

What is the IGT Transformation and What Does It Mean to My Agency?

Overview

Intragovernmental Transactions (IGTs) result from business activities conducted between two Federal Government entities. In order to properly present the balances on the Financial Report of the U.S. Government, IGTs must be eliminated during the preparation process. Treasury Financial Manual (TFM) Bulletin No. 2013-04 notifies agencies of the revised IGT policy for fiscal 2013 reporting and provides agencies with updated guidance on the processes and accounting categories and subcategories to adequately account for and eliminate IGT activity and balances between Federal agencies.

The IGT Transformation will change the way agencies manage buy/sell transactions within IPAC. Enhancements to IPAC will capture Minimum Accounting Data Elements (MADEs) and buy/sell business events. Agencies will continue to work together to negotiate Agreements, and the MADEs will be gathered during this part of the process. As agencies transition to the buy/sell process, IPAC payment and collection transaction types will be replaced with Invoice (i.e., request for payment and movement of funds), Advance, and Accrual transaction types.

To support efficient and cost-effective adoption of the new IGT business requirements and work flows as well as minimize agency development costs and efforts, IPAC enhancements will enable Federal agency systems to transition to new accounting and reporting requirements over time. Further details of the initiative are documented in the IGT Transformation Plan Implementation, Buy/Sell Standard Business Processes.

Background

- For over 16 years, Treasury has had a material weakness related to IGTs on the Financial Report of the United States.
- Buy/sell transactions are a significant part of IGT differences, showing little improvement over time.
- Financial Innovation and Transformation (FIT) and the Bureau of the Fiscal Service (BFS) conducted an alternatives analysis to identify a buy/sell technology solution.
- As a result, FIT and BFS recommended end-to-end improvements to IPAC.

New User Roles

- The enhanced workflow requires the addition of two (2) new user roles.
 - Buyer – Requestor of goods/services
 - Seller – Provider of goods/services
- Role Assignments – Agencies will identify users for the new Buyer and Seller roles.

Data Entry Options

- Online – New user interface screens will be introduced to allow agencies to input data.
- Bulk File – Agencies will have the ability to manage the input of buy/sell data using the bulk file upload which includes the MADEs.

Enhancements

- New user interface screens will be created to capture business events including:
 - **Agreement** – The Seller will enter Agreement and associated MADEs. Entry of MADEs is required on agreements greater than \$1 million. The Buyer will have the option to review, then accept or submit changes.
 - **Orders** – The Seller will enter the Order MADEs.
 - **Advances** – In some instances, Advance funds are required for work in progress. Creation of Advance transactions are entered by the Seller.
 - **Accruals** – Entry of Accrual transactions will be required each quarter for Agreements valued over \$1 million. Accrual entries are for information purposes only and can be created by either the Buyer or Seller.
 - **Invoice** – Once goods/services are delivered, the Seller will submit an Invoice to request payment. The Buyer will have the opportunity to review and either accept or reject the payment request prior to fund transfer (unless pre-approved).
 - **Adjustments** – If there is a payment discrepancy, an Adjustment will be allowed but **MUST** be approved before funds are transferred. Adjustments can be requested by either the Buyer or Seller.
- IPAC will have the ability to upload and attach supporting documentation related to the business events (e.g. PDF of an agreement, Excel spreadsheet with order details, etc.)
- New reports will be introduced during each implementation phase.
- The Buyer will close the Agreement once all business events are complete.

Phased Implementation

Since the initiative requires a change in workflow, IPAC will introduce new features in phases to allow agencies to adopt the software enhancements and processes progressively. Functions will be implemented as follows:

1. Agreements
2. Supporting Documentation
3. Orders and Accruals
4. Receipt and Acceptance (Advance, Invoices, and Adjustments)
5. Settlement and Closeout

For additional details regarding the IGT transformation, please see the Intragovernmental Transformation Plan Implementation, Buy/Sell Standard Business Processes document found on the Bureau of the Fiscal Service web site at: <http://www.fms.treas.gov/ipac/index.html>