



NBCM-BF-6600-002
Billing and Collections

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1. PURPOSE

This Policy provides guidance for ensuring timely billing, collection, and accounting of funds due the National Business Center (NBC) for products and services provided to customers. The policy objective is to bill and collect amounts due as quickly and as efficiently as possible to minimize negative expenditure balances and to accurately record NBC revenue. Also refer to NBCM-BF-6600-001, NBC Policy on Reimbursable Agreements Document Management, which provides policy and procedures for Inter and Intra Agency Agreements (IAA) and the supporting system, called Customer Agreements System (CAS), where contractual documents that formalize the billing relationship between the NBC and customer are entered and controlled.

2. SCOPE

This Policy applies to all products and services that are backed by contractual documents to formalize the billing relationship between the NBC and customer. The contractual documents include IAAs; Form DI-1, United States Department of the Interior Requisition; Form DI-14, Printing, Binding, and Distribution

Request; Government Purchase Card Requests; Purchase Orders; and Standard Form 182, Request, Authorization, Agreement and Certification of Training.

3. DEFINITIONS

Administrative Fee: An amount charged to fund the preliminary or administrative work required to accomplish the tasks as requested by the customer and as identified in the agreement.

Agency Location Code: A unique number assigned by the U.S. Department of the Treasury to Federal agencies for Treasury reporting purposes. The first 2 digits of the 8-digit ALC identify the department or agency, the third and fourth digits identify the particular bureau within the department, and the remaining 4 digits identify the particular agency account section within that bureau. The Agency Location Code for both NBC and the customer is used as part of the billing and collection process.

CASH LINK: An electronic information system used by the U.S. Department of the Treasury to manage the collection of U.S. government funds throughout the world and to provide deposit information to Federal agencies. This network links Federal agencies, commercial banks, the Federal Reserve Banks, and the Treasury Department together through an electronic network. CASH LINK also provides Federal agencies with real-time information (via the Internet) to verify deposits, ACH and Fedwire transfers, and voucher adjustments to reconcile accounts.

Customer Agreements System (CAS): A web-based system used by the NBC to create and route IAAs for financial accounting and billing/collection purposes. CAS interfaces to the financial accounting system to create the reimbursable documents and tables needed for recording costs on agreements and issuing periodic billings.

Fixed Price Agreement: This type of agreement is used when a fair and reasonable fixed price can be established for a product or service at the outset. The fixed price agreement is collected for the full amount of the agreement and is not based on actual expenses. The customer pays the negotiated amount regardless of the provider's incurred cost. The fixed price agreement is billed and collected in arrears using a fixed percentage of the total based on the billing cycle.

Internal Agreement: This type of agreement is used to account for products or services offered between NBC organizations. Per the NBC's cost accounting policy, the agreements are categorized as Tier 1, Tier 3a, Tier 3b or Tier 3x. See NBCM-BF-6600-003, Cost Accounting, for a detailed description of the Tier categories.

Intra-Governmental Payment and Collection (IPAC): An electronic Internet-based collection and payment system maintained by the U.S. Department of Treasury for use by Federal agencies to bill and collect amounts owed from other Federal agencies.

Project Cost Accounting Subsystem (PCAS): A subsystem within the financial accounting system, FFS, that tracks project costs, associates the project costs with Inter and Intra Agency Agreements, spreads project costs to customers, and generates data for billing. The PCAS is only used for time and materials agreements.

Time and Materials Agreement: This type of agreement is used when it is not possible to estimate a fixed price or duration of the work or to anticipate costs with any reasonable degree of confidence. The amount billed and collected is based on the actual expenses incurred during the billing period, not to exceed the estimated agreement total. If it is expected that costs will exceed the estimated IAA total, then renegotiations must take place with the customer to increase the agreement amount in order to bill actual expenses.

Unallocated Costs: Costs/expenditures that NBC has incurred in excess of funding approved by the customer which cannot be billed unless the customer agreement amount is increased. This is normally associated with time and materials agreements. If the NBC is unable to increase the IAA to cover these costs, then the NBC must absorb these costs.

4. ROLES AND RESPONSIBILITIES

4.1. Chief Financial Officer (CFO)

The CFO is the Associate Director, Financial Management Directorate. The CFO is responsible for establishing financial accounting policies and procedures for NBC, including those related to reimbursable agreements, revenue, and cash flow. The CFO is ultimately responsible for ensuring billing and collection is performed timely in accordance with Departmental, NBC, and other regulatory guidance and procedures.

4.2. Budget Office

The Budget Office is responsible for the following:

- 4.2.1. Preparing annual central bill agreements as approved by the Working Capital Fund Consortium.
- 4.2.2. Preparing Tier 1 agreements for the Office of the Director and Tier 3b agreements for assessments from the Office of the Secretary.

- 4.2.3. Ensuring all central bill and Tier 1 agreements are entered in the financial accounting system via CAS.
- 4.2.4. Ensuring central bill and Tier 1 agreements are signed timely by the appropriate representatives from both the NBC and customer in accordance with the timeframes and procedures identified in this Policy.

4.3. Associate/Assistant Directors

The Associate/Assistant Directors are responsible for:

- 4.3.1. Ensuring that IAAs or other contractual documents are prepared completely and correctly in CAS. This includes the following data to prevent delays in the billing process:

- Inter/Intra Agency Agreement (IAA)
 - Fields 5d through 5g – ensure the data is accurate as this information is essential to the IPAC billing. Customer credit card information should **not** be entered in these fields.
 - When an NBC Directorate is the customer, ensure these elements, in this order, are entered in field 5f (account number): Budget Fiscal Year; Fund (2 digits); Organization Code (4 digits); Program Code (5 digits); Job Code (6 digits); Reporting Category (2 digits); Budget Object Code (4 digits).
 - Field 6F - ensure the correct agreement type (e.g., time and materials or fixed price) is recorded.
- Internal Page of the IAA
 - Block 1 - the account number(s) used must correspond to where the charges will be made (e.g., Quick Time for time and materials agreements only.) For fixed price agreements, ensure the account number(s) used corresponds to where the revenue will be recorded. Program managers can override the CAS-generated account number with the appropriate revenue account number. Questions regarding the appropriate revenue account number should be directed to the Budget Office.
 - Block 2 - the vendor code/customer number must match the Customer ALC # referenced in 5d. CAS will generate the customer agency location code in this block #2. To set up a new vendor code in the Finance system, a Vendor Update Form must be sent to the Accounting Operations Division. Contact the CAS Administrator to establish the new vendor code in CAS.

- Block 3, Billing Data – ensure the Bill Type selected is OPAC/IPAC or Manual. OPAC/IPAC is the preferred billing method. Using any other bill type causes posting problems within the financial system.
- 4.3.2.** Ensuring agreements or other contractual documents are signed timely by the appropriate representatives from both the NBC and the customer before commencement of work and expenditure of NBC resources, especially in cases of recurring services in accordance with the timeframes and procedures identified in this Policy.
- 4.3.3.** Ensuring advanced payments are requested and received as appropriate and applicable (e.g., for acquisition services).
- 4.3.4.** Entering customer accounting information and attaching other contractual documents into CAS to be interfaced into the financial accounting system once approved by all required parties. This includes NBC internal agreements by ensuring that an obligation has been recorded in the accounting system for each internal Tier agreement.
- 4.3.5.** Ensuring that billing memorandums and suitable supporting documents for goods and services initiated with other contractual documents are provided to the Accounting Operations Division within 2 business days after approval by the customer and/or delivery of goods or services so that billing and collection can begin immediately.
- 4.3.6.** Monitoring IAAs to ensure they are not overspent, and working with the Accounting Operations Division to reconcile unallocated costs to account for all costs incurred.
- 4.3.7.** Monitoring monthly financial reports to ensure customers are billed and revenue is recorded timely and correctly in the financial accounting system.
- 4.3.8.** Ensuring that the final billing of all time and materials agreements is completed within 45 calendar days after fiscal year end.
- 4.3.9.** Working with the Accounting Operations Division to resolve outstanding billing and collection issues.
- 4.3.10.** Ensuring that changes to the approved IAA are properly recorded in CAS by processing modifications to the agreement. Contact the Chief, Billings and Collections Section, Accounting Operations Division, with questions about when a modification is required.
- 4.3.11.** When agreements cross fiscal years, ensuring that modifications are processed in CAS to carryover the remaining funding into the new fiscal year to ensure proper billing and collection processing.

- 4.3.12. Preparing appropriate documentation to request the transfer of resources expended on uncollectible agreements to another account to be absorbed by the Directorate using current year funding.

4.4. Accounting Operations Division

The Accounting Operations Division is responsible for:

- 4.4.1. Processing the periodic billing and collection of funds from DOI bureaus and other external customers through IPAC, check, or CASH LINK systems based on financial documentation and transactions entered in the financial accounting system via CAS or from other financial paperwork provided by NBC organizations.
- 4.4.2. Processing the billing and collection of funds from internal customers (e.g., NBC, Office of the Secretary) that are supported by IAAs entered in CAS, purchase orders, certification of training forms (SF-182), or CASH LINK documents.
- 4.4.3. Contacting the appropriate NBC individual as named on the IAA for credit card information if the IAA states credit card as the method of collection.
- 4.4.4. Recording the financial transactions associated with each agreement or other suitable contractual documents in the financial accounting system.
- 4.4.5. Ensuring that the final billing of all time and materials agreements is completed by December 31 after fiscal year end.
- 4.4.6. Providing supporting documentation as requested by those customers billed for services performed.
- 4.4.7. Providing financial data and reports on billings and collections against agreements as requested by other Federal agencies, bureaus, or NBC Directorates.
- 4.4.8. Keeping financial records for all bills issued and collections received in accordance with Department retention schedules.
- 4.4.9. Working with Directorates to resolve problems and issues regarding billings and collections.

5. POLICY

Effective financial and cash management requires timely preparation, approval, and submission of obligating documents (e.g., IAAs, DI-1s, DI-14, etc.) to ensure that customers are billed and revenue is recorded timely in accordance with Departmental and other regulatory guidance and procedures. This also ensures that expenses do not exceed revenue.

5.1. Funding Agreements

The following describes the policy for the desired processing timeframes for issuing and obtaining approval of customer IAAs. However, activities related to the approval or authorization of annual appropriations by Congress may impact or delay these timeframes. Despite Congressional action, it is the NBC's policy to issue agreements for discretionary services within the first quarter of each fiscal year even if approval by customers may not occur during this same time period. Issuance of central bill agreements outside of the timelines described below will be determined in coordination with the Departmental Budget Office.

5.1.1. Central Bill and Discretionary Agreements. All agreements for DOI bureaus and organizations and NBC Directorates will be signed by the customer and received by NBC within 30 days after issuance.

5.1.2. External Customer Agreements. The following applies:

- Recurring Agreements.
 - 90% of all recurring IAAs for external customers will be prepared, approved by the customer, and recorded in CAS and the financial system within the first quarter of each fiscal year.
 - The remaining 10% will be completed and recorded in the financial accounting system by the end of the second quarter of the fiscal year.
- Non-recurring Agreements.
 - Any new, non-recurring IAA will be prepared and recorded in CAS within 30 days after verbal negotiations are completed with the customer.
 - 50% of non-recurring agreements will be approved by the customer within 30 days after receipt and 100% within 60 days.

5.2. Monitoring the Status of Unsigned Agreements

5.2.1. Central Bill and Discretionary DOI Agreements. The NBC Budget Office shall monitor, review, and ensure signed IAAs are received from DOI bureaus/organizations and NBC Directorates in a timely manner. The Budget Office shall take actions as appropriate and identified below to obtain signed agreements:

- Provide DOI bureaus/organizations and NBC Directorates with 30 days to approve, sign, and return the agreement after receipt.
- Thirty (30) calendar days after the customer has received the agreement but has not yet signed and returned it, elevate the matter to the Associate Director, Financial

Management Directorate who will contact the DOI bureau/organization or NBC Directorate advising them of the need to approve and sign the agreement.

- Forty five (45) calendar days after the customer has received but has not yet signed and returned the agreement, the Associate Director, Financial Management Directorate will elevate DOI bureaus/organizations which have not signed their agreements to the Director, Departmental Budget Office who will contact the DOI bureau/organization advising them of the need to approve and sign the agreement.
- Sixty (60) calendar days after the customer has received but has not yet signed and returned the agreement, the Director, Departmental Budget Office, will elevate the matter to the Deputy Assistant Secretary for-Business Management and Wildland Fire who will contact the DOI bureau/organization advising them of the need to approve and sign the agreement.

5.2.2. External Inter Agency Agreements (IAA). Associate and Assistant Directors shall monitor, review, and ensure signed IAAs for recurring and non-recurring services are received from customers in a timely manner. Associate or Assistant Directors shall take actions as appropriate and identified below to obtain signed IAAs from customers:

- Provide the customer with 30 days to approve, sign, and return the agreement.
- Thirty (30) calendar days after the customer has received but has not yet signed and returned the agreement, contact the customer by telephone requesting signature within 15 calendar days. Notate the call in writing, including organization and point of contact, for future reference. See Attachment 1 for sample call sheet. It is not mandatory to use this format.
- Sixty (60) calendar days after the customer has received but has not yet signed and returned the agreement, contact the customer in writing and advise that services will be terminated within 30 calendar days if a signed agreement has not been received. See Attachment 2 for a sample written notification. It is not mandatory to use the sample language.
- Ninety (90) calendar days after the customer has received but has not yet signed and returned the agreement, advise the NBC Director of the delay. Provide a copy of the IAA, notes on the initial contact call with the agency, a copy of the written notification, and the name and phone number of an appropriate management official at the same or higher level of the NBC Director. The NBC Director will contact the

agency and advise that services will be stopped if an approved funding agreement is not received within 15 calendar days.

- One Hundred Twenty (120) calendar days after the customer has received but has not yet signed and returned the agreement, contact the customer and advise that services will cease effective immediately. Notify appropriate NBC Directorates and staff to take appropriate action to cease providing services.

5.2.3. Interconnection Security Agreements (ISA). The Associate Director, Information Technology Directorate is solely responsible for monitoring, reviewing, and ensuring signed ISAs are received from customers in accordance with established timeframes and IT policies. ISAs are included in this Policy as they also have financial-related impacts which, when not signed and received timely, may result in a financial statement audit finding. The IT Directorate is responsible for creating the ISA, signing, and sending it to the customer for signature, monitoring and recording its completion, and maintaining the official copy.

5.3. Billing Timeframes

5.3.1 The standard billing cycle for DOI and external customer agreements follows:

- Fixed Price agreements – Bills will be issued quarterly before the end of the quarter unless otherwise agreed upon with the customer and noted in Block 12 on the agreement. NBC Directorates are encouraged to use fixed price agreements. Billings on fixed price agreements shall use a fixed percentage of the IAA total based on the billing frequency and the period of performance (e.g., one fourth of the total agreement amount will be billed each quarter).
- Fixed price agreements with an annual billing frequency – NBC Directorates may only use agreements requiring annual billing in unique circumstances that warrant a one time collection approach. Billing will take place in the month preceding the last month of the Period of Performance (POP) after the majority of services have been provided. For example, if the POP was October 2008 to February 2009, the collection would take place in the month of January 2009. If the POP spans fiscal years, billing will take place in September to cover the performance thru September 30; the balance will be collected in the month preceding the last month of the POP. For example, if the POP was March 2008 to March 2009, the collection to cover March 08 - September 08 would take place in September 08; the

collection to cover Oct 08 - March 09 would take place in February 09...

- Time and Materials agreements – Bills will be issued monthly based on the previous month's expenses. Billings for time and materials agreements shall be based on actual expenses, fully burdened with indirect costs, and in arrears.
- Administrative Fees – Bills will be issued immediately upon signature of both parties. Billing upon signature of both parties must be noted in Block 12 on the agreement.
- Exceptions to this billing cycle are pre-negotiated Acquisition Services Directorate time and materials agreements and all Aviation Management agreements which are billed bi-weekly.

5.3.2. Internal agreements (between NBC Directorates) will be billed monthly.

5.3.3. DOI and external customers who desire more frequent billings than quarterly for fixed price agreements must be apprised of the additional cost for more frequent billings and that amount must be added to the customer's IAA. Contact the Financial Management Directorate, Business Management Office, to obtain a price for monthly billing.

5.3.4. Except for the final billing when no further expenses will be incurred or when the amount must be collected to close year end, bills will not be issued nor unused funds returned in amounts of \$50 or less. The NBC has determined this is the minimum amount that is cost-effective to bill and collect. In these instances, the previously recorded expense will remain in the original account to which it was charged or shall be moved to another account as designated by the Directorate in order to satisfy the amount to otherwise be collected. Unused funding will be recorded as Miscellaneous Receipts in Treasury.

5.4. Accounting

5.4.1. Time and Materials Agreements. Revenue collected for time and materials agreements shall be tracked and accumulated against IAAs in the Project Cost Accounting Subsystem (PCAS). Revenue shall be recognized as expenses are incurred and distributed in PCAS. Revenue cannot be recognized until and unless expenses are distributed. The contractual funding amounts for the Acquisition Services Directorate agreements shall be entered in the Acquisitions Contract Pass-Through fund which uses PCAS and functions the same as the other NBC time and materials agreements. (See Attachment 3 for a listing of the applicable funds).

- 5.4.2. Fixed Price Agreements.** Revenue collected for NBC fixed price agreements, including central billing activities for DOI bureaus, shall be accounted for in the central bill and/or fixed price funds. However, all expenses incurred for fixed price agreements shall be accounted for in fixed price fund. Revenue shall be recognized when cash is collected. Administrative fees shall be entered in the fixed priced fund. (See Attachment 3 for a listing of the applicable funds).
- 5.4.3.. Other Contractual Documents.** Form DI-1, United States Department of the Interior Requisition; Form DI-14, Printing, Binding, and Distribution Request; Government Purchase Card Requests; Purchase Orders; and Standard Form 182, Request, Authorization, Agreement and Certification of Training shall be accounted for in the fixed price fund or Main Interior Building facility rental fund for rental of property at the Main Interior Building, Washington, D.C. Revenue shall be recognized when cash is collected. (See Attachment 3 for a listing of the applicable funds).

5.5. Termination of Approved Agreements

- 5.5.1.** IAAs may be terminated by either party with a minimum of 180 days advance written notice before the Period of Performance end date.
- 5.5.2.** If the agreement is terminated by the customer with fewer than 180 days notice, the NBC shall collect costs incurred before termination of the agreement plus any termination costs.
- 5.5.3.** Notification to terminate the agreement shall be submitted to the Accounting Operations Division via the CAS interface.

5.6. Cancellation of Unsigned Agreements Where NBC has Expended Resources

- 5.6.1.** If the Associate or Assistant Director is unable to secure a signed agreement from an external customer **and** the NBC has expended resources/costs for services provided to date, actions must then be taken to ensure accurate accounting, reporting, and disposition of these unauthorized expended resources. This may include the establishment of a receivable in the accounting system.
- 5.6.2.** One hundred and twenty (120) calendar days after the customer has received but has not yet signed and returned the agreement and all actions have been taken as identified in Section 5.2.2, send the Billings and Collections Section, Financial Management Directorate, a written request to bill the customer. The Billing and Collections section will follow standard billing

procedures. If the bill is uncollectible, the Associate/Assistance Director will send a written request to transfer the unauthorized expended resources to another account within the Directorate which provided the service.

6. AUTHORITY/REFERENCES

- IFF authority: PL 104-208, div. A, § 101(d) [§ 113], as amended
- Economy Act -
- NBCM-BF-6600-001, NBC Policy on Reimbursable Agreements Document Management
- NBCM-BF-6600-003, NBC Policy on Cost Accounting
- NBCM-BF-6600-009, NBC Policy on Debt Management
- SFFAS 1, Accounting for Selected Assets and Liabilities
- SFFAS 7, Accounting for Revenue and Other Financing
- Treasury Financial Manual Volume 1
- OMB Memorandum M-07-03 -, Business Rules for Intergovernmental Transactions, dated 11-13-06.
- Department of the Interior Cash Management Handbook
- Department of the Interior Inter/Intra-Agency Acquisition Handbook (<http://www.doi.gov/pfm/handbooks/iaa.pdf>)

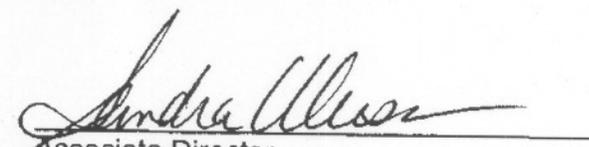
7. EXCEPTIONS/LIMITATIONS

When a conflict with a higher level policy or regulation exists, the higher level policy will take precedence.

8. VERSION CONTROL RECORD

See the Appendix

Approved:


Associate Director
Financial Management Directorate

9/29/2008
Date

Attachment 1

CALL SHEET

Agency Name:

IAA Number:

Services Provided:

Call placed to (name):

Call placed to (phone number):

Call dates and actions:

Highlights of call/discussion:

NBC Caller:

Attachment 2

Date

Name
Agency
Address

Dear:

This letter is to advise you that we have not yet received an approved Inter Agency Agreement (IAA) which establishes funding and billing/collection procedures for the services that the National Business Center (NBC) is providing to your agency. We originally sent you this agreement on X, agreement number X, for X services.

As you may know, the NBC functions under the Interior Franchise Fund and, as such, is required by law to recoup its costs for the goods and services provided to customers. Further, in accordance with Federal rules and regulations, reimbursable agreements should be approved and in place before the provider agency expends any funds or provides any services which require the expenditure of funds. In the absence of a signed agreement, we are currently expending our resources without approved funding to cover these expenses and are carrying negative balances on our financial records which must be reported and explained to our auditors as part of the financial statement audit process.

We very much value our service relationship with your organization and wish to continue it in a positive manner. We have attached another copy of the IAA which you may sign in lieu of the original which was provided to your agency. I must advise you that if we do not receive a signed agreement within 30 calendar days of the date of this letter, we may have to discontinue our services at that time.

We regret the circumstances that have necessitated this action. We urge you to give this matter your immediate attention so that we can close the IAA process, establish the appropriate accounts, and begin the billing cycle.

Please do not hesitate to contact me on (phone number) if you have any questions or concerns regarding this agreement.

Sincerely,

Associate/Assistant Director
XX Directorate

Enclosure

Attachment 3

Fund Code Value	Fund Code Title
NA	Central Bill
NC	Capital Improvement Reserve
ND	Direct Bill (Time & Materials Agreements/Reimbursable Posting Model)
NE	Depreciation
NF	Fixed Price agreement activity (Revolving Posting Model)
NH	Acquisitions Contract Pass-Through (replaces fund code WH)
NI	Infrastructure Reserve
NJ	Charge Card Oversight
NM	MIB Facility Rental (replaces fund code WM)
NO	Operating Reserve
NS	Aircraft Replacement
NT	Aircraft Depreciation
NU	Aircraft Accident Reserve
NV	Time Between Overhauls

