

May 3, 2004

MEMORANDUM FOR Secretarial Officers
 Heads of Operating Units

FROM: Otto J. Wolff /original signed/
 Chief Financial Officer and
 Assistant Secretary for Administration

SUBJECT: Interim Interagency and Other Special Agreements
 Handbook

Attached is the Department's Interagency and Other Special Agreements Handbook. Its purpose is to provide guidance for the use, management, and oversight of these widely used instruments. Since this is a new policy area, the Handbook is intended to be issued on an interim basis for one year after which we will evaluate it based on actual use throughout the Department.

In Report Number IPE-1048, *Interagency and Other Special Agreements Require Better Management and Oversight*, the Inspector General found that Commerce had more than 4,700 agreements, involving approximately \$1.1 billion in funds received for reimbursable activities, obligated to acquire goods or services from other parties, or committed to joint venture agreements. In addition, the IG found that Commerce agreements did not consistently comply with federal requirements; the oversight process for reviewing Departmental agreements was inadequate; Departmental policies and procedures for agreements were clearly needed; and a Department-wide database for recording basic data on these agreements was also needed.

As a result of the Inspector General report and in view of recent problems surrounding high visibility projects awarded using such instruments, I am issuing the Interim Handbook as formal policy which provides guidance to those responsible for issuance and management of these agreements.

Some important components of the Handbook include:

- Definitions and outlines for the types of agreements that can be entered into by Commerce bureaus;
- Minimum necessary contents and steps for preparing and processing agreements (e.g. citation of legal authorities, applicable written justifications, signatures by the appropriate bureau and departmental officials, budget summaries...);
- Standard agreement provisions and format construction;

- Information on appropriate internal review processes, explicitly stating the responsibilities of the various offices (i.e. Budget, Finance, Accounting functions, Contracting functions, Programmatic/Project functions), the minimum path of review and approval, and thresholds for review;
- Information required by the OMB Business Rules for Intra-governmental Exchange Transactions, which establishes basic business rules and mandatory data elements for bills and invoices when engaging in these exchanges. Associated with the business rules are mandated use of DUNS numbers as unique business location identifiers, and mandated registration in the Business Partner Network/Central Contractor Registration databases.

Please submit a plan to implement the Handbook within 30 days from the date of this memorandum. Key considerations that should be addressed in the implementation plan are: (a) how and to what organizational level will you delegate authority within your organization; (b) how will you ensure that adequate business reviews are performed; (c) how will you ensure that entities are using the Central Contractor Registry, and (d) how you will assure that agreements are properly transmitted via the Intra-governmental Transaction portal as required by the OMB Business Rules for Intra-governmental Transactions.

Attachment

cc: J. Frazier, Inspector General
B. DiGiacomo, OGC
Acquisition Council
CFO Council