



NBCM-BF-6600-001
NBC Policy on Reimbursable Agreements
Document Management

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1. BACKGROUND

As a provider of administrative and financial services to a wide range of internal Department of the Interior (DOI) and other Federal agency customers, the National Business Center (NBC) requires a business-like approach for developing, monitoring, and overseeing those documents which secure financial arrangements and agreements with customers. This approach is critical to ensuring a sound financial management program to facilitate cost accounting of services, as well as compliance with federally accepted accounting principles and standards for Federal reimbursable agreements.

2. PURPOSE

The purpose of this policy is to describe the expectations for creation and management of those documents which comprise a reimbursable agreement (RA) with customers. Following are the contractual and performance-related documents which comprise NBC's RA package:

- Interagency Agreement (IAA)
- Service Level Agreement (SLA)
- Security Services Advisory (SSA)
- Interconnection Security Agreement (ISA)
- Memorandums of Agreement/Memorandum of Understanding (MOA/MOU)

3. SCOPE

This policy applies to all NBC Directorates and employees that engage in the acquisition of new customers and cross-selling of NBC products and services to existing customers. Each time a customer requests a product or service from the NBC, one or more of the above described RA documents shall be required.

The NBC has developed an automated system, the Customer Agreements System (CAS), which NBC Directorates will use specifically for the development of IAAs and for the tracking of all of the RA-related documents as described above for each customer.

This policy does **not** cover expectations with regard to the timely billing and collection of funds which result from the IAA. Those requirements are handled in a separate policy document (see NBCM-BF-6600-002, NBC Billings and Collections Policy).

4. DEFINITIONS

Customer Agreements System (CAS) - CAS is a web-based system used to create and route IAAs for financial accounting 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. CAS also tracks and

monitors the status of approval for IAAs as required for each customer. For reporting purposes, CAS is the official repository and system of record for these documents.

Interagency Agreement (IAA) - The Interagency Agreement (IAA) is the official contractual vehicle between the NBC and its customers for products and services to be delivered by the NBC. It is the recognized Federal document that binds the NBC to perform services for the customer and requires the customer to pay for those services. The NBC is required to timely prepare this document and obtain customer approval so that the NBC may bill the customer as the NBC expends resources to perform agreed upon services.

Interconnection Security Agreement (ISA) -The Interconnection Security Agreement (ISA) is established between the NBC Information Technology Directorate and each customer organization having a computer system or network interconnected with the NBC. The ISA is an agreement that identifies the basic components of the interconnection, methods and levels of interconnectivity, and potential security risks associated with interconnections.

NIST SP 800-47 "Security Guide for Interconnecting Information Technology Systems" requires this documentation as does NBC policy in order to comply with information technology system Certification and Accreditation requirements.

Internal Agreements - These are agreements prepared in CAS to document services performed by one NBC Directorate for another NBC Directorate. For cost accounting purposes, internal agreements are categorized by the nature of the service and whether the NBC customer's cost for the service provided is negotiated or assessed. The categories are listed below:

Tier 1: Represents the executive leadership and administrative costs required to manage the NBC.

Tier 3a – Negotiated Captive Costs: Costs for services provided to an NBC Directorate by another internal NBC Directorate where the services provided, service level, and price are negotiated. The direct beneficiary of the service provided can be either an NBC Directorate or customer.

Tier 3b – Assessed Captive Costs: Costs for corporate-wide organization sustaining activities and do not directly support a specific service. Examples include accounting, human resources, and facilities management support.

Tier 3x – Internal Transfers: Agreements for internal activity that meet the following criteria: "*Services that a customer could procure from a directorate independently.*" The Tier 3x process eliminates the need to create Standard Vouchers (SV) to move revenue between Directorates and the need to move central bill revenue from the WC fund to each Directorate.

Memorandum of Agreement (MOA)/Memorandum of Understanding (MOU) -

MOA/MOU may be used synonymously in this policy. A Memorandum of Agreement (MOA) defines general areas of conditional agreement between two or more parties in which what one party does depends on what the other party does. For example, one party agrees to provide support if the other party provides the materials. The term, MOA, has no reference to any designated statutory authority or financial arrangement.

A Memorandum of Understanding (MOU) defines general areas of understanding between two or more parties and explains what each party plans to do. However, what one party does is not dependent on what the other party does. For example, one party does not require reimbursement or other support from the receiver. An MOU is an agreement to agree and is not legally binding on either party.

For the majority of instances, the MOA/MOU is not the appropriate documentation that the NBC will use for its customers. This form of documentation may be used by NBC Directorates where there are no financial implications or intended reimbursements.

Security Services Advisory (SSA) and Rules of Behavior (ROB) - The SSA documents the NBC and customer Information Technology security roles, responsibilities, requirements, and expectations. The SSA addresses NBC-managed computer systems or applications, computer and information technology services, security-related activities, and information sensitivity.

The ROB document establishes a set of rules concerning use of, security in, and the acceptable level of risk for the system. The rules are based on the needs of the various users of the system. The security required by the rules shall be only as stringent as necessary to provide adequate security for information in the system. Such rules shall clearly delineate responsibilities and expected behavior of all individuals with access to the system. The ROB document shall be clear about the recommended consequences of behavior not consistent with the rules.

Although the NBC has no enforcement authority over other DOI bureaus, or over any non-DOI client, OMB A-130, Appendix III requires that the NBC provide all clients with a set of Rules of Behavior for systems the client will use. The NBC will provide a ROB document to all clients who are provided the SSA, with the recommendation that the client consider these rules for implementation among the users of NBC systems that the client's user base accesses in the performance of their duties.

Service Level Agreement (SLA) - The purpose of the Service Level Agreement is to establish mutually agreed upon service levels, performance metrics, monitoring methods, and organizational responsibilities between the customer and the NBC with which to define standards for service delivery. The SLA is developed as an attachment to the IAA. Customer signature of the IAA signifies customer approval of the accompanying SLA.

5. ROLES AND RESPONSIBILITIES

5.1. Assistant/Associate Directors (AD)

Assistant/Associate Directors (AD) are the NBC Directorate Heads. Ads have overall responsibility for customer relationships, including the preparation and approval of documentation required to meet financial accounting and reporting for revenue and expenses and IT security requirements of the NBC. Ads are responsible for ensuring that reimbursable agreement documentation, as described in this policy, is appropriately and timely prepared and recorded in CAS. ADs may delegate these duties as appropriate to subordinate staff/organizations (e.g. business managers) but must ultimately ensure an appropriate level of oversight and support for meeting the requirements of this policy.

Following are the duties and responsibilities related to RA documentation to be performed by each NBC Directorate.

- Conduct discussions with customers to determine services and costs.
- Ensure full cost recovery. Federal policy with regard to the provision of services by one Federal agency to another requires that the organization fully recover its costs of operation during a fiscal year. Therefore, it is the responsibility of each AD to ensure that amounts for products and services included in IAAs fully recover the costs of services to be provided. Full cost of the service is the sum of the direct and indirect costs.
- Prepare and approve IAAs ensuring that all financial information, including accounting and billing data is correctly identified on the IAA form.
- Prepare SLAs, as required, and send to each customer as an attachment to the IAA.
- Ensure all required information on the IAA is entered into CAS. A copy of the SLA should be linked to the IAA document for reference purposes.
- Determine if an SSA is required. If the SSA is required, notate the requirement in CAS. If required, CAS will attach the latest version of the SSA to the IAA for printing and/or e-mail routing to the customer.
- Send RA documents, including the IAA and SLA, to the customer. Only the IAA requires signature/approval.
- Ensure timely return of approved RA documentation from the customer in compliance with NBC Billing and Collections Policy (NBCM-BF-6600-002).
- Update CAS upon receipt of approved/signed RA documents from the customer, ensuring that the customer's information is correctly completed and entered into CAS.

- Review the SLA to determine if modifications are needed at the time an IAA is prepared.
- Prepare Tier 3a, 3b and 3x agreements for services provided to internal NBC organizations.
- When receiving services from another NBC Directorate, verify that an obligation is created in the accounting system to fund the internal NBC agreement after receipt and approval of Tier 3a, 3b and 3x agreements.

5.2. Budget Office

The Budget Office is responsible for the following:

- Ensure that the NBC does not exceed the annual reimbursable authority amount that has been apportioned to the NBC by the Office of Management and Budget. This is done by being the final approver of all IAAs. Should a customer-signed IAA exceed that authority, the Budget Office will take appropriate actions to increase reimbursable agreement thresholds. The Budget Office's final approval of the IAA in CAS certifies that sufficient reimbursable authority exists and triggers an RA document transaction to be sent to the financial accounting system for recording the agreement, establishing the receivable, and initiating the billing process.
- Prepare Tier 1 agreements in CAS for the Office of the Director and Tier 3b agreements for assessments from the Office of the Secretary. Tier 1 agreements for services other than the Office of the Director are to be created by the Tier 1 service provider's business management office.
- Prepare IAAs for centrally billed services between DOI bureaus and offices and the NBC. Internal Tier 3x agreements to transfer central bill revenue from the WC fund to the WF fund will be prepared by each Directorate in accordance with central bill control spreadsheets developed and distributed by the Budget Office.
- Maintain the CAS system, ensuring functionality meets business requirements and granting/revoking access for all users.

5.3. 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 the NBC, including those related to reimbursable agreements, revenue, and cash flow. The CFO is the system owner of CAS and is responsible for the maintenance and enhancement of system functionality.

The CFO is ultimately responsible for ensuring that all NBC revenue is collected timely and billings are performed as required. However, ADs have a

critical role in this process and are the first management line of responsibility for ensuring that documentation that produces revenue (e.g., IAAs) is timely approved by customers and recorded in the accounting system. The CFO will take actions as appropriate to ensure timely receipt of documentation affecting financial accounting and reporting, working with the AD and NBC Director, as appropriate.

Only the CFO will provide exceptions to using CAS for certain types of agreements or NBC business lines/functions.

5.4. Customer

The customer reviews, signs, and returns to NBC the IAA and ISA documents, as applicable. The customer is also responsible for removing the ROB from the SSA and providing it to their customer data custodian for retention. In the case of internal IAAs, the customer is the affected NBC Directorate.

5.5. Accounting Operations Division

The Accounting Operations Division, Financial Management Directorate, is responsible for retaining copies of all signed IAAs and performing timely billings, recording collections, and taking all appropriate actions to properly record and report on reimbursable agreements. If the IAA does not include all required customer information needed for billing, the AOD will return the IAA to the affected NBC Directorate to obtain the needed customer information which in most cases will require a modification in CAS.

5.6. Information Technology (IT) Directorate

The NBC IT Directorate, Information Security Division (ISD), is responsible for maintaining the currency and content of the SSA and the client ROB documents provided to NBC customers using NBC computer systems, networks or applications. The ISD is also responsible for creating any custom versions of the SSA or ROB as may be required by NBC customers to address specific needs or requirements. The ISD serves as the subject matter expert for all matters relating to SSA or ROB content. The ISD is responsible for responding to customer or NBC questions related to the document.

The ISD is solely responsible for creating the ISA, signing and sending it to the customer for signature, monitoring and recording its completion in CAS, and maintaining the official copy.

5.7. NBC Director

The NBC Director may choose to sign various or specific reimbursable agreement documents. The NBC Director shall coordinate as appropriate with the Deputy Assistant Secretary for Business Management and Wildland Fire to obtain DOI bureau signatures when the AD has not been successful in obtaining DOI bureau/office signatures. If the customer is from another Federal agency, the NBC Director may elevate matters to the appropriate/commensurate management level within that agency for resolution.

6. POLICY/PROCEDURE

This section addresses NBC policy and supporting procedures regarding mandatory RA and optional supporting documents that must be created and executed each time the NBC provides services and/or products to customers within DOI or other Federal agencies.

6.1. Customer Agreements System (CAS)

- 6.1.1.** CAS must be used by NBC Directorates to record, control, and monitor all mandatory RA and optional supporting documents for customers where revenue will be generated. See paragraphs 6.2 – 6.5 for specific requirements. Exceptions to this requirement must be approved by the Chief Financial Officer.
- 6.1.2.** NBC Directorates are responsible for monitoring on a monthly basis the status of mandatory and optional RA documents with their customers, as applicable, to ensure their timely submission and updating in CAS and taking appropriate actions to obtain required documentation from their customers.

6.2. Interagency Agreement (IAA)

- 6.2.1.** An IAA is required for any service or product that is provided by NBC to a customer that generates revenue. It is the policy of the NBC that all customer work will be recorded on an IAA except as noted. The exceptions to the use of an IAA are work order-driven activities where customer approval is recorded on a DI-1 or training using the SF-182, or an online training registration. In each of these instances, a customer approval is necessary. While credit cards can be used as a form of payment, a credit card payment is not a substitute for an IAA or work order equivalent that defines the service being provided.
- 6.2.2.** Each IAA shall identify the full cost for each product or service to be provided.

- 6.2.3.** IAAs must be created annually for recurring services, as well as for one time services or those which will be provided over a specific time period as agreed upon by the customer and NBC.
- 6.2.4.** If an NBC Directorate is providing services to another NBC Directorate, an IAA is required. This includes internal agreements for Tier 1, Tier 3a, Tier 3b, and Tier 3x costs. All internal agreements will be fixed price. The NBC Directorate providing the service is responsible for creating the associated Tier 3 agreement.
- 6.2.5.** NBC Directorates are responsible for entering IAAs into CAS for their customers.
- 6.2.6.** NBC Directorates are responsible for sending IAAs to their customers for signature. NBC Directorates must include the SLA, as required by Section 6.3, with the IAA to ensure that the customer fully understands the service levels that will be provided in support of the costing proposal (IAA). NBC Directorates are also required to include the SSA/ROB, if appropriate, with the IAA.
- 6.2.7.** The customer completes the IAA by providing customer accounting data (item 5 of the IAA), signing the IAA, and returning the original form to the NBC Directorate providing the service.
- 6.2.8.** Upon receipt of the customer completed IAA, the NBC Directorate enters in CAS the IAA information (blocks 5e-5h), customer signature, name, title, and date signed by the customer. The entry of this data in CAS then sets a flag so that an email notification is sent to the NBC Budget Office for final approval. The NBC Directorate then scans a copy of the IAA signed by the customer for retention in the CAS system. The Accounting Operations Division prints the completed IAA from CAS to be used for billing purposes. The signed IAA is retained by the Accounting Operations Division for 6 years 3 months in compliance with records retention requirements.
- 6.2.9.** If the customer requires use of their agency's agreement form instead of the NBC IAA form, then the responsible NBC Directorate will create an IAA in CAS for NBC approval and scan the customer-approved form into CAS as an attachment to the NBC IAA.
- 6.2.10.** The Budget Office enters final approval of the IAA in CAS after ensuring that the IAA amount does not exceed apportioned reimbursable authority. This approval results in the generation of an automated RA document transaction that is uploaded into the financial accounting system to record the financial transaction and allow for periodic billings.

6.3. Service Level Agreement (SLA)

- 6.3.1. An SLA is required for all major recurring products and services offered by the NBC. A service is considered major when the total value of the agreement is greater than or equal to \$50,000.
- 6.3.2. SLAs are required for both DOI and non-DOI customers. An SLA is not required between NBC Directorates but is encouraged to ensure full understanding of expected services and performance between NBC organizations.
- 6.3.3. While SLAs are **not** required for the following services, each NBC Directorate may determine that an SLA would be beneficial. When an SLA is not prepared, additional detail of the services may be included in the IAA.
 - 6.3.3.1. One-time projects or services, such as a training engagement or a one-time response to natural disasters where the value of the service provided is less than \$50,000.
 - 6.3.3.2. Acquisitions Services provided on an individual contract basis (includes most procurement requests done by the Aviation and Herndon Divisions of the Acquisition Services Directorate)
 - 6.3.3.3. Issuance of passports.
 - 6.3.3.4. Work order activity in the Administrative Operations Directorate such as Creative Communications services or building alterations.
 - 6.3.3.5. Registration for training classes using Training Registration Forms (SF-182) or online registration.
 - 6.3.3.6. Cash awards granted to an NBC employee or team by a customer.
 - 6.3.3.7. Any other agreement, where the dollar amount is less than \$50,000.
- 6.3.4. The NBC Directorate providing services is responsible for preparation of the SLA and submission of the SLA with the IAA as a consolidated package to the customer.
- 6.3.5. Customers must receive a copy of the SLA each time a new IAA is sent to the customer for signature. The Budget Office will send a standard SLA for centrally billed services as an attachment to each centrally billed IAA sent to DOI bureaus and offices.
- 6.3.6. The customer will sign only the IAA and return it to the NBC Directorate providing the service. Separate customer acknowledgement or approval of the SLA is **not** required.
- 6.3.7. The NBC Directorate providing the service is responsible for updating in CAS that the SLA has been linked to the applicable IAA. The NBC Directorate scans a copy of the SLA for retention in the CAS system.

- 6.3.8.** SLAs must be reviewed by the NBC Directorate at the time the IAA is being prepared for submission to the customer to ensure there are no changes or new expectations. Examples of such changes include new requirements or procedures, changes in performance measurements, termination provisions specified in the SLA, customer or provider requests, etc. The NBC Directorate is responsible for retaining the official copy of the SLA.

6.4. Security Services Advisory (SSA) and Rules of Behavior (ROB)

- 6.4.1.** The SSA/ROB is required when the customer's employees and/or contractors have a business need to access (e.g., connect to and log on to) an NBC-managed computer system or application. A general rule for determining the need for the SSA/ROB is if the customer has a Security Point of Contact (SPOC). An SSA/ROB can be required even when a SLA is not required. If the NBC provides source code only, the SSA/ROB is not needed. If the NBC manages the software (such as the Quarters program), the SSA/ROB is required.
- 6.4.2.** The NBC Directorate providing the service is responsible for entering the correct response in CAS so that an SSA/ROB is included with the IAA when required. Questions about whether an SSA/ROB is needed should be coordinated with the IT Directorate.
- 6.4.3.** The SSA/ROB should be provided to the customer's data custodian. Customer acknowledgement of receipt of the SSA/ROB is **not** required.
- 6.4.4.** CAS will indicate that the SSA/ROB has been provided to the customer as an attachment to the IAA
- 6.4.5.** The SSA/ROB must be made available to new customers before granting user access to NBC-managed application systems.
- 6.4.6.** Existing customers must receive a copy of the SSA/ROB each time a new IAA is sent to the customer for signature. To ensure that the SSA/ROB contains current/updated information, it will be reviewed annually by the IT Directorate, Information Security Division. If revisions are needed, they will be completed by July 1 each year to ensure that the updated version will be available for the new fiscal year.

6.5. Interconnection Security Agreement (ISA)

- 6.5.1.** The ISA provides documentation to support the connectivity of the NBC and customer networks in order to provide the customer with secure access to NBC-based applications. The ISA can be issued even if there is no need for the IAA, SLA, or SSA/ROB documents.

- 6.5.2. The NBC IT Directorate is responsible for preparing and approving the ISA, forwarding it to the customer, and linking the ISA to the appropriate IAA in CAS for documentation purposes. The NBC Directorate responsible for the customer has no involvement in the preparation, monitoring, or maintenance of this document.
- 6.5.3. The customer signs the ISA and returns it to the IT Directorate. The ISA must be signed by the customer and the NBC IT Information Security Division before a customer can access NBC resources.
- 6.5.4. The IT Directorate is responsible for entering receipt of the signed ISA in CAS, as well as monitoring and follow-up until the ISA is signed by the customer.
- 6.5.5. The IT Directorate is responsible for retaining this document until updated, superseded, or no longer applicable.
- 6.5.6. The ISA does not need to be submitted to the customer for approval on an annual basis. However, if there are changes, a new ISA must be prepared by the NBC and signed by both the customer and NBC.
- 6.5.7. ISAs must be prepared and submitted to the customer for approval every three years even if no changes have occurred during that time.

6.6. Memorandum of Agreement (MOA)/Memorandum of Understanding (MOU)

- 6.6.1. A MOA/MOU is **not** to be used to document agreed upon services and/or performance objectives where the NBC will receive revenue from the customer.
- 6.6.2. A MOA/MOU may be used by the NBC solely for the purpose of establishing overall goals and objectives of a mutually pursued project or program or to exchange information. A MOA/MOU cannot be used as the vehicle for documenting the transfer of funds between Federal entities nor does it formally commit the agency to enter into a financial arrangement in support of a project or program.
- 6.6.3. A MOA/MOU may be used whenever there is agreement to exchange information or coordinate programs to optimize the benefits from each party's efforts where each party is responsible to contribute its own effort and resources (sometimes characterized as "in kind contributions") and neither party exchanges funds, personnel, property, services, or any kind of financial commitment or obligation.
- 6.6.4. MOA/MOU information will not be recorded in CAS.

7. AUTHORITY

- Department of the Interior (DOI) Working Capital Fund legislation
- Economy Act of 1932, as amended (31USC Section 1535)
- OMB Circular A-130, Appendix III
- Federal Information Security Management Act of 2002
- Federal Information System Controls Audit Manual
- NIST Special Publication 800-26
- DOI Financial Management Inter/Intra Agency Handbook
- DOI Manual 375, Chapter 19
- NBC Billing and Collections Policy (NBCM-BF-6600-002)
- NBC Cost Accounting Policy (NBCM-BF-6600-003)
- NBC Computer and Information Security Policy (NBC-CIO-6300-001)

8. REFERENCES

- The Help feature in CAS (<https://cas.nbc.gov/>) contains the following reference documents:
 - A toolkit with a template to assist NBC Directorates in preparing the SLA
 - The latest official versions of the SSA and ROB
 - A CAS user guide

9. EXCEPTIONS, LIMITATIONS

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

10. VERSION CONTROL RECORD

See Appendix

Approved:



Associate Director
Financial Management Directorate

3/24/2008
Date

VERSION CONTROL RECORD

Version	Date	Description of Revision/Update	Distribution
1.0.0	10/11/05	Initial release of this Policy	NBC Senior Leadership Team (SLT). SLT to redistribute as needed.
1.0.1	1/05/06	Policy revised to reflect procedures developed for internal agreements (Tier 1, 3a, and 3b) between NBC organizations.	NBC Senior Leadership Team (SLT). SLT to redistribute as needed.
1.1.0	8/21/06	Policy revised to reflect changes to the SSA. Customer signature of the SSA is no longer required. Reference also added in the "Authority" section to identify NBC's Billing and Collection Policy.	NBC Senior Leadership Team (SLT). SLT to redistribute as needed.
1.2.0	3/14/08	Policy revised to reflect definition changes to internal agreements; addition of statement requiring full cost recovery of each agreement; responsibility of Budget Office to prepare Tier 1 and some Tier 3b agreements for the Office of the Director; clarification of SLA requirements; and responsibility of IT Directorate to monitor ISAs.	NBC Senior Leadership Team (SLT). SLT to redistribute as needed.