

## INTRAGOVERNMENTAL TRANSACTIONS / G-INVOICING FACT SHEET

### Background on Intragovernmental Transaction (IGT) Material Weaknesses

The Department of Treasury has been working on an initiative to eliminate the material weakness related to IGT transactions on the *Financial Report of the United States Government*. A major contributor to this weakness involves IGT differences between federal agencies and their trading partners engaged in Buy/Sell transactions. We have identified IGT G-Invoicing as a solution for increasing efficiency and transparency across all agencies government-wide, as well as minimizing differences and future risks on Buy/Sell transactions.

Through the development of an online portal for conducting Buy/Sell transactions, agencies will have direct lines of communication with one another to manage the processing and approval of GT&C Agreements, Orders, and Invoices. Differences created in the past from gaps in transaction activity will be greatly reduced. A few solutions to these gaps include:

- Corrections and adjustments can be made before transactions are finalized and transmitted for posting to Treasury's Central Accounting Reporting System (CARS). This will lead to fewer adjustments, chargebacks, and manual adjustments.
- At the initiation of each transaction, trading partners can communicate their intent for handling transactions providing the ability to properly and consistently eliminate expenses and revenues.
- Trading partners can consistently apply the correct revenue recognition methodology and accrual methods, reducing the amount of unreconciled balances.
- Transaction originators are required to enter a valid TAS/BETC which must agree with the ALC Agency Identifier (AID), mitigating confusion when selecting a trading partner's TAS/BETC.

### IPAC and G-Invoicing Solution

The new G-Invoicing system will be the front-end application for users to originate IGT Buy/Sell transactions and will manage the receipt and acceptance of GT&C Agreements, Orders, and Invoices. Payment types other than Buy/Sell (such as grants, pensions, loans, and investments) will not be impacted and will continue to be processed through IPAC. IPAC will still be operating in the background as the application for the settlement of funds between federal agencies, transacting non buy/sell activity, reporting transactions to CARS, and researching certain transaction inquiries.

### Changes to Existing Procedures and MADEs

Changes to the Buy/Sell process will be focused "upstream" on Agreements, Orders, and Invoice approvals. A G-Invoicing solution based off of an online portal will eliminate the need for the same data to be maintained by both trading partners, reducing redundancy and increasing efficiency. Working Groups are currently discussing government-wide data standards to ensure the completeness of the Interagency Agreement (IAA) forms and to provide consistent definitions of terms. We are examining processes and procedures to reduce redundancy and overlapping of system requirements. One of these processes will be a mandate for the IAA, which will remove the need for the MADEs. The mandate of a paper form is a stepping stone to move towards a paperless solution, at which times the paper form will be rendered obsolete. The standard forms you can expect to see are:

- 7600A: General Terms and Conditions (GT&C) Agreement
- 7600B: Order Requirements and Funding Information
- One standard Seller-Generated Interagency Invoice

Data element details, including the data format types and format limits, will be provided.

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## Contracting Officer's Technical Representative (COTR) Approval

Each agency will designate the COTR approving the authority to purchase products and/or services from other agencies, just as they do today. Each COTR will have their appropriate approval access established in the G-Invoicing system and will be controlled by a Master Administrator.

## G-Invoicing Workflow

G-Invoicing is completely paperless and all documents will be managed electronically via the web.

- To begin the transaction process, either a buyer or seller may originate a GT&C. Both the buyer and seller may make changes to the agreement and send back to one another for review, but both sides must approve a final document before it is finalized and open for orders. The GT&C is still comparable to a Memorandum of Understanding, so agencies do NOT have to complete a GT&C each time they complete a related Order.
- Next, the Buyer must originate an Order from the approved GT&C, and include all Funding, Revenue Recognition, and TAS/BETC data. Each partner may make changes before finalizing, but both parties must approve a final order document and validate it as ready for invoicing.
- After the Order is approved, the Seller must originate an invoice for the transfer of goods /services. All Agreements and Orders must be approved before an invoice is initiated, and the COTR must perform the appropriate level of due diligence before approving the invoice for payment.
- Lastly, G-Invoicing will confirm the payment authorization between the agencies and then submit to the data to IPAC for the settlement of funds.

## Rollout Strategy

Throughout 2016, we will look to develop a Government-Wide roll-out strategy. Existing trading partner agreements and open orders with outstanding balances will be uploaded into the new G-Invoicing's GT&C and Order sections. When an agency transitions to the new G-Invoicing solution, they will initiate the same transactions they do today in IPAC, but in a new format. As analysis is completed and implementation strategies are formalized, stakeholder engagement will continue to occur and be expanded upon as necessary to ensure that all customers are kept apprised of guidance.

## Software and System Requirements

G-Invoicing is an internet application and no additional software is required. However, agencies will need to ensure their systems are compatible with Internet Explorer 10 (IE10) or higher.

## Dates to Remember

- September 2015 – March 2016: Define proposed Data Standards and produce draft Treasury Financial Manual (TFM) Bulletin
  - Spring 2016: Data Standard review and comment period
  - Late Summer 2016: Publish TFM Bulletin to provide agencies notice of Data Standard changes
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