

CHAPTER 12

INTER-ENTITY WORK BETWEEN DOE ORGANIZATIONS

1. INTRODUCTION

a. PURPOSE

Inter-entity work is work performed between Department of Energy (DOE) federal entities and contractors. The chapter provides the financial policies and procedures for inter-entity work processes, specifically:

- (1) DOE federal entity orders with DOE integrated contractors (section 2.b of the policy)
- (2) DOE federal entity costs paid by a DOE integrated contractor (section 2.c of the policy)
- (3) Inter-contractor purchases between integrated contractors (section 2.d of the policy)
- (4) DOE federal entity work performed for another DOE federal entity (section 2.e of the policy)
- (5) Subcontract Work Performed by a DOE Federally Funded Research and Development Center (FFRDC) for a DOE Non-integrated Contractor (section 2.f of the policy)

b. AUTHORITIES

Relevant financial authorities are cited in the chapter. The chapter does not establish procurement policies. Procurement policies are in the Federal Acquisition Regulation (FAR), the DOE Acquisition Regulation (DEAR), and in other guidance issued by the DOE Office of Management (MA). Only the federal contracting officer can obligate the government to pay a contractor (that is, create a contractual obligation, for example, place work on a contract), and only after obtaining funds and obligating the funds on the contract. Only the contracting officer can remove a government obligation to pay a contractor, and in doing so must de-obligate the funds obligated on the contract.

c. APPLICABILITY

The chapter applies to Departmental elements, including the National Nuclear Security Administration (NNSA) (DOE federal entities), that use the DOE Standard Accounting and Reporting System (STARS), DOE integrated contractors that use the DOE Payment and Collection System (DOE-PAC), and contractors that operate Federally Funded Research and Development Centers (FFRDCs).

This chapter does not apply to transactions between DOE federal entities that use STARS and DOE federal entities that do not use STARS, including the Power Marketing Administrations and the Federal Energy Regulatory Commission. Inter-entity transactions with entities not using STARS shall follow applicable policies and procedures governing inter-agency transactions. Transactions with DOE federal entities that do not use STARS are processed through Treasury's Intergovernmental Payment and Collections System (IPAC), and involve the transfer of funds from one appropriation account to another appropriation account. The required agreement documentation must be prepared, which cites the relevant transfer authority.

Policy revisions contained in section 2.b of this policy, relating to DOE federal entity orders with DOE integrated contractors, are effective on October 1, 2020. Policy revisions contained in section 2.d of this policy, relating to inter-contractor purchases between integrated contractors, are effective on April 1, 2021.

d. DEFINITIONS

- (1) **DOE Federal Entity.** For the purpose of the policy, a DOE federal entity is any federal organization that is consolidated with the Department's financial statements.
- (2) **Inter-contractor purchases.** For purposes of the policy, an inter-contractor Purchase (ICP) is a purchase transaction for supplies or services between two or more DOE/NNSA Management and Operating (M&O) contractors or site/facility management contractors that are integrated contractors.
- (3) **Integrated contractors.** Contractors with a contractual requirement for integrated accounting, 48 CFR 970.5232-8, *Integrated Accounting*, or successor clause. Contractors with integrated accounting are noted in the list of site/facility management contractors maintained by MA Office of Acquisition Management (MA-60).
- (4) **Inter-Entity Work Order (IEWO).** A funding document used to document work from one DOE organization to another DOE organization. An IEWO is not a procurement form and does not authorize any procurement actions.

- (5) **Non-integrated contractors.** DOE contractors that do not have a contractual requirement for integrated accounting.
- (6) **FFRDC.** For purposes of the policy, an FFRDC is a DOE contractor-operated site that is designated as a Federally-Funded Research and Development Center, in accordance with applicable FAR provisions. Contractors designated as FFRDCs are indicated on the list of site/facility management contractors maintained by the MA Office of Acquisition Management.
- (7) **DOE-PAC.** The DOE Payment and Collection System. The DOE system facilitates billing and payments between DOE federal entities and contractors, and is integrated with the DOE primary accounting system STARS.
- (8) **IPAC.** The Intra-governmental Payment and Collection system is a way for Federal Program Agencies (FPAs) to transfer funds from one agency to another and is maintained by the U.S. Department of Treasury Bureau of the Fiscal Service.

2. REQUIREMENTS

a. GENERAL REQUIRMENTS

- (1) **Disputes.** Disputes relating to procurement matters should be referred to the cognizant contracting officer, as appropriate.
- (2) **Records.** Records must be maintained to support costs charged through the DOE-PAC system and STARS in accordance with DOE O 243.1A, Records Management Program, or successor policy. Documents must be attached in the DOE-PAC system as appropriate and maintained manually/electronically by each federal entity or contractor.

b. DOE FEDERAL ENTITY ORDERS WITH DOE INTEGRATED CONTRACTORS

- (1) **Scope and Purpose.** Effective October 1, 2020, any new funding actions for work to be performed by a DOE integrated contractor for a DOE federal entity may not be processed in the DOE-PAC system as described in this section (section 2.b.).
- (2) **Approvals and Performance.** DOE federal entity orders with integrated contractors will be processed in accordance with applicable procurement statutes, regulations and policy, including DOE O 412.1A, *Work Authorization System*. The Naval Reactors Program will process new requests using approved procurement process consistent with Department of Energy Acquisition Regulations (DEAR) clauses and other applicable procurement statutes, regulations and guidance.

- (3) **Funding.** Funds necessary to support the work authorization will be provided through the Office of the Chief Financial Officer (OCFO) Funds Distribution System, consistent with current OCFO funds distribution procedures.
- (4) **Accounting, Billing and Payment.** Project cost accounting for federal entity orders with integrated contractors may be maintained through the use of appropriate DOE accounting codes, including project values or local use values defined by the federal entity.

c. DOE FEDERAL ENTITY COSTS PAID BY A DOE INTEGRATED CONTRACTOR

- (1) **Scope and Purpose.** The financial process defined by this section (section 2.c) will be used for valid situations when a DOE federal entity is paid by a DOE integrated contractor for goods and services required in the performance of the DOE contract. Examples include service contracts, facility leases, utilities, security background investigations, interagency procurements, and transactions with foreign governments. The contractor, through this process, can allocate costs appropriately to the various contract final cost objectives, including individual reimbursable work agreements.

The policy does not authorize contractors to direct procurement actions by federal officials.

- (2) **Approvals and Performance.** The DOE integrated contractor, the requesting entity for this type of transaction, prepares and approves an Inter-Entity Work Order (IEWO) (Attachment 12-1, Sample Inter-Entity Work Order). The DOE federal entity, the performing entity for this type of transaction, accepts the proposed inter-entity work by signing the IEWO.
- (3) **Funding.** The DOE integrated contractor must record the authorization and attach the signed IEWO in DOE-PAC. Funds remain obligated on the contract of the integrated contractor. The DOE federal entity may incur costs after the integrated contractor attaches and inputs the IEWO in DOE-PAC.
- (4) **Accounting, Billing, and Payment.**
 - i. The performing DOE federal entity incurs costs for the inter-entity work and accounts for the costs in STARS. STARS generates billings to the integrated contractor in DOE-PAC, and DOE-PAC generates e-mail notifications to the contractor. The federal entity servicing financial office records receivable and collection entries in STARS.
 - ii. The performing DOE federal entity must retain supporting documentation for costs incurred, including documentation of costs

incurred as a result of any work performed by another federal agency. The documentation itself or instructions for retrieving the documentation must be attached to the relevant DOE-PAC records.

- iii. The DOE integrated contractor is responsible for reviewing the charges billed through DOE-PAC as appropriate.
- iv. The DOE integrated contractor-records the payment(s) in the contractor's financial management system.

d. INTER-CONTRACTOR PURCHASES BETWEEN DOE INTEGRATED CONTRACTORS

(1) **Scope and Purpose.** This section (section 2.d) provides the financial policy for inter-contractor purchases (ICPs) between DOE integrated contractors. The ICP process permits one DOE integrated contractor to request work from another DOE integrated contractor as needed to support authorized work.

(2) **Approvals and Performance.**

Approval of ICPs will be performed in accordance with applicable acquisition laws, regulations and policy including DOE directives. Nothing in the policy will be construed to supersede applicable acquisition laws, regulations, and policy.

Consistent with procurement requirements, Contracting Officers must approve the performance of ICPs. As appropriate to support the review and approval or disapproval of ICPs by the Contracting Officer, the Field CFO or equivalent shall provide appropriate financial documentation reflecting the funding to be made available to the performing contractor by the requesting contractor in the DOE-PAC system.

The Contracting Officer of the performing contractor must document and approve the scope of work to be performed. Documentation of the approval of the scope of work by the Contracting Officer of the performing contractor must be uploaded into the DOE-PAC system or retained by the Contracting Officer. Guidance for Contracting Officers on the appropriate use of ICPs is contained in chapter 70.10 of the *Department of Energy Acquisition Guide*, or successor procurement guidance document.

(3) **Funding.** Funds remain obligated on the contract of the requesting integrated contractor. The inter-entity process permits the performing contractor to incur costs against funds obligated on the contract of the requesting integrated contractor. Approval of the performance of ICPs does not result in the obligation of additional federal funds on the contract of the performing

integrated contractor or a contractual obligation of the Federal Government. The performing contractor receives payments for work directly from the requesting contractor through the DOE-PAC system.

(4) Accounting, Billing, and Payment.

- i. The performing DOE contractor accounts for costs, receivables, and collections in the contractor's financial management system. The performing DOE contractor initiates bills in DOE-PAC, and DOE-PAC automatically generates billings and e-mail notifications to the requesting contractor.
- ii. The DOE performing contractor must retain supporting documentation. The documentation itself or instructions for retrieving the documentation must be attached to the relevant DOE-PAC records.
- iii. The requesting DOE contractor is responsible for reviewing the charges billed through DOE-PAC and obtaining supporting documentation from the performing contractor as needed to support the costs billed.

e. DOE FEDERAL ENTITY WORK PERFORMED FOR ANOTHER DOE FEDERAL ENTITY

- (1) **Scope and Purpose.** This section (section 2.e.) provides the financial policy for work performed by one DOE federal entity for another DOE federal entity, when both federal entities use the STARS accounting system. Work performed must be consistent with the purpose of the funding provided by the requesting federal entity. The financial processes described in the policy permit the performing federal entity to access funds obligated by the requesting federal entity. When both the authorizing and performing entities use STARS, the performing entity is able to incur costs directly against obligated funds, and there is no transfer of funds between appropriation accounts.
- (2) **Approvals and Performance.** The requesting DOE federal entity uses the **Inter-Entity Work Order (IEWO)** form (Attachment 12-1) to record its authorization. The individual approving the form must have authority to approve the expenditure of funds for the authorizing DOE federal entity.
- (3) **Funding.** Funds remain obligated at the federal entity requesting the work.
- (4) **Accounting, Billing, and Payment.**
 - i. An obligation is recorded for funds available to the authorizing DOE federal entity.

- ii. The performing DOE federal entity incurs costs against the funds obligated by the authorizing DOE federal entity.
- iii. The OCFO Office of Finance and Accounting records the related transactions in STARS on behalf of the performing and requesting DOE federal entities.
- iv. The performing DOE federal entity is responsible for making documentation available to the authorizing DOE federal entity in sufficient detail to support costs incurred.
- v. The requesting DOE federal entity is responsible for reviewing the costs incurred by the performing DOE federal entity and reviewing documentation as appropriate.

f. SUBCONTRACT WORK PERFORMED BY A FFRDC FOR A DOE NON-INTEGRATED CONTRACTOR

- (1) **Scope and Purpose.** This section provides the financial policy for work requested by a DOE non-integrated contractor to support performance of a DOE contract, and performed by a DOE contractor operating as an FFRDC.

48 CFR 970.3501-2, *Using a FFRDC*, states that a FFRDC contractor may only accept work from a nonsponsor in accordance with the requirements of DOE Order 481.1E, *Strategic Partnership Projects (SPP)*, or successor version. Work requested by a DOE non-integrated contractor in performance of a DOE contract is not considered SPP work, but provides for use of the SPP procurement and financial processes to perform this work.

- (2) **Approvals and Performance.** The FFRDC contractor prepares a package and agreement in accordance with the requirements of DOE Order 481.1E, *Strategic Partnership Projects*, tailored as appropriate. The FFRDC contractor should work with its cognizant DOE federal contracting officer on appropriate tailoring.

(3) **Funding.**

- i. The DOE program office responsible for oversight of the FFRDC must obtain sufficient reimbursable authority through an allotment.
- ii. The non-integrated contractor must advance funds to the FFRDC in accordance with the agreement and the requirements for non-federal work in the Financial Management Handbook Chapter 13, *Reimbursable Work*, Section 2.e.(2), or successor policy. Funding

cannot be obligated on the FFRDC's contract until advances are provided.

(4) **Accounting, Billing and Payment.** The contractor operating the FFRDC accounts for costs in the contractor's financial system.

(5) **Special Pricing Considerations.**

- i. The DOE Federal Administrative Charge (FAC) should not be applied to this work because FAC is only applied to non-DOE work.
- ii. Safeguard and security costs will not normally be applied to this work consistent with the current DOE safeguards and security budget.

**INSTRUCTIONS FOR COMPLETING
INTER-ENTITY WORK ORDER (IEWO)**

1. Work Order Number/Amendment Number: Assigned by the requesting contractor or DOE Federal entity (Requesting DOE Entity). Amendment numbers are sequentially assigned.
2. Month/Year to be recorded: Requesting contractor or DOE federal entity identifies the month and year this transaction is expected to be recorded. This may require updating by the performing office if date changes.
3. Requesting Contractor or DOE Federal Entity: Name of the authorizing contractor or DOE office.
4. Requesting Contractor or DOE Federal Entity OPI Code: Other Party Identifier of the authorizing contractor or DOE office.
5. Contractor or Federal Entity Point of Contact/Telephone/Email: Name, telephone number and email of the authorizer's cognizant contracting officer or federal Point of Contact.
6. Funds Availability Authorization – DOE Federal Official's Signature/Date: Signed and dated by the official designated as the funds certifier in Strategic Integrated Procurement Enterprise System (STRIPES) regardless of amount of the IEWO.
7. Requesting Contracting Officer and/or Other Federal Official Signature: Signed and dated by the contracting officer with cognizance over the requesting contractor or DOE federal office and/or federal Official authorized by the DOE federal entity authorizing the work. If for contractor-to-contractor inter-entity work, coordinate with local contracting officer to verify applicable procurement statutes, regulations and guidance are met.
8. Scope of Work: Describe scope of work to be performed. This includes information required by the performing contractor, including a brief description of the work, terms and conditions. If a Memorandum Purchase Order (MPO) is attached as support, reference the attached MPO.
9. Period of Performance: Period of performance for the work order.
10. Billing and Budgetary Information: Enter relevant billing information (e.g., billing address, Point of Contact, etc.) and budgetary information (e.g., AFF, fund type, etc.). The budgetary information should clearly indicate any time limited funding requirements.
11. Performing Contractor or DOE Federal Entity: Name of the performing contractor or DOE federal Entity (Approving DOE Entity).

12. Performing Contractor or DOE Federal Entity OPI Code: Other Party Identifier of the performing contractor federal entity.
13. Contractor or DOE Federal Point of Contact/Telephone/Email: Name, telephone number and email address of the performers cognizant contracting officer or federal Point of Contact.
14. Billing POC and Procedures for Documentation of Costs: List the name and contact information of the billing point of contact for the performing organization and describe the performing organization's procedures for documenting costs incurred and way information will be provided to the authorizing office.
15. Performing Funds Availability Authorization Official's Signature/Date: Signed and dated by the performing office's official designated as the funds certifier in Strategic Integrated Procurement Enterprise System (STRIPES) regardless of amount of the IEWO.
16. Performing Contracting Officer Signature: When applicable, signed and dated by the contracting officer with cognizance over the performing contractor. If for contractor-to-contractor inter-entity work, coordinate with local contracting officer to verify applicable procurement statutes, regulations and guidance are met.

Attachment 12-2

OVERVIEW OF INTER-ENTITY ROLES

Section	IEWO	Requesting DOE Entity	Performing DOE Entity	Mechanism
2.b.	N	DOE Federal Entity	Integrated Contractor	DOE O 412.1A, FDS
2.c.	Y	Integrated Contractor	DOE Federal Entity	IEWO in DOE-PAC
2.d	N	Integrated Contractor (ICP)	Integrated Contractor (ICP)	ICP in DOE-PAC
2.e	Y*	DOE Federal Entity	DOE Federal Entity	IEWO only (*no DOE-PAC)
2.f	N	Non-Sponsor	FFRDC	SPP process (*no DOE-PAC)