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VIA ELECTRONIC MAIL

March 13, 2003

MEMORANDUM

To: Commissioner's Office, Washington, DC
Attn: W-1500, W-2000, W-3000, W-6000, W-9000
Denver Office
Attn: D-1400, D-4000, D-5000, D-7000 (Feuerstein, Harrison), D-8000
Regional Directors
Attn: PN-1000, MP-100, LC-1000, UC-100, GP-1000

From: Elizabeth Cordova-Harrison /s/ Jayme Nielson for
Director, Management Services Office

Subject: Business Rules for Intra-governmental Transactions

The inconsistent processing and accounting for interagency transactions by all Federal agencies is one of the major problems identified in recent years that impedes the achievement of a clean audit opinion on the U.S. Consolidated Financial Statements. To correct this deficiency, the Office of Management and Budget has issued new business rules that call for more standardization and consistency in the processing and accounting for these transactions.

Effective January 1, 2003, the new rules require all Federal agencies acquiring/providing goods and/or services to:

- Obtain Dun & Bradstreet Universal Numbering System (DUNS) and register in the Business Partner Network (BPN) by January 31, 2003.
- Assign an interagency agreement number that identifies all standard data elements (Attachment A-1) when placing an order.
- Record an obligation in the core financial system when an intra-governmental acquisition is signed by both business partners.
- Not provide or receive advance payments to/from Federal agencies for <u>service orders</u> unless explicitly required by law.
- Not provide or receive advance payments for <u>orders for goods</u> when the order is less than $1,000,000.
- Require agencies to provide monthly status reports to the buyer for all new and existing advances.

- Bill the receiving agency no later than 10 days of delivery of goods or services.
- If a dispute is not initiated by the buyer within 10 business days from the bill date, constructive acceptance will occur, generating the transfer of funds through the Department of Treasury.
- Resolve all disputes within 30 business days of the billing date, or refer to a dispute resolution task force for a binding decision.
- Electronically transmit orders beginning October 1, 2003, that equal or exceed $100,000 per agreement via the commerce portal.

The successful implementation of these new business rules will require changes to some of our business processes, and a commitment to adhere to these new requirements. Our office is working with your finance and acquisition offices to implement these new business rules as soon as possible, and to address and resolve any issues or concerns.

Although the Bureau of Reclamation received a clean audit opinion on its Fiscal Year 2002 Financial Statements, our accounting for interagency transactions was identified as an internal control weakness that needs to be corrected. The effective implementation of these new business rules by Reclamation and its Federal business partners will contribute significantly to the correction of this weakness and to our continued progress in meeting the President's Management Agenda. We thank you for your continued support and assistance in this effort.

If you believe you will be entering into a new interagency agreement to buy or sell goods or services to/from another Department of the Interior bureau or Federal agency, please contact your Regional Acquisition Office for assistance in meeting these new business rules.

Attachments: www.whitehouse.gov/omb/memoranda/m03-01att_a.html
www.whitehouse.gov/omb/memoranda/m03-01att_a1.html
www.whitehouse.gov/omb/memoranda/m03-01att_a2.html
Reclamation existing DUNS Numbers