



## 4.2 Interagency Agreements (Memorandum of Understanding) (IAA/MOU)-Matching

The minimum standard requires an undelivered obligation (UDO) to be established in advance of receiving the invoice, but does not require receipt and acceptance documents to be recorded in the financial system. Once funds are determined to be available, approval of the invoice by the program office serves to verify that goods/services have been received and accepted. A fully executed IAA/MOU including signatures is required to establish the UDO.

Bureaus may do a 3-document (undelivered obligation, receipt document, invoice) match if their business process efficiently supports it.

AP enters the invoice into the financial system, referencing the UDO previously established in the financial system. Program offices (PO) approve the invoice for payment. AP records the transaction as an Intergovernmental Payment and Collection (IPAC), which is **not** scheduled to Treasury for payment.

The IPAC system is used by federal agencies to pay and collect funds from other federal agencies. The funds stay within the Treasury and are transferred electronically as debits and credits to the agencies' accounts. Agencies must initiate the transaction and identify the trading partner agency by Treasury Account Symbol (TAS).

AP records these transactions in the financial system as non-payment transaction (no-check) entries, as Treasury has already transferred the funds to the billing agency.

### Examples

**Example:** PO executes an IAA with OPM for services. UDO established for an anticipated amount in the financial system. PO/Finance Office (FO) makes copy of IAA and UDO available to AP. OPM performs services and initiates a transaction in the IPAC system. AP obtains the IPAC transaction showing money disbursed. AP sends IPAC information (invoice) to PO for approval. PO approves IPAC invoice with UDO reference and returns to AP. AP enters IPAC invoice in financial system as a non-payment entry. (Money has already been disbursed via IPAC system). AP references UDO in the non-payment entry, liquidating the UDO.

### Sources

- Source:** AP BPR Recommendation 4.5.2 Interagency Agreements (MOU)  
**Document ID:** Accounts Payable Standardization and Optimization Business Process Re-Engineering Analysis (Accounts Payable BPR Analysis 2007 v3.0.doc)  
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## Standard Accounts Payable Business Rules

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- 3. Source:** AP BPR 4.21.2.3 Standardize Interagency Agreements as 2-Way Match  
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