

PROCEDURES FOR DECREASING YEAR-END BALANCES ON INTERAGENCY AGREEMENTS AND COOPERATIVE SERVICE AGREEMENTS

This document outlines procedures that Agreements Specialists will follow to adjust the estimates documented in the financial plans for interagency agreements and cooperative service agreements to actual obligations incurred during the funding period of the agreement. The servicing Budget Analyst(s) will notify the Agreements Specialist of the total actual costs for the funding period so actions can be taken to properly adjust the agreement amount to be collected to the actual obligations recorded in the related account.

DEFINITIONS

These definitions are provided for Agreements Specialists to relate the accounting terminology to the types of agreements.

A **new** agreement is executed in the first, and sometimes only, year of the project. It is for a specified period of time and amount.

A **revision** (formerly called amendment) is a written change in the terms and conditions of an agreement that occurs before it expires. Revisions can include changes in funding amount, project scope, and agreement duration.

A **continuation** is executed for a succeeding period for a project initiated one or more years earlier. It picks up where the project left off in the prior period. It sets a new funding period and amount, and the terms and conditions can vary with needed changes in project requirements. They generally are issued for projects that continue on a recurring basis from year to year.

An **Authorized Departmental Officer (ADO)** is the official with delegated authority to sign an agreement.

An **Agreement Specialist (AS)** is the subject matter expert in the administrative development and management policies for agreements and supports the ADO in carrying out the agreements function.

The **Financial Management Modernization Initiative (FMMI)** is the modernization of USDA's financial system to improve overall financial management performance. It integrates a majority of the financial capabilities of the USDA. This integration allows for a single data entry into the system – significantly decreasing the number of manual reconciliations currently being performed throughout USDA. Integration also improves planning, programming, budgeting and execution through the use of integrated output data from financial and non-financial sources

A **Sales Order (SO)** is a FMMI record that represents a contractual agreement for the provision of goods and services between APHIS and a customer where APHIS is performing the work for the customer (upon execution of an Interagency Agreement or a Cooperative Service Agreement (trust fund or reimbursable). Each has a unique Sales Order number prefix to indicate their type as indicated in at the end of each of the following definitions under cooperative service agreements and interagency agreements.

A **Cooperative Service Agreement (CSA)** is an agreement with non-federal cooperators under which APHIS provides goods or services and recovers the cost of providing them from the cooperating party.

- ✓ A **Trust Fund with Advance (TOWA)** is FMFI terminology for a Trust Fund Cooperative Service Agreement. A Trust Fund account is a monetary account in which funds are placed in the custody of a trustee by a party (the trustor or cooperator) to be administered by APHIS (the trustee) for the trustor's benefit when they are earned. These funds cover the costs incurred by APHIS in providing a good or service. Payments to cover obligations must be collected for these Sales Orders before work on the project can begin and a positive balance must be maintained for work to continue. There is no billing. TOWA Sales Orders will have a 10 digit Sales Order number that starts with **37**.
- ✓ A **Reimbursable Order with Exception (ROWE)** is FMFI terminology for a reimbursable cooperative service agreement that is billed after expenditures have been incurred, i.e., in arrears. A Sales Order is created and used for billing non-Federal customers via Resource Related Billing (RRB). The exception relates to APHIS appropriation language referencing our authority to be reimbursed; thus we were allowed to bill non-Federal customer's after incurring the expenditure rather than having them pay in advance per the OMB circular A-11. ROWE Sales Orders will have a 10 digit Sales Order number that starts with **61**.
- ✓ A **Reimbursable Order with Advance (ROWA)** is FMFI terminology for a cooperative service agreement for which funds are collected in advance of incurring expenditures. The Sales Order is created and used for billing non-federal customers. Payments to cover expenditures must be collected for these Sales Orders before work on the project can begin. This process is referenced in the OMB Circular A-11 and differs from the TOWA. ROWA Sales Orders will have a 10 digit Sales Order number that starts with **33**.

An **Interagency Agreement** is executed between Federal agencies whereupon the requesting agency transfers funds to a performing agency to acquire goods or services. Payments and collections are made via the Intra-governmental Payment and Collections (IPAC) system exclusively.

- ✓ A **Reimbursable Order No Advance (RONA)** is FMFI terminology for an Interagency Agreement where APHIS is performing work for a non-USDA federal agency. A Sales Order is created and used for billing the non-USDA federal agencies via Resource Related Billing. RONA Sales Orders will have a 10 digit Sales Order number that starts with **32**.
- ✓ An **Inter USDA Agency Agreements (INTR)** is FMFI terminology for an Interagency Agreement where APHIS performs work for another USDA agency. A Sales Order is created and used for billing other USDA agencies via Resource Related Billing. INTR Sales Orders will have a 10 digit Sales Order number that starts with **36**.

A **Budget Period** indicates both the beginning and ending budget fiscal years for a fund. Each budget fiscal year begins October 1st and ends September 30th. Budget periods can be annual, multiyear or no year. This is a four digit code that includes the last two digits from each year. For example budget FY begins 10/1/2012 and ends 09/30/2013 would be shown as 1213 for annual funds and 12XX for no year funds. It will be common for the budget period to be from a prior budget fiscal year than the work plan because starting in Fiscal Year 2012 USDA began the practice of spending unobligated balances or carryover, of their no year, funds out of the year they were received instead of bringing them forward into the current year.

A **Funding Period** is the period of time specified in the agreement and/or associated annual work plans (for multiyear CSAs requiring annual work plans). It is the timeframe during which expenditures are incurred and for which billing and/or collection actions are taken for work performed. Funding

periods and budget periods might or might not coincide. For example an agreement funding period might be for one year using multiyear or no year funds.

Resource Related Billing (RRB) is the process whereby FMMI pulls together all the expenses on a sales order that have not been billed previously and recreates a debit memo (bill) request and updates the general ledger accounts accordingly. Note the bill can be **suppressed**.

Work Based Structure (WBS) is part of the FMMI master data elements. It is used to track long-term projects in appropriated funds and individual agreements in reimbursable funds.

In referring to the above definitions when assigning agreement control numbers:

- A Trust Fund (TF) agreement will be issued for TOWA and ROWA transactions. When the ACMS Agreements Inventory is enhanced, an acronym will be added for the advance, non-trust fund cooperative service agreements control numbers.
- A Reimbursable (RA) cooperative service agreement will be issued for a ROWE transaction.
- An interagency agreement (IA) will be issued for both RONA and INTR transactions.

However, it is important that you do not use “trust fund” in the title to or in the body of a TF agreement where payment is made in advance and it is not classified as a TOWA with a Sales Order number that starts with **37**. The agreement should simply be titled as a Cooperative Service Agreement.

AGREEMENT PROCEDURES TO DECREASE SALES ORDERS IN FMMI

Situations can occur that require downward adjustment of the agreement amounts in FMMI and ACMS. Initial amounts posted in both systems are estimates. Due to various conditions such as erroneous charges to the account or projections that were in excess of the actual charges, downward adjustments must be made. The scenarios and procedures below pertain to the following types of agreements as defined above: ROWA, ROWE, RONA, TOWA, and INTR. In this context, agreement types refer to the FMMI definition of agreements for accounting purposes which differs from those used in establishing an agreement and assigning agreement control numbers. Familiarity with these terms is necessary to ensure you are properly classifying the type of agreement, particularly cooperative service agreements where the term “trust fund” has different meanings where advance payments are concerned.

Guidance on adjustments can be found in the APHIS BAM which will be referenced in the APHIS Agreements Management Manual (AAMM) in any section where adjustments of agreement estimates to actual costs is mentioned.

SCENARIO 1: Excess collections where advances have been made resulting in a refund. This scenario relates to a ROWA or TOWA transaction.

Procedure: Upon reconciliation of the account(s), the budget analyst will notify the servicing agreements specialist (AS) via e-mail of the actual cost of providing the services covered by the agreement. The AS will then issue an adjustment form for the signature of the ADO. Upon receiving the fully signed form (format attached) from the ADO, the AS will enter the amount of the adjustment into ACMS Agreements Inventory, print the screen, and forward the form via e-mail to the FMD-Billing & Collection Team (BCT) to decrease the agreement amount in FMMI. BCT will issue a credit memo so a refund can be issued to the customer that paid in advance and reduce the Sales Order to match the actual costs.

SCENARIO 2: An agreement was executed based on estimated costs and a Sales Order was created for a corresponding amount which exceeded actual expenditures. The amount of the Sales Order needs to be adjusted so that it zeros out. This scenario relates to a RONA, INTR, and ROWE Sales Order.

Procedure: The same procedure will be followed as described in Scenario 1 except BCT will reduce the amount of the Sales Order to match actual costs.

SCENARIO 3: Work on a reimbursable cooperative service agreement or interagency agreement was completed. The customer was billed erroneously for some of the expenses and the actual costs were less than the estimated amount for the agreement and the corresponding amount established for the original Sales Order. This scenario relates to a ROWE, INTR, and RONA Sales Order.

Procedure: Upon reconciliation of the account(s), the Budget Analyst must remove the erroneous charges from the Sales Order WBS and notify BCT to run a RRB to create a credit memo so a refund can be issued. Once the refund is issued, the Sales Order must be reduced to match the actual costs. Accordingly, the budget analyst must then notify the servicing Agreements Specialist via e-mail of the actual cost of providing the services covered by the agreement. The AS will then issue an adjustment form for the signature of the ADO. Upon receiving the fully signed form from the ADO, the AS will enter the amount of the adjustment into ACMS Agreements Inventory, print the screen, and forward the form via e-mail to the BCT to decrease the agreement amount in FMFI. BCT will issue a credit memo so a refund can be issued to the customer and reduce the Sales Order to match the actual costs.

SCENARIO 4: Work on a reimbursable cooperative service agreement or interagency agreement was completed and the final RRB has occurred. After the final RRB, an expense was inadvertently charged against the Sales Order WBS and the customer had not yet been billed for this expense erroneously charged to the account. This scenario relates to a ROWE, INTR, and RONA Sales Order.

Procedure: No action is required by the Agreements Staff. This is an accounting error that did not affect the estimated or previously-billed amount of the agreement. The budget analyst(s) must remove the excess expense from the Sales Order WBS. BCT should be notified by the Budget Analyst to reduce the Sales Order amount to match the actual expense.

**NOTICE OF ADJUSTMENT OF AGREEMENT FUNDING TO ACTUAL COSTS
WHEN APHIS IS THE PERFORMING AGENCY ON
INTERAGENCY AGREEMENTS AND COOPERATIVE SERVICE AGREEMENTS**

(To be prepared by the Agreements Specialist)

1. To: (Insert Name) _____ USDA, APHIS, MRPBS, FMD, FOB Billings and Collections Team Minneapolis, MN	2. From: (Insert name and location of Agreements Specialist)
3. Agreement No.: (13 characters) XX-XXXX-XXXXXX-XX	5. Cooperator Name:
4. Sales Order No.:	

6. Type of Transaction: ☐ RONA ☐ INTR ☐ TOWA ROWE ☐ ROWA

7. Original estimated total was \$_____. **Total actual costs are \$**_____,
Adjustment is a (check one or both, as applicable) ☐ Decrease ☐ Refund.

8. Action to be Taken by the Billings and Collections Team:
 Please decrease this agreement to the amount indicated below which is based on the final reconciliation of the cooperator's account for the funding period. A printed screen is attached showing this amount has been posted in the APHIS Cost Management System. Accounting Information is provided below.

Budget Period	Work Breakdown Structure (WBS) Element	New Total Amount
		\$
	Total Adjustment	\$

9. Signature of Agreements Specialist:

 Typed/Printed Name: _____ Date: _____

10. Signature of Authorized Departmental Officer:

 Typed/Printed Name: _____ Date: _____

11. Attachments: ACMS Screen Print