



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

November 13, 2006

M-07-03

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Rob Portman **Signed**

SUBJECT: Business Rules for Intragovernmental Transactions

The purpose of this memorandum is to inform Departments and Agencies that the Business Rules for Intragovernmental Transactions have been revised and expanded to cover other types of intragovernmental activities not addressed in the original business rules. The new rules – located in the Treasury Financial Manual, Volume 1, Bulletin 2007-03 (<http://www.fns.treas.gov/tfm/vol1/07-03.pdf>) – are mandatory for all Departments and Agencies, effective immediately.

The business rules have been strengthened and updated through a collaborative effort between the Chief Financial Officers' Council, the Treasury Department, and the Office of Management and Budget (OMB). Implementing these standardized processes will facilitate the reconciliation of intragovernmental balances and place the Federal Government one step closer to resolving a material weakness of the U.S. Consolidated Financial Statements related to intragovernmental balances and transactions. Most critical, Departments and Agencies are required to continue reconciling intragovernmental activities and balances with their Federal trading partners at least on a quarterly basis.

As part of the new business rules, an Intragovernmental Dispute Resolution Committee is being established to help facilitate the resolution of accounting/reporting/timing differences or contractual disputes between Federal entities. All Departments and Agencies are expected to actively participate in the reconciliation and dispute resolution processes.

This Memorandum further serves to notify Departments and Agencies that the previously published business rules for intragovernmental activities – originally issued in OMB Memorandum 03-01 and updated in OMB Memorandum 06-09 – are hereby rescinded and superseded by the revised and expanded set of business rules published by the Department of the Treasury.

Thank you for your continued leadership and commitment to improving financial management and to resolving the intragovernmental material weakness. Questions about this memorandum may be directed to Carrie Hug in the Office of Federal Financial Management at 202-395-3993.