

CHAPTER 12

INTER-ENTITY TRANSACTIONS

1. INTRODUCTION.

- a. **Purpose.** The chapter establishes the principles and procedures of financing and accounting for costs of work performed by one DOE office or site/facility management contractor for another, and sets forth the policy governing property transfers to and from Federal agencies. Specific accounts to be used for transfers are further identified in the Standard General Ledger Chart of Accounts and Related Codes.
- b. **Applicability.** The provisions of this chapter apply to all Departmental elements except the Federal Energy Regulatory Commission and the Power Marketing Administrations (referred to hereafter as “offices”) and to all DOE site/facility management contractors (referred to hereafter as “contractors”).
- c. **General.** All inter-entity activity shall be authorized in advance by the respective organizations concerned with the transactions to enable management to plan effectively and administer programs within available funds and under established cost ceilings. Authorizations are made specifically to cover the scope of the work, cost limitations, budget and reporting classification chargeable, and the method of financing. It is the responsibility of the organization (office or contractor) performing the work not to exceed the amount provided in the authorization. If a contractor is performing the work and an overrun appears likely, it is the contractor’s responsibility to ensure the authorization is modified accordingly to prevent any overrun from occurring.
- d. **Policy.**
 - (1) The DOE offices and the contractors processing the inter-entity activity shall account for the activity in accordance with criteria contained in this chapter.
 - (2) Performance of work involving inter-entity activity must be based on proper authority prior to the initiation work.
 - (3) The respective offices issuing and receiving the inter-entity activity documents shall be responsible for researching and correcting any monthly differences caused by the inter-entity activity.

-
2. **INTER-ENTITY WORK.** Sites shall use the following methods for initiating inter-entity work.
- a. **Approved Funding Program (AFP) Method.** The preferred method for initiating inter-entity work is through a change in the AFP. This method provides the highest visibility and control over funds. When the Departmental element with programmatic responsibility determines that work and funding are to be transferred from one office to another, the Departmental element shall submit the proposed AFP change to the Office of Budget. Once the Office of Budget approves the AFP change and issues the related HQ F 2260.2, "Advice of Allotment," the performing office has the programmatic and obligational authority to incur costs and pay bills. Detailed AFP procedures are described in DOE M 135.1-1A, Department of Energy Budget Execution Fund Distribution and Control Manual.
- b. **Inter-Entity Work Order (IWO) Method.** In circumstances where emerging issues require flexibility to address funding requirements or visibility and controls over programmatic funds are equal to or greater than the AFP method, offices and contractors may use the IWO method described below:
- (1) Subcontract work shall require execution of an IWO with approval from the cognizant contracting officer for the authorizing and the performing organizations when the estimated cost of work exceeds \$1 million. The contracting officer for the performing organization shall forward a copy of all approved IWOs (see Attachment 12-1) to the cognizant field Chief Financial Officer or equivalent. When the work order is \$1 million or less, approval by the contracting officer is not required.
 - (2) An integrated contractor performing work shall accumulate costs throughout the month and reclassify such costs, at month end, as an accounts receivable using the authorizing entity's OPI code. As the receivable is collected, the performer will reduce the accounts receivable. SGL account 1310D5 should be used for reporting under STARS.
 - (3) Costs and revenue for all work performed for other DOE locations should be reported monthly by integrated contractors in their predominant fund type in memoranda accounts as follows:

Dr SGL 801001 Cost of Work Performed Between DOE Entities
Cr SGL 801002 Earned Revenue or Collections, Interoffice

- (4) When work is performed by a DOE office (or a DOE non-integrated contractor), the performing DOE office must record a credit obligation using SGL 1721311, Earned Revenue or Collection. Obligations, costs, payments, and revenues should be recorded in SGL 1721311, using 0911 fund type. 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. Both the requesting and performing offices should work together to ensure that inter-entity receivables and payables reconcile.
- (5) Any modifications made to existing IWOs must be documented and recorded through an amendment to the IWO by the performing organization. If the amendment reduces the total of the work order to \$1,000,000 or less, the effort should continue to be handled using the same method.

3. DOCUMENTATION AND CONTROL OF COST TRANSFERS.

- a. **General.** DOE F 2240.7, "Transfer Voucher," shall be used for transfers of property within DOE and for transfers of product costs and funded inventories. Additional types of transfers that use the transfer voucher are cited in paragraph 4b below. The transfer voucher is not used for cash transactions. Transfer vouchers reflect activity between DOE offices shall be forwarded by cognizant field offices to the Energy Finance and Accounting Service Center (EFASC) for processing.
- b. **Preparation of the Transfer Voucher.** The transferring organization shall prepare and issue transfer vouchers for the movement of material and property. When fabrication work is performed, the costs shall not be transferred until the fabricated product is shipped to the receiving organization, unless special arrangements are made between the two organizations. In preparing the transfer voucher, the transferring organization shall complete all applicable sections. The transfer voucher or an attached supplement shall show complete information concerning the items being transferred and shall include a reference to the transfer authorization to enable either the receiving organization or EFASC to process the transfer and identify and distribute the costs. The performing organization shall furnish copies of source documents, when available, along with the transfer voucher. To ensure mutual understanding, each transfer voucher shall show the appropriate type of transfer in a conspicuous manner as part of the description, as follows:
 - (1) Administrative transfers;
 - (2) Excess equipment for disposal;
 - (3) Other excess plant and capital equipment transfers;
 - (4) Funded inventories transfers.

-
- c. Cutoff Dates.** The transferring organization shall not issue transfer vouchers for a given month on an inter-organizational basis after the 15th calendar day of the month. The cutoff date for the ending month of the fiscal year is prescribed in the fiscal year-end closing instructions issued by the EFASC. If there are significant amounts that cannot be transferred formally by the prescribed date, the organization furnishing the services or materials shall advise the receiving organization or EFASC by telephone, facsimile, e-mail, or other means soon enough for such amounts to be accrued.
- d. Numbering of Transfer Vouchers.** The transferring organization shall assign each transfer voucher a number identifying it with the organization performing the work or service and the organization receiving the work or service. Under this system of assigning transfer voucher numbers, each shall contain 12 letters and numbers, for example, transfer voucher 801-ID9-OR9-O32.
- (1) The first set of three characters shall indicate the fiscal year (for example, 8 for fiscal year 1998) and the calendar month (for example, 01 for January, 07 for July) in which the performing organization (ID9) recorded the transfer in the accounting records.
 - (2) The second set of three characters shall be the organization code as defined in the Standard General Ledger Chart of Accounts and Related Codes and reporting unit of the performing organization.
 - (3) The next three characters shall be the organization code as defined in the Standard General Ledger Chart of Accounts and Related Codes and reporting unit of the organization receiving the transfer voucher.
 - (4) The last set of three characters shall indicate the serial number of the voucher issued by the transferring organization to that particular receiving organization. (In the example above, it is the 32nd voucher issued by the Idaho transferring organization to the Oak Ridge receiving organization in fiscal year 1998.)
- e. Reconciliation of DOE Transfer Accounts.** Each organization shall adhere to the following rules, as well as to the procedures prescribed in paragraph 4b, for preparing and forwarding transfer vouchers to facilitate keeping the DOE transfer accounts in agreement:
- (1) The transferring organization shall review its transfer activity to ensure that all charges or credits to Transfers Issued have been covered by transfer vouchers and that all vouchers issued represent items entered in Transfers Issued.

- (2) The offices shall resolve and correct differences in the same monthly edit. Each office shall review the monthly reconciliation of transfers provided by EFASC on a cumulative transaction basis in summary form, and initiate any necessary corrective action. EFASC shall record any corrections, including out-of-balance problems, during the following month except at the end of the fiscal year, when they shall be issued on a timely basis and received by the office authorizing the work or service for recording as business of that month. Telephone, facsimile, or e-mail confirmations should be used.
- (3) If any transferred items are inadequately supported by documentation or are improper, the organization receiving the transfer voucher shall record the transfer voucher in Transfers Received, but the offsetting entry shall be to a suspense account, except at the end of the fiscal year. The organization receiving the transfer voucher then shall ask the office that prepared the transfer voucher to furnish additional information or a correcting transfer voucher, as the situation may require.

f. **Confirmation of Transfers.** Each organization preparing transfer vouchers shall confirm all transfers made during the final month of the fiscal year with the organization receiving the transfer voucher by telephone as soon as possible consistent with year-end closing instructions. Additional confirmation requirements, such as a transfer confirmation document, may be set forth in the annual year-end requirements memorandum.

4. **TRANSFER OF CONTRACTUAL DOCUMENTS BETWEEN OFFICES.**

Organizational or mission responsibility changes may require the transfer of contractual documents between offices. The transferring accounting office shall transfer contracts only after changes to the AFP and transfer of accounting records have been completed. The program office shall not initiate transfer of contracts to become effective 45 days or less before the end of the fiscal year or 45 days or less after the end of the fiscal year, unless all activities involved concur in the transfer. No contracts shall be transferred that are within 90 days of being closed out.

a. **Headquarters Program Offices or Field Program Offices** initiating a transfer of contract shall perform the following functions:

- (1) Receive written concurrence from the receiving program office; submit a request for the contract transfer, in the form of DOE F 4200.33, "Procurement Request-Authorization," to the appropriate procurement office; and prepare the necessary AFP change.

The procurement request-authorization shall be the official document from the program office authorizing the transferring procurement office to effect the transfer. The program office shall prepare a request for a contract transfer in advance to ensure that actions are completed prior to the effective date of the contract transfer. Field organization program offices shall forward the AFP request to the appropriate Headquarters program offices for approval. Upon approval, the Headquarters program office shall submit the AFP change with its regular AFP input to the Office of Budget. DOE M 135.1-1A, Department of Energy Budget Execution Fund Distribution and Control Manual, contains the procedures and format to use when effecting a change to the AFPs.

- (2) Provide written notification of the impending transfer to the receiving program office. Provide copies to the transferring and receiving accounting offices and to the transferring and receiving contracting activities at the time the request for contract transfer is prepared.
 - (3) Coordinate the cutoff date with the transferring accounting office and the receiving procurement office to allow sufficient time for the effective date. Establish the effective date as the first day of a month to facilitate the transfer and reconciliation of financial database records as of the end of the previous month.
 - (4) Ensure that the program office initiates no transfers to be effective 45 days or less before the end of the fiscal year or 45 days or less after the end of the fiscal year, unless concurrence has been received from all affected elements.
- b. Transferring Procurement Office** shall perform the following functions:
- (1) Coordinate and formally advise the transferring and receiving program, budget, and accounting offices of the contract transfer.
 - (2) Establish an effective date for the transfer, in coordination with the transferring and receiving program, budget, and accounting offices.
 - (3) Establish a cutoff date for processing invoices, in coordination with the transferring accounting office.
 - (4) Ensure that the contractor is aware of the impending transfer and is notified of the date on which it is to begin submitting invoices to the receiving procurement office.
 - (5) Ensure that no contracts are transferred that are within 90 days of being closed out.
 - (6) Ensure that the contract numbers are not changed.

-
- (7) Complete and enter into Procurement Assistance Data System database appropriate documentation to indicate the transfer and specify the receiving procurement office to effect the transfer.
 - (8) Transfer contract files on Standard Form 30, "Amendment of Solicitation/Modification of Contract," to the receiving procurement office after ensuring that all pertinent materials (such as contractual documents, technical reports, and correspondence) have been included in the files.
- c. **The Office of Budget** shall upon receipt of the request for an AFP change during the regular monthly AFP cycle, input the required adjustment to coincide with the effective date of the transfer and issue revised AFPs and allotments.
- d. **Transferring Accounting Office** shall perform the following functions:
- (1) Arrange with the receiving accounting office for the transfer of the accounting records.
 - (2) Ensure that all prior obligations, unliquidated obligations, and disbursement adjustments coincide with the AFP change and the effective date of the transfer.
 - (3) Initiate action to ensure that the transfer of accounting records is accomplished within the same month as the effective date of the contract transfer.
 - (4) Reconcile all support documents with the balances shown on the financial reports prior to the transfer, and prepare Form CR F 2260.1, "Transfer of Unpaid Obligations," on the unpaid prior-year balances to be included with the accounting records.
 - (5) Coordinate the transfer of the accounting records with the receiving accounting office and ensure that both offices process the adjusting entries in the same accounting month.
 - (6) Transfer all unpaid obligations, advances, receivables, and payables to the receiving accounting office; ensure that the transfer coincides with the effective date of the AFP change; and reflect these transfers on all accounting reports.
- e. **Receiving Program, Budget, Procurement, and Accounting Offices** shall perform the following functions:
- (1) Concur in the proposed transfer.
 - (2) Coordinate with the transferring offices on the transfer of the AFP, the accounting records, and the procurement files and ensure that the applicable office has received the documents described in

paragraph 5d above before the effective date of transfer.

- (3) Assume responsibility for management of, financing of, and accounting for the contract transferred on the effective date.
- (4) Recognize that the receiving accounting office will be responsible for accounting for the contract retroactive to the beginning of the fiscal year.

- f. **Receiving Procurement Office** shall complete and enter into the Procurement Assistance Data System database appropriate documentation to indicate acceptance of the transferred contract.

