

# M-03-01, Business Rules for Intragovernmental Transactions

October 4, 2002

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MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr.

Director SUBJECT: Business Rules for Intragovernmental Transactions

In August 2001, President Bush announced the President's Management Agenda to "address the most apparent deficiencies where the opportunity to improve performance is greatest." One such deficiency is intragovernmental transactions, which the General Accounting Office has classified as a government-wide material weakness. Our inability to properly account for such transactions hinders true cost transparency, impedes achievement of our goal of a clean opinion on the U.S. Consolidated Financial Statements, and consumes significant resources in attempts to identify, reconcile, and resolve differences.

A major factor to the Government's inability to account for these transactions is the lack of standardization in processing and recording intragovernmental activities. As a key step toward resolving this weakness, we have established two sets of standard business rules. Attachment A contains a listing of business rules to be observed when engaging in intragovernmental exchange activity. These rules will be effective on January 1, 2003, unless otherwise specified. Attachment B contains a listing of business rules that are applicable to the recording and reconciliation of certain fiduciary transactions. The rules in Attachment B will be effective on October 1, 2003. Agencies that do not use these business rules will be downgraded on their progress score for financial management on the Executive Branch Management Scorecard.

The use of these business rules is another step towards achieving the President's vision of an electronic government. We will use these business rules to develop an electronic commerce portal that will enable the exchange of acquisition and payment data to execute an intragovernmental transaction.

Thank you for your continued leadership and commitment to carrying out the President's Management Agenda, to improving financial management, and to resolving the intragovernmental material weakness. Questions about this memorandum may be directed to Joseph L. Kull, Deputy Controller, at 202-395-3993.

