit Records to General Ledger	The disbursement-in-transit is recorded to the General Ledger when the payment request is approved.	<p>The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>TFM-B408: To reclassify payable schedules for disbursements to “in-transit” until the payment schedule is confirmed.</p>	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 PMD-15
RA 5.4.3.9	Provide Payment Request Status to Intragovernmental Solution	The Buyer provides the Intragovernmental Solution with the payment request line approval status.	<p>The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution’s requirements.</p> <p>Note: The Buyer’s Core Financial System supports the ability of the Buyer to include a reason code and description for the rejection or partially payment/rejection to the Seller. The Buyer’s Core Financial System also supports the ability of the Buyer to include a memo notation associated with each fully paid payment request line. These requirements will be determined in the future.</p> <p>The payment request information provided to the Intragovernmental Solution will contain, at a</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>minimum, all required information as specified in RA 5.4.3.2 - Review Payment Request Lines.</p> <p>The Intragovernmental Solution will provide a response to the Buyer of whether the submitted transactions were either successfully received and processed, or rejected.</p>	
RA 5.4.3.10	Approved Payment Request Line?	The Intragovernmental Solution receives the accepted, partially paid/rejected or rejected payment request lines. Accepted or partially paid payment request lines initiate a funds transfer. Rejected lines or partially paid/rejected lines initiate a message to the Seller.		
RA 5.4.3.11	Notification of Approved Bill Lines to Seller	The Intragovernmental Solution provides notification to the Seller POC(s) that the billing lines have been approved or partially paid.		
RA 5.4.3.12	Notification of Rejected Bill Lines to Seller	The Intragovernmental Solution provides notification to the Seller POC(s) via email that a billing line has been rejected or partially paid/rejected.		
RA 5.4.3.13	Receive and Review Bill Line Rejection Notice	The Seller POC(s) reviews the notification that a billing line has been rejected or partially		

Step ID	Step Name	Step Description	Business Rules	CFSR
		paid/rejected.		
RA 5.4.3.14	Valid Rejection?	The Seller determines if the rejection or partial payment/rejected of the line by the Buyer is valid.	The Seller shall review the rejected bill request line(s) in a timely manner to expedite payment of billing request.	
RA 5.4.3.15	Update to Billing Line Required?	The Seller determines if the billing line that was sent needs to be updated.	If it is determined that the billing line is correct, and trading partners agree regarding the resolution, the Buyer shall accept the billing line that was originally rejected in the Intragovernmental Solution.	
RA 5.4.3.16	Update Billing Line	The Seller updates the billing line based on what was discussed with the Buyer.		
RA 5.4.3.17	Billed Amount Reversal Records to General Ledger	The Seller records the reversal of a rejected bill line or partially paid/rejected bill line in the subsidiary ledger and General Ledger of their Core Financial System. See also RA 5.4.2.7 – Billed Amount Records to General Ledger.		
RA 5.4.3.18	Resolve Issues With Buyer	The Seller works with the Buyer POC to determine why the rejection or partial payment/rejection occurred and determine the appropriate course of action. The Seller will use their discretion to determine if work should be stopped because payment has not	If it is determined that the bill line is correct, and trading partners agree regarding the resolution, the Buyer shall accept the payment request line that was originally rejected or partially paid/rejected in the Intragovernmental Solution.	

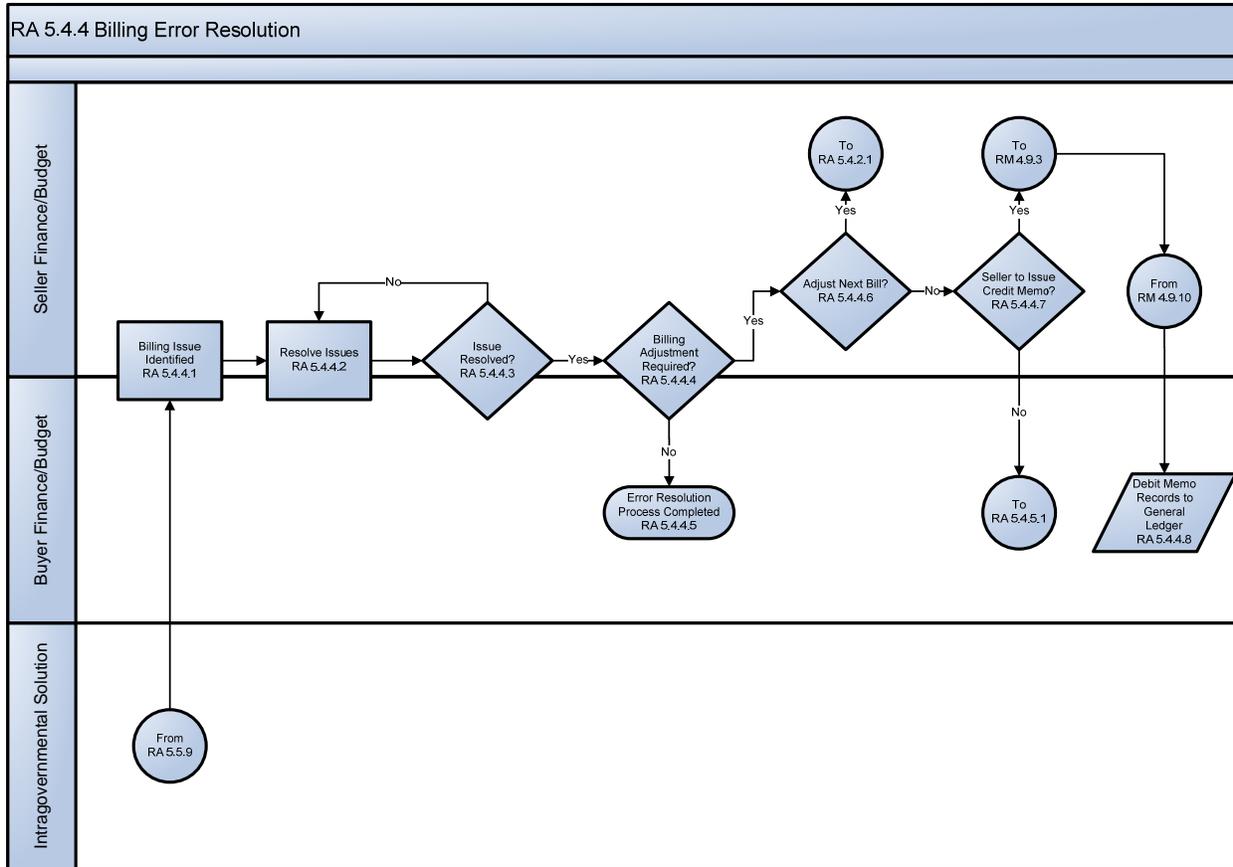
Step ID	Step Name	Step Description	Business Rules	CFSR
		yet been received. This could occur if the payment request line is proper, and has been rejected for by the Buyer for invalid reasons.		
RA 5.4.3.19	Additional Issue Resolution Action Required By Buyer?	The Buyer works with the Seller to resolve any additional issues related to the billing line.	Seller disagreements in payment amount or timing shall be directed to the primary Buyer POC for the agreement. The POC must coordinate within appropriate channels and seek the advice of other offices as necessary to resolve disagreements.	

5.4.4 Billing Error Resolution

The Buyer and Seller may identify billing issues after a bill has been paid. Payment of the bill may be initiated by submission of an approved payment request by the Buyer to the Intragovernmental Solution or by generation of an approved payment request on behalf of the Buyer by the Intragovernmental Solution. Generation of an approved payment request on behalf of the Buyer occurs if no action has been taken by the Buyer within the period of the payment terms. The Billing Error Resolution process defines the standard steps for the Buyer and Seller to resolve billing issues. The key to this process is that the Buyer and Seller POCs communicate and reach resolution on the correcting action. The Buyer and Seller will document the agreed-upon decision.

The Buyer and Seller will review identified concerns or problems related to the bill with all appropriate parties within their organizations to determine whether there is any error on the bill. Concerns may have been triggered because the bill was higher or lower than expected or referenced an improper account. Research should be done to determine whether the bill is correct or incorrect. The Seller should establish procedures based on RA 4.9 - Issue Credit Memo in the Receivables Management chapter of the Standard Business Process document. If the billed amount is more than it should be, the Buyer and Seller determine whether the Seller will issue a credit memo or the Buyer will issue a refund request. The Buyer may require a refund request for a more expedient return of funds, although the recommended practice is to have the Seller issue a credit memo. If the billed amount is less than it should be, is for an improper account, or is for improper goods or services, the Seller returns to the RA 5.4.2 – Seller Issues Bill process to send a new bill.

RA 5.4.4- Billing Error Resolution Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Billing Error Resolution process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.4.1	Billing Issue Identified	The Buyer or Seller Finance/Budget offices or Business Units determine that there was an error on a bill that has already been paid.	The Buyer and Seller shall identify issues with a bill (e.g., overbilled or underbilled) in a timely manner and notify the appropriate POC for the other trading partner.	
RA 5.4.4.2	Resolve Issues	The Buyer and Seller Finance/Budget offices or Business Units work to resolve any issues related to the bill. The Seller should issue a credit or offset another bill within a 30-calendar-day period.	<p>The Buyer contacts the Seller's POC to resolve any issues with the bill in question.</p> <p>Disagreements in payment amount or timing shall be directed to the primary Buyer POC for the agreement (e.g., Contracting Officer). The primary POC must coordinate within appropriate channels and seek the advice of other offices as necessary to resolve disagreements.</p> <p>The Buyer and Seller shall document the agreed-upon resolution and confirmation from the trading partner on the resolution.</p> <p>Issue resolution within agencies may involve program offices, accounting offices, contracting offices, and agency Chief Financial Officers. Agencies may also employ employee escalation procedures outside of the financial management area.</p>	
RA 5.4.4.3	Issue Resolved?	The Buyer and Seller determine if the issue with the bill has been resolved after discussions.	<p>The Buyer and Seller agree on the course of action to be followed in the case of overbilling or underbilling.</p> <p>If the issue is due to the treatment of an accounting entry and the Buyer and Seller cannot reach resolution, the</p>	

Step ID	Step Name	Step Description	Business Rules	CFSR
			Buyer and Seller shall follow the guidance in the TFM Bulletin 2007-03, Section VII Resolving Intragovernmental Disputes and Major Differences.	
RA 5.4.4.4	Billing Adjustment Required?	Based upon the documented resolution by the Buyer and Seller, the trading partners determine if there is a need for an adjustment.	<p>If it is determined that the Seller has overbilled the Buyer, it is recommended that the Seller issue a credit to the Buyer rather than that the Buyer issue a refund request.</p> <p>Both the Buyer and Seller shall record an adjustment for an overbilling by the Seller. An adjustment needs to be made to accurately record the actual funds moved.</p> <p>The Seller shall issue a new bill if it is determined that the Seller initially underbilled the Buyer or an additional advance is required.</p>	
RA 5.4.4.5	Error Resolution Process Completed	Buyer and Seller determine there is no need for an adjustment and the bill is appropriate.		
RA 5.4.4.6	Adjust Next Bill?	<p>The Buyer and Seller record their respective agreed-upon adjustments.</p> <p>The Seller determines if the amount billed was more than the actual amount due.</p> <p>For an over-billed amount, the Seller proceeds to issue a credit to the Buyer following the steps in RM 4.9 - Issue Credit Memo.</p> <p>The Seller determines if the amount billed was less</p>		

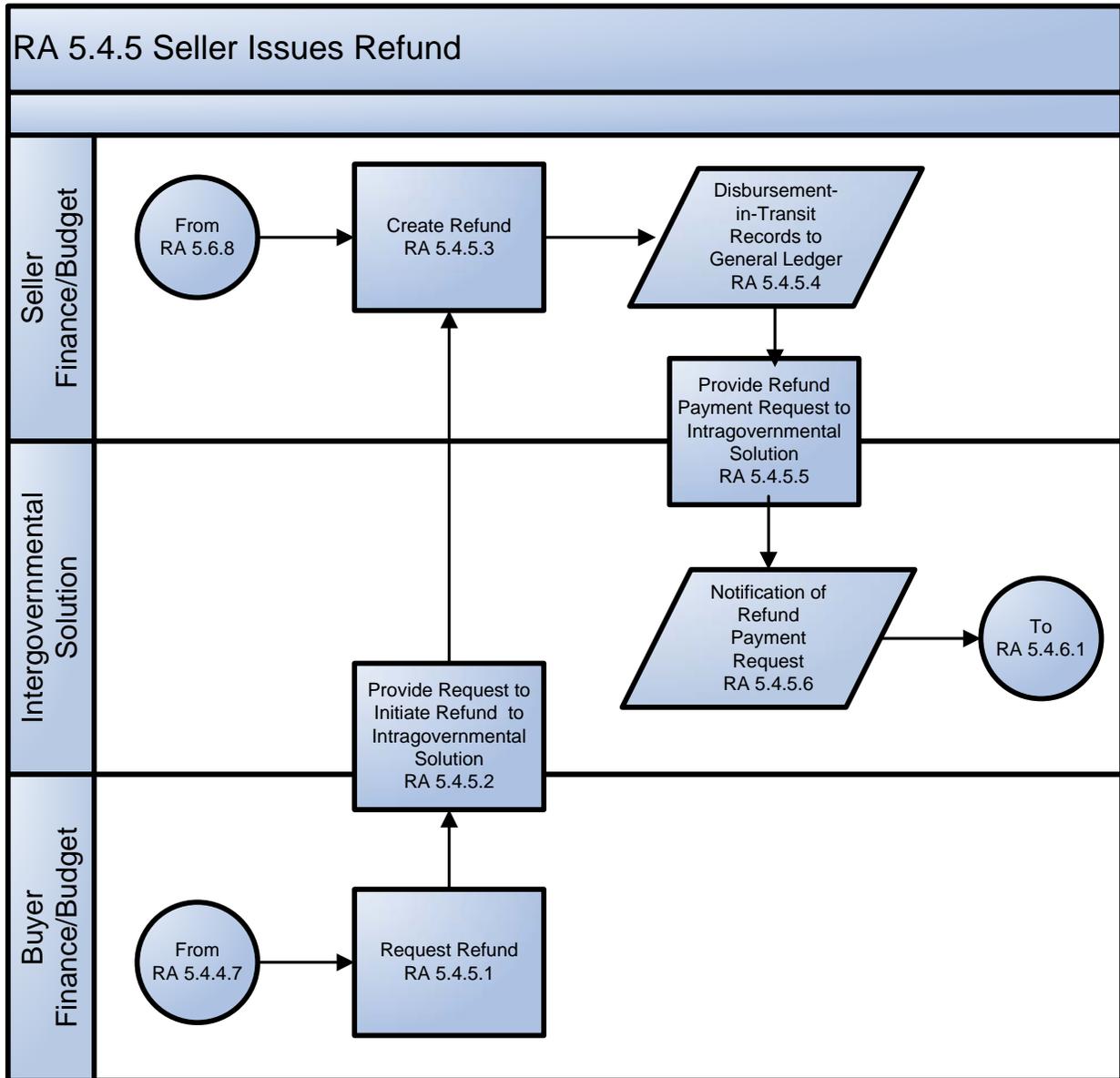
Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>than the actual amount due.</p> <p>For an under-billed amount, the Seller issues a bill to the Buyer for an additional amount following the steps in RA 5.4.2 – Seller Issues Bill.</p>		
RA 5.4.4.7	Seller to Issue Credit Memo?	The Buyer and Seller determine if the Seller will issue a credit memo or refund. Based on the significance of the amount due, the Buyer may request a refund following the steps in RA 5.4.5 – Seller Issues Refund.		
RA 5.4.4.8	Debit Memo Records to General Ledger	The Buyer records a Debit Memo reflecting the Credit Memo received from the Seller.	<p>The entries are recorded to the subsidiary ledger and General Ledger using the USSGL Account Transaction Listing provided in the TFM. The applicable entry is recorded based on the entry originally made to record the payment.</p> <p>The Buyer shall establish a receivable and issue a bill after 60 calendar days if a subsequent bill has not been issued by the Seller. The Buyer shall indicate to the Seller the updated status (e.g., email or other documented means).</p>	<p>GLB-01</p> <p>GLC-01</p> <p>GLC-02</p> <p>GLC-03</p> <p>GLC-04</p> <p>GLC-05</p> <p>GLC-06</p>

5.4.5 Seller Issues Refund

During the Issue Refund process, the Seller issues a refund based on the Buyer's request to return the funds from a previously overpaid bill, or the Seller issues an advance refund for a portion of an unused advance. The recommended practice is for the Seller to issue a credit memo in cases of overbilling; however, there may be a business need for the Buyer to require the immediate return of funds. This is a unique situation, only required when the Buyer needs the funding returned immediately (e.g. an insufficient available cash balance), and both the Buyer and Seller agree to the refund. Issuance of a credit memo or refund is the result of an agreed-upon resolution by the Buyer and Seller during the RA 5.4.4 - Billing Error Resolution process. Buyer agencies should exercise caution when approving payment requests to avoid the need for an immediate return of funds due to overpayment. Timely execution of the return of funds should be addressed in the agreement.

If the Seller determines that the remaining advance balance is in excess of the IAA costs, the Seller should follow the Issue Refund process to return the excess advance. The Seller creates the advance refund and sends the refund to the Buyer. The advance refund amount will be specified at the line level of the IAA Order referenced. The funds will be transferred, and both Buyer and Seller will be notified of the funds transfer.

RA 5.4.5 - Seller Issues Refund Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Seller Issues Refund process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.5.1	Request Refund	The Buyer requests a refund from the Seller at the Order line level.	<p>Intragovernmental requests for refunds must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Buyer BETC; · Buyer BPN; · Buyer TAS; · IAA Number; · Line Amount; · Order Line Number; · Refund Code; · Reason for Refund Request; · Reference Document Line Number; · Reference Document Number; · Total Amount; · Transaction/Document Number; and · USSGL impacted by the transaction. 	
RA 5.4.5.2	Provide Request to Initiate Refund to Intragovernmental Solution	The Buyer provides a request for refund to the Intragovernmental Solution.	<p>The request to initiate refund information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.4.5.1 - Request Refund.</p> <p>The amount of the requested refund shall not exceed the amount paid for each line of the payment request.</p>	
RA 5.4.5.3	Create Refund	The Seller creates and reviews a payment request for the refund in the Core Financial System.	<p>The refund transaction shall reference the appropriate receivable transaction and the IAA Order.</p> <ul style="list-style-type: none"> · Intragovernmental payment requests for refunds must contain, at a minimum, the 	RMD-10 SMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>following required information:</p> <ul style="list-style-type: none"> · IAA Number; · Line Amount; · Order Line Number; · Refund Code; · Refund Reason; · Reference Document Number; · Reference Document Number; · Seller BETC; · Seller BPN; · Seller TAS; · Total Amount; · Transaction/Document Number; and · USSGL impacted by the transaction. <p>The amount of the refund shall not exceed the amount billed per line of the appropriate receivable.</p>	
RA 5.4.5.4	Disbursement-In-Transit Records to General Ledger	The disbursements-in-transit is recorded in the General Ledger when the refund is approved.	<p>The entries are recorded in the General Ledger using the USSGL Account Transaction Listing provided in the current TFM.</p> <p>TFM-B408: To reclassify payable schedules for disbursements to “in-transit” until the payment schedule is confirmed.</p> <p>Note: No TFM entry currently exists for an in-transit posting of a reimbursable advance refund. The postings for the in- transit entry will be determined by Treasury.</p>	PMD-15 GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06
RA 5.4.5.5	Provide Refund Payment Request to Intragovernmental Solution	Once the refund is recorded, the refund payment request information is provided to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution’s requirements. These requirements will be determined in the future.	

Step ID	Step Name	Step Description	Business Rules	CFSR
			The refund payment request information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.4.5.3 - Create Refund.	
RA 5.4.5.6	Notification of Refund Payment Request	The Intragovernmental Solution sends a notification to the Buyer that the transfer of funds has been approved.		

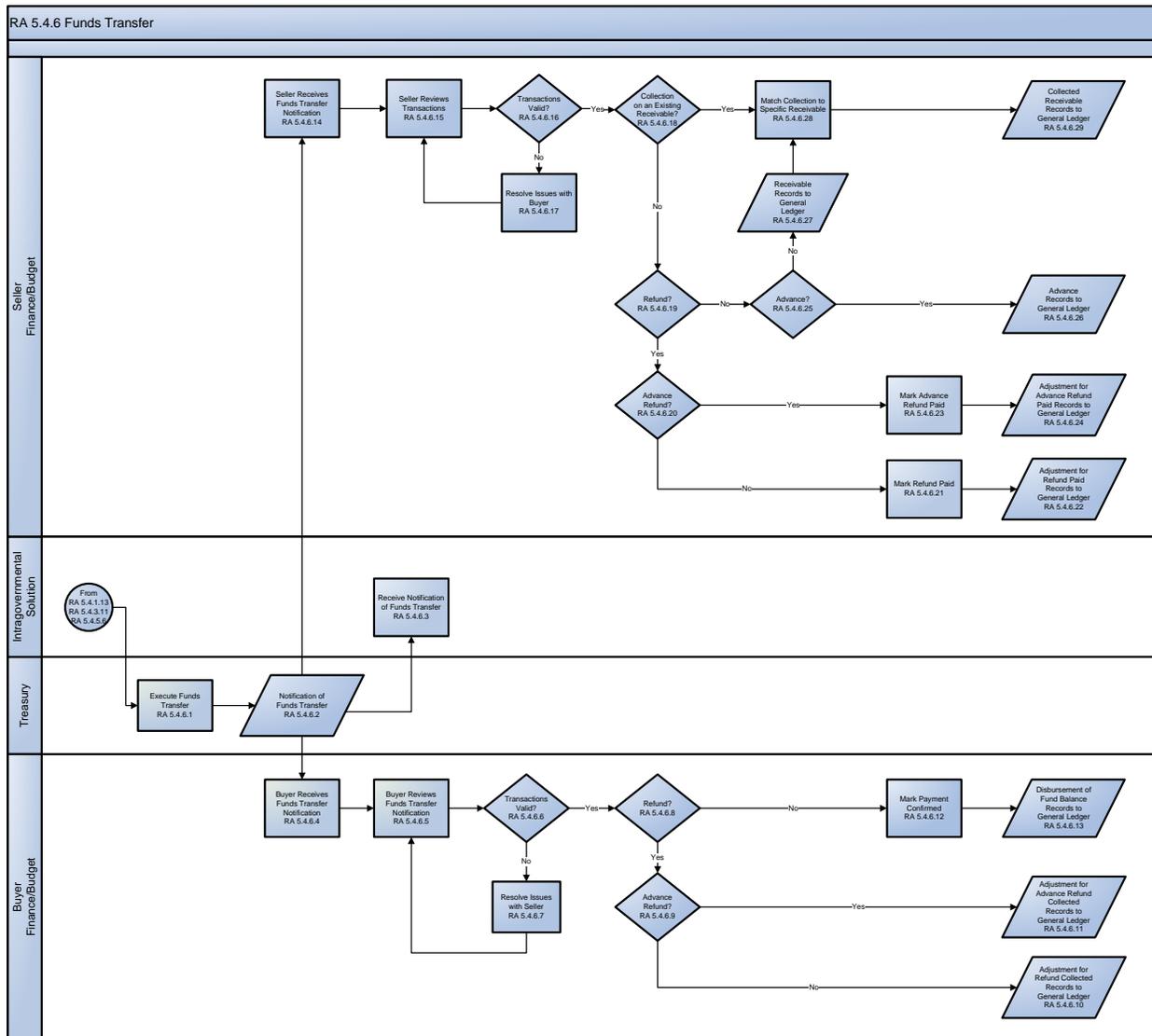
5.4.6 Funds Transfer

During the Funds Transfer process, the trading partners receive notification that Treasury has transferred the funds. This occurs after approval of the Buyer's payment request, after initiation of an advance as described in the RA 5.4.1 - Advance Payment process, or after the Seller issues a refund as described in RA 5.4.5 – Seller Issues Refund. After processing the Buyer's payment request or the advance payment:

- The Buyer obtains a Funds Transfer notification from Treasury, records the disbursement, and updates their Fund Balance with Treasury (FBWT) General Ledger account;
- The Seller also receives a Funds Transfer notification from Treasury and generates collections to represent the Buyer's payments.

All funds transfer transactions are reviewed by the Buyer and the Seller, and if any issues are found, the Seller and Buyer communicate to resolve them. The payment request from the Buyer will have referenced either the bill from the Seller, or, in the case of an advance payment, the IAA Order or the Seller's advance bill.

RA 5.4.6 - Funds Transfer Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Funds Transfer process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.6.1	Execute Funds Transfer	Funds are transferred between the Buyer's and Seller's Treasury accounts via the Intragovernmental Solution.	Each type of fund transfer will contain at a minimum the information listed below: <ul style="list-style-type: none"> · Buyer BETC; · Buyer TAS; · IAA Number; · Line Amount; · Order Line Number; · Reference Document Date; · Reference Document Number (Payment Request Number, Advance Payment Request Number, Refund Payment Request Number); · Seller BETC; · Seller TAS; · Transaction Date; and · Transaction/Document Number. 	
RA 5.4.6.2	Notification of Funds Transfer	Treasury distributes a notification of funds transfer to the Buyer, Seller, and Intergovernmental Solution.		
RA 5.4.6.3	Receive Notification of Funds Transfer	The Intragovernmental Solution receives notice from Treasury that the funds have been transferred. The information is loaded into the Core Financial System.		FBB-01 FBB-02 FBB-03 RMD-01 RMD-02 RMD-03 SMC-01 SMC-02

Step ID	Step Name	Step Description	Business Rules	CFSR
				SMC-03
RA 5.4.6.4	Buyer Receives Funds Transfer Notification	The Buyer receives notice from the Treasury that funds have been transferred. The information is loaded into the Core Financial System to mark the payments as paid.		FBB-01
RA 5.4.6.5	Buyer Reviews Funds Transfer Notification	The Buyer reviews the imported paid documents to determine if the payment is valid.		
RA 5.4.6.6	Transactions Valid?	The Buyer determines if the generated transaction is valid.		
RA 5.4.6.7	Resolve Issues With Seller	The Buyer collaborates with the Seller to resolve any issues related to the payments that were generated.	The Buyer and Seller shall reach a resolution to determine what the appropriate course of action is for any invalid payments.	
RA 5.4.6.8	Refund?	The Buyer determines if the transaction is for a refund.		
RA 5.4.6.9	Advance Refund?	If the Buyer determines the transaction is for a refund, the Buyer then determines whether the refund is being made on an advance.		
RA 5.4.6.10	Adjustment for Refund Collected Records to General Ledger	The Buyer establishes a transaction in the General Ledger to reflect the refund collected. A new transaction to record the refund	The adjustment reversal entries are recorded using the USSGL Account Transaction Listing provided in the TFM. An example includes, but is not limited to, the following transaction code from	GLB-01 GLC-01 GLC-02 GLC-03

Step ID	Step Name	Step Description	Business Rules	CFSR
		collected is recorded in the Buyer's General Ledger.	the current TFM. TFM-B110: To record a confirmed disbursement schedule.	GLC-04 GLC-05 GLC-06 RMD-06
RA 5.4.6.11	Adjustment for Advance Refund Collected Records to General Ledger	The Buyer establishes a transaction in the Core Financial System to reflect the impact of the advance refund collected. The amount that has not been liquidated from the original advance is adjusted. A new transaction to record the refund collected is recorded in the Buyer's subsidiary ledger and General Ledger.	The adjustment reversal entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM. TFM-B308: To record current-year undelivered orders with an advance. TFM-C112: To record the collection of a refund of an advance or prepayment in the same year as the original obligation.	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMD-06 RMD-07
RA 5.4.6.12	Mark Payment Confirmed	The payment is marked confirmed within the Core Financial System.	The agency marks the line items confirmed in the Core Financial System. RA 5.4.6.15 - Disbursement Records to General Ledger occurs simultaneously with this step.	FBB-03
RA 5.4.6.13	Disbursement of Fund Balance Records to General Ledger	Once disbursed, the paid payment request supports updating the FBWT General Ledger account and clearing Disbursements-in-Transit.	The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM. TFM-B110: To record a confirmed disbursement schedule. TFM-B308: To record current-year undelivered Orders with an advance.	FBB-02

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.6.14	Seller Receives Funds Transfer Notification	The Seller receives notice from the Intragovernmental Solution that funds have been transferred. The information can be interfaced into the Core Financial System. The result is the collections, which represent the Buyer's payments.		FBB-01 FBB-02 FBB-03 RMD-01 RMD-02 RMD-03 SMC-01 SMC-02 SMC-03
RA 5.4.6.15	Seller Reviews Transactions	The Seller reviews the imported collection documents to determine if the payment is valid.		
RA 5.4.6.16	Transactions Valid?	The Seller determines if the generated transaction is valid.		
RA 5.4.6.17	Resolve Issues with Buyer	The Seller collaborates with the Buyer to resolve any issues related to the collections that were generated.	The Seller and Buyer shall reach a resolution to determine what the appropriate course of action is for any invalid collections.	
RA 5.4.6.18	Collection on an Existing Receivable?	The Seller's Core Financial System determines whether the collection pertains to an account receivable or represents a collection for which there is not an existing account receivable.	For collections against receivables, an agency must reference the receivable document and update customer records and related billing information. For collections without receivables, an agency must record collections with corresponding revenues, expenditure reductions, advance/prepayment reclassifications, or other offsets.	RMD-01 RMD-02 RMD-03 SMC-01 SMC-02 SMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.4.6.19	Refund?	The Seller determines if the transaction is for a refund.		
RA 5.4.6.20	Advance Refund?	If the Seller determines the transaction is for a refund, the Buyer then determines whether the refund is being made on an advance.		
RA 5.4.6.21	Mark Refund Paid	The refund is marked paid within the Seller's Core Financial System.	Upon receipt of successful processing from the Intragovernmental Solution, the refund and/or line items are marked as paid in the Core Financial System, which occurs simultaneously with step RA 5.4.6.22 - Record Adjustment for Refund Paid Records to the General Ledger.	
RA 5.4.6.22	Adjustment for Refund Paid Records to General Ledger	A new transaction to record the refund paid is recorded to the Seller's subsidiary ledger and General Ledger. The original collected transaction was recorded as collected revenue.	<p>The entries to adjust revenue are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A708: To record the collection of revenue earned in the performing agency for a reimbursable agreement without an advance that was previously anticipated.</p> <p>The collection of revenue earned without an advance entry would be reversed (in this scenario).</p> <p>TFM-C186: To record the collection of receivables in the performing agency for reimbursable services.</p> <p>TFM-B110: To record a confirmed</p>	<p>GLB-01</p> <p>GLC-01</p> <p>GLC-02</p> <p>GLC-03</p> <p>GLC-04</p> <p>GLC-05</p> <p>GLC-06</p>

Step ID	Step Name	Step Description	Business Rules	CFSR
			disbursement schedule.	
RA 5.4.6.23	Mark Advance Refund Paid	The advance refund is marked paid within the Core Financial System.	Upon receipt of notification of successful processing from the Intragovernmental Solution, the advance refund and/or line items are marked as paid in the Core Financial System, which occurs simultaneously with step RA 5.4.6.24 - Adjustment for Advance Refund Paid Recorded to the General Ledger.	
RA 5.4.6.24	Adjustment for Advance Refund Paid Records to General Ledger	A new transaction to record the advance refund paid is recorded in the Seller's General Ledger. If you return a cash advance, you must record an obligation and outlay (OMB Circular A-11 (2008), Section 20.11).	The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. An example includes, but is not limited to, the following transaction code from the current TFM. TFM-B110: To record a confirmed disbursement schedule.	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06
RA 5.4.6.25	Advance?	The Seller determines whether the collection should be applied to an advance bill.	The funds transfer notification identifies a transaction as an advance.	
RA 5.4.6.26	Advance Records to General Ledger	The advance collection triggers the recording of the advance in the subsidiary ledger and General Ledger. Updating the General Ledger includes recording the accounting event as debit and credit entries to both proprietary and budgetary ledger accounts.	The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to the following transaction codes from the current TFM: TFM-A704: To record in the performing agency a reimbursable agreement that was not previously anticipated. TFM-C182: To record a collection in the performing agency related to a reimbursable agreement or other	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06 RMD-08 SMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>unearned income.</p> <p>TFM-C184: To record in the performing agency an advance received after a reimbursable agreement was established.</p> <p>The transaction to record the advance shall reference the appropriate IAA Order line(s).</p> <p>The transaction to record the advance collection shall reference the appropriate IAA Order line(s).</p>	
RA 5.4.6.27	Receivable Records to General Ledger	The Seller records General Ledger entries to establish the receivable and record revenue. The Seller's UCO is reduced. Updating the subsidiary ledger and General Ledger includes recording the accounting event as debit and credit entries to both proprietary and budgetary appropriate General Ledger accounts.	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A714: To record revenue earned in the performing agency for goods or services performed on a reimbursable Order without an advance.</p> <p>TFM-C422: To record accrued revenue from Federal or non-Federal sources for non-revolving trust funds and special funds.</p> <p>TFM-C648: To record a receivable from another Federal entity for the sale or disposition of assets other than personal properties and investments.</p> <p>TFM-C650: To record accounts receivable and accrue revenue from another Federal entity that was previously anticipated.</p>	FME-17 RMB-01
RA 5.4.6.28	Match Collection to Specific	Collection is applied to a specific bill.		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Receivable			
RA 5.4.6.29	Collected Receivable Records to General Ledger	<p>If the payment from the trading partner is not an advance, then the collection is established in the subsidiary ledger and General Ledger.</p> <p>The collection triggers the recording of collected revenue in the subsidiary ledger and General Ledger.</p>	<p>The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-A708: To record the collection of revenue earned in the performing agency for a reimbursable agreement without an advance that was previously anticipated.</p> <p>TFM-C186: To record the collection of receivables in the performing agency for reimbursable services.</p>	<p>FME-17</p> <p>GLB-01</p> <p>GLC-01</p> <p>GLC-02</p> <p>GLC-03</p> <p>GLC-04</p> <p>GLC-05</p> <p>GLC-06</p> <p>RMB-01</p> <p>RMD-09</p>

5.5 INTERAGENCY AGREEMENT ACTIVITY RECONCILIATION

The Reconciliation process describes the steps for the Buyer and Seller to reconcile reimbursable activity throughout the lifecycle of the IAA Order. The purpose of reconciling reimbursable activity between trading partners at an IAA Order level is to ensure that both the Buyer and Seller are capturing the correct entries in their subsidiary ledgers and General Ledgers and to facilitate further communication related to the status of the IAA Order. Routine reconciliations are not intended to ensure that Buyer and Seller accounts are equal; rather, the process is intended to identify differences, the cause of the differences, and to facilitate required adjustments in a timely fashion to support financial reporting requirements. Reconciliation is also intended to facilitate required adjustments prior to year-end and closeout. The Reconciliation process is not intended to guarantee that Buyer and Seller reciprocal accounts are equal or match.

It is recommended that the Buyer and Seller reconcile their accounts on a monthly basis. The process begins at the end of each accounting cycle when the Seller provides its estimated earned-unbilled information to the Intragovernmental Solution. The earned-unbilled amount is determined by the Seller during the RA 5.3 - Work in Process steps. The earned-unbilled and estimated accrual information is included in the monthly activity data and allows the Buyer to compare their estimated accrual with the Seller's earned-billed amount.

Trading partners will obtain monthly activity information as of the end of the accounting cycle to review against their subsidiary ledger and General Ledger balances for the IAA Order. This will allow the trading partners to reconcile as of the same day; however, it is recognized that reimbursable activity changes on an ongoing basis until the end of the IAA. The reconciliation period is from the first day of the current accounting cycle to the end of the current accounting cycle. The data will include the USSGL balances during UDO/UCO setup, billing, collection, and adjustment transactions. Trading partners will communicate any differences found during their respective reconciliation steps and resolve those differences. Trading partners are reviewing the balances of the following reciprocal accounts:

Buyer Account	Seller Account
Undelivered Orders	Unfilled Customer Orders
Advances to Others	Advances from Others
Accounts Payable	Accounts Receivable
Expenses	Revenue

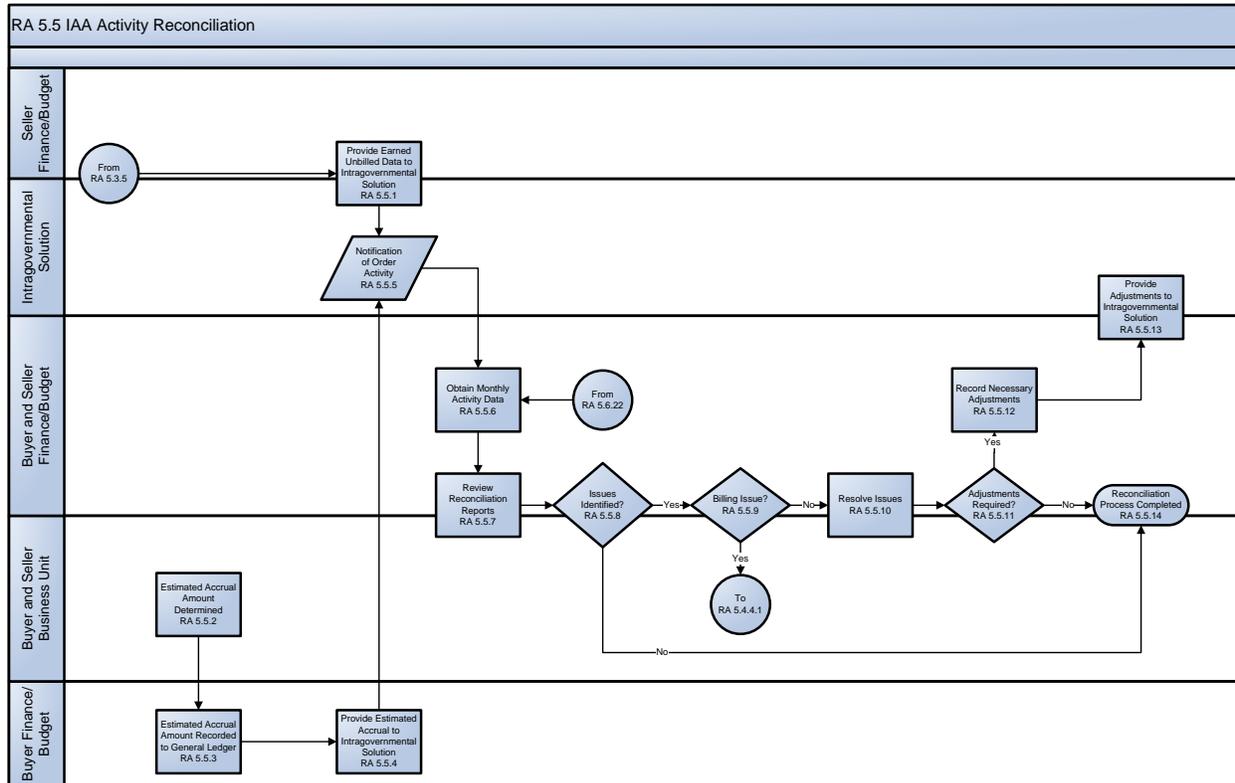
The monthly IAA Order reconciliation does not replace the Treasury quarter-end and year-end trading partner reconciliations. Agencies will continue to follow reconciliation procedures as defined in the *Treasury Financial Manual (TFM) Volume 1, Part 2, Chapter 4700* and the *Federal Intragovernmental Transactions Accounting Policies Guide* in support of preparation of the Treasury financial reports. Agencies should also refer to the *GAO Red Book* and *OMB Circular A-11* to determine the correct treatment of unobligated balances at year-end. Monthly

reconciliation of the IAA Order is a validation that correct accounting events have been recorded in a timely manner.

During monthly reconciliation, both the Buyer and Seller need to be aware of the type of funding (annual, multi-year, no-year) identified in the IAA. Reimbursable authority typically does not extend the expiration date of the Buyer’s appropriation. For example, if the Buyer obligated a fixed-year appropriation (annual, or multi-year), at the end of the fiscal year in which the funds expire, the Buyer must deobligate to the extent that the Seller has not incurred an obligation to support the execution of the IAA Order.

RA 5.5 - Interagency Agreement Activity Reconciliation Flowchart

NOTE: The following flowchart does not differentiate between Buyer and Seller in some cases. This refers to the Buyer and Seller being responsible for the same actions in those reconciliation process steps.



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Interagency Agreement Activity Reconciliation process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.5.1	Provide Earned-Unbilled Data to Intragovernmental Solution	<p>The Seller provides its earned-unbilled information to the Intragovernmental Solution.</p> <p>Note: This data is intended to identify unbilled amounts from the Seller to facilitate the Buyer's identification of differences between the Seller's earned-unbilled amount and their estimated accrual.</p>	<p>The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.</p> <p>The Seller provides its earned-unbilled data to the Intragovernmental Solution at the end of the accounting cycle.</p> <p>The earned-unbilled information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.3.5 - Revenue Records to General Ledger.</p>	
RA 5.5.2	Estimated Accrual Amount Determined	The Buyer or Seller determines the estimated accrual amount.		
RA 5.5.3	Estimated Accrual Recorded to General Ledger	The Buyer may record or modify their expense accrual based on the Seller's earned-unbilled amount provided on the Reconciliation Report.	<p>Intragovernmental estimated accruals must contain, at a minimum, the following required information:</p> <ul style="list-style-type: none"> · Buyer BETC; · Buyer BPN; · Buyer TAS; · IAA Number; · Order Line Number; and · USSGL impacted by the transaction. <p>The agency's guidelines for recording accruals must be</p>	SMC-03

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>reassessed on a regular basis.</p> <p>The Buyer's Core Financial System will automatically generate a transaction for the Buyer's accrual based on the Reconciliation Report from the Intragovernmental Solution.</p> <p>The Buyer Business Unit Program Manager will review the accrual and indicate their concurrence with the Buyer Finance POC.</p> <p>The Buyer shall record the accrual to a level that includes referencing the IAA Order line.</p>	
RA 5.5.4	Provide Estimated Accrual to Intragovernmental Solution,	<p>The estimated accrual amount is sent to the Intragovernmental Solution.</p> <p>Note: This data is intended to identify the estimated accrual of the Buyer to facilitate the Seller's identification of differences between the Buyer's estimated accrual and their earned-unbilled amount.</p>	<p>The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.</p> <p>The Buyer provides its estimated accrual data to the Intragovernmental Solution at the end of the accounting cycle.</p> <p>The estimated accrual information provided to the Intragovernmental Solution will contain, at a minimum, all required information as specified in RA 5.5.3 - Estimated Accrual Amount Recorded to General Ledger.</p>	
RA 5.5.5	Notification of Order Activity	The Intragovernmental Solution produces the monthly reconciliation data for the Buyer and Seller.	The monthly activity information contains the following information, at a minimum, and contains the Treasury's expected account balance for both trading	

Step ID	Step Name	Step Description	Business Rules	CFSR				
			partners at the IAA Order line level: <ul style="list-style-type: none"> · Amount; · Debit/Credit Indicator; · IAA Number; · IAA Order Line Number; and · USSGL Account. 					
RA 5.5.6	Obtain Monthly Activity Data	<p>Monthly activity data is obtained from the Intragovernmental Solution as of the end of the accounting cycle to facilitate a monthly reconciliation process by the Buyer and Seller and ensure account balances are appropriate.</p> <p>Monthly activity data will also be available upon IAA Order closeout for a final reconciliation.</p>	Activity data including the Seller's earned unbilled submission and the Buyer's estimated accrual submission is available as of the end of the accounting cycle from the Intragovernmental Solution. The information allows trading partners to reconcile account balances against their trading partner's balance and the Intragovernmental Solution's records.	FME-16 FME-18				
RA 5.5.7	Review Reconciliation Reports	<p>The Buyer and Seller review Reconciliation Reports within the agency's Core Financial System for the subsidiary ledger and General Ledgers and compare the data to the information provided by the Intragovernmental Solution.</p> <p>Trading partners reconcile the corresponding accounts using year-to-date and inception-to-date balances:</p> <table border="1" data-bbox="583 1650 924 1772"> <tr> <td data-bbox="583 1650 753 1709">Seller</td> <td data-bbox="753 1650 924 1709">Buyer</td> </tr> <tr> <td data-bbox="583 1709 753 1772">UCO Total</td> <td data-bbox="753 1709 924 1772">UDO Total</td> </tr> </table>	Seller	Buyer	UCO Total	UDO Total	<p>The Core Financial System provides the ability to compare account balances provided from the Intragovernmental Solution to the agency's subsidiary ledgers and General Ledger balances for the IAA, IAA Order, and IAA Order line levels.</p> <p>Agencies follow the TFM (Volume 1, Part 2, Chapter 4700) and the Federal Intragovernmental Transactions Accounting Policies Guide for data file submission and reconciliation.</p> <p>During the Reconciliation process, agencies shall ensure that any unbilled work prior to September 30 (or the</p>	
Seller	Buyer							
UCO Total	UDO Total							

Step ID	Step Name	Step Description	Business Rules	CFSR								
		<table border="1"> <tr> <td>Revenue</td> <td>Expense and/or Asset</td> </tr> <tr> <td>Accounts Receivable</td> <td>Accounts Payable</td> </tr> <tr> <td>Advances from Others</td> <td>Advances to Others</td> </tr> <tr> <td>Amount Collected</td> <td>Amount Paid</td> </tr> </table>	Revenue	Expense and/or Asset	Accounts Receivable	Accounts Payable	Advances from Others	Advances to Others	Amount Collected	Amount Paid	<p>expiration of funds) is accounted for the recording by the Seller of the appropriate receivable/revenue entry and the recording by the Buyer of the payable/expense entry.</p> <p>The Seller shall communicate any projected upward or downward price changes for the agreement to facilitate an amendment to the General Terms and Conditions or modification to the Order. The communication shall be a formal document submitted to the Buyer for record.</p>	
Revenue	Expense and/or Asset											
Accounts Receivable	Accounts Payable											
Advances from Others	Advances to Others											
Amount Collected	Amount Paid											
RA 5.5.8	Issues Identified?	The Buyer and Seller determine if any discrepancies are found in the during the reconciliation process.										
RA 5.5.9	Billing Issue?	The Buyer and Seller agencies determine if the issues identified are due to an improper bill.	For an improper bill, agencies shall follow the RA 5.4.4 - Billing Error Resolution process.									
RA 5.5.10	Resolve Issues	<p>The Buyer or Seller determines if the issue is internal, and the agency resolves the discrepancy. Program staff and Finance staff may need to clarify questions or confirm status internally.</p> <p>If the issue is identified with the trading partner, both agencies work together to identify the resolution.</p>	<p>Upon the identification of an issue that is not internal, the agency communicates with the respective trading partner to resolve the difference.</p> <p>The Buyer and Seller shall follow the guidelines established in the Intragovernmental Business Rules provided in the TFM related to resolving disputes.</p>									
RA 5.5.11	Adjustments Required?	Based on the resolution, the trading partner (Buyer or Seller) determines if an	Agencies shall identify and record adjustments in a timely manner. Adjustments may									

Step ID	Step Name	Step Description	Business Rules	CFSR
		adjustment is required in the Core Financial System.	occur in an accounting period subsequent to the period during which the monthly activity data is provided.	
RA 5.5.12	Record Necessary Adjustments	The trading partner (Buyer or Seller) records the necessary adjustment based on what is required.	Agencies will make the appropriate entries in their Core Financial System for any adjustment entries. The Buyer and Seller shall have backup supporting documentation prior to recording an adjustment.	
RA 5.5.13	Provide Adjustments to Intragovernmental Solution	The trading partner (Buyer or Seller) provides adjustment details to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.	
RA 5.5.14	Reconciliation Process Completed	The reconciliation process ends.		

5.6 INTERAGENCY AGREEMENT ORDER CLOSEOUT

The IAA Order Closeout process includes the steps to close out an IAA Order by the Buyer and Seller. The Buyer and Seller should reference the *TFM Bulletin No. 2007-03: Intragovernmental Business Rules* on monitoring the activity and age of an IAA Order.

The Buyer and Seller both have the responsibility to monitor IAA Orders as they approach their end date and at the end of each fiscal year. This will aid the Buyer in managing available funds and identifying potential funding that may be available for other projects. The Seller monitors its UCO that was established to determine if there is a need to liquidate any balance. This will also aid the Seller in reviewing the status of a project and identifying resource availability for other projects. Prior to the closeout process, the Buyer and Seller should communicate the status of the IAA Order. Adjustments to the amount or end date should be made when recognized in the IAA Order management lifecycle as the Buyer and Seller actively manage the status of the IAA Order and maintain open communication during the course of the agreement. For example, any funding level changes (increase or decrease) are addressed when identified, and the IAA Order is amended appropriately. The Agreement/Acquisition offices of the Buyer and Seller may need to be consulted prior to closing the Order in the core financial system.

Both the Buyer and Seller should be aware of the authority being used to enter into the agreement, and when the funds are no longer available for obligation (i.e., funds expiration). The Buyer and Seller should also be aware of when the funds will no longer be available for payments (i.e., funds cancellation). For example, the Economy Act requires that the Buyer deobligate its IAA Order at the end of the fiscal year to the extent that the Seller has not incurred an obligation when using a fixed-year appropriation. This would apply when the Seller has not:

- Provided the requested item to the Buyer;
- Performed the requested service; or
- Entered into a valid contract with a third party to provide the requested item or service to the Buyer.

Both the Buyer and Seller both have the responsibility to monitor IAA Orders as they approach their end date and at the end of each fiscal year. The IAA Order Closeout process is generally initiated by the Seller. During the IAA Order Closeout process, the Seller will identify IAA Orders that are approaching end date and check status with the Buyer to confirm that they are ready for closeout. The Seller will review the status of the IAA Order to determine if any third-party supporting contracts are open that need to be deobligated and closed. The Seller will refer to the FAR for appropriate closeout procedures of contracts, and trading partners should recognize that the FAR may have varying windows for closeout depending upon the type of Orders and contracts the Seller has in place with third parties. The Seller will verify that all final costs have been determined based on what was agreed upon in the IAA.

After determining appropriate costs, the Seller will verify that all final billing is complete. The Seller follows the steps in the RA 5.4.2 – Seller Issues Bill process to issue any additional bills. If no additional amounts are required, including amounts to offset an advance, it is not necessary for the Seller to issue a bill marked “final” to the Buyer.

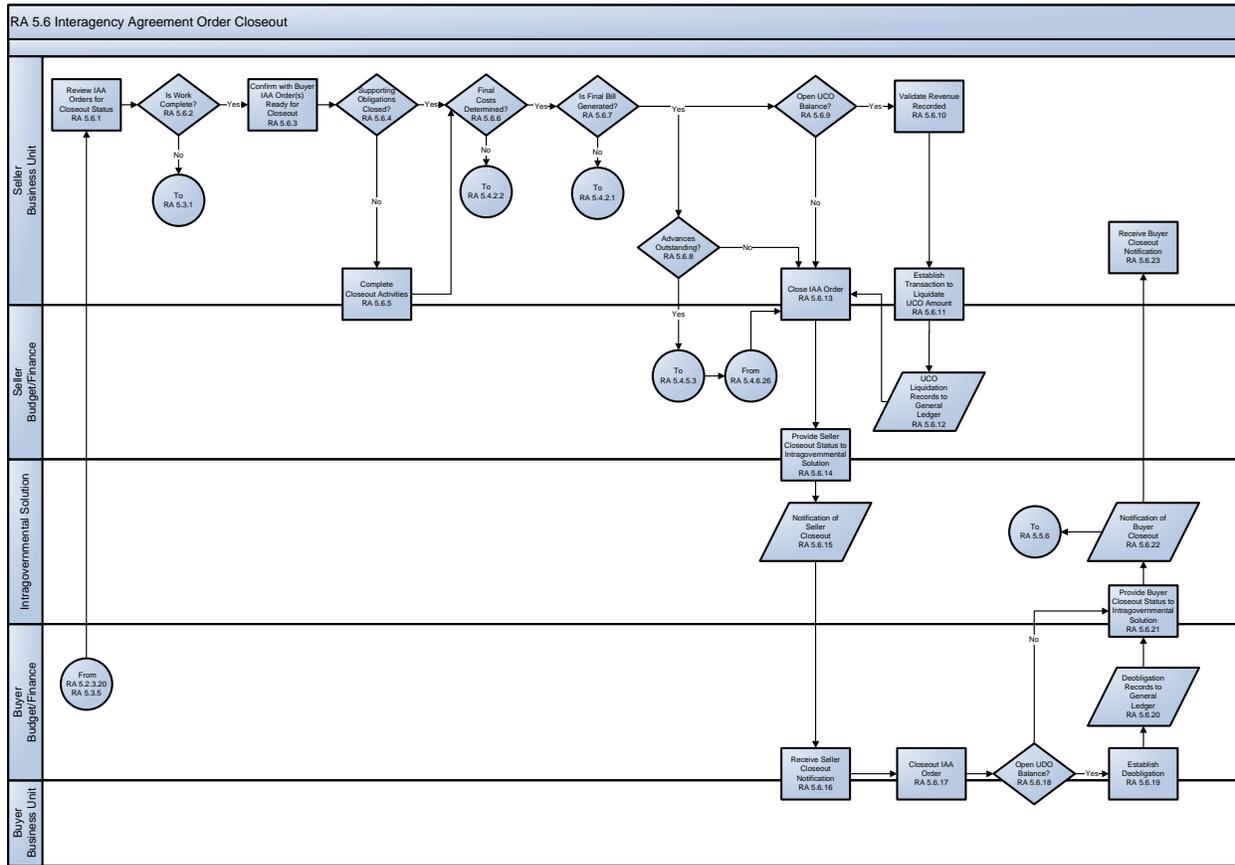
Once billing is determined complete, the Seller will begin to review any open UCO balance and unused advance prior to closing the Order. Depending upon agency procedures, the liquidation of the open UCO balance for the Order and the refund of an unused advance may occur simultaneously within the Seller organization. For example, the liquidation of the UCO balance may be performed by the Business Unit or Budget office, and the advance refund may be performed by the Finance office. Any unused advance amount must be returned prior to final closeout of the IAA Order. Once the unused advance is returned and the open UCO balance is liquidated, the Seller will proceed to close out the IAA Order.

The Buyer will be notified if an IAA Order is closed by the Seller. During Buyer closeout procedures, the Buyer will include all necessary units within their organization to review the status of the IAA Order and perform closeout procedures. Upon confirmation that the IAA Order will be closed, the Buyer will close out and deobligate the Order. Upon final closeout, the Buyer and Seller shall perform a final reconciliation of account balances following the RA 5.5 - Reconciliation process.

In general, the Seller initiates the IAA Order Closeout process and the Buyer confirms that the IAA Order can be closed. However, there are circumstances where the Buyer may initiate communication with the Seller that the IAA Order can be closed. The Buyer may also begin its closeout activities as determined by agency policies and procedures. The Buyer should not deobligate their UDO until the Seller completes its closeout procedures.

The IAA Order Closeout process does not eliminate the requirement that trading partners monitor the balance of their IAA Order on an ongoing basis and modify as appropriate when the need is recognized. The Seller will inform the Buyer via formal communication during the course of the IAA, of any planned reduction to the UCO balance. The Buyer may then decide, based on the amount, if they will deobligate prior to final closeout. The Buyer may determine that a deobligation is necessary during periods close to year-end where the UCO amount liquidated by the Seller is significant. These situations should be prevented by actively monitoring the status of the IAA Order balances on a monthly basis, at a minimum. Any deobligation by the Buyer should be supported by formal communication received from the Seller.

RA 5.6 - Interagency Agreement Order Closeout Flowchart



See Appendix C – Business Process Flowcharts, Symbols, and Definitions for an enlarged version of the flowchart.

The Reimbursable Management Interagency Agreement Order Closeout process steps are described as follows:

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.6.1	Review IAA Orders for Closeout Status	The Seller reviews the open IAA Orders approaching their end date to determine their financial status.	<p>Both the Buyer and Seller are responsible for monitoring agreements approaching closeout and contacting their trading partner to check on status. Agencies shall close out necessary IAA Orders based on the authority referenced in the IAA General Terms and Conditions.</p> <p>A new IAA or IAA Order is required for an agreement that crosses fiscal years, but does not have multi-year authority (Buyer's funding availability).</p> <p>The Seller ensures that performance is complete, and final billing and payment have been completed.</p> <p>Agencies that utilize additional contracts with vendors to support provision of goods or services to the Buyer shall follow appropriate FAR closeout procedures for the types of contracts established.</p> <p>Note: If the Economy Act is the authority used for the IAA, deobligation rules must still be followed for the end of the period of availability.</p> <p>Economy Act agreements do not extend the period of availability for the Buyer's appropriation. Any amounts that have not been obligated by the Seller prior to the end of the appropriation's period of availability shall be deobligated by the Buyer.</p>	
RA 5.6.2	Is Work Complete?	The Seller determines if the goods/services		

Step ID	Step Name	Step Description	Business Rules	CFSR
		<p>requested in the IAA Order have been delivered successfully and all work is complete.</p> <p>If pending work is not complete, the IAA Order Closeout process is suspended until the Seller completes performance on the work requested in the IAA Order.</p>		
RA 5.6.3	Confirm with Buyer IAA Order(s) Ready for Closeout	The Seller confirms with Buyer POC that the IAA Order is ready for closeout.	The Buyer shall confirm all goods/services have been delivered via documented communication (e.g., fax, email, or memo).	
RA 5.6.4	Supporting Obligations Closed?	The Seller determines if there are open obligations in support of the IAA Order.	<p>The Seller will refer to the authority referenced in the IAA General Terms and Conditions regarding deobligation rules.</p> <p>The Seller contracting staff follows FAR closeout of contract file procedures for supporting contracts with vendors (FAR Section 4.804) when applicable.</p> <p>Seller's contracting and Business Unit staff shall work with the Seller's Finance/Budget staff to ensure that all supporting obligations have been marked "final," and final completion has occurred.</p>	
RA 5.6.5	Complete Closeout Activities	The Seller completes closeout activities for any supporting open obligations.		
RA 5.6.6	Final Costs	The Seller determines if		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Determined?	all final costs have been calculated and applied to the IAA Order. This may include labor and other costs that need to be allocated to the IAA Order.		
RA 5.6.7	Is Final Bill Generated?	The Seller determines if any remaining amounts should be billed based on what was agreed upon in the IAA and the work that has been performed.		
RA 5.6.8	Advances Outstanding?	The Seller Budget/Finance or Seller Business Unit determines if the advance amount provided by the Buyer has been completely offset in order to determine if an amount is due back to the Buyer.		
RA 5.6.9	Open UCO Balance?	The Seller determines if there is an open balance to the UCO account in the subsidiary ledger and General Ledger. The Seller may identify the need to liquidate the UCO balance prior to billing completion.		
RA 5.6.10	Validate Revenue Recorded	The Seller validates that all revenue has been recorded prior to liquidating UCO balance.		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.6.11	Establish Transaction to Liquidate UCO Amount	The Seller establishes a transaction in its Core Financial System to liquidate the available UCO amount.	The Seller shall record the liquidation of UCOs in the subsidiary ledger and General Ledger.	
RA 5.6.12	UCO Liquidation Records to General Ledger	The liquidation to the UCO balance is recorded in the subsidiary ledger and General Ledger.	The entries are recorded using the USSGL Account Transaction Listing provided in the TFM. An example includes, but is not limited to, the following transaction codes from the current TFM: TFM-F109: To record the removal of UCOs without advance in excess of obligations.	GLB-01 GLC-01 GLC-02 GLC-03 GLC-04 GLC-05 GLC-06
RA 5.6.13	Close IAA Order	The Seller closes the IAA Order in its subsidiary ledger and General Ledger.	After the closeout of the IAA Order in the subsidiary ledger and General Ledger, no new transactions may be processed referencing the IAA Order.	
RA 5.6.14	Provide Seller Closeout Status to Intragovernmental Solution	The Seller provides the closeout status of the IAA Order to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.	
RA 5.6.15	Notification of Seller Closeout	The Intragovernmental Solution generates notification to the Buyer regarding an IAA Order pending closeout.		
RA 5.6.16	Receive Seller Closeout Notification	The Buyer receives notification from the Intragovernmental Solution that the Seller has closed the IAA Order.		

Step ID	Step Name	Step Description	Business Rules	CFSR
RA 5.6.17	Closeout IAA Order	The Buyer confirms that the IAA Order is ready for closeout with the Business Unit and proceeds to close the IAA Order in their Order System or Requisition System.	The Buyer shall not close an IAA Order until any unused advances have been returned from the Seller.	
RA 5.6.18	Open UDO Balance?	The Buyer determines if there is an open UDO in the subsidiary ledger and General Ledger.		
RA 5.6.19	Establish Deobligation	The Buyer deobligates the appropriate amount from the UDO account in the subsidiary ledger and General Ledger.	The Buyer shall record a new transaction to liquidate a UDO in the subsidiary ledger and General Ledger of their Core Financial System.	
RA 5.6.20	Deobligation Records to General Ledger	The deobligation is recorded in the Buyer agency's subsidiary ledger and General Ledger.	<p>The reversal entries are recorded using the USSGL Account Transaction Listing provided in the TFM. Examples include, but are not limited to, the following transaction codes from the current TFM:</p> <p>TFM-B306: To record current-year undelivered Orders without an advance.</p> <p>TFM-B308: To record current-year undelivered Orders with an advance.</p> <p>TFM-B310: To record a current-year undelivered Order without an advance where the commitment is more than the undelivered Order for commitments in programs subject to apportionment.</p> <p>TFM-B312: To record a current-year undelivered Order without an</p>	<p>GLB-01</p> <p>GLC-01</p> <p>GLC-02</p> <p>GLC-03</p> <p>GLC-04</p> <p>GLC-05</p> <p>GLC-06</p>

Step ID	Step Name	Step Description	Business Rules	CFSR
			<p>advance where the commitment is more than the undelivered Order for commitments in programs exempt from apportionment.</p> <p>TFM-B314: To record a current-year undelivered Order without an advance where the commitment is less than the undelivered Order for commitments in programs subject to apportionment.</p> <p>TFM-B316: To record a current-year undelivered Order without an advance where the commitment is less than the undelivered Order for commitments in programs exempt from apportionment.</p> <p>TFM-D120: To record a downward adjustment to unpaid prior-year undelivered Orders.</p> <p>TFM-D122: To record an upward adjustment to prepaid/advanced prior-year undelivered Orders.</p> <p>TFM-D130: To record a downward adjustment to prior-year prepaid/advanced undelivered Orders with no refund collected.</p>	
RA 5.6.21	Provide Buyer Closeout Status to Intragovernmental Solution	The Buyer confirms that the IAA Order can be closed to the Intragovernmental Solution.	The Core Financial System creates an output file that is in a format based on the Intragovernmental Solution's requirements. These requirements will be determined in the future.	
RA 5.6.22	Notification of Buyer Closeout	The Intragovernmental Solution provides notification to the Seller that the Buyer has confirmed closeout of the IAA Order.		
RA 5.6.23	Receive Buyer	The Seller receives		

Step ID	Step Name	Step Description	Business Rules	CFSR
	Closeout Notification	notification from the Intragovernmental Solution that the Buyer has confirmed closeout of the IAA Order.		