



Department of Energy

Washington, DC 20585

July 14, 2004

MEMORANDUM FOR FIELD CHIEF FINANCIAL OFFICERS

FROM:

James T. Campbell
JAMES T. CAMPBELL

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AND EVALUATION/ACTING CHIEF FINANCIAL OFFICER

SUBJECT:

Interim Guidance for Inter-Entity Work

My May 20, 2004, memorandum entitled "Implementing the Business Process Change for Inter-Entity Work," identified required actions to be completed prior to implementing a new business process for conducting inter-entity work. This memorandum sets forth interim guidance to implement the new business process changes for inter-entity work between DOE entities. We are in the process of revising Chapter 12 of the DOE Accounting Handbook to reflect this interim guidance, and expect to issue a revised chapter in August. However, due to the pending process conversion on August 1st, issuing interim guidance is necessary.

As you know, from the time we learned our existing process for inter-entity activity would not work in the new accounting system, we have labored over various options to the process. Our consideration of the options caused us to review the origin of our current process. The existing process for conducting inter-entity work began as a result of concerns by our Office of Inspector General that contractors were bypassing prescribed procurement procedures with regard to work they performed for each other. In addition, the Office of Chief Financial Officer wanted to ensure the process for conducting inter-entity work included a funds control mechanism. An elaborate accounting process was adopted to bring greater visibility to the inter-entity activities.

With the opportunity to change our current process, we must strike a balance between ensuring the aforementioned concerns are met and the need to create efficiencies in an environment with limited resources. With this in mind, I am establishing the following guidance for inter-entity work, effective August 1, 2004.

- o Sites shall use the Approved Funding Program (AFP) method to conduct inter-entity work among contractors.
- o In circumstances where emerging needs require a faster process for authorizing inter-entity work than is available under the AFP method, sites may use subcontracts with DOE performing contractors.



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If the work is performed by an integrated contractor:

- Subcontract work among contractors shall use an Interoffice Work Order (IWO) process with approval from the cognizant contracting officer for the authorizing and the performing contractors when the work order exceeds \$1 million. The contracting officer for the performing contractor shall forward a copy of all approved IWOs (see Attachment) to the cognizant field Chief Financial Officer. When the work order is \$1 million or less, formal DOE approval of the subcontract is not required;
- Contractors performing work shall accumulate costs throughout the month and reclassify such costs, at month end, as an accounts receivable using the requestor's OPI code. As the receivable is collected, the performer will relieve the accounts receivable. Balance Sheet Code (BSC) 1414/1415 should be used for August and September 2004 MARS data, and SGL 1310D5 should be used for reporting under STARS;
- Costs and revenue for all work performed for other DOE locations should be reported monthly by integrated contractors in their predominant fund type in memorandum accounts as follows:

August/September 2004

Dr BSC 9931 Cost of Work Performed Between DOE Entities

Cr BSC 9932 Earned Revenue or Collections

SGL Reporting Under STARS

Dr SGL 801001 Cost of Work Performed Between DOE Entities

Cr SGL 801002 Earned Revenue or Collections, Interoffice

For all work performed by a DOE office (or a DOE non-integrated prime contractor) for another DOE entity:

- A credit obligation is used to create the obligational authority in YN 1902. Obligations, costs, payments, and revenues should be recorded in YN 1901 and YN 1902, using Fund Type YZ. Costs are billed and collected on a cash basis. Additionally, obligations and uncollected receivables will need to be adjusted at the end of each quarter to net the fund type to zero.

When questions arise concerning the appropriate mechanism for inter-entity work (i.e., AFP or subcontract), the performing entity makes the final determination.

This approach eliminates the accounting entries currently performed by DOE finance offices and uses the contractors' existing practices for commercial subcontracts. It should strengthen Federal control over inter-entity work by placing greater emphasis on the use of the AFP process, and it will better align financial policy with the DOE Acquisition Guide, which requires contracting officers to approve inter-entity work in excess of \$1million.

Attachment

Attachment
U.S. Department of Energy
INTER-ENTITY WORK ORDER

1. Work Order Number: Amendment Number:	2. Month/Year to be recorded: (For Use in DOE-DOE Work Only)	
Authorizer		
3. Authorizing Contractor:		
4. Authorizing Contractor OPI Code:	5. Allotment Symbol:	
6. Cognizant Contracting Officer:		
Telephone:		
E-Mail:		
7. Authorizer's Cognizant Contracting Officer Signature:		
Date:		
8. Scope of Work (attach additional sheets if needed):		
9. Period of Performance:		
10. Billing Information:		
Address:		
Attention:	Order Number:	
Authority	Current Year	Cumulative
Previous Total	\$	\$
Current Action	\$	\$
Revised Total	\$	\$
Performer		
11. Performing Contractor:		
12. Performing Contractor OPI Code:	13. Allotment Symbol:	
14. Cognizant Contracting Officer:		
Telephone:		
E-Mail:		
15. Performer's Cognizant Contracting Officer Signature:		
Date:		

Instructions for Completing the Interoffice Work Order

1. The work order number is assigned by the authorizing contractor. Amendment numbers are also assigned sequentially by the authorizing contractor.
2. Enter the month and year this transaction is to be recorded.
3. Enter the name of the authorizing contractor.
4. Enter the authorizing contractor's Other Party Identifier code.
5. Enter the allotment holder symbol for the authorizing contractor.
6. Enter the name, telephone number, and e-mail address of the authorizer's cognizant contracting officer.
7. Signed and dated by the authorizing contractor's cognizant contracting officer if the work order is greater than \$1,000,000.
8. Describe the scope of work to be performed. This shall include all the information required by the performing contractor, including a brief description of the work and the terms and conditions. If a Memorandum Purchase Order (MPO) is being attached as support, simply reference the attached MPO.
9. Enter the period of performance for this work order.
10. Enter all relevant billing information.
11. Enter the name of the performing contractor.
12. Enter the performing contractor's Other Party Identifier code.
13. Enter the allotment holder symbol for the performing contractor.
14. Enter the name, telephone number, and e-mail address of the performer's cognizant contracting officer.
15. Signed and dated by the performing contractor's cognizant contracting officer if the work order is greater than \$1,000,000.

Note: The Interoffice Work Order form can be used for work between DOE offices, regardless of amount.

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