OFFICE OF THE SECRETARY OF DEFENSE

1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

OCT 14 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH, DEVELOPMENT & ACQUISITION)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)
DEPUTY DIRECTOR FOR LOGISTICS OPERATIONS (DLA)
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Implementation of the Department of Defense (DoD) Trading Partner Number (TPN) for Intra-governmental Transactions

To facilitate accurate accounting of intra-governmental transactions across the government, the Office of Management and Budget (OMB) developed a process for better identifying these transactions as they occur. This process is in its early stages of implementation, and there is a DoD integrated process team (IPT) working our transition strategy and plans. However, you need to be aware of one initial requirement that is beginning to take effect across the government.

As noted in the OMB guidance and business rules provided at Attachment A, Federal Agencies that acquire goods or services from or provide goods or services to another Federal Agency must identify themselves with a unique trading partner number (TPN) on intra-governmental transactions. All TPNs are registered by Federal Agencies in the Federal Register (FedReg) module of the Business Partner Network (BPN) as a part of the electronic government (eGov) Integrated Acquisition Environment (IAE) initiative. Non-DoD agencies use Dun and Bradstreet's Data Universal Numbering System (DUNS) numbers as their identifiers. The OMB is allowing the Department to use DoD Activity Address Codes (DoDAACs) preceded by the alpha characters of "DOD" as TPNs. The DoDAAC file (known as the DoDAAF) serves as the basis for the DoD TPN file and is transmitted to the FedReg module daily.

FEDERAL RECYCLING PROGRAM PRINTED ON RECYCLED PAPER

Because some Federal Agencies are already beginning full implementation of the OMB business rules for all intra-governmental transactions, the use of the TPNs as prescribed is effective immediately when processing transactions with non-DoD agencies. When a non-DoD Agency requests your TPN or DUNS number to process a transaction, you should provide the "DOD" plus DoDAAC identifier (e.g. "DOD" plus HQ0019 equals DODHQ0019). The construction of this 9-character DoD TPN meets the OMB requirement.

Additionally, it is crucial that the records of your agency's/activity's DoDAACs are complete and kept current. It is critical that you review your DoDAACs as recorded in the DoDAAF and maintain the information accordingly. Mr. Jack Carter of the Defense Logistics Agency (DLA) is the DoD's Agency Registration Official (ARO) for intra-governmental transactions. Additionally, a list of Central Service Points (CSPs) of contact is provided at Attachment B. The CSPs are those individuals, assigned by Service/Component, who can assign new DoDAACs. If you are unsure of your DoDAAC or need to request one be assigned, please contact the appropriate CSP from Attachment B. Any other questions regarding the DoDAAC can be addressed to Mr. Carter, the DoD ARO, at 703-767-0684 or via e-mail at jackie.carter@dla.mil.

Further guidance regarding the use of intra-governmental transactions will be issued at a later date. Our action officers for this issue are Eileen Parlow, Office of the Under Secretary of Defense (Comptroller), 703-697-7297, eileen.parlow@osd.mil, from the Finance Domain; and Lisa Romney, Office of the Under Secretary of Defense for Acquisition Technology and Logistics, 703-614-3883, lisa.romney@osd.mil, from the Acquisition Domain.

Deidre A. Lee
Director, Defense Procurement
and Acquisition Policy

JoAnn Boutelle
Deputy Chief Financial Officer

Attachments:
As stated

Attachment A

Office of Management and Budget Business Rules for Intragovernmental Transactions

1. Federal agencies that acquire goods or services from another federal agency and federal agencies that provide goods or services to another federal agency must obtain and use Dun & Bradstreet Universal Numbering System (DUNS) numbers as unique business location identifiers. Each agency may determine the organizational level for assignment of the DUNS numbers below the minimum assignment level, which is the major component or reporting entity. Each organizational level above the major component or reporting entity must also obtain a DUNS number for identification and consolidation purposes. Assignment at the regional location of each major component or reporting entity is strongly encouraged to facilitate reconciliation of intragovernmental activity and balances.

2. Federal agencies must register their DUNS numbers in the Central Contractor Registration (CCR) database by January 31, 2003, and must observe the requirements established by the system owner/manager, which is currently within the Department of Defense. A registration template will be provided separately.

3. Federal agencies are responsible for the accuracy of their respective CCR registration data.

4. The business process rules and data architecture are effective on January 1, 2003 on a "go-forward" basis. Augmentation of existing unfilled intragovernmental orders will not be required.

5. Beginning on October 1, 2003, certain purchases for goods and services that equal or exceed $100,000 per order or agreement must be transmitted via the intragovernmental electronic commerce portal (portal). For orders that are not transmitted via the portal, agencies may continue to use existing methods and systems as long as the required data elements are associated with the order. Additional information on the transactions to be forwarded via the portal will be provided separately.

6. The threshold stipulated in rule #5 may be raised or lowered at a future date.

7. These rules are effective for all intragovernmental purchases of goods and services. Exceptions to these rules will be made for purchase card acquisitions, for national emergencies, and for national security considerations. The agency head (or his designee) may authorize such exceptions.

8. When the requesting agency (or buyer) determines that a requirement will be fulfilled by another federal agency, the requestor will prepare and transmit an intragovernmental order (order) to the providing agency (or seller). Negotiations between the business partners may take place prior to the preparation of the order, and the seller may prepare the order for the buyer. In addition to the order number, an interagency agreement number may be assigned. However, the order number assigned by the buyer will serve as the document control number. An agency may not assign the same document control number to more than one order.

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9. To ensure that order fulfillment and revenue can be associated with a specific intragovernmental order, the seller must capture the buyer's intragovernmental order number in the seller's order fulfillment or non-tax revenue system to associate the buyer's order number with any agreement or control number assigned by the seller's system.

10. The order must be authorized/approved in accordance with existing agency policies before transmittal to the seller. Necessary funding information/citation must be included on the order.

11. An order may, on occasion, contain consolidated or summary information. Additional information, such as a statement of work, occupancy agreements, terms and conditions, specifications, etc., may be attached to the order, if desired or necessary for order fulfillment and payment.

12. An obligation must be recorded in the buyer's core financial system prior to transmittal of the authorized order to the seller. If the obligation number is different from the order number, then the obligation record must include the intragovernmental order number and any interagency agreement associated with the obligation. An intragovernmental order will be deemed accepted when signed by both business partners, upon transmittal to the portal by the buyer, or when the order is issued in response to a quotation or proposal tendered by the seller.

13. When an accepted order is cancelled by the buyer, the seller is authorized to collect costs incurred prior to cancellation of the order plus any termination costs.

14. The standard data elements reflected in Attachment A-1 will be associated with the buyer's order record. The data elements to be transmitted to the seller via the portal will be a subset of these standard data elements and will be defined at a future date.

15. Electronic or hard copies of the order will be provided to administrative or program offices responsible for ordering, acceptance, and payment.

16. Bills must be issued according to the terms reflected in the order but not later than 10 days after delivery of the goods or services provided.

17. The standard data elements reflected at Attachment A-2 will be associated with the seller's billing record. The data elements to be transmitted via the portal will be a subset of the standard data elements and will be defined at a later date.

18. Consistent with voucher audit requirements that will be specified, bills transmitted via the portal will be "examined" for payment. Unless a dispute is initiated by the buyer within 10 business days from the bill date, constructive acceptance will be deemed to occur, and the portal will initiate the IPAC transfer automatically and route the payment transaction to Treasury's IPAC system. Notification of this transaction will be sent to the buyer and the seller.

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19. Billings for intragovernmental orders that are not transmitted via the portal will be directly processed through Treasury's IPAC system. Only the responsible billing party may initiate the IPAC transaction. Responsibility for initiating the IPAC transfer may be negotiated between the buyer and seller, and the responsible billing party must be explicitly stated on the order. If no responsible billing party is specified, the seller will be deemed the party responsible for initiating the IPAC transfer.

20. There will be no advance payments for service orders unless explicitly required by law. Progress payments and periodic payments are permissible.

21. Advances will be permitted for orders for goods that exceed $1,000,000. The advance may not exceed 50% of the order amount. Unless explicitly required by law, there will be no advances for orders for goods that are less than $1,000,000.

22. Advance payments made prior to the effective date of these business rules will be subject to the rule requiring status reports.

23. For advance payments that are permitted, the buyer will record the payment as an "advance to." The seller will record the payments as an "advance from" and will provide monthly status reports to the buyer reflecting revenue earned. The buyer and the seller will make appropriate adjustments to their respective advance accounts.

24. The use of budget clearing account F3885 as outlined in OMB Circular No. A-11 is permitted under these rules.

25. In addition to other required elements, an IPAC transaction will include the buyer's order number, the DUNS number for the buyer's site location, the appropriation symbol for payment from (sender), the seller's bill number, the DUNS number for the seller's site location, and the appropriation symbol for collection by (receiver).

26. The buyer and the seller are expected to resolve any dispute within 30 business days of the billing date using existing dispute mechanisms. If the dispute cannot be resolved using these mechanisms, then the matter must be referred on the next business day to a dispute resolution task force for a binding decision. Administrative costs and penalties may be levied on the agencies involved in the dispute referral.

27. For intragovernmental orders that are not routed through the portal, the cut-off date for issuing new intragovernmental orders for the current fiscal year will be midnight on September 25 of that year (in order to allow selling agencies to receive and record customer orders). For orders that are routed through the portal, the cut-off date will be midnight on September 30 as measured by the date/time stamp assigned by the portal.

28. The cut-off date for new bills for each fiscal year will be midnight on September 30 as measured by the date/time stamp assigned by the portal. Revenue that is earned but not billed

will be recorded as an accrued asset and a detailed notification of the revenue recognized will be provided by the seller to the buyer within 5 business days after the end of each fiscal year. The buyer will recognize an equivalent expense or asset and will record an accrued liability for the future payment. There will be no intragovernmental, unbilled accounts receivable for the seller at year-end.

29. Selling agencies are required to record an unfilled customer order immediately upon receipt and acceptance of an authorized intragovernmental order.

Attachment B

DoDAAC Points of Contact

The Central Service Point (CSP) is the only official point of contact that can create, change, or delete Department of Defense Activity Address Codes (DoDAACs) for their representative Military Service, Defense Agencies or non-DoD Federal Agencies. Please contact the appropriate CSP as shown:

AIR FORCE:
Judith L. (Judy) Oldham
DSN: 787-9812, Commercial: (937) 257-9812

ARMY:
Marty McKenrick
DSN: 897-2468
margaret.mckenrick@logsa.redstone.army.mil

NAVY:
Richard Edsall
DSN: 580-5908, Commercial: (216) 522-5908
richard.edsall@dfas.mil

MARINES:
Sherry Kemp
DSN: 567-6524/25/26, Commercial: (229) 639-6524/25/26
kemps@matcom.usmc.mil

DLA:
Lora Conrad
DSN: 427-1521, Commercial: (703) 767-1521
lora.conrad@dla.mil

For All Other Agencies Contact:

Dave Price, DAASC
DSN: 986-3755, Commercial: (937) 656-3755
Dave.L.Price@dla.mil