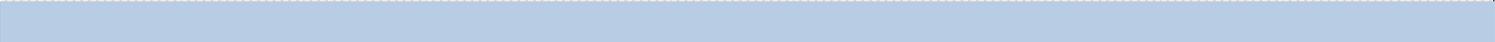




Buy Sell Intragovernment Transactions



Standard Business Processes

BUREAU OF THE FISCAL SERVICE

May 15, 2013

Table of Contents

Table of Contents	2
1.0 Introduction	2
1.1 Purpose	2
1.2 Scope	2
1.3 Treasury Priorities for Buy/Sell Activity	2
2.0 Buy/Sell Business Processes	3
2.1 Initiation	5
2.1.1 Process 3.0 – Place Order and Obligate Funds	5
2.1.2 Enhanced IPAC Reporting for Initiation	9
2.2 Receipt and Acceptance	10
2.2.1 Process 4.0 – Perform Work	10
2.2.2 Process 5.0 – Report Work in Process (Accruals)	11
2.2.3 Process 6.0 – Deliver and Invoice	14
2.2.4 Enhanced IPAC Reporting for Receipt and Acceptance	17
2.3 Settlement/Closeout	17
2.3.1 Process 7.0 – Pay/Collect	17
2.3.2 Process 8.0 – Closeout Agreement/Order	19
2.3.3 Enhanced IPAC Reporting for Settlement/Closeout	22
Appendix A: Business Process Model Symbols	23
Appendix B: Minimum Accounting Data Elements (MADEs)	24



1.0 Introduction

1.1 Purpose

For the past two years, the Department of the Treasury (Treasury) has been working on an initiative to eliminate the material weakness related to intragovernmental transactions (IGT) on the Financial Report of the United States. A major contributor to the weakness is accounting differences between trading partners on buy/sell transactions.

In the beginning of FY2013, Treasury updated the Treasury Financial Manual (TFM) to reflect process and control improvements for all IGT activity. To further improve controls over buy/sell activity, Treasury identified the need for additional process and reporting improvements, primarily related to accounting events that occur as agencies transact business with each other.

This document identifies the process flows for buy/sell activity focused on documenting the accounting events that require the communication of minimum accounting data elements (MADEs) between trading partners and with Treasury. Ultimately, Treasury anticipates that these improvements will help eliminate the material weakness.

The audience for this document is federal agencies engaging in intragovernmental buy/sell activity. This is a companion document to the Business Requirements for Enhancements to the Intragovernmental Payment and Collection (IPAC) System document which identifies enhancements to IPAC that will enable the buy/sell process improvements.

1.2 Scope

The establishment and communication of MADEs between trading partners is required on all reimbursable agreements. New requirements for reporting agreements and accruals to Treasury are limited to agreements of \$1 million or more. The requirement for approval of invoices prior to payment applies to all agreements and orders.

This document identifies the set of business processes that focus primarily on the accounting processes that trading partners execute to communicate MADE information. The process starts with the assumption that a buyer has an identified need to establish an agreement/order and terminates when the final payment on an order has been made.

1.3 Treasury Priorities for Buy/Sell Activity

Treasury senior management has set priorities for improvement of the controls over buy/sell activity. The priorities are based on improving targeted areas which contribute to IGT material differences. The following areas are listed in priority order and should guide all decisions about changes related to process and system improvements:

1. Receipt and acceptance processing;
2. Inventory of agreements across the federal sector; and
3. Accrual processing.



2.0 Buy/Sell Business Processes

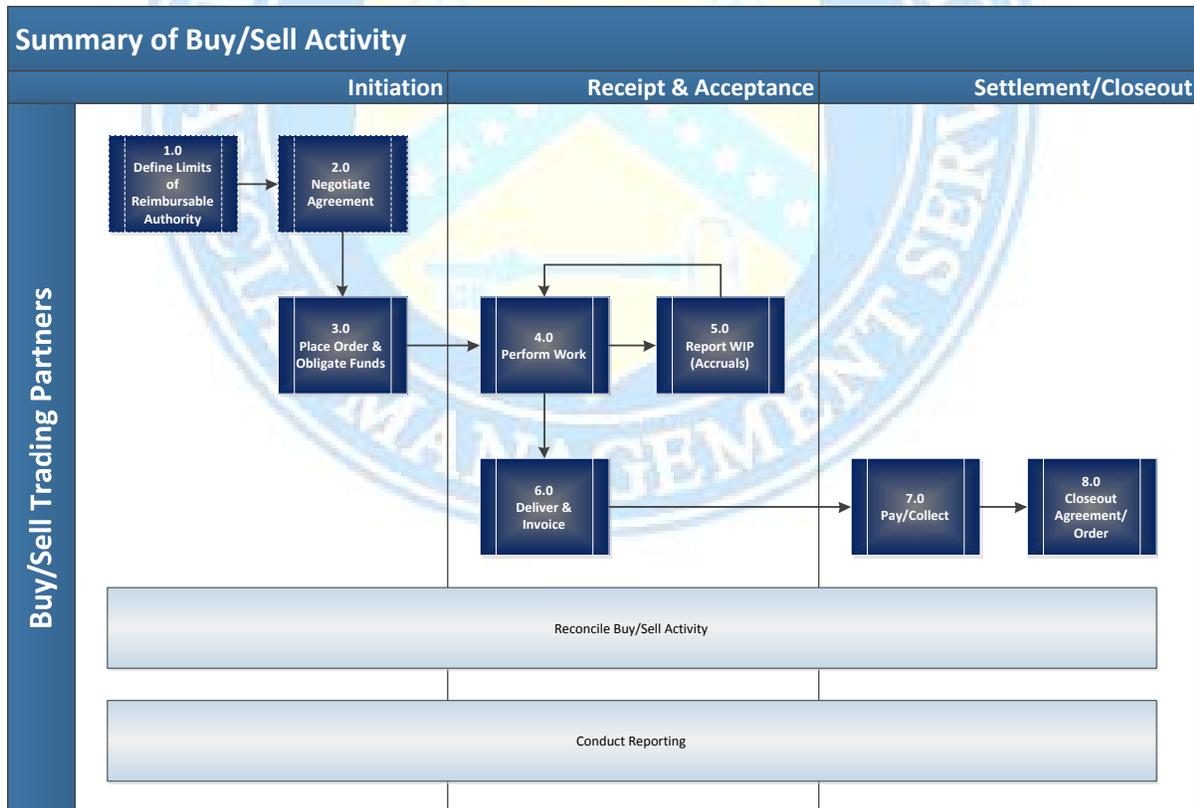
Buy/sell activity consists of exchange transactions between federal trading partners related to goods and services procured and the associated business events. This activity impacts assets, revenue, liabilities, expenses, and deferred credits in an agency’s general ledger (GL). Buy/sell processes and activities are managed through a written agreement which defines the terms, conditions, and compensation for the exchange.

Treasury has developed an Interagency Agreement (IAA) form for use by trading partners and strongly recommends its use. However, Treasury allows trading partners to use their own forms. When this document refers to an IAA form, it is intended to be a generic form for an agreement and does not mean the Treasury IAA form.

The buy/sell process model has three distinct phases: 1) Initiation, 2) Receipt and Acceptance, and 3) Settlement/Closeout. Each phase is characterized by specific accounting events governed by business rules that guide the process.

Figure 1 depicts the high-level buy/sell business processes that occur during the lifecycle of an interagency agreement or order. Appendix A contains a legend of process map symbols used in this document.

Figure 1: Buy/Sell Lifecycle



From the inception of a buy/sell agreement, trading partners must communicate with each other to ensure proper account postings and eliminations. The objective of effective communication for buy/sell transactions is to promote consistent accounting treatment for each transaction by both trading partners and resolve inconsistencies quickly.

When agencies develop agreements with their trading partners, the document(s) must contain the appropriate MADEs that trigger accounting events. Appendix B contains a detailed list and description of the MADEs. These data elements support the appropriate accounting of IGT buy/sell business events from initiation through settlement and facilitate reconciliation. Some of the MADEs may not need to be recorded in agency financial systems, but will be used to facilitate communication and understanding necessary for both trading partners to record and reconcile IGT transactions accurately.

When effectively communicated, the MADEs become the foundation of the IGT buy/sell process model. MADEs are designed to capture data necessary to facilitate consistent recording, receipt and acceptance of goods and services, movement of funds between trading partners and effective reconciliation processes, thereby supporting audit traceability.

In the event that trading partners cannot agree on how to account for buy/sell transactions so that they eliminate properly, the TFM requires that trading partners jointly request dispute resolution by Treasury. The process flows included in this document do not reflect the dispute resolution process, but trading partners are expected to use this process when a dispute occurs.

The subsections below depict process flows 3.0, *Place Order and Obligate Funds*, through 8.0, *Closeout Agreement/Order*, followed by narrative descriptions of each of the process steps. The narrative descriptions identify the MADE information exchanged within each process step. The MADEs are exchanged either between trading partners or between a trading partner and IPAC.

Under these buy/sell processes, there are proposed changes to IPAC responsibilities for trading partners. Throughout the lifecycle of an agreement, the Seller is the initiator of all activity in IPAC. It is the Buyer's role to review and accept/reject transactions. Table 1 displays each activity and includes the responsibilities for each trading partner.

Table 1: Trading Partner Responsibilities in IPAC

Activity	Seller	Buyer
Enter new agreement	Initiate	Accept/Revise
Enter new order	Initiate	Accept/Revise
Capture accrual	Initiate	Review/Initiate Separate Accrual
Generate Invoice	Initiate	Accept/Reject
Generate Adjustment	Initiate	Accept/Reject



Treasury understands that there are many buy/sell activities that require GL updates by trading partners. However, to keep the process flows simple, this document only includes process steps for “Update GL” for those accounting events where process improvements or changes are expected to occur.

2.1 Initiation

The initiation phase includes defining the limits of reimbursable authority, negotiating agreements and placing orders and obligating funds against agreements. These activities are conducted prior to the commencement of any work.

Before establishing an agreement with a trading partner, agencies must first define the limits of the reimbursable authority as delegated through the appropriation process and within the guidelines provided by the Office of Management and Budget (OMB). Each agency must institute controls that ensure they do not exceed their reimbursable authority.

2.1.1 Process 3.0 – Place Order and Obligate Funds

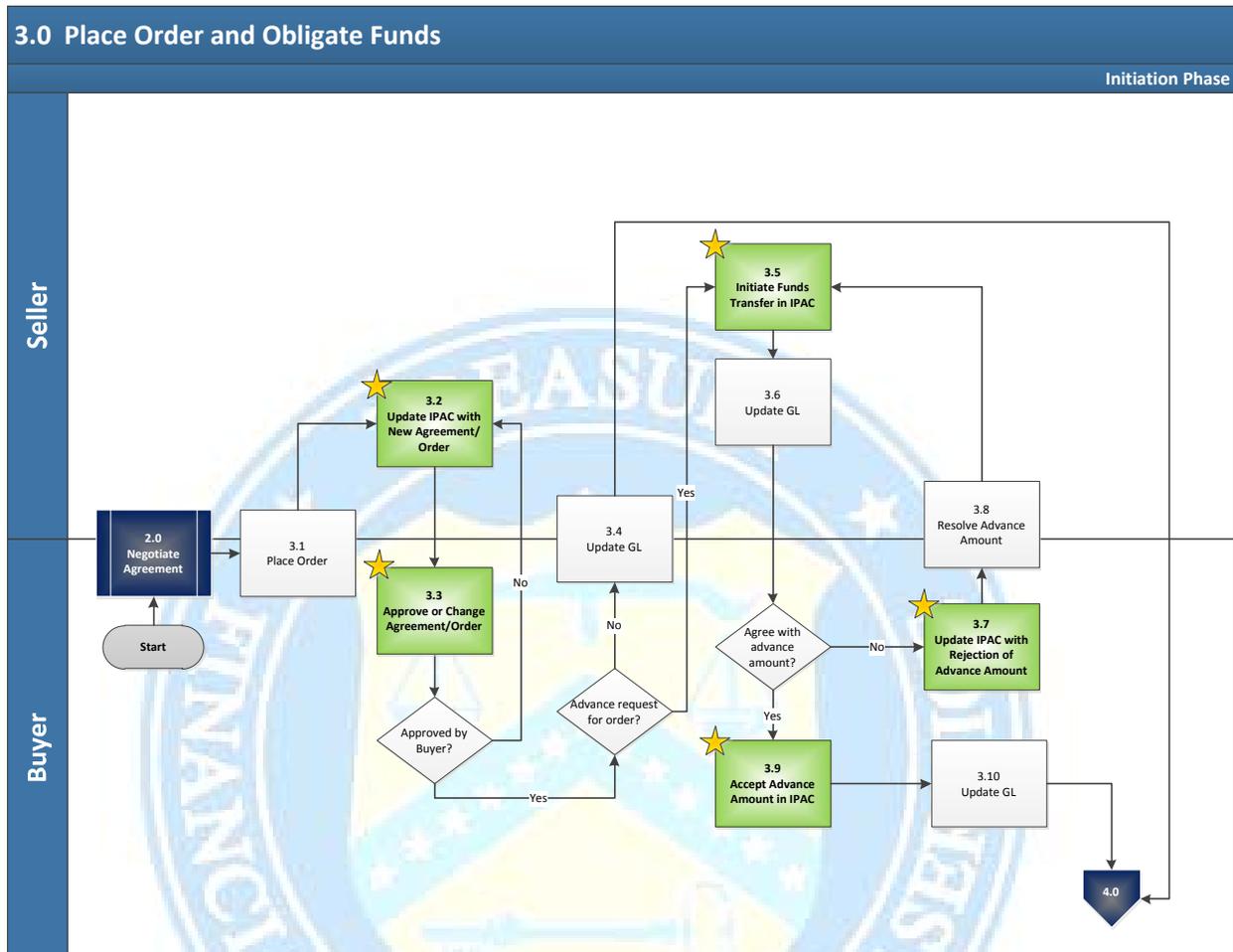
Once reimbursable authority is defined, the process for establishing a reimbursable agreement begins with the Buyer identification of a bona fide requirement for the procurement of goods and/or services. The Buyer identifies the trading partner (Seller) that will provide the service, negotiates the agreement with the Seller and establishes the IAA form. Once the IAA is agreed upon and signed, the Buyer and Seller establish and sign an order against the agreement.

For agreements of \$1 million or more, the Seller must create a new record in IPAC to capture the MADEs for the agreement and each associated order. To enter MADE data into IPAC, agencies have the option of online (direct data entry) or bulk file entry. The Buyer must approve or revise the agreement/order MADEs in IPAC. If the Buyer revises MADEs then the Seller must review and approve the changes.

This section provides the details for placing an order and obligating funds. Figure 2 depicts this process.



Figure 2: Place Order and Obligate Funds Process



The process steps to approve and obligate funds for the agreement/order are described in Table 2.

Table 2: Place Order and Obligate Funds Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
2.0	Negotiate Agreement	Buyer and Seller	<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 the IAA form to establish the agreement. 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>	<ul style="list-style-type: none"> • Seller Unique ID • Seller POC • Buyer POC • Agreement Action • Agreement Amount • Advance / Nonadvance Indicator • Agreement Period • Transaction Type



			<p>The draft IAA will incorporate clauses/terms applicable to the agreement. It is the Buyer's responsibility to complete the IAA.</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 may include Office of General Counsel (OGC), Chief Information Officer (CIO), Chief Financial Officer (CFO), or Acquisition staffs.</p> <p>Note: There may be special circumstances where the Seller completes the paperwork associated with the creation of an IAA on behalf of the Buyer.</p>	<ul style="list-style-type: none"> • Treasury Account Symbol (TAS)
3.1	Place Order	Buyer and Seller	<p>The Buyer prepares the Order section of the IAA for an identified need.</p> <p>This process step assumes that the Seller has determined budgetary resources to be sufficient.</p> <p>This step can also be accomplished through the modification of an existing order.</p> <p>Buyer and Seller collaborate on the details of what is being ordered and both parties sign the order.</p>	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer) • Order Period • Order Action • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Capitalized / Noncapitalized Indicator (for goods only) • TAS
3.2	Update IPAC with New Agreement/ Order	Seller	<p>Once the agreement/order is signed, the Seller establishes a new record in IPAC for the new agreement or order (only for agreements of \$1 million or more).</p> <p>When creating a record for new agreements, the Seller must include the unique ID from its source system along with other agreement-level MADEs. Optionally, the Seller should include the Buyer's unique ID, if known. The Buyer may also enter its unique ID in IPAC after the agreement record is created.</p> <p>If an order has been placed against the agreement, the Seller must include its unique ID for both the</p>	<p><u>Agreement</u></p> <ul style="list-style-type: none"> • Seller Unique ID • Agreement Period • Agreement Action • Agreement Amount • Advance / Nonadvance Indicator • Transaction Type • TAS • Buy POC • Seller POC <p><u>Order</u></p>



			<p>agreement and the order. The Seller may include the Buyer's agreement and order IDs or the Buyer may update the record with the IDs after the order record is created.</p>	<ul style="list-style-type: none"> • Seller Unique ID • Order Period • Order Action • Order POC (Buyer) • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Capitalized / Noncapitalized Indicator (for goods only) • TAS
3.3	Approve or Change Agreement/Order	Buyer	<p>Buyer reviews the agreement/order and the associated MADEs. If the Buyer agrees with the information, then he/she approves it in IPAC. If the Buyer does not agree with the MADEs, then he/she revises the MADEs and the agreement needs to be reviewed and accepted by the Seller. This process continues until both parties approve the agreement/order and the associated MADEs.</p> <p>The Buyer must review/approve all agreement/order records within five business days from the date of entry in IPAC. If the buyer does not take action after five business days, IPAC will automatically approve the agreement/order.</p>	<p><u>Agreement</u></p> <ul style="list-style-type: none"> • Seller Unique ID • Agreement Period • Agreement Action • Agreement Amount • Advance / Nonadvance Indicator • Transaction Type • TAS • Buyer POC • Seller POC <p><u>Order</u></p> <ul style="list-style-type: none"> • Seller Unique ID • Order Period • Order Action • Order POC (Buyer) • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Capitalized / Noncapitalized Indicator (for goods only) • TAS



3.4	Update GL	Seller and Buyer	The Seller and Buyer update their General Ledgers with the obligation related to the order.	None
3.5	Initiate Funds Transfer in IPAC	Seller	If the agreement indicates the use of advances and provides an advance amount, IPAC initiates a funds transfer for the advance amount.	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer) • Agreement Period • Order Period • Agreement Amount • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Advance Amount • Capitalized / Noncapitalized Indicator (for goods only) • TAS • Delivery Status
3.6	Update GL	Seller	The Seller updates the General Ledger with the advance amount.	None
3.7	Update IPAC with Rejection of Advance Amount	Buyer	If the Buyer does not agree with the advance amount, the Buyer updates IPAC to indicate rejection of the advance amount and provides an explanation.	None
3.8	Resolve Advance Amount	Buyer and Seller	The Buyer and Seller work together to resolve the advance request.	None
3.9	Accept Advance Amount in IPAC	Buyer	The Buyer accepts the advance amount in IPAC.	None
3.10	Update GL	Buyer	The Buyer updates the General Ledger with the advance amount.	None

2.1.2 Enhanced IPAC Reporting for Initiation

The following reporting will be available in IPAC to support the Initiation phase:

- Inventory of agreements greater than \$1 million
- Ad hoc reports on agreements and orders



- Confirmation reports on actions taken by sellers and buyers
- Report on agreements approaching their end dates
- Funds availability reports on agreements and orders
- Aging of active agreements and orders

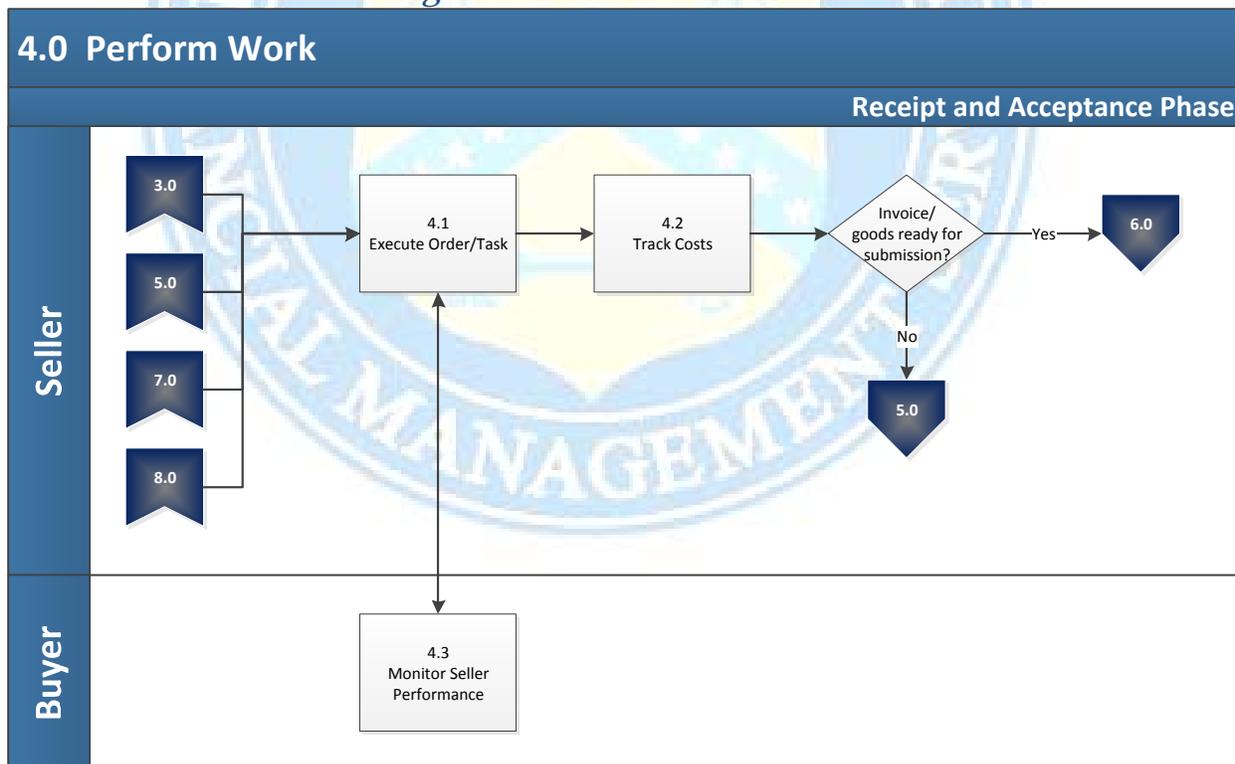
2.2 Receipt and Acceptance

The receipt and acceptance phase begins with the performance of work by the Seller to provide goods or services to the Buyer. As work is performed, the Seller records and reports accrual data to the Buyer on a quarterly (mandatory) or monthly (optional) basis. When work is completed, the Seller delivers the goods/services and invoices the Buyer. Once goods/services are received, the Buyer performs receipt and acceptance procedures to approve the invoice for payment.

2.2.1 Process 4.0 – Perform Work

As the Seller performs the work necessary to deliver the agreed upon goods/services, the Seller tracks appropriate direct and indirect costs for the order. Figure 3 depicts the process steps for Perform Work.

Figure 3: Perform Work Process



The process steps to perform the work are described in Table 3.



Table 3: Perform Work Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
4.1	Execute Order/Task	Seller	<p>The Seller performs the work as necessary based on the agreed upon terms and conditions of the IAA order.</p> <p>The Seller provides goods/services either directly or through a third-party vendor as appropriate.</p>	None
4.2	Track Costs	Seller	As the Seller executes the order/task, the Seller tracks direct and indirect costs associated with the order.	None
4.3	Monitor Seller Performance	Buyer	<p>The Buyer monitors the Seller's performance for compliance with contractual terms.</p> <p>For orders that include only services, the Buyer may monitor items such as labor costs and efficiencies associated with the performance of the order.</p> <p>For orders that include only goods, the Buyer may monitor items such as cost efficiencies of producing or procuring the goods, and expected versus actual delivery dates.</p>	None

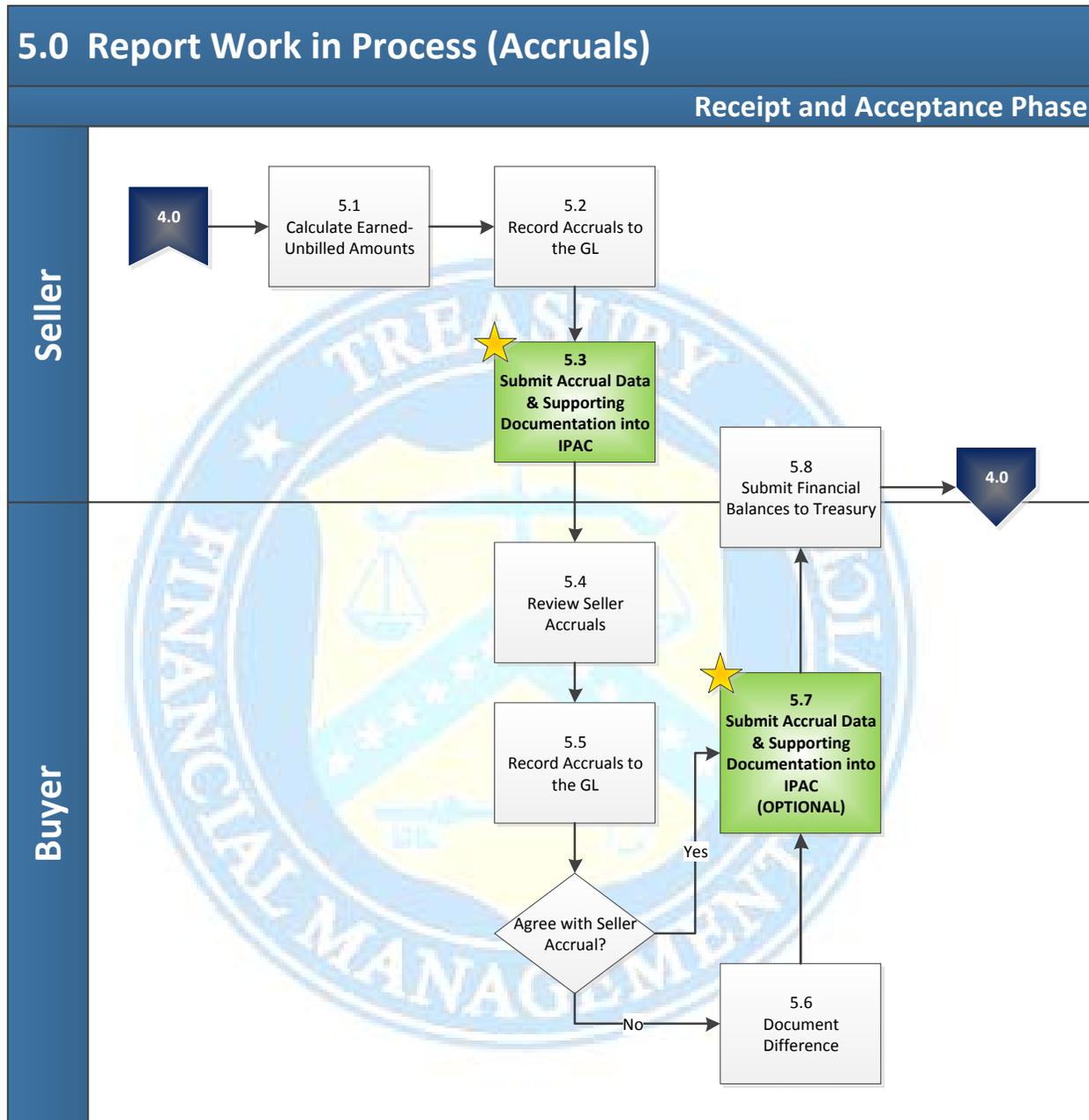
2.2.2 Process 5.0 – Report Work in Process (Accruals)

As the Seller performs work, at the end of each month or quarter the Seller records accruals for work performed, but not yet billed. The Seller communicates accruals to the Buyer through IPAC for all agreements of \$1 million or more. The Buyer reviews the accruals and determines if he/she agrees with amounts provided by the Seller. The Buyer records accruals in his/her financial system. If the Buyer posts a different amount, he/she must document the reason for the difference in their financial records and has the option of entering their accrual in IPAC, along with their supporting documentation. If the difference between Buyer and Seller accruals is above the \$100 million materiality threshold, the Buyer must report the difference to Treasury.

Buyers and Sellers must ensure that the accrual amounts reported in IPAC match the accrual transactions in their general ledger. If the Seller makes a last minute change to their accrual, then they must communicate this change to the Buyer. Figure 4 depicts the reporting of accruals.



Figure 4: Report WIP (Accruals) Process



The process steps to report WIP (accruals) are described in Table 4.

Table 4: Report WIP (Accruals) Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
5.1	Calculate Earned-Unbilled Amounts	Seller	Before the end of the month (optional) or quarter (mandatory), the Seller collects the detailed	None



			financial data for all their reimbursable agreements and calculates activity that has been earned, but not yet invoiced. This amount is calculated to record an accrual commonly referred to as Work In Process (WIP).	
5.2	Record Accruals to the General Ledger	Seller	<p>The Seller posts the revenue/receivables accruals to its financial system for each active agreement with another Federal agency. For an advance, the Seller liquidates the advance (liability) account.</p> <p>At the beginning of the next fiscal month, the Seller reverses the accruals from their financial systems.</p>	None
5.3	Submit Accrual Data & Supporting Documentation into IPAC	Seller	<p>The Seller submits their accrual data into IPAC (direct data entry or bulk upload). The Seller must submit accruals to IPAC no later than the 4th business day of the current month/quarter.</p> <p>The Seller should upload a spreadsheet that contains all the detailed records as backup for the summary accrual amounts.</p>	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer and Seller) • Agreement Period • Order Period • Agreement Action • Order Action • Agreement Amount • Order Amount • Transaction Type • Accrual/WIP Amount • TAS
5.4	Review Seller Accruals	Buyer	The Buyer reviews the accrual submitted by the Seller.	None
5.5	Record Accruals to the General Ledger	Buyer	<p>The Buyer posts the expense/payable accruals in their financial system. For an advance, the Buyer further liquidates the prepaid asset account.</p> <p>At the beginning of the next fiscal month, the Buyer reverses their accruals from their financial system.</p>	None
5.6	Document Difference	Buyer	If the Buyer disagrees with the Seller amount, the Buyer must update its records to document the reason for the difference. If the difference is	None



			material, the Buyer must report the amount and an explanation for the difference to Treasury.	
5.7	Submit Accrual Data & Supporting Documentation into IPAC (OPTIONAL)	Buyer	<p>This step is optional for the Buyer.</p> <p>The Buyer submits their accrual data into IPAC (direct data entry or bulk upload). The Buyer must submit accruals to IPAC no later than the 15th calendar for the following month.</p> <p>The Buyer should upload a spreadsheet that contains all the detailed records as backup for the summary accrual amounts.</p>	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer and Seller) • Agreement Period • Order Period • Agreement Action • Order Action • Agreement Amount • Order Amount • Transaction Type • Accrual/WIP Amount • TAS
5.8	Submit Financial Balances to Treasury	Seller and Buyer	Both trading partners submit their financial balances to Treasury via the Intragovernmental Reporting and Analysis System (IRAS).	None

2.2.3 Process 6.0 – Deliver and Invoice

The Seller delivers the goods/services to the Buyer, creates the IPAC invoice, optionally attaches supporting documentation, and submits the invoice to the Buyer for approval. Approval is required on an invoice before IPAC transfers the funds, unless the Invoice Approval Indicator is set to “No”.

The Seller must provide the MADEs related to an invoice when creating an IPAC invoice. If an agreement already exists in IPAC for the order (i.e., an agreement of \$1 million or more), the Seller only needs to provide the agreement and order IDs and the delivery amount. Since IPAC is ALC-driven, the Seller is also required to enter the sender and receiver ALCs during this process. The amount invoiced is indicated in the *Delivery Amount* data field. Only the seller will be allowed to make an entry into this field.

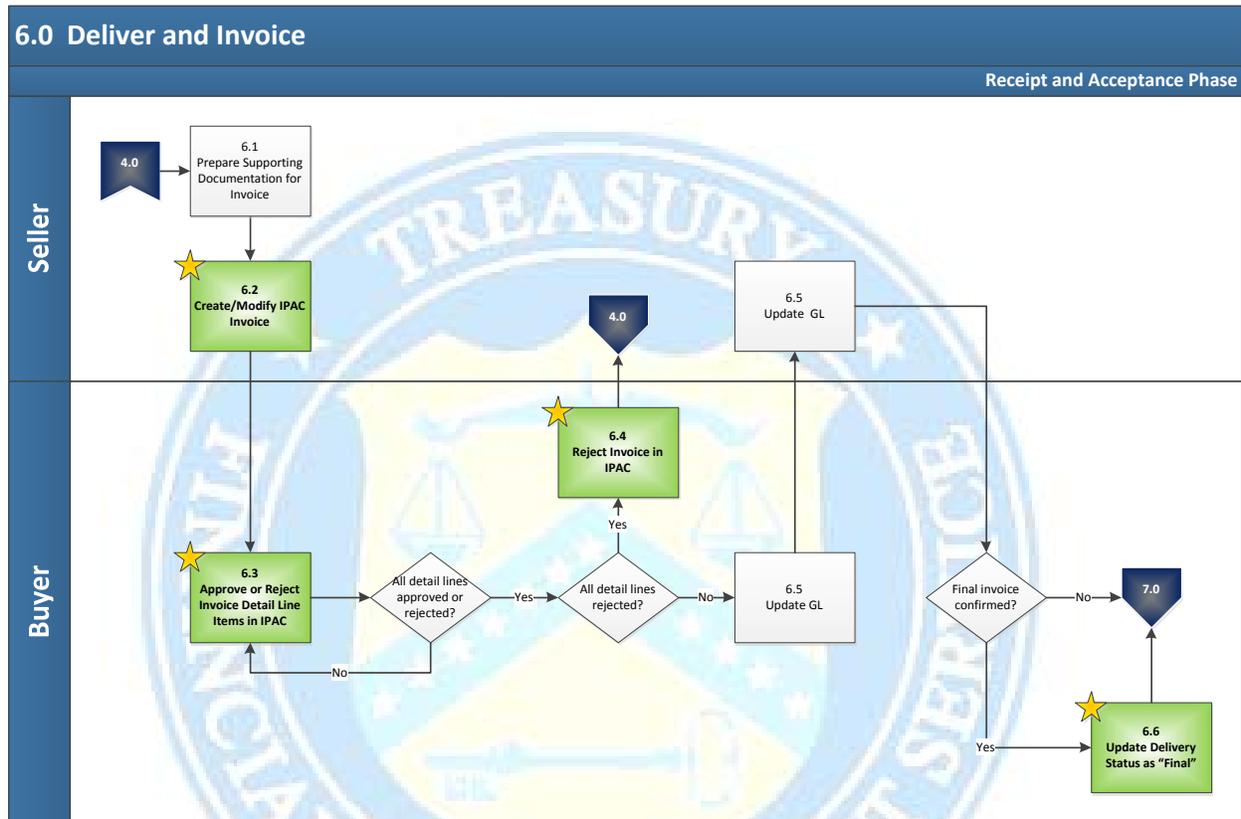
The Buyer inspects the goods/services against the order and updates the IPAC invoice with concurrence/nonconcurrence. The Buyer will review the IPAC invoice and accept or reject at the supporting detail level. If an invoice detail is rejected, the Buyer must provide an explanation for the rejection. Rejected invoice line items are not paid; they must be corrected by the Seller and resubmitted in a separate invoice to the Buyer. The rejected amount must be resolved through communications between the Buyer and Seller. The Buyer must review and approve or reject each detailed supporting line item within an IPAC invoice before payment can occur.



The system will maintain a record of the cumulative amount invoiced and accepted and will perform validations to ensure that invoiced amounts do not exceed the entire agreement/order amount.

Figure 5 depicts the deliver and invoice process.

Figure 5: Deliver & Invoice Process



The process steps to deliver and invoice are described in Table 5.

Table 5: Deliver and Invoice Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
6.1	Prepare Supporting Documentation for Invoice	Seller	The Seller prepares supporting documentation for the invoice for upload into IPAC.	None



ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
6.2	Create/Modify IPAC Invoice	Seller	<p>The Seller creates a new invoice in IPAC or modifies an existing invoice if the Buyer previously rejected all invoice detail line items. The Seller may optionally upload supporting documentation.</p> <p>If the agreement/order was not previously established in IPAC (Process 3.0), the Seller must provide all MADEs related to the agreement/order to process the invoice.</p> <p>If the agreement/order was previously established in IPAC, the Seller only needs to provide the unique ID, delivery status and delivery amount. The delivery amount should reflect the amount stated on the invoice as pending.</p>	<p>For invoices <u>without</u> an established agreement/order in IPAC:</p> <ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer and Seller) • Agreement Period • Order Period • Agreement Amount • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Capitalized / Noncapitalized Indicator (for goods only) • TAS • Delivery Status • Delivery Amount • Collected Amount <p>For invoices <u>with</u> an established agreement/order in IPAC:</p> <ul style="list-style-type: none"> • Seller Unique ID • Delivery Status • Delivery Amount • Collected Amount
6.3	Approve or Reject Invoice Detail Line Items in IPAC	Buyer	<p>The Buyer reviews each detailed line item in the IPAC invoice against the supporting documentation, verifying that the Delivery Amount reflects the appropriate value.</p> <p>If the Buyer accepts the Seller's amount, the Buyer approves the invoice detail line item in IPAC.</p> <p>If the Buyer identifies errors at the detailed line item level, the Buyer rejects the line item(s) and provides an explanation.</p>	None



ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
			Data provided by the buyer: <ul style="list-style-type: none"> • Invoice Acceptance Flag for each invoice detail line item • Explanation of Rejection 	
6.4	Reject Invoice in IPAC	Buyer	If the Buyer rejected all invoice detail line items, then IPAC updates the invoice record to reflect it has been rejected by the buyer. The explanation for the rejection is available to the seller via reports.	None
6.5	Update GL	Buyer and Seller	Both Buyer and Seller update their respective general ledgers to reflect the accepted invoice.	None
6.6	Update Delivery Status as "Final"	Buyer	If the Buyer confirms the invoice to be final, the system updates the delivery status in IPAC as "Final".	Delivery Status

2.2.4 Enhanced IPAC Reporting for Receipt and Acceptance

The following reporting will be available in IPAC to support the Receipt and Acceptance phase:

- Transaction history on invoices
- Online query of accrual, invoice and payment records
- Report on outstanding invoices
- Report on rejected invoices
- Aging report on unpaid invoices

2.3 Settlement/Closeout

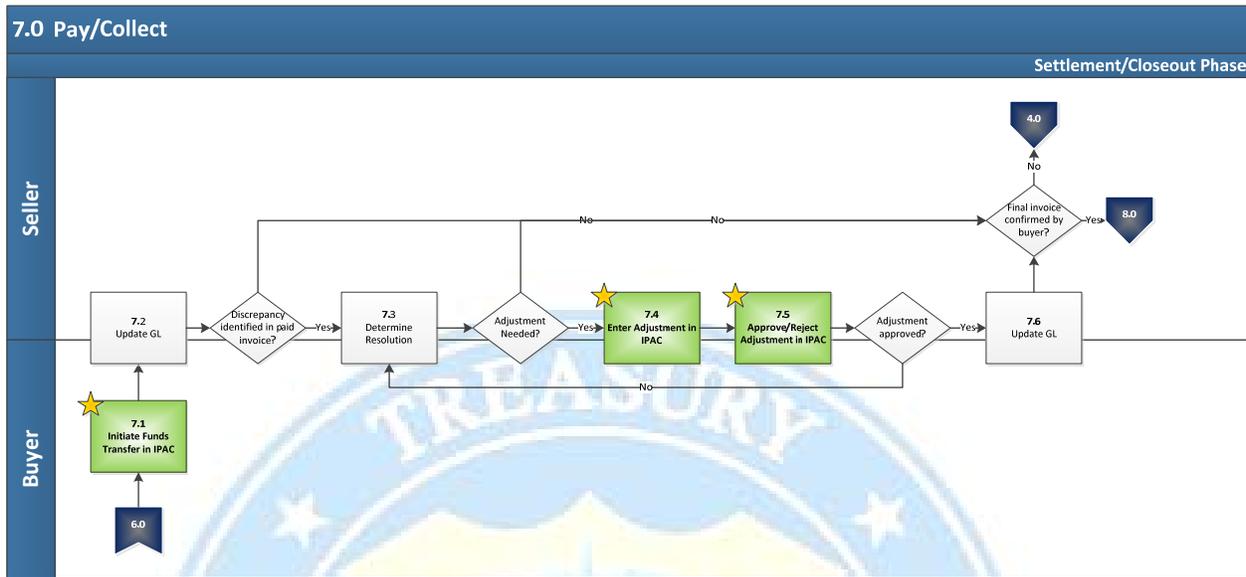
The settlement/closeout phase includes the payment and collection activities, as well as the closeout of the agreement/order.

2.3.1 Process 7.0 – Pay/Collect

The IPAC system automatically initiates funds transfer when the Buyer accepts the invoice. Refund requests identified by the Buyer or the Seller are included in this process. Figure 6 depicts the pay/collect process.



Figure 6: Pay/Collect Process



The process steps to pay an invoice and collect funds are described in Table 6.

Table 6: Pay/Collect Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
7.1	Initiate Funds Transfer in IPAC	Buyer	Once the Buyer approves the invoice in IPAC, IPAC automatically transfers funds to the Seller's account and updates the cumulative amount collected and the cumulative advance amount, if the payment was for an advance.	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer and Seller) • Agreement Period • Order Period • Agreement Amount • Order Amount • Transaction Type • Advance / Nonadvance Indicator • TAS • Delivery Status • Delivery Amount • Collected Amount
7.2	Update GL	Buyer and Seller	The Buyer and Seller update their general ledgers for the payment.	None



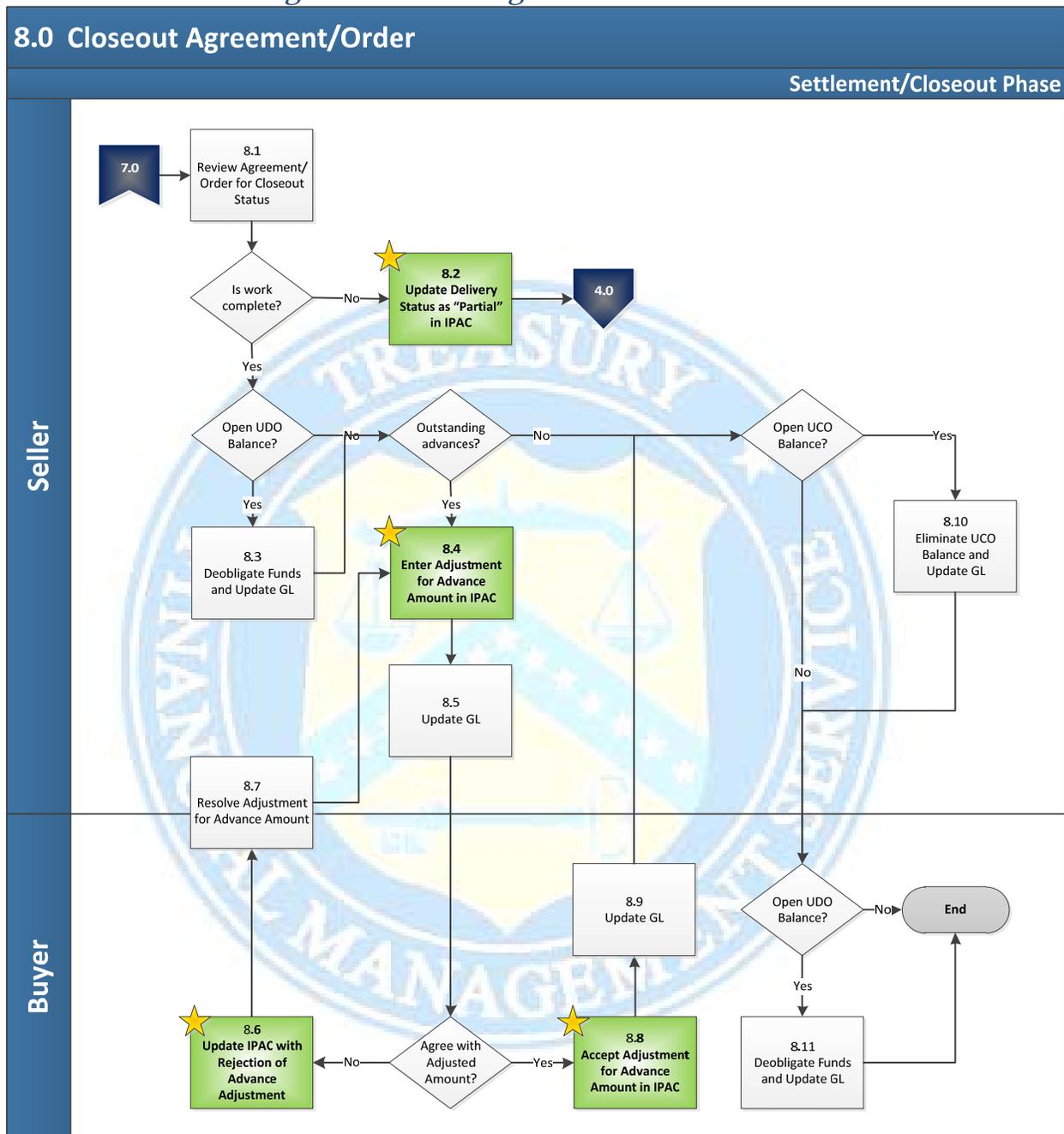
ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
7.3	Determine Resolution	Buyer and Seller	Either the Buyer or Seller may determine if a paid invoice was erroneous. Both trading partners discuss the nature of the invoice problem and jointly determine the proper resolution.	None
7.4	Enter Adjustment in IPAC	Buyer and Seller	If the resolution of the issue on the paid invoice requires an adjustment, then the Buyer or the Seller enters the adjustment in IPAC. The adjustment routes to the receiving trading partner for approval.	<ul style="list-style-type: none"> • Seller Unique ID • Order POC (Buyer and Seller) • Agreement Period • Order Period • Order Action • Agreement Amount • Order Amount • Transaction Type • Advance / Nonadvance Indicator • Capitalized / Noncapitalized Indicator (for goods only) • TAS • Delivery Status • Delivery Amount • Collected Amount
7.5	Approve/Reject Adjustment in IPAC	Buyer and Seller	The receiving trading partner reviews the adjustment for approval or rejection. If the receiving trading partner does not take action on the adjustment in IPAC within 10 business days, the system will automatically reject and close the adjustment transaction.	
7.6	Update GL	Buyer and Seller	Buyer and Seller update their general ledgers to reflect the adjustment.	None

2.3.2 Process 8.0 – Closeout Agreement/Order

Once it has been determined that the final invoice has been submitted and approved, the Buyer and Seller both close out the agreement/order. Remaining funds are deobligated, outstanding advances are refunded, and open UCO/UDO balances are liquidated. Figure 7 depicts the closeout agreement/order process.



Figure 7: Closeout Agreement/Order Process



The process steps to close out an agreement/order are described in Table 7.

Table 7: Closeout Agreement/Order Process Details

ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
8.1	Review Agreement/Order for Closeout Status	Seller	The Seller reviews the order to which a final invoice has been issued to determine the financial status and the completion of all work.	None
8.2	Update Delivery Status as "Partial" in IPAC	Seller	If work is incomplete, the Seller updates the delivery status in IPAC as "Partial" and completes the work as agreed.	Delivery Status
8.3	Deobligate Funds and Update GL	Seller	If the Seller determines there are open obligations in support of the order, the Seller deobligates funds and updates their GL.	None
8.4	Enter Adjustment for Advance Amount in IPAC	Seller	The Seller 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. If the Seller identifies an outstanding balance, the Seller enters an adjustment in IPAC to issue a refund for the remaining advance amount to the Buyer.	Collected Amount
8.5	Update GL	Seller	The Seller updates its GL to reflect the refund of the advance.	None
8.6	Update IPAC with Rejection of Advance Adjustment	Buyer	<p>If the Buyer does not agree with the amount of the advance being refund, the Buyer updates the advance refund flag and provides a description as to why they are rejecting the refund of the adjustment.</p> <p>Data required in IPAC by the buyer:</p> <ul style="list-style-type: none"> • Advance Adjustment Flag • Advance Adjustment Rejection Description 	None
8.7	Resolve Adjustment for Advance Amount	Buyer and Seller	The trading partners reconcile their differences on the adjustment for the advance amount and the Seller updates the adjustment amount for the advance refund in IPAC.	Collected Amount



ID	Process Step	Business Owner	Process Step Description	MADEs Exchanged
8.8	Accept Adjustment for Advance Amount in IPAC	Buyer	The Buyer accepts the adjustment for the advance amount to collect. Data required in IPAC by the buyer: <ul style="list-style-type: none"> • Advance Adjustment Flag 	None
8.9	Update GL	Buyer	The Buyer updates its GL to reflect the refund of the advance.	None
8.10	Eliminate UCO Balance and Update GL	Seller	The Seller identifies the unused UCO balance to be released and updates their GL.	None
8.11	Deobligate Funds and Update GL	Buyer	If the Buyer determines there are open obligations in support of the order, the Buyer deobligates funds and updates their GL.	None

2.3.3 Enhanced IPAC Reporting for Settlement/Closeout

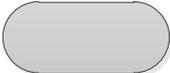
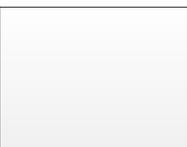
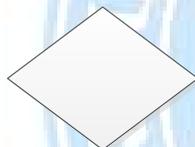
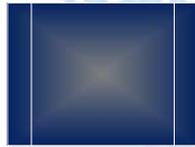
The following reporting will be available in IPAC to support the Settlement/Closeout phase:

- Adjustments for incorrectly paid invoices and overpayment of advances



Appendix A: Business Process Model Symbols

The following table displays the symbols, and with their descriptions, used for each process model.

Symbol	Description
	Represents the beginning or ending of a process.
	Represents a process performed by business owners.
	Represents a process that includes interfaces with the IPAC system.
	Represents a decision. A decision should always be followed by separate “yes” and “no” paths or two detailed options.
	Represents a pre-defined process that is detailed elsewhere. Processes 3.0-8.0 are detailed within this document. A dashed border indicates that the process is defined outside of this document (e.g. Processes 1.0 and 2.0).
	Represents an outgoing off-page reference.
	Represents an incoming off-page reference.

Appendix B: Minimum Accounting Data Elements (MADEs)

#	MADE	Description
1	Seller Unique Identifier	<p>A unique identifier established by the seller to capture and track each new agreement, order, and modifications. The identifier makes use of a four-component numbering schema to capture and track the following for each order:</p> <ul style="list-style-type: none"> • Agreement number – The 1st component represents the agreement under which the order has been made. An agreement could contain more than one order. • Order number – The 2nd component represents the particular order. Each order should have a unique order number. • Agreement modification number (if applicable) – The 3rd component represents any modifications to the agreement. • Order modification number (if applicable) – The 4th component represents any modifications to the order. <p>At a minimum, the identifier must be referenced on invoices and IPAC transactions. The seller must report the identifier to the buyer following ratification of the agreement.</p>
Trading Partner Communication		
Seller:		Buyer:
<ul style="list-style-type: none"> • Assigns identifier to new agreements, orders, and modifications • Agrees to use identifier as reference on all related transactions 		<ul style="list-style-type: none"> • Agrees to use the assigned identifier as reference on all related transactions
Example Values	To be determined during the detailed requirements process with the Federal Reserve Bank of Richmond	
2	Order POC	<p>Contact information for the individual, typically a COTR or equivalent, responsible for the authorizing actions and expenditures for the order.</p> <p>The seller must report the order POC to the buyer following ratification of the agreement.</p>
Trading Partner Communication		
Seller:		Buyer:
<ul style="list-style-type: none"> • Provide POC information to buyer and obtain information for the order POC on the buyer side 		<ul style="list-style-type: none"> • Provide POC information
Example Values	Name Phone Email	
3	Agreement Period	<p>The start/end dates for the agreement. The agreement period should reflect the period during which the seller expects all orders to be completed.</p>
Trading Partner Communication		
Seller:		Buyer:
<ul style="list-style-type: none"> • Determines expected start and end dates for agreement 		<ul style="list-style-type: none"> • Confirms dates for the agreement



#	MADE	Description	
		Example Values	Start Date or Date of Modification: MM-DD-YYYY End Date or Date of Cancellation: MM-DD-YYYY
4	Order Period	The start/end dates for delivery of the order. The start and end dates for the order must not exceed the end date for the agreement.	
		Trading Partner Communication	
		Seller: • Determines expected start and end dates for order	Buyer: • Confirms dates for each order • Provides funding expiration date
		Example Values	Start Date or Date of Modification: MM-DD-YYYY End Date or Date of Cancellation: MM-DD-YYYY
5	Agreement Action	The action taken on the agreement signifying a newly created, modified or cancelled agreement. This MADE can change according to modifications or cancellations to the agreement.	
		Trading Partner Communication	
		Seller: • Modifies or cancels the agreement based on buyer's request	Buyer: • Determines whether the agreement already exists and requires modification • Notifies the seller of the need to modify or cancel the agreement
		Example Values	N = New M = Modification C = Cancellation
6	Order Action	The action taken on the order signifying a newly created, modified or cancelled order. This MADE can change according to modifications or cancellations to the order.	
		Trading Partner Communication	
		Seller: • Modifies or cancels the order based on buyer's request	Buyer: • Determines whether the order already exists and requires modification • Notifies the seller of the need to modify or cancel the order
		Example Values	N = New M = Modification C = Cancellation



#	MADE	Description		
7	Agreement Amount	The total estimated agreement amount based on all orders.		
		Trading Partner Communication		
		<table border="0"> <tr> <td style="vertical-align: top;"> <p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the agreement </td> <td style="vertical-align: top;"> <p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total agreement amount </td> </tr> </table>	<p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the agreement 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total agreement amount
		<p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the agreement 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total agreement amount 	
<table border="0"> <tr> <td style="vertical-align: top;">Example Values</td> <td>\$ Value for agreement amount</td> </tr> </table>	Example Values	\$ Value for agreement amount		
Example Values	\$ Value for agreement amount			
8	Order Amount	The total amount obligated for the order, including direct costs and overhead fees and charges. The order amount must include a breakdown of reimbursable line costs based on units of measure, quantity, unit price. Advance amounts must be factored in to determine the net amount due. For assisted acquisition, the seller must provide a breakdown for assisted acquisition line costs, including the total cost of the contract as agreed between the seller and the vendor and servicing fees charged by the seller for the administration of its contract vehicle.		
		Trading Partner Communication		
		<table border="0"> <tr> <td style="vertical-align: top;"> <p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the order </td> <td style="vertical-align: top;"> <p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total order amount </td> </tr> </table>	<p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the order 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total order amount
		<p>Seller:</p> <ul style="list-style-type: none"> Calculates the total amount for the order 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to payment for the total order amount 	
<table border="0"> <tr> <td style="vertical-align: top;">Example Values</td> <td>\$ Value for order amount</td> </tr> </table>	Example Values	\$ Value for order amount		
Example Values	\$ Value for order amount			
9	Buy/Sell Transaction Type	The type of buy/sell transaction requested by the buyer.		
		Trading Partner Communication		
		<table border="0"> <tr> <td style="vertical-align: top;"> <p>Seller:</p> <ul style="list-style-type: none"> Determines the buy/sell transaction type </td> <td style="vertical-align: top;"> <p>Buyer:</p> <ul style="list-style-type: none"> Confirms the buy/sell transaction type </td> </tr> </table>	<p>Seller:</p> <ul style="list-style-type: none"> Determines the buy/sell transaction type 	<p>Buyer:</p> <ul style="list-style-type: none"> Confirms the buy/sell transaction type
		<p>Seller:</p> <ul style="list-style-type: none"> Determines the buy/sell transaction type 	<p>Buyer:</p> <ul style="list-style-type: none"> Confirms the buy/sell transaction type 	
<table border="0"> <tr> <td style="vertical-align: top;">Example Values</td> <td>S = Services G = Goods M = Mixed order with goods and services</td> </tr> </table>	Example Values	S = Services G = Goods M = Mixed order with goods and services		
Example Values	S = Services G = Goods M = Mixed order with goods and services			
10	Accrual/WIP Amount	The accrual amount based on the identified methodology and timing for recording the buyer's expense and the seller's revenue as costs are incurred. The seller must report the accrual amount to the buyer on a quarterly basis, at a minimum.		
		Trading Partner Communication		
		<table border="0"> <tr> <td style="vertical-align: top;"> <p>Seller:</p> <ul style="list-style-type: none"> Establishes and communicates accrual amount to buyer </td> <td style="vertical-align: top;"> <p>Buyer:</p> <ul style="list-style-type: none"> Agrees to use accrual amount </td> </tr> </table>	<p>Seller:</p> <ul style="list-style-type: none"> Establishes and communicates accrual amount to buyer 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to use accrual amount
		<p>Seller:</p> <ul style="list-style-type: none"> Establishes and communicates accrual amount to buyer 	<p>Buyer:</p> <ul style="list-style-type: none"> Agrees to use accrual amount 	



#	MADE	Description				
		<table border="1"> <tr> <td>Example Values</td> <td>Accrual Amount</td> </tr> </table>	Example Values	Accrual Amount		
Example Values	Accrual Amount					
11	Advance / Nonadvance Indicator	<p>Indicator for the use of advances in the execution of an order. The use of advances are established at the agreement level.</p> <p style="text-align: center;">Trading Partner Communication</p> <table border="1"> <tr> <td> Seller: <ul style="list-style-type: none"> Communicates requirement for advances </td> <td> Buyer: <ul style="list-style-type: none"> Accepts/rejects request for advance payments </td> </tr> </table> <table border="1"> <tr> <td>Example Values</td> <td>A = Advance N = Nonadvance</td> </tr> </table>	Seller: <ul style="list-style-type: none"> Communicates requirement for advances 	Buyer: <ul style="list-style-type: none"> Accepts/rejects request for advance payments 	Example Values	A = Advance N = Nonadvance
Seller: <ul style="list-style-type: none"> Communicates requirement for advances 	Buyer: <ul style="list-style-type: none"> Accepts/rejects request for advance payments 					
Example Values	A = Advance N = Nonadvance					
12	Capitalized / Noncapitalized Indicator	<p>Indicator for the buyer's intent to capitalize or expense a good. This will create a process to mitigate reconcilable differences related to capitalization processes.</p> <p style="text-align: center;">Trading Partner Communication</p> <table border="1"> <tr> <td> Seller: <ul style="list-style-type: none"> Agrees to apply buyer's method to capitalize or expense an asset </td> <td> Buyer: <ul style="list-style-type: none"> Communicates intent to either capitalize or expense an asset </td> </tr> </table> <table border="1"> <tr> <td>Example Values</td> <td>C = Capitalized E = Expensed</td> </tr> </table>	Seller: <ul style="list-style-type: none"> Agrees to apply buyer's method to capitalize or expense an asset 	Buyer: <ul style="list-style-type: none"> Communicates intent to either capitalize or expense an asset 	Example Values	C = Capitalized E = Expensed
Seller: <ul style="list-style-type: none"> Agrees to apply buyer's method to capitalize or expense an asset 	Buyer: <ul style="list-style-type: none"> Communicates intent to either capitalize or expense an asset 					
Example Values	C = Capitalized E = Expensed					
13	TAS	<p>The receipt, appropriation, expenditure, and other fund account symbol(s) and titles as assigned by FMS, capturing detailed transaction data for the buyer and seller below the department level.</p> <p style="text-align: center;">Trading Partner Communication</p> <table border="1"> <tr> <td> Seller: <ul style="list-style-type: none"> Provides TAS </td> <td> Buyer: <ul style="list-style-type: none"> Provides TAS </td> </tr> </table> <table border="1"> <tr> <td>Example Values</td> <td>See http://fms.treas.gov/cars/factsheet_tas.html</td> </tr> </table>	Seller: <ul style="list-style-type: none"> Provides TAS 	Buyer: <ul style="list-style-type: none"> Provides TAS 	Example Values	See http://fms.treas.gov/cars/factsheet_tas.html
Seller: <ul style="list-style-type: none"> Provides TAS 	Buyer: <ul style="list-style-type: none"> Provides TAS 					
Example Values	See http://fms.treas.gov/cars/factsheet_tas.html					
14	Delivery Status	<p>A status indicator for the delivery of goods/services. Serves to capture receipt and acceptance confirmation. Seller must adjust the status appropriately for partial and final deliveries and include the receivables amount a stated on the invoice. The default value at initiation should be "U" for undelivered order. The seller should adjust the value to "P" for a partially delivered order. A "P" adjustment is only required once until the final delivered order, regardless of multiple partial deliveries. The value should be adjusted to "F" for final deliveries.</p> <p style="text-align: center;">Trading Partner Communication</p> <table border="1"> <tr> <td>Seller:</td> <td>Buyer:</td> </tr> </table>	Seller:	Buyer:		
Seller:	Buyer:					



#	MADE	Description	
		<ul style="list-style-type: none"> • Adjusts status from “U” to “P” or “F” based on receipt and acceptance confirmation from buyer and tracks invoice amount 	<ul style="list-style-type: none"> • Communicates results of receipt and acceptance procedures to seller
		Example Values	U = Undelivered P = Partial Delivery F = Final Delivery
15	Delivery Amount	The receivables amount as stated on the invoice in alignment with the delivery status indicator.	
		Trading Partner Communication	
		Seller: <ul style="list-style-type: none"> • Adjusts status from “U” to “P” or “F” based on receipt and acceptance confirmation from buyer and tracks invoice amount 	Buyer: <ul style="list-style-type: none"> • Communicates results of receipt and acceptance procedures to seller
		Example Values	\$ Value for Invoice Amount (applicable to partial and final deliveries)
16	Collected Amount	Total collected amount to reflect current account balances for receivables and advance payments. Seller should adjust amount with each collection.	
		Trading Partner Communication	
		Seller: <ul style="list-style-type: none"> • Tracks receivables and advance payments and adjusts amount with each collection • Communicates amounts to buyer 	Buyer: <ul style="list-style-type: none"> • Confirms collected amount
		Example Values	\$ Value for collected amount

