Appendix 8

INTRA-GOVERNMENTAL TRANSACTION (IGT) BUY/SELL

Section 1—Buy/Sell Transactions

Reimbursable activity in which goods or services are transferred between two Federal Program Agencies (FPAs) is referred to as Buy/Sell activity. FPAs should have the appropriate Statutory Authority, such as the Economy Act, prior to engaging in an agreement for Buy/Sell transactions. This section provides federal entities with guidance concerning reimbursable activity between trading partners, otherwise referred to as Buy/Sell activity.

The IGT Buy/Sell sub-category consists of exchange transactions impacting: Assets and Liabilities; Revenue and Expenses; and Advances/Prepayments and Deferred Credits (reciprocal categories 22, 23, and 24). These business events and their associated accounting activities should be agreed upon by trading partners and managed through a formal Buy/Sell agreement. The standard Interagency Agreement (IAA) form is comprised of two sections described below: The General Terms and Conditions (GT&C) Section (Form 7600A) and Order Requirements and Funding Information (Order) Section (Form 7600B.) For the purposes of these business rules, the Receiving Agency is the Buyer and the Servicing Agency is the Seller.

Intra-governmental Buy/Sell transactions involve two key functions that generate information about the agreement: acquisition management and financial management. The acquisition function relates to the type of Buy/Sell activity and the specific terms and conditions of the acquisition. During the acquisition, trading partners establish a timeline for the delivery and payment schedule. The financial function of an agreement tracks key business activities that initiate accounting events and corresponding USSGL transactions throughout the life of the agreement. The financial function includes the approval of the Order, the capture of work in progress activity for the accrual of costs incurred by the Servicing Agency but not yet paid by the Requesting Agency, the exchange of performance-related data, and payment for the goods or services. In G-Invoicing, these details are collectively captured in the Order and the Performance Transactions.

While processing transactions through Intra-governmental Payment and Collection (IPAC) prior to the mandate to use G-Invoicing, trading partners must follow the business rules to avoid the misstatement of financial balances that occurs when trading partners fail to properly record IGT activity.

As G-Invoicing is developed and implemented, its use will be required by all federal entities for all IGT Buy/Sell activity involving reciprocal categories 22, 23, and 24. Bureau of the Fiscal Service (Fiscal Service) will require federal entities to use G-Invoicing under the authority of 31 U.S.C. 3512(b) and 3513. G-Invoicing is not an accounting system or a procurement system; instead, it serves as a gateway for federal entities to agree upon the funding terms and the accounting treatment of their reimbursable activity, and exchange that data with one another for consistent financial reporting. Key changes from manual processes include a new set of data standards and the electronic submission and approval of necessary documentation.

G-Invoicing replaces the former reimbursable agreement process with an application for the electronic origination, review, and approval of Buy/Sell IAAs. FPAs must implement G-Invoicing for New Orders by October 1, 2022. The mandated implementation deadline of October 1, 2022 for New Orders includes Orders with a Period of Performance beginning October 1, 2022 or later. FPAs must implement G-Invoicing for “In-Flight” Orders by October 1, 2023. The mandated implementation deadline of October 1, 2023 for “In-Flight” Orders includes the conversion of Orders with an open balance and a Period of Performance extending beyond September 30, 2023. FPAs must implement the entire transaction lifecycle which includes GT&Cs, Orders, and Performance Transactions that initiate fund settlement. The Buy/Sell IGT sub-category consists of exchange transactions impacting: Assets and Liabilities; Revenue and Expenses; and Advances/Prepayments and Deferred Credits. These business events and their associated accounting activities should be agreed upon by trading partners and managed through G-Invoicing by October 1, 2022 for New Orders and by October 1, 2023 for ‘In-Flight’ Orders. G-Invoicing is not required for transactions that are non-Buy/Sell IGT sub-category transactions, or intra-TAS transactions.

Whether or not an Order will need to be initiated or converted to the G-Invoicing application can be determined by using two rules, if the answer is Yes to either, then the Order will need to be initiated or converted to G-Invoicing:

1. Implementation Deadline Rule for New Orders: Is the beginning Period of Performance on the Order on or after October 1, 2022?

2. Implementation Deadline Rule for "In-Flight" Orders: Is the ending Period of Performance extending beyond September 30, 2023?

Order Period of Performance		Rule 1	Rule 2	Needs Implemented?	Implementation Deadline
Beginning POP	Ending POP				
Before 10/01/2022	Before 09/30/2023	No	No	No	N/A
On/After 10/01/2022	Before 09/30/2023	Yes	No	Yes	October 1, 2022
Before 10/01/2022	After 09/30/2023	No	Yes	Yes	October 1, 2023

FPAs will use G-Invoicing to reflect their agreement on the funding terms and the accounting treatment of their reimbursable activity and to exchange that data with one another for consistent financial reporting. In summary, G-Invoicing serves as:

- An agreement broker (the mechanism by which FPAs arrange and negotiate the terms of the IAA electronically),
- A data exchange utility (the facilitation of the exchange of the information between FPAs that ensures well-defined lines of communication)
- A conduit for sharing data and exchanging information on Buy/Sell IGT activity.

Each FPA will still be responsible for preparing its respective USSGL entries following appropriate USSGL attributes and guidance. However, IGT activity documented in G-Invoicing will allow FPAs to accurately identify the respective accounting triggers. Further, each FPA is still responsible for their own Anti-Deficiency Act (ADA) monitoring.

G-Invoicing was available for government-wide use beginning with G-Invoicing Release 2.1, which allowed users to begin brokering GT&Cs within the system. G-Invoicing Release 2.2 allowed users to begin brokering Orders within the system. G-Invoicing Release 2.3 allowed users to begin submitting Performance Transactions within G-Invoicing. G-Invoicing Release 3.0 completed the transaction lifecycle generating settlement based upon the Performance Transactions. There were three Organizational Data Access Model Releases completed in Calendar Year 2020, Release 3.2 (April), Release 3.3 (June) and Release 4.0 (December), to migrate entity accounts over to a Group Access Model. The transition from a flat to a hierarchical model provided several key benefits including decentralized user administration, simplified management for access, and a foundation for future planned Workflow enhancements. G-Invoicing Release 4.1 went into Production in March 2021 with the key deliverable being Seller-Facilitated Order (SFO) functionality.

These users will transition from the manual, paper-based agreements to G-Invoicing, which will be the front-end application for users to originate IGT Buy/Sell transactions. G-Invoicing will integrate with IPAC, which will continue to operate as the application for the settlement of funds between federal entities, transacting non-Buy/Sell activity, reporting transactions to Central Accounting Reporting System (CARS), and researching certain transaction inquiries. However, G-Invoicing will manage the processing and approval of GT&Cs, Orders, and Performance Transactions for Buy/Sell activity.

The accurate reporting of Buy/Sell balances and proper elimination of Buy/Sell activity between trading partners are predicated on accurate and timely communication of accounting events. After onboarding to G-Invoicing, FPAs should ensure that the GT&C, Order, and Performance Transactions all contain correct dates and details of all accounting events. These details include a Treasury Account Symbol/Business Event Type Code (TAS/BETC) for both the Buyer and the Seller, capitalization indicator, advance/prepayment transactions, advance liquidation, and receipt/acceptance details. Key dates include the performance date (date on which delivery of goods/completion of services takes place) and the transaction date (date on which the transaction is entered into G-Invoicing). Ensuring the accuracy and timeliness of these specific details will help reduce the number of common errors and reconciling issues of Buy/Sell transactions.

The process model for IGT Buy/Sell transactions is described in the following subsection.

Note: Federal entities should never have Buy/Sell activity with Treasury General Fund (099) as their trading partner.

1.1—IGT Buy/Sell Process Model and Phases

The Buy/Sell process model is defined by these four distinct phases of activity:

- IAA Initiation and GT&C
- Order
- Performance Transactions/Receipt and Acceptance
- Funds Settlement/IAA Closeout

Each phase is characterized by specific business and accounting event(s) and is governed by a particular set of business rules to guide the decision-making process throughout the Buy/Sell life cycle, as displayed below in Figures 1 and 2.

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

Data elements form the foundation of the IGT Buy/Sell process model. The Federal Intra-governmental Data Standards (FIDS) are designed to capture the necessary information trading partners rely upon for the correct accounting of IGT Buy/Sell business events from initiation through settlement. Trading partners' consistent use and thorough communication of the FIDS facilitates the accurate recording of business events in every stage of the Buy/Sell transaction life cycle. Each phase of IGT Buy/Sell activities is supported through FIDS, including the movement of funds between trading partners, an effective reconciliation process, and audit traceability.

The Fiscal Service Data Registry is an authoritative reference for information about government-wide financial data elements – specifically those data elements commonly used across multiple entities. The purpose of the Data Registry is to promote the common identification, use, and sharing of data and information across the federal government. The registry contains information about definitions, authoritative sources, data types, formats, and uses of common data.

For a complete listing of IGT Buy/Sell data elements, see the **Fiscal Service Data Registry**.

When federal entities develop an IAA with their trading partners, the G-Invoicing transactions must leverage the FIDS to trigger accounting events related to the respective business activities of the agreement. Some of the data elements may not need to be recorded in the federal entity financial systems but will be used to facilitate communication and understanding necessary for both trading partners to record and reconcile IGT Buy/Sell transactions accurately.

Figure 1: Buy/Sell Transactions completed in the IPAC environment

Intragovernmental Buy/Sell Transaction Cycle

Phase	Initiation and GT&C	Order	Performance Transaction and Receipt/Acceptance	Fund Settlement and IAA Closeout
Buy/Sell Business Event	• Complete Determination & Findings and identify trading partners • Establish GT&C • Officials Approve GT&C	• Document statutory authority and bonafide need • Complete accounting terms of IAA • Detail product requirements • Document TAS/BETCs • Create fiscal obligation	• Goods/services are performed and delivered	• Buyer submits payment • Funds are transferred • Agreement is closed out
Accounting Event(s)	• No accounting events	• Record UCO/UDO • Record advance payments (if necessary)	• Document the exchange of goods/services • Record invoices • Record accruals	• Record payment/collection • Record deobligations (if necessary)

Figure 2: Buy/Sell Transactions completed in the G-Invoicing environment

Intragovernmental Buy/Sell Transaction Lifecycle				
Stage	GT&C	Order	Performance Transaction	Fund Settlement
Platform	G-Invoicing	G-Invoicing	G-Invoicing	IPAC
Buy/Sell Business Events	• Trading partners' roles & responsibilities are identified • Contact information and authorized officials are established • Agency Officials will Establish & Approve GT&C	• Accounting terms of the IAA are completed • Product requirements are detailed • A fiscal obligation is created	• Goods/services are delivered/performed • The exchange of goods/services (Delivered/Received) • Accrual information is exchanged	• IPAC is initiated through the completion of the Performance Transaction • Funds are transferred

Initiation and GT&C Phase

The initiation phase revolves around the establishment of the GT&C and other administrative activities that occur before work has started on fulfilling an Order. The IGT Buy/Sell process for reimbursable activity begins with the Buyer's identification of a bona fide need for the procurement of goods/services made through a request by the Buyer to the Seller.

A Buy/Sell agreement that defines the terms and conditions, scope, and responsibilities for trading partners during the exchange is referred to as the GT&C (Form 7600A). Data is exchanged for approval and a broad range of transactions; no funds are transferred, and no accounting entries are created.

Once the Seller acknowledges the Buyer's request for goods/services, both trading partners engage in communication to negotiate the terms and conditions of the GT&C. The objective of this negotiation period is for trading partners to concur on and document the details of the GT&C before performing any services or delivering any goods. Trading partners are encouraged, but not required, to leverage Form 7600A to document their GT&Cs. These forms are aligned to the Federal Intra-governmental Data Standards and will assist trading partners in documenting all required data attributes for entry into G-Invoicing. GT&Cs negotiated in G-Invoicing are considered the authoritative source as both parties must enter and approve this data directly in G-Invoicing.

G-Invoicing will assign a unique identifier for each GT&C. FPAs may use this number to track their GT&Cs but will also have the ability to associate their own unique identifier to each GT&C in their internal accounting systems. Orders in G-Invoicing must reference an active GT&C.

Establish an Order

The Order section of the Buy/Sell agreement (Form 7600B) specifies the terms, quantities and prices, accounting data, and actions of each trading partner under the overarching GT&C. It serves as the funding section of the agreement that creates a fiscal obligation and details the necessary products/services requirements. Funding information is provided for both trading partners, and all required points of contact sign to authorize the Order. It communicates the TAS/BETC for each Order Schedule Line and contains unique lines of accounting or other accounting data.

The Order will also identify the specific Buyer requirements for the expected delivery of products or services by the Seller. Finally, this section of the agreement identifies the roles and responsibilities for both trading partners to ensure effective management of the Order and use of the related funds.

Release 4.1 (March 2021) provides Seller Facilitated Order functionality in G-Invoicing, which allows the Seller to initiate Orders within the application. Within G-Invoicing, the Buyer or the Seller completes the Order from an active GT&C and submits to their trading partner for review and approval.

Performance Transactions/Receipt and Acceptance Phase

The receipt and acceptance phase revolves around the delivery/receipt of goods/services and the associated work-in- progress activities. As Orders are fulfilled in accordance with the IAAs, accruals should be recognized by each partner to recognize revenue/expense and any receivables/payables.

The Federal Accounting Standards Advisory Board (FASAB) states that revenue from IGT Buy/Sell transactions is earned and recorded as goods are delivered and as services are performed. (SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.) SFFAS 5, *Accounting for Liabilities of The Federal Government*, states that a corresponding expense is recognized in the period that an exchange occurs. The point at which the Buyer and Seller agree that "control of an asset" is transferred, or when "a performance obligation is satisfied" will be the point at which revenue is recognized. Thus, both trading partners should exchange performance-related data with one another surrounding the delivery and acceptance of goods, along with the receipt and consumption of services.

The same revenue and accrual recognition principles should apply for FPA accounting, whether the partners are working within G-Invoicing or the IPAC environment; the main difference is how data is being communicated.

As the Seller performs the work necessary to deliver the agreed-upon goods/services within the IPAC environment, the Seller will report the accrual amount to the Buyer, at a minimum, on a quarterly basis. Upon receipt of the goods/services, the Buyer performs receipt and acceptance procedures to accept or reject the goods/services and communicates the results to the Seller. Next, the Seller submits an invoice to the Buyer and records the invoiced amount in the receivables account. The Buyer records the billed amount in the payables account. For advances, once the Order is filled, the Seller recognizes revenue and liquidates the deferred revenue. The Buyer reduces the prepayment and records an expense after receipt and acceptance. For complete guidance on the recording of the IGT Buy/Sell exchange transactions, please see **USSGL Implementation Guidance**.

G-Invoicing allows users to submit Performance Transactions.

Within G-Invoicing, the Buyer and the Seller must agree on the FOB Point at the Order level to establish which partner's Performance Transaction initiates fund settlement.

If FPAs agree upon FOB Point Source, fund settlement is recorded as an IPAC and is automatically initiated to settle funds when the Seller completes delivery and performance and enters the transaction into G-Invoicing.

If FPAs agree upon FOB Point Destination, fund settlement is recorded as an IPAC and is automatically initiated to settle funds when the Buyer completes receipt and acceptance and enters the transaction into G-Invoicing, or the pre-determined number of constructive receipt days have expired.

Regardless of the FOB Point, accruals are recorded as of the Performance Date entered by the Seller.

Advances and Deferred Payments transactions have other accounting rules. Please use the **G-Invoicing Program Guide** for support with the recording of accounting events in the G-Invoicing environment.

Fund Settlement and IAA/Closeout Phase

The settlement/closeout phase includes the payment and collection activities as well as the closeout of the agreement. After the performance has been accomplished according to the terms documented in the agreement, then funds may be transferred between the trading partners.

At fund settlement prior to transitioning to G-Invoicing, the Buyer or the Seller should initiate a payment/collection transaction in IPAC according to the payment terms agreed upon in the IAA. The IPAC transaction should include a unique identifier so that the payment/collection can be readily identified by each partner.

Within G-Invoicing, fund settlement occurs upon completion of the Performance Transaction, as G-Invoicing will create the IPACs on the federal entities' behalf. If FPAs agree upon FOB Point Source, an IPAC is automatically generated after the Seller has delivered/performed goods/services and completed an appropriate Performance Transaction within G-Invoicing.

If FPAs agree upon FOB Point Destination, an IPAC is automatically generated after the Buyer has completed its receipt and acceptance process and has entered an appropriate Performance Transaction into G-Invoicing.

Treasury has established an IPAC cutoff date that requires all IPAC Buy/Sell transactions to be successfully processed no fewer than three business days before the close of each month or five business days before the close of year-end reporting. It is the responsibility of each FPA to confirm that transactions initiated manually or via bulk file upload have completed successfully within IPAC, and to obtain a transaction confirmation. FPAs have 90 days after the billing date to enter adjustments to payments or collections. Trading partners must collaborate with one another before initiating adjustments in IPAC. Within G-Invoicing, settlement will occur based on Performance Transactions submitted, regardless of cut-off, as information is readily available to determine the details of the transaction. Adjustments to quantity of Performance Transactions can also be completed in G-Invoicing on an open Order referencing the initial Performance Transaction.

As the agreement approaches its end date, the Buyer and the Seller must monitor each Order included in the agreement. During closeout, the Seller identifies Orders that are approaching an end date and checks the status with the Buyer to confirm that they are ready for closeout. The Buyer reviews the Order status and performs procedures to close out and deobligate the Order if the Statutory Authority for the agreement mandated it. Additionally, the Seller determines if any third-party supporting contracts are open that need to be deobligated and closed. Each Schedule within an Order must either be fully performed, modified down to the amount that was performed (and paid), have a Final Performance Indicator of 'F' (final) as the most recent reported Delivered/Performed, or cancelled before an Order can systematically be closed. Finally, the Seller verifies that all final costs have been determined based on the agreed-upon amounts in the GT&C. Please see **Assisted Acquisitions USSGL Implementation Guidance** to view common accounting scenarios and for further clarification on business rules involving the accounting of Assisted Acquisitions.

1.2—Measuring and Enforcing Government-wide G-Invoicing Compliance

Fiscal Service will determine an Entity's compliance with the G-Invoicing mandate by comparing submitted GTAS data to IGT Buy/Sell activity in G-Invoicing. To effectively enforce the G-Invoicing mandate, two different categories of controls are being analyzed for implementation. The first category is Policy Controls that impact the reporting and scorecard metrics of non-compliant Entities. The second category is System Controls that impact an Entity's ability to process IGT Buy/Sell activity directly through IPAC by adding a data element that requires the identification of the IGT sub-category for IPAC transactions..

Section 2—G-Invoicing Implementation Plans

FPAs are required to submit quarterly updates to their G-Invoicing Agency Implementation Plans. FPAs need to include any changes to their system/process readiness and implementation/data strategy. These updates will be reviewed and analyzed by Treasury. FPAs can submit their quarterly updates by resubmitting their Attachment As (part of the G-Invoicing Agency Implementation Plan). Attachment As are used to capture more detailed information for each Implementation Entity (IE) under an overarching G-Invoicing Agency Implementation Plan.

FPAs are required to submit a complete Attachment A when updating any of the Attachment A sections/data. The quarterly Attachment A submissions will be used to update the Agency Implementation Plan Dashboard Tool. If an FPA does not have any plan updates, the entity is still required to submit an email to **IGT@fiscal.treasury.gov**, stating that there are no applicable quarterly updates to provide by the required quarterly due date.

The quarterly updates to the G-Invoicing Agency Implementation Plans must be submitted to **IGT@fiscal.treasury.gov**.

Treasury will track the submission of these quarterly updates through the IGT scorecard process which will reflect if the FPA met the required quarterly deadline. This information will be reviewed during the quarterly IGT scorecard meeting between Treasury and the individual agencies.

Quarterly G-Invoicing Agency Implementation Plan Due Dates:

1st Quarter	December 31
2nd Quarter	March 31
3rd Quarter	June 30

4th Quarter	September 30

In addition to the Attachment A, federal entities may also submit updates to the Trading Partner Directory by completing an ALC Implementation Status Update template, commonly known as the Attachment B. This template is not required as part of the quarterly submission process; however, it's highly encouraged that federal entities use the Attachment B to submit updates in real time as they make any progress with their G-Invoicing implementation. The Attachment A & B templates are located under the **Agency Implementation** section of the Fiscal Service website.

2.1—Transaction Types

There are two primary types of Buy/Sell IGTs: services provided, and goods sold or leased. An Order request also may be mixed to include both goods and services. Each transaction type possesses unique accounting and reporting characteristics. The recognition of a particular transaction type further aids trading partners in capturing IGT Buy/Sell activity in the appropriate accounts.

Each Buy/Sell transaction type can be supported through the assisted acquisition process. Assisted acquisition is the term used to describe the process by which the Buyer uses the contracts or contracting services/vehicles of the Seller to obtain goods and services from a third-party provider that typically is a non-federal entity. In the process, the Seller performs acquisition activities on a Buyer's behalf, such as awarding and administering a contract, task Order, or delivery Order. As the non-federal entity performs on the contract agreement, the Seller incurs costs, including administration fees, and bills the Buyer for reimbursement. The following sections provide a description for each transaction type.

Services Provided

A service refers to the performance of work or tasks provided by the Seller on behalf of the Buyer. For reimbursables, the Seller incurs costs to provide services and bills the Buyer. Revenue is earned from the sale of services provided.

Goods Sold or Leased

As defined in this guide, a good is a tangible product sold or leased (as an operating lease) where the Seller manufactures, distributes, or owns the goods that are sold or leased to the Buyer. Revenue is earned from the sale of any purchased or finished goods and processes for sale or use. Revenue also is earned for work in progress on an accrual basis. Goods are further categorized into the following groups:

- **Inventory and Property, Plant, and Equipment (PP&E).** Inventory and PP&E are assets, as they could generate future revenue. Although both act as assets, reporting varies.
    - *Inventory and Related Property*. Inventories are tangible property, other than long-term fixed assets. As an asset, inventory is reported at the amount paid to obtain the asset not its selling price. The asset is expensed as "cost of goods sold" as inventory is sold.
    - *PP&E.* PP&E are long-term, or fixed, tangible assets that have an estimated useful life of two or more years, are not intended for sale in the ordinary course of business, and are intended to be used or available for use by the federal entity.[1] Accounting for PP&E involves the depreciation of the cost of the asset over its useful life. Depreciation is a non-cash expense that reduces the value of an asset because of wear and tear, age, or obsolescence. Most assets lose their value over time and must be replaced after their useful life ends.
    - Capitalization thresholds affect whether the costs of acquiring PP&E are capitalized or expensed. Depending on a federal entity's established threshold, an asset may be expensed in its entirety at the date of acquisition or the cost of the asset may be depreciated over its useful life.
    - See **Fiscal Service's USSGL Implementation Guidance** (approved by the Issues Resolution Committee and the USSGL Board) for Intra-governmental Capital Asset and Inventory Buy/Sell Transactions on Fiscal Service's website.

- **Goods Other Than Inventory and PP&E.** Goods, other than inventory and PP&E, are expensed when purchased by the Buyer.

[1] SFFAS No. 6, "Accounting for Property, Plant, and Equipment"

- **Operating Lease.** An operating lease is a lease agreement that allows the use of an asset for a limited contract period in exchange for regular rental payments. With operating leases, the Buyer, or lessee, does not assume the risk of ownership of the asset, which is retained by the Seller, or lessor. At the end of the lease period, the lessee returns the property to the lessor. Since the lessee does not assume the risk of ownership, the lease expense is treated as an operating expense in the Statement of Net Cost (SNC) and the lease does not affect the balance sheet.
- **Capital Lease.** A capital lease is a lease agreement that transfers substantially all the benefits and risks of ownership to the lessee. Consequently, the lease, when signed, is recognized both as an asset and as a liability (for the lease payments) on the balance sheet. To be considered a capital lease, the lease must meet one or more of the following criteria:

    - The lease transfers ownership of the property to the lessee by the end of the lease term.
    - The lease contains an option to purchase the leased property at a bargain price.
    - The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
    - The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

2.2—Trading Partner Roles and Responsibilities

Trading partner roles and responsibilities within this IGT sub-category appear in Table 1. Trading partners define roles and responsibilities at the initiation for each phase through the life of an agreement.

Table 1: Key Stakeholders for Buy/Sell

Role	Federal Entity	Responsibility
Servicing Agency	Seller	Confirms data elements with Buyer during negotiations for GT&Cs and Orders. Reports data elements established at initiation and updated throughout the life of agreement to Buyer on a recurring basis (for example, quarterly) and completes the Performance Transaction in G-Invoicing in a timely manner, if onboarded G-Invoicing. Tracks and accounts for work in progress and services performed to date and reports accrual amount to Buyer on a quarterly basis via Performance Transactions. Initiates or confirms payments and collections received from the Buyer and verifies the successful settlement of funds with CARS. Documents differences with trading partners and creates a corrective action plan or submits to Fiscal Service for dispute resolution, as appropriate.
Requesting Agency	Buyer	Confirms data elements with Seller during negotiations for GT&Cs and Orders. Submits request for goods/services in a timely manner. Confirms receipt via Performance Transactions and accounts for goods/services accepted. Initiates or confirms IPAC transactions for payment and collection to the Seller and verifies the successful settlement of funds within CARS. Documents differences with trading partners and creates a corrective action plan for recurring differences or submits to Fiscal Service for dispute resolution, as appropriate.

2.3—Business Rules for Buy/Sell

The following key laws and policy sources govern the financial management of Buy/Sell activity:

- **SFFAS No. 3**, “Accounting for Inventory and Related Property,” establishes accounting standards that apply to several types of tangible property, other than long-term fixed assets, held by federal government entities**.**
- **SFFAS No. 4**, “Managerial Cost Accounting Standards and Concepts,” as amended by SFFAS No. 55 “Amending Inter-entity Cost Provisions” requires the recognition of the full cost of goods and services.
- **SFFAS No. 5**, “Accounting for Liabilities of The Federal Government,” requires an expense to be recognized in the same accounting period in which an exchange has occurred, and the recognition of a liability when the Buyer receives goods or services in return for payment to the Seller.
- **SFFAS No. 6**, “Accounting for Property, Plant, and Equipment,” establishes accounting standards for federally owned PP&E, deferred maintenance, and cleanup costs.
- **SFFAS No. 7**, “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,” establishes accounting standards for recognizing exchange revenue at the point in which the Buyer and Seller agree that “control of an asset” is transferred, or when “a performance obligation is satisfied” **Title 31 U.S.C. § 1501**, “Documentary Evidence Requirement for Government Obligations,” requires that an amount be recorded as an obligation of the U.S. Government only when supported by documentary evidence of a binding agreement between a federal entity. The binding agreement must be in writing, in a way and form for a purpose authorized by law and must be executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided.
- **Title 31 U.S.C. §1535**, “Agency Agreements,” allows one federal entity to provide goods or services to other federal entities or major organizational units within an entity.
- **OMB Circular No. A-11**, Section 20.12, “*What do I need to know about reimbursable work?*”, permits the use of advances or reimbursements in exchange for providing goods and services between federal entities according to laws that establish revolving funds, provisions in appropriations or substantive laws that allow entities to use the amounts they collect, or the Economy Act (31 U.S.C. §1535).
- **Federal Acquisition Regulation (FAR)** Vol. I, Subpart 4.6, “Contract Reporting,” requires federal entities to report all procurement actions that exceed the micro-purchase threshold (currently $10,000) and modifications to those transactions regardless of dollar value, to the Federal Procurement Data System (FPDS).
- **FAR** Vol. I, Subpart 17.5, “Interagency Acquisitions,” establishes the Economy Act as the prevailing law for IAAs to provide goods and services when more specific Statutory Authority does not exist.
- Office of Federal Procurement Policy, “*Interagency Acquisitions Guidance,”* defines interagency acquisition types and agreement structure.
- **FASAB Staff Issues Technical Bulletin 2017-1**, Intra-governmental Exchange Transactions*,* offers clarifications on intra-governmental exchange transactions and consistency in the reporting of revenue and cost information.
- The following subsections define the business rules and policies governing the accounting and reporting of IGT Buy/Sell activities according to each Buy/Sell phase. These business rules focus on the accounting of Buy/Sell IGTs, not the procurement or payment processes. Trading partners should refer to the Financial Management Line of Business **(FMLoB), “Standard Business Processes for Reimbursable Management, Receivables Management, and Payment Management,”** for detailed guidance on procurement or payment processes. Trading partners must reconcile receivables and payables, advances to and advances from, and revenue and expenses for all reimbursable accounts and must report balances to Fiscal Service.
- It is critical that the account balances reported in the confirmation process equal the amounts reported in the federal entity’s audited financial statements and GTAS submission to Fiscal Service.
- **FASAB Technical Bulletin 2020-01**, “Loss Allowance for Intra-governmental Receivables,” clarifies that the recognition of an allowance for losses on accounts receivable applies to both intra-governmental receivables and receivables from non-federal entities.

2.4—Business Rules for Initiation and GT&C

The Buyer initiates the Buy/Sell process with identification of a bona fide need for an exchange of goods or services. The *bona fide need rule*[2] is one of the fundamental principles of appropriations law. A fiscal year appropriation may be obligated only to meet a legitimate or bona fide need arising in, or in some cases before, but continuing to exist in the fiscal year for which the appropriation was made. The following paragraphs include business rules for the initiation phase.

Establishment of a GT&C: Trading partners are authorized to engage in Buy/Sell activity according to the Economy Act (Title 31 U.S.C. §1535) or non-Economy Act authorities, such as intra-governmental revolving funds. A single Statutory Authority to perform the transaction must be agreed upon and documented later in the Order. The terms and conditions of an agreement must be captured, negotiated, and approved by both trading partners.

- Trading partners should use the recommended standard **IAA form** for G-Invoicing when brokering their GT&Cs. Trading partners must agree on a single Statutory Authority to govern the activity of the Order section of the agreement.

Assisted Acquisition: Trading partners must follow the same business rules as applied to transactions for goods and services when accounting for administration fees associated with assisted acquisition services. A GT&C agreement is recommended by Fiscal Service for all IGT activity types. However, other guidance (such as OMB policy) may require a completed agreement for certain intra-governmental transaction types, such as assisted acquisitions. FPAs should ensure they are in adherence with such guidance. If the Order requires assisted acquisition support, one of the following circumstances must apply:

- The Order will be made appropriately under an existing contract of the Seller entered into before placement of the Order, to meet the requirements of the Seller for the same or similar goods or services.
- The Seller has capabilities or expertise to enter into a contract for such goods or services that are not available within the Seller entity.
- The Seller is specifically authorized by law or regulation to purchase such goods or services on behalf of other entities.

See **Assisted Acquisitions Guidance** for further information on proper transactions and IGT eliminations.

2.5—Business Rules for Order

Order Acceptance: Work is authorized once both trading partners have approved the Order. The Seller operates at risk without an approved Order. For an accepted Order, the Seller must record an unfilled customer Order and the Buyer must record an undelivered Order in their respective general ledgers.

Advance Payments/Collections: The Economy Act (Title 31 U.S.C. 1535) permits advance payments for intra-governmental transactions in which it is the prevailing Statutory Authority. Other Statutory Authorities or federal entity-specific Statutory Authorities may allow or prohibit advance payments. If an advance payment is requested by the Buyer or the Seller, trading partners should ensure they have the appropriate authority, and must cite the agreed upon Statutory Authority allowing for an advance within the Order section of the IAA. If allowed, trading partners must account for advances, as follows:

- Advance payments may not be expensed. Revenue should not be recognized until costs are incurred from providing goods or services.
- Advance payments should not be used to facilitate positive cash flow for a federal entity.
- Entities should ensure regular billings and collection activities support positive cash flow.
- The Buyer must record the advance payment as an asset (USSGL account 141000, "Advances and Prepayments").
- The Seller must record the advance payment as a liability (that is, USSGL account 231000, "Liability for Advances and Prepayments").

[2] Government Accountability Office Red Book, Vol. I [underlying statute in U.S.C. §1502(a)]

- Entities should refer to the current USSGL transaction codes on the **USSGL** website, Section III, "Account Transactions" for detailed accounting entries.
- For assisted acquisition, in no event will the Seller require, or the Buyer pay, any fee or charge that exceeds actual indirect costs associated with administering or managing the contract vehicle, but in effect, the Seller must cover its full cost. The business transaction cannot result in the trading partner earning a profit or incurring a loss.

2.6—Business Rules for Performance Transactions/Receipt and Acceptance

As the Seller performs the work necessary to deliver goods or services, the Buyer and the Seller must post their related accounting transactions in their respective systems during the same accounting period according to the current USSGL transaction codes. For more details on the receipt and acceptance process, trading partners should refer to FAR Vol. I, Subpart 17.5, "Interagency Acquisitions" along with the **Standard IAA Instructions**. Users of G-Invoicing may use the FIDS-based documents to complete Orders.

Delivered/Performed: Performance Transaction submitted by the Seller to indicate that they have transferred control or performed the good/service to the Buyer. The completion of this transaction would indicate a receivable/revenue being recorded by the Seller and should be reciprocated with expense/payable recorded by the Buyer. If the Order is operating under FOB Point of Source, this Performance Transaction will automatically initiate settlement through the IPAC application.

Received/Accepted: Performance Transaction submitted by the Buyer to indicate receipt and acceptance of the goods/services from the Seller, which will occur after the Seller has completed a Delivered/Performed transaction. If the Order is operating under FOB Point of Destination, this Performance Transaction will automatically initiate settlement through the IPAC application. If receipt and acceptance is not provided by the expiration of the agreed upon Constructive Receipt Days, automatic receipt and acceptance will be generated through G-Invoicing to align with the Seller's Delivered/Performed transaction and initiate settlement.

Advance: Performance Transaction submitted by the Seller to collect an advance payment from the Buyer. The Seller will be able to initiate the Advance Performance Transaction to generate an advance collection/payment of funds regardless of FOB Point domain value. Completion of this Performance Transaction will automatically initiate fund settlement through the IPAC application. Any Delivered/Performed transactions against Schedules with an advance balance will not initiate settlement but should be used to draw down the advance balance on the Schedule. Upon, completion of settlement of an advance payment, the Buyer and Seller must record the appropriate asset and liability to reflect the advanced balance.

> ***Calculation:*** *Advance Payment – Delivered/Performed = Open advance/prepaid balance*

Deferred Payment: Performance Transaction submitted by the Seller to communicate work completed. The completion of this transaction would indicate a receivable and revenue recorded by the Seller and should be reciprocated with an expense and payable by the Buyer. This Performance Transaction does not initiate fund settlement through the IPAC application and is designed to only communicate the amount of work completed by the Seller. The amount of Deferred Payment cannot exceed the undelivered balance on the Schedule. Deferred Payment transactions reduce the amount of the undelivered balance for that Accounting Period. For Deferred Payments transactions, the amount of the accrual entry will equal the amount of the Deferred Payment transaction in G-Invoicing. The Deferred Payment transaction completed in G-Invoicing is only applicable to the Accounting Period referenced on the Performance Transaction (must be an open Accounting Period). G-Invoicing will consider this Deferred Payment amount as life-to-date and any subsequent Deferred Payment transactions submitted for the same Accounting Period will override the previous Deferred Payment transaction.

The Performance Transactions completed by the Seller and Buyer should be reconciled by both entities, at a minimum, on a quarterly basis to ensure both parties are in agreement.

Recording Capitalized Assets: Federal entities should follow the **Intra-governmental Capital Asset and Inventory Buy/Sell Transactions document** concerning USSGL guidance on capitalized assets located on Fiscal Service's website.

2.7—Business Rules for Fund Settlement and IAA Closeout

Billing and Payment Requirements: IPAC facilitates the intra-governmental transfer of funds, with related TAS/BETC, from one FPA to another and posts the transaction data from both FPAs to their respective CARS Account Statements. An IPAC transaction may be initiated either manually through the IPAC application or through the completion of specific Performance Transactions in G-Invoicing during the transition phase leading up to the G-Invoicing mandate. Following the G-Invoicing mandate, the only manual IPAC transactions that will be allowed to occur are expiring agreements that do not meet the criteria for the In-Flight Order requirement, new agreements that do not fall within the scope of the G-Invoicing mandate, and activity outside of IGT Buy/Sell reciprocal categories 22, 23, and 24.

Entities must use IPAC for all intra-governmental Buy/Sell settlements. They must discontinue use of paper checks and must restrict the use of credit cards for payments above the designated threshold. Fiscal Service reserves the right to require federal entities to use IPAC to process intra-governmental transactions rather than allow these transactions to be conducted with a Government-issued Card.

Trading partners must abide by the negotiated terms and conditions in the GT&C and Order, as follows:

- The Buyer or the Seller may initiate an IPAC transaction when the goods and services have been accepted and within the agreed-upon terms and conditions.
- The Seller must issue a final bill, including final information from data elements, per the billing frequency as stated in the required data elements.
- If the Seller does not issue a final bill per the agreed-upon billing frequency, the Buyer should contact the Seller immediately to obtain the final bill and close the Order.
- Upon request, the Seller must provide documentation supporting the bill and actual performance consistent with the agreed-upon terms and conditions.
- The Buyer must not reject IPAC transactions that comply with the agreement terms and conditions.
- The Buyer must reference the Seller’s unique identifier on all IPAC transactions.

Agreement/Order Closeout: Trading partners must monitor all Orders as they approach their end date. Generally, the Seller initiates the agreement and Order closeout process. The following list summarizes trading partner responsibilities during this process:

- The Seller must identify Orders with an approaching end date and must check the status with the Buyer to confirm that it is ready for closeout.
- For obligation/payable balances that have shown no activity for more than 180 calendar days, the Buyer must determine the reason for the lack of activity on the Order.
- Once the Buyer determines that an Order has been fulfilled, the Buyer must inform the Seller that the Order will be deobligated within 30 calendar days if the Statutory Authority requires deobligation.
- However, if the Seller provides proof of continuing or unbilled work, an Order’s unliquidated obligation/payable balances will remain available for use and will be reflected as such in both the Buyer’s and Seller’s respective accounting systems.
- The Seller must review the status of the Order to determine if any third-party supporting contracts are open that need to be deobligated and closed.
- The Seller must refer to the FAR for appropriate closeout procedures for contracts.
- Trading partners should recognize that the FAR may have varying windows for closeout depending upon the type of Orders and contracts the Seller has in place with third parties.
- The Seller must verify that all final costs have been determined based on the agreement.

Note: Federal entities must ascertain that the intra-governmental accounts receivable and payable transactions are valid and actively in collection. Intra-governmental collections between trading partners should not exceed 30 calendar days. Proper documentation and a thorough understanding of responsibilities mitigate the risks of one FPA not paying its trading partner for goods/services. If collection cannot be made, FPAs should seek assistance from the Office of Legal Counsel at the Department of Justice (DOJ).

Fiscal Service does not have the authority to collect debt from other federal entities on behalf of a federal entity. However, Treasury will be monitoring the aging of IGTs to resolve longstanding differences between trading partners.

Section 3— Reciprocal Categories and Eliminating USSGL Accounts

TFM Volume I, Part 2, Chapter 4700, Appendix 3, presents the reciprocal categories and eliminating accounts used by the Servicing Agency and the Requesting Agency. For IGT Buy/Sell exchange transactions, reciprocal categories 22, 23, and 24, the trading partners are defined as:

- **Servicing Agency (Seller):** Provides services, products, and goods incurring the reimbursable costs. It accounts for work in progress and services performed to date.
- **Requesting Agency (Buyer):** Documents a bona fide need and receives services, products, or goods. It accounts for services, goods, and products received and accepted.
- **Limited Use of USSGL Accounts**

Table 2 outlines the USSGL accounts reserved for special use in Buy/Sell transactions.

Table 2: Limited Use Accounts for Buy/Sell

USSGL	USSGL Name	Description
131900	Allowance for Loss on Accounts Receivable	If an allowance for loss on intra-governmental account receivables is recorded in USSGLs 131900, 136700, or 137700, document the applicable use so that it is available for Fiscal Service upon request.
136700	Allowance for Loss on Penalties and Fines Receivable - Not Otherwise Classified	
137700	Allowance for Loss on Administrative Fees Receivable - Not Otherwise Classified	
590000	Other Revenue	If revenues are generated from Buy/Sell activity that is not from goods (USSGL account 510000) or services (USSGL account 520000), document the applicable use so that it is available for Fiscal Service upon request.
590900	Contra Revenue for Other Revenue (Exchange)	

3.1—Common Errors for Buy/Sell Transactions

There are several common errors trading partners make when posting the accounting treatment for Buy/Sell transactions. Table 3 contains the list of the common errors and the solutions federal entities can use to correct the errors.

Table 3: Common Errors for Buy/Sell Transactions

Error Type	Description	Solution
Timing Differences for Recording Advances	For advances, differences occur when the Buyer prepays the Seller and recognizes an asset, but the Seller does not recognize a liability. Communication needs to continue as goods and services are rendered, and the Buyer and Seller need to reduce the asset and the liability accordingly.	Mitigating timing differences for recording advances is accomplished through the required data element for advances/non-advances. The advance/non-advance data element signifies the use of advances. This element, in conjunction with agreed-upon terms, allows for consistent accounting treatment of the advance transactions over the life of the agreement or until the advance is fully liquidated.
Ineffective Communication Between Procurement and Accounting Functions	Procurement and accounting personnel often have unaligned policies and fail to communicate effectively with each other, which is further complicated by the lack of communication between trading partners for Buy/Sell transactions. As a result, procurement business activities and the associated accounting events may be out of sync.	The Buy/Sell process model bridges the gap between procurement and accounting by providing greater visibility into the accounting of Buy/Sell transactions. It provides guidance for the proper recordation of Buy/Sell transactions set in the context of the three phases of the Buy/Sell process and associated business activities, thereby facilitating coordination between the procurement and accounting function. The Buy/Sell IGT business rules allow both functions to establish shared objectives and performance measures, thereby improving compliance with policies and providing a more comprehensive view of controls.
		Entities need to communicate the terms of the contract such as whether a transaction is an assisted acquisition, whether the purchase will be capitalized and whether it is sold out of inventory or from services provided.

3.2—Buy/Sell Reconciliation Procedures

In addition to the IGT-wide reconciliation procedures, trading partners must define and perform specific reconciliation(s) for this sub-category. They should document these reconciliations and incorporate them into management's existing **OMB Circular No. A-123**, "*Management's Responsibility for Enterprise Risk Management and Internal Control*," Appendix A, procedures. There are reconciliation procedures that federal entities should perform at the Order level for each phase of Buy/Sell activity on a quarterly basis, at a minimum. The purpose of reconciling Buy/Sell activity between trading partners at the Order level is to confirm that both the Buyer and Seller are capturing the correct entries in their subsidiary ledgers and general ledgers and to facilitate further communication related to the status of the Order.

Entities should create and maintain a documented catalog of all Buy/Sell agreements. During the initiation phase, federal entities should add each newly established agreement to the catalog, using the agreement number data element as a point of reference. The catalog should capture for each agreement, at a minimum, the agreement number, trading partner agency identifier, and period of performance and funding expiration date. Maintaining a catalog of all agreements will allow federal entities to validate the actual number of agreements they have with a trading partner and to monitor activity for agreements with approaching end dates. Federal entities must confirm that only valid agreements make up their payable and receivable balances.

The Seller should use the data elements to monitor and convey accounting events during the receipt and acceptance and settlement phases, to track delivery status, and to monitor activity in receivable accounts and collections. The Seller should communicate updates to the Buyer on a quarterly basis, at a minimum, to assist with reconciliation of payables/receivables and disbursements/collections and to address any out-of-balance conditions. Federal entities should use the data elements as a supporting tool during audits.

Trading partners must reconcile the account balances listed in Table 4. Federal entities should refer to the summary of eliminating Buy/Sell USSGL accounts (TFM Volume I, Part 2, Chapter 4700, Appendix 3) to support reconciliation procedures. Where differences are identified, federal entities must document the difference including, but not limited to, the difference amount, USSGL accounts impacted, rationale for the difference, and the status of communication with trading partners (for example, contact made, unresponsive trading partner).

Table 4: Required Reconciliations for Buy/Sell Balances

Reciprocal Category	Requesting Agency (Buyer)	Servicing Agency (Seller)
22	Accounts Payable	Accounts Receivable
23	Advances to Seller	Advances from Buyer
24	Expenses/Capitalized Purchases	Revenue