Intragovernmental Transactions Working Group (ITWG)

Nov 12, 2019

Today's Agenda

- Tentative ITWG Schedule

- Program Update

- FIDS Updates

- Survey Results

- More on Accruals

- Survey Questions

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Tentative ITWG Schedule

✓ July 9 – Program Updates, Settlement, Remittance Extract

✓ Sept 10 – Accruals, Remittance Extract

❑ Nov 12 – More on Accruals

Planned Dates: Dec 10, Jan 14, Feb 11

Future Topics:

- Loading Active Documents
- Authoritative Source
- Seller Initiated Orders
- Micro-Purchases

2-3:30 pm ET

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G-Invoicing Program Update

- ## Release 3.0 (Oct 2019)
  - Settlement triggered by Performance
  - Enhanced GT&C User Interface

- ## Release 3.1 targeted for FY Q2-2020
  - Add flexibility in controlling GT&C access
  - Display circumstance(s) preventing Order closure
  - Other GT&C and Order enhancements

- ## Hot Topics
  - GT&C Workflow
  - Seller Initiated Orders
  - In-Flight Orders
  - Micro-Purchases

- ## OMB Max - https://portal.max.gov/portal/home
  - G-Invoicing Agency Implementation Plans and Dashboard Tool
  - Trading Partner Directory

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FAQ: What Belongs in G-Invoicing?

- TFM Volume 1 Part 2 Chapter 4700 Appendix 6 Section 9.2
  - "The Buy/Sell IGT category consists of exchange transactions impacting: Assets and liabilities; Revenue and expenses; and Advances/Prepayments and deferred credits."

    - Reciprocal Category 22 – Accounts payable/Accounts receivable
    - Reciprocal Category 23 – Advances to others and prepayments/Advances from others and deferred credits
    - Reciprocal Category 24 – Buy/Sell cost purchase of assets/Buy/Sell revenue (exchange) purchase of assets offset

  - "G-Invoicing is not required for transactions that are non-Buy/Sell IGT category transactions, or intra-TAS transactions."
    - Intra-ALC transactions between different TAS <u>are</u> to be included in G-Invoicing
    - Intra-ALC transactions between the same TAS are <u>not</u> to be included in G-Invoicing

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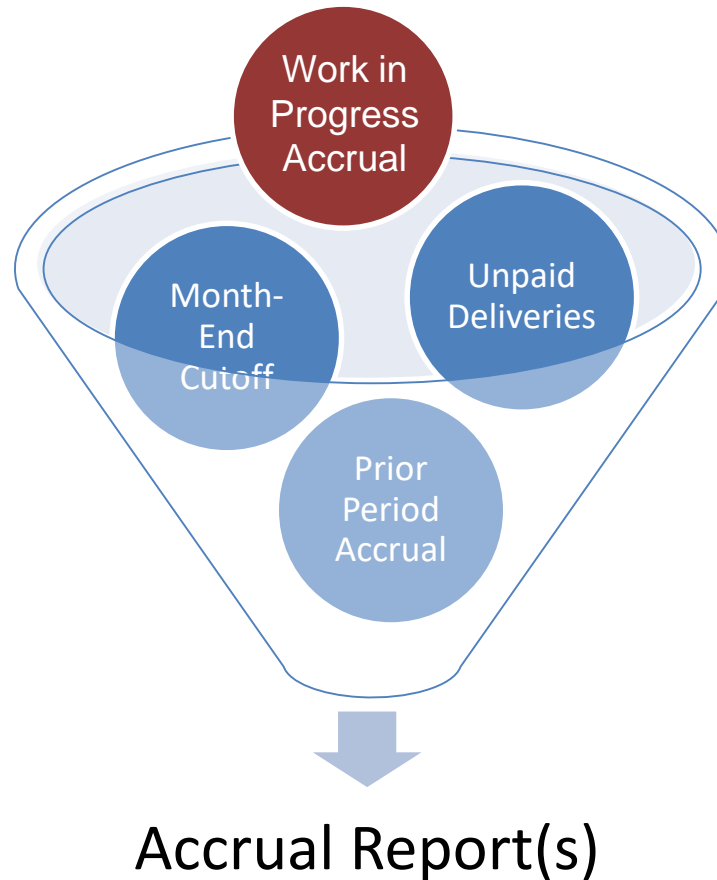U.S. DEPARTMENT OF THE TREASURY

Upcoming Order FIDS Changes

- Unique Entity Identifier (formerly SAMMI)
  - Proposing that this <u>not</u> be included in G-Invoicing
  - This data is intended to be used to identify the vendor for assisted acquisitions
  - Survey question later on for agencies to answer

- Requesting/Servicing Funding Office Code
  - Defined as "The funding agency provided code that identifies the office (or other organizational entity) that provided the preponderance of funds.
  - Will replace current BPN and BPN+4 at the Order header level

- Requesting/Servicing Funding Agency Code
  - Defined as "The code for the agency that provided the preponderance of the funds obligated by this transaction."
  - Will be added to the Order header level as a new element

- BPN/AAC conditional requirement will be removed

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Survey Results

- **Remittance Advice – Data Content**
  - Include the Advance payment Indicator from Order
    - Order FIDS (col. H) and Performance FIDS (col. D) updated on G-Invoicing website
  - Include full set of data for referenced Performance transaction
    - Received/Accepted references original Delivered/Performed
    - Adjustment to any Performance that triggered settlement

- **Seller Initiated Orders**
  - Most servicing agencies want it
  - Requesting agencies are mixed
  - Most agencies want some kind of control
  - Treasury is gathering more information

- **Numerous suggestions for Accruals**
  - Treasury is gathering more information

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Accruals Captured in G-Invoicing

Work in Progress Accrual

Month-End Cutoff

Unpaid Deliveries

Prior Period Accrual

Accrual Report(s)

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Accrual – Work in Progress

- Three options regarding accrual reporting…

- Option 1 - Deferred Payments must be backed out by Servicing Agency each month

  - Puts the onus on the agencies to submit negative deferred payment(s) for full reversals of accruals. Delivered/Performed transactions do not impact the accrual balance.

- Option 2 - Deferred Payments must be trued up by Servicing Agency each month

  - More of a transactional-based approach that "liquidates" the deferred payment transactions with each Delivered/Performed transaction.

- **Option 3 - Deferred Payments must be re-reported by Servicing Agency each month**

  - **Similar to Option 1 except that G-Invoicing will implicitly reverse the deferred payment(s)**

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Accrual – Work in Progress Option 1

- Deferred Payments must be backed out by Servicing Agency each month

- Conditions
  - Performance Type = Deferred Payment
  - Delivered/Performed or Received/Accepted will move funds at a later date

	Deferred Payment	Actual	Accrual Balance (Deferred Payment Balance)
Jan Month End	10,000	0	10,000
Feb Activity	-10,000	9,000	0
Feb Month End	13,000	0	13,000
March Activity	-13,000	14,000	0
March Month End	12,000	0	12,000
April Activity	-12,000	0	0
April Month End	24,000	0	24,000

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Accrual – Work in Progress Option 2

- Deferred Payments must be trued up by Servicing Agency each month
- Conditions
  - Performance Type = Deferred Payment
  - Delivered/Performed or Received/Accepted will move funds at a later date

	Deferred Payment	Actual	Accrual Balance (Deferred Payment Balance minus Actual)
Jan Month End	10,000	0	10,000
Feb Activity	-1,000	9,000	0
Feb Month End	13,000	0	13,000
March Activity	1,000	14,000	0
March Month End	12,000	0	12,000
April Activity	0	0	12,000
April Month End	12,000	0	24,000

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Accrual – Work in Progress Option 3

- Deferred Payments must be re-reported by Servicing Agency each month

- Conditions
  - Performance Type = Deferred Payment
  - Delivered/Performed or Received/Accepted will move funds at a later date

	Deferred Payment	Actual	Accrual Balance (Deferred Payment Balance of Current Month)
Jan Month End	10,000	0	10,000
Feb Activity	G-Invoicing resets to 0	9,000	0
Feb Month End	13,000	0	13,000
March Activity	G-Invoicing resets to 0	14,000	0
March Month End	12,000	0	12,000
April Activity	G-Invoicing resets to 0	0	0
April Month End	24,000	0	24,000

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Accrual – Month-End Cutoff

- Conditions
  - Schedule is not Advanced
  - Performance Date triggering settlement does not fall in a past month
  - Settlement Window is closed on Performance Date

- Examples
  - Schedule quantity = 100, unit price = $1, FOB Point = Source
  - Example 1 (current period Performance Date)
    - Delivered/Performed reported on 08/30/2019 for $50 with Performance Date of 08/20/2019
  - Example 2 (future period Performance Date)
    - Delivered/Performed reported on 08/21/2019 for $50 with Performance Date of 08/30/2019
  - In either case:
    - On 08/28/2019 the Settlement Window is closed, so $50 is accrued for 2019-11
    - Settlement occurs on 9/03/2019 (1st business day of Sept)

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Accrual – Prior Period

- Conditions
  - Schedule is not Advanced
  - Performance Date triggering settlement falls in a past month
  - The prior period (i.e., last month) is still open

- Examples
  - Schedule quantity = 100, unit price = $1, FOB Point = Source
  - Example 1 (last month):
    - Delivered/Performed reported on 09/03/2019 for $50 with Performance Date 08/29/2019
  - Example 2 (many months ago)
    - Delivered/Performed reported on 09/03/2019 for $50 with Performance Date 05/15/2019
  - In either case:
    - On 09/03/2019 August is open, $50 is accrued for Accounting Period 2019-11
    - If FOB Source, Settlement occurs immediately on 09/03/2019
    - If FOB Destination, Settlement occurs when receipt is reported or constructed

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Accrual – Unpaid Delivery

- Accrual needed for unpaid Delivered/Performed awaiting Buyer's response or Constructive Receipt
  - Conditions
    - FOB Destination
    - Non-advanced schedule
  - Scenario
    - Seller reports Delivered/Performed
      - G-Invoicing reports accrual until settlement occurs
    - Buyer reports Received/Accepted (or Constructive Receipt is applied)
      - Settlement is triggered at next opportunity
  - Program Guide Instructions
    - If Delivered/Performed and Received/Accepted occurs in same period, the agencies need not report an accrual
    - If no Received/Accepted or Constructive Receipt by close of settlement window, the amount Delivered/Performed is accrued

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Accrual – Unpaid Delivery (cont.)

- Examples
  - Schedule quantity = 100, unit price = $1, FOB Point = Destination
  - Delivered/Performed reported on 09/18/2019 for $50 with Performance Date 09/18/2019 is flagged for accrual
  - Example 1 (no accrual)
    - Received/Accepted reported on 09/23/2019 for $50 with Performance Date 09/23/2019
      - Delivery not accrued because settlement in same Accounting Period
  - Example 2 (accrual)
    - Received/Accepted reported on 09/28/2019 for $50 with Performance Date 09/28/2019
      - Delivery is accrued because settlement window is closed on Sept 28
  - Example 3 (accrual)
    - Received/Accepted reported on 10/12/2019 for $50 with Performance Date 10/12/2019
      - Delivery is accrued because receipt not in same Accounting Period

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Reporting Accruals

- Month-end and Year-end
  - Settlement cut-off at 3/5 days before end of month/year
  - Previous period open for 3/5 days for reporting accruals
  - On the 4/6th Business Day of the new accounting period, the work in progress accruals (deferred payments) will be reset (Option 3)
    - Deferred Payments must be resubmitted each month by the Servicing Agency
  - Accrued Performance may change until prior period is closed

- Extracting Accrual Data
  - Agencies using G-Invoicing UI will run a report and/or data export
  - API will be provided to pull monthly accruals
    - Format and content similar to Remittance extract (TBD)

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Survey Questions for Today

1. Please provide your agency name and (ideally) your contact info so we can address your concerns.

2. Does your agency want G-Invoicing to prevent the closing of an Order that has unspent funds?

3. Does your agency want G-Invoicing to allow Performance transactions to be reported after the Period of Performance has concluded?

4. Would your agency be interested in attending Office Hours or another forum to learn more about enhancements related to controlling GT&C access?

5. How does your agency handle WIP accruals at month-end?

6. Does your agency agree that Unique Entity Identifier (UEI) should be excluded from G-Invoicing?

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