



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

NOV 21 2007

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)  
DEFENSE BUSINESS SYSTEMS ACQUISITION EXECUTIVE,  
BUSINESS TRANSFORMATION AGENCY

SUBJECT: Business Rules for Intragovernmental Transactions

Effective management and use of interagency acquisitions is essential to meet the needs of requesting agencies throughout the government and to achieve a clean audit opinion for the Department of Defense (DoD). To achieve these goals, intragovernmental orders must be written and executed to a common standard, using disciplined acquisition planning and contract execution.

We appreciate the opportunity to partner with the Comptroller and Business Transformation Agency's Intragovernmental Transactions (IGT) initiative to bring this needed discipline to the DoD with the common goal to electronically capture and share data to enable visibility and ensure proper controls. The attached business rules support recent Office of Management and Budget (OMB) guidance on the subject and represent our minimum requirements for the IGT capability to ensure procurement requirements are met. These rules must be required for the Intragovernmental Value Added Network (IVAN) pilot's implementation and should serve as guidance for any future IGT efforts.

Please contact my action officers, Michael Canales, [michael.canales@osd.mil](mailto:michael.canales@osd.mil), 703-695-8571, in Contract Policy & International Contracting, and Lisa Romney, [lisa.romney@osd.mil](mailto:lisa.romney@osd.mil), 703-607-3542, in Program Development & Implementation, with any questions and future correspondence on this issue.

Shay D. Assad  
Director, Defense Procurement  
and Acquisition Policy

Attachments:  
Intragovernmental Business Rules



# Attachment 1

## Intragovernmental Business Rules

### No. Acquisition Business Rule

1 Prior to placing an intragovernmental order directly on another agency's contract, the requesting agency must ensure that it is in the best interest of the government. This would include such factors as suitability, value, and expertise as per OMB guidance.

2 Prior to requesting the assistance of a servicing agency to perform acquisition activities, the requesting agency must determine that the assistance is truly needed, and that the servicing agency is the best suited to perform the activity.

3 For Economy Act orders, a warranted contracting officer must approve a Determination and Finding in accordance with the Federal Acquisition Regulation (FAR) and appropriate supplements.

4 Requesting agency must use an "interagency agreement" (IA) to obtain goods or services from another Federal entity. An interagency agreement is an official request for goods or services.

5 The servicing agency must officially accept an interagency agreement and send notification of this acceptance, including authentication, to the requesting agency.

6 The servicing agency must not start performance until the interagency agreement has been accepted.

7 Interagency agreements shall have a globally-unique interagency agreement number that is shared between requesting agency and servicing agency.

8 Interagency agreements shall include the Business Partner Number (BPN) of both trading partners.

9 Trading partners must have a current and accurate registration of their BPN in the Federal Agency Registration (FedReg) system

10 Interagency agreements shall document the frequency and type of performance reporting required to measure success

11 Interagency agreements shall document any negotiations the requesting agency and servicing agency have agreed upon prior to execution of the interagency agreement

12 Interagency agreements shall document the parties' right to modify, cancel, or terminate the agreement.

13 Interagency agreements shall document an alternative Dispute Resolution clause.

14 The servicing agency shall report on performance to the requesting agency no later than 30 days after the performance has occurred.

15 For intragovernmental transactions, acceptance (including constructive acceptance) must be performed within 30 days.

16 For intragovernmental transactions, constructive acceptance is allowed as defined in the DoD Business Enterprise Architecture (BEA) version 4.1 Business Rules.

17 For intragovernmental transactions, once final payment is made on the interagency agreement, additional costs must not be processed under existing line items on the same interagency agreement.

18 An authorized acquisition official identified by title in the intragovernmental interagency agreement must provide an approval on the interagency agreement prior to release.

19 Acquisition offices shall provide concurrence on any interagency agreement over \$100K prior to release.

20 Each certified invoice or its equivalent must have a globally-unique identifier linked to the interagency agreement.

A servicing agency must provide evidence of goods tendered and services rendered at a level of detail defined in the terms and conditions of the contract or interagency agreement. (Note: The Wide Area Workflow system, managed by the Business

Transformation Agency, should be considered to complement IVAN to address the requirements herein related to processing evidence of goods tendered and services rendered as well as invoices.)

21 For all intragovernmental interagency agreements, the servicing agency must provide the requesting agency with evidence of goods tendered and services rendered as incurred but no less than monthly, unless otherwise specified in the interagency agreement.

22 For intragovernmental transactions, each evidence of goods tendered and services rendered must be submitted electronically in interagency agreement to be accepted, unless otherwise specified by the Department of Defense trading partner in the terms and conditions of the interagency agreement.

23 For intragovernmental transactions, the requesting agency must initiate a modification to the interagency agreement if a financial adjustment is needed.

24 A requesting agency must not allow any modification to an existing intragovernmental interagency agreement that alters the fund citation.

25 For intragovernmental transactions, the requesting agency will determine whether the interagency agreement will be a reimbursable interagency agreement, direct cite interagency agreement, or another type of interagency agreement no later than at the creation of the interagency agreement.

26 While multiple agencies may be involved in an intragovernmental transaction, each interagency agreement must have only one agency responsible for payment, and one agency responsible for receipt of funds.

27 Each intragovernmental interagency agreement will be the responsibility of only one requesting agency.

28 A servicing agency must not bill amounts by line item, in quantity or dollars, in excess of the amount on the relevant line item on a contract or interagency agreement.

29 A requesting agency shall identify on the interagency agreement the legal authority that the servicing agency will use.

30 Interagency agreements shall include the North American Industry Classification System (NAICS) code and the Federal Supply Code (FSC)/Product Service Code (PSC) for the items being requested at the line item level.

31 Interagency agreements should include the contract award data elements of the federal agency that will fulfill the interagency agreement (i.e. contract number, contract award date, and dollar amount), if available.

32 Acquisition fee, if any, shall be entered on the interagency agreement as a separate line item and must be identified by dollar amount and funding source.

33 A warranted contracting officer must approve non-economy act interagency agreements over \$500K.

34 Agencies must ensure that the individuals who establish the need for assistance and select a servicing agency have the necessary expertise to make these business decisions.

35 Individuals processing and approving interagency agreements must complete appropriate training must be completed prior to initiating any interagency agreements.

36 Self certification on interagency agreements shall not be allowed.

37 Non Economy Act interagency agreements in excess of the simplified acquisition threshold shall comply with FAR Part 7 "Acquisition Planning" and DoD Components' procedures for "Proper User of non-DoD Contracts."

38 All interagency agreements shall include evidence of market research.

39 All interagency agreements shall include a Statement of Work that is specific, definite, and clear enough to establish bona fide need and to use for a contract action.

40 All interagency agreements must demonstrate bona fide need.

- 41 All interagency agreements shall include a quality surveillance plan.  
All interagency agreements shall include unique terms and conditions that shall govern  
the relationship between the requesting agency and the servicing agency and shall lay  
42 out roles and responsibilities of the parties.  
Interagency agreements must be reviewed and closed out by the requesting official  
43 from the initiating agency.  
Non Economy Act interagency agreements will be documented using the Military  
44 Interdepartmental Purchase Request (MIPR) DD-448 form or its data equivalent.  
Each contract or task delivery order file that is established under an interagency  
45 agreement must either include or incorporate by reference a copy of the IA.  
46 Each interagency agreement shall have a globally-unique identifier.  
Use of another agency's contract vehicle shall only be for the intended use of that  
47 contract vehicle.  
Requesting agencies must collect data on their use of interagency acquisitions for  
48 analysis.