U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

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SUBJECT: Economy Act Agreements	DATE: July 14, 2021
OPI: Office of the Chief Financial Officer	EXPIRATION DATE: July 14, 2026

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1. PURPOSE

a. This Departmental Regulation (DR) establishes the United States Department of Agriculture (USDA) policy for interagency transactions entered into pursuant to the *Economy Act* as codified in 31 United States Code (U.S.C.) § 1535.

b. This DR does not cover interagency transactions pursuant to authorities other than the *Economy Act*.

2. SPECIAL INSTRUCTIONS/CANCELLATIONS

a. This DR supersedes DR 2235-001, *Economy Act Agreements*, dated September 27, 2013.

b. This DR is effective immediately and remains in effect until it is superseded or expires.

c. This DR applies to interagency transactions entered into under the authority of the *Economy Act* signed after the effective date of this directive.

d. All Mission Areas, agencies, and staff offices will align their policies and procedures with this directive within 6 months of the publication date.

3. SCOPE

This DR applies to all USDA Mission Area, agencies, and staff offices that engage in the exchange of good or services.

4. POLICY

USDA may enter into interagency transactions as either the requestor or provider of goods or services only when it is legally permissible and in the best interest of the Federal Government. This policy applies to interagency agreements (IAAs) for the purchase of goods or services, including interagency acquisitions and interagency details, entered into under the authority of the *Economy Act*. The *Economy Act* applies only when more specific legal authority does not exist.

5. AUTHORITY FOR ECONOMY ACT AGREEMENTS

a. The *Economy Act*, as amended, provides authority for agencies to order goods or services from another Federal agency and to pay the actual cost of those goods or services. The head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if:

(1) Amounts are available;

(2) The head of the ordering agency or unit decides the order is in the best interest of the United States Government;

(3) The agency or unit to fill the order can provide or provide through a contract the ordered goods or services; and

(4) The head of the agency decides ordered goods or services cannot be provided by an agreement as conveniently or cheaply as by a commercial enterprise.

b. Under the *Economy Act*, the requesting agency's appropriation remains obligated for an order placed or agreement made only to the extent that the servicing agency provides, or enters into a contract to provide, the requested goods or services before the appropriation expires. As a result, amounts obligated by the requesting agency must be de-obligated at the end of the period of availability (fiscal year or multiple-year period, as applicable) to the extent that the servicing agency has not provided the ordered goods or services or the servicing agency has not incurred obligations.

6. GUIDELINES

a. Servicing Agencies

(1) The servicing agency may not perform work it is not otherwise entitled or authorized to perform. (The *Economy Act* does not grant the servicing agency any authorities which it would not otherwise have.)

(2) The servicing agency must specify the actual cost to be paid for providing the requested item or service, including all actual administrative costs.

(3) The servicing agency must establish procedures for administering the agreement. The procedures must ensure that the specified cost and applicable time limit on the use of the funds to produce the goods or perform the services have not been exceeded and all costs are promptly billed.

(4) The servicing agency will bill the requesting agency on a frequency that is established within the agreement, unless a business need is identified that dictates otherwise.

(5) The servicing agency must ensure accrual amounts are approved by the requesting agency prior to entry in the financial management system. The requesting agency and servicing agency will agree on the schedule for posting the accrual.

(6) The servicing agency must notify the requesting agency when it becomes evident that the goods or services will exceed estimated costs. If necessary, the servicing agency should stop work to avoid exceeding the estimated cost.

(7) The servicing agency must submit the final bill within 30 days after completion of the work or at the end of the period of performance, whichever is earlier. However, under the *Economy Act*, the requesting agency will remain responsible for

reimbursing the servicing agency for actual costs incurred in performing the ordered services even if the costs are discovered after the final bill.

b. Requesting Agencies

(1) The requesting agency must ensure that budget authority exists prior to placing an order or entering into an agreement for goods or services.

(2) When the requesting agency and servicing agency sign an agreement (including complete supporting documentation), the requesting agency must record the entire obligation and provide an approved purchase order to the servicing agency. If this is not possible, the requesting agency must provide the agreement to the servicing agency no more than 7 working days after signing. If the information is not provided, the servicing agency cannot begin the work.

(3) The requesting agency cannot decrease or de-obligate the agreement amount to meet other funding needs without notifying the servicing agency and bilaterally modifying the agreement. The requesting agency must confirm that the reduced obligation will meet the expenses incurred to date by the servicing agency and any additional expenses related to modifying the agreement.

(4) The requesting agency must ensure accrual amounts are approved by the servicing agency prior to entry into the financial management system. The servicing agency and requesting agency will agree on the schedule for posting the accrual.

(5) The requesting agency will periodically review unliquidated obligations to determine whether delivery of goods or services or performance is expected to occur.

(6) The requesting agency must de-obligate annual funds at the end of the fiscal year if not obligated to an outside contract or expended by the servicing agency.

7. TYPES OF ECONOMY ACT AGREEMENTS

a. Interagency Agreements

(1) An IAA is an arrangement in which one agency (servicing agency) provides goods or services to another agency (requesting agency) and receives a reimbursement for costs. Agencies can use IAAs to conduct a wide variety of operations, from renting space to purchasing equipment. IAAs can be routine in nature, involving the acquisition of goods or services necessary to maintain agency operations or support a specific program.

(2) An IAA requires the completion of a determination and findings document (D&F) approved by an agency or staff office head or their designee. However, occasionally, for efficiency, the IAA may be initiated by the servicing agency.

b. Interagency Acquisitions

(1) An interagency acquisition is the procedure used when an agency (requesting agency) needing supplies or services obtains them using another Federal agency's (servicing agency) contract (e.g., awarding and administering a contract, a task order or deliver order; or both). When this process is used, the requesting agency and servicing agency are required to comply with *Federal Acquisition Regulation* (FAR) 48 Code of Federal Regulations (CFR) Subpart 17.5, *Interagency Acquisitions*.

(2) Interagency acquisitions are commonly conducted through indefinite delivery, indefinite quantity (IDIQ) vehicles, such as task and delivery order contracts. There are two types of interagency acquisitions: direct acquisitions and assisted acquisitions.

(3) In a direct acquisition, the requesting agency places an order directly against the servicing agency's contract. The servicing agency manages the contract but does not participate in the placement of the order.

(4) In an assisted acquisition, the servicing agency and requesting agency enter into an IAA pursuant to which the servicing agency performs acquisition activities on the requesting agency's behalf, such as awarding a contract, task order, or delivery order. In many assisted acquisitions, the servicing agency also manages the IDIQ contract against which orders are placed. Sometimes, a servicing agency may find that another agency's contract can better serve the requesting agency's needs, in which case two servicing agencies would be involved in the interagency acquisition. If a Mission Area issues an agreement with another Mission Area or to another department to provide acquisition assistance, the requesting Mission Area must notify the Head of the Contracting Activity and provide a copy of the agreement prior to execution.

(5) In many of the *Economy Act* agreements involving USDA agencies, contracting is incidental to the performance of the reimbursable work performed by the servicing agency's employees. These *Economy Act* agreements are not interagency acquisitions and should not be treated as such.

(6) An interagency acquisition requires the completion of a D&F that is approved by an agency or staff office head (or their designee) and by a contracting officer with authority to contract for the supplies or services. Occasionally for efficiency, the servicing agency may initiate the IAA.

c. Interagency Details

(1) Another type of interagency service is the detail of personnel. A detail is the temporary assignment of an employee to a different position for a specified period, with the employee returning to regular duties at the end of the detail. Generally, details of personnel between agencies or between separately funded components of the same agency may not be done on a non-reimbursable basis but must be done in accordance with the *Economy Act*, which requires full reimbursement of actual costs. Actual costs include employee's salary, accrued annual and sick leave, and travel expenses incurred in connection with detail work, if applicable.

(2) An interagency detail requires the completion of a D&F (approved by an agency or staff office head or designee). Either the servicing agency or the requesting agency may initiate the completion of these forms.

d. An example of a D&F that can be used for any of the above types of Economy Act agreements and modified to meet agency-specific needs, can be found in Appendix D, *Determination and Findings (D&F) Authority to Enter Into an Agreement Under the Economy Act*.

8. DETERMINATION AND FINDINGS

a. The purpose of the D&F is to support transactions between the requesting agency and servicing agency. The "determination" is a conclusion or decision supported by the "findings.'' The findings are statements of fact or rationale essential to support the determination and must cover each requirement of the statute or regulation.

b. D&Fs are required for all *Economy Act* agreements.

c. The D&F, prepared by the requesting agency, must state that:

(1) Sufficient funding amounts are available;

(2) The agreement is in the best interest of the United States Government;

(3) The agency to fill the order can provide or get by contract the ordered goods or services; and

(4) The supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source. If the *Economy Act* order requires contracting action by the servicing agency, the D&F must also include a statement that at least one of the following circumstances exits:

(a) The acquisition will appropriately be made under an existing contract of the servicing agency and entered into before placement of the order to meet the

requirements of the servicing agency for the same or similar supplies or services;

(b) The servicing agency has capabilities or expertise to enter into a contract for such supplies or services that are not available within the requesting agency; or

(c) The servicing agency is specifically authorized by law or regulation, i.e., [state the citation for the law or regulation], to purchase such supplies or services on behalf of other agencies.

9. INTERAGENCY AGREEMENT FORMS

a. The requesting agency and servicing agency will use the standard Governmentwide IAA form – Department of the Treasury. No other forms are authorized.

b. The IAA form is comprised of two sections: the General Terms & Conditions (GT&C) section (FS Form 7600A) and the Order Form section (FS Form 7600B):

(1) Each completed IAA consists of a GT&C section and at least one Order Form section. An Order Form section cannot be completed without first completing a GT&C section.

(2) The GT&C section is the partnership section of the IAA form. It establishes the relationship between the trading partners.

(3) The GT&C section identifies general information about the agreement such as the agencies entering into the agreement, the authority permitting the agreement, the start and end date of agreement activities, the scope of the agreement, the terms and conditions, and other required provisions.

(4) No fiscal obligations are created through the execution of the GT&C section.

(5) The Order Form section identifies the specific requesting agency requirements for the delivery of goods or services by the servicing agency.

(6) The Order Form section obligates funds, and it may be signed only if funds are available for obligation.

c. The signed D&F must be attached to the executed FS Forms 7600A and 7600B.

10. DISPUTE RESOLUTION

a. In the event of dispute, the parties should communicate with each other promptly and attempt to jointly reach a resolution. The areas of disagreement should be stated, in

writing, by each party and presented to the other party for consideration. If agreement is not reached within 60 days of identifying the dispute, the parties must forward the written presentation of the disagreement to respective higher officials for appropriate resolution.

b. If the parties cannot resolve accounting disputes, they must be resolved consistent with the Business Rules delineated in the Treasury Department, *Treasury Financial Manual*, Volume 1, Part 2, Chapter 4700, *Federal Entity Reporting Requirements for the Financial Report of the United States Government,* Appendix No. 5, *Overall Intra-Governmental Transactions (IGT) Processes/General Information.*

11. MODIFICATIONS

Modifications can be issued only for changes that fall within the original scope of work (i.e., delivery dates, change in quantity, annual funding, etc.). Changes to agreements that are outside of the original scope of work must be treated as new actions.

12. AUTHORIZING OFFICIALS

a. The authority to sign IAAs, and D&Fs should be at the highest level possible within an organization.

b. *Economy Act* agreements are not enforceable unless signed by duly authorized representatives from the requesting and servicing agency.

c. Agencies and staff offices are required to maintain accurate and updated records of delegations and designations for all *Economy Act* agreements.

d. The following are the required signatory authorities for D&Fs:

(1) IAA – Agency or Staff Office Heads or their designees.

(2) Interagency acquisition – Agency or Staff Office Heads or their designees and contracting officer.

(3) Interagency detail – Agency or Staff Office Heads or their designees.

13. CLOSEOUT

a. Closeout of an *Economy Act* agreement should occur when all administrative actions and all required work have been completed by both parties and all financial obligations have been satisfied. The requesting agency and servicing agency both have the responsibility to monitor *Economy Act* agreements as they approach their end date and at the end of

each fiscal year. This will aid the requesting agency in managing available funds and identifying potential funding that may be available for other projects. This will aid the servicing agency in reviewing the status of a project, identifying resources available for other projects, and ensuring that all actual costs have been paid by the requesting agency.

b. The requesting agency should work expeditiously with the servicing agency to resolve any outstanding issues, ensure that the goods or services were delivered, ensure that final payments are made, and properly reconcile and close *Economy Act* agreements. If necessary, outstanding issues should be elevated within the requesting agency and servicing agency organization for prompt resolution. Closeout should occur no later than 90 days after the final payment is received by the servicing agency. Closeout should not occur if the servicing agency has incurred actual costs that have not yet been paid by the requesting agency.

14. RECORDS RETENTION

All files, records and supporting documentation related to *Economy Act* agreements, modifications and cancellations must be retained for a period of 6 years and 3 months after final closeout of the interagency transaction or unless otherwise specified by law and noted in the terms of the agreement.

15. ROLES AND RESPONSIBILITIES

a. The USDA Chief Financial Officer (CFO) will:

(1) Provide leadership and oversight on all aspects of *Economy Act* agreements; and

(2) Establish and implement USDA policies, procedures, and standards for *Economy Act* agreements that ensure compliance with all applicable Federal laws and regulations.

b. The Assistant Secretary for Administration, serving as the USDA Chief Acquisition Officer, will:

Provide input to the Office of the Chief Financial Officer (OCFO) and oversight on all aspects of interagency acquisitions, including policy, procedures, and standards for interagency acquisitions.

c. Mission Area, Agency, and Staff Office Heads or their Designees will:

(1) Ensure that *Economy Act* agreements receive appropriate levels of review and approval prior to execution; and

(2) Review and sign D&Fs for *Economy Act* agreements.

d. Mission Area CFOs will:

(1) Maintain financial control and fiduciary responsibility over *Economy Act* agreements;

(2) Implement internal controls necessary to prevent over-obligation of funds;

(3) Develop, issue, and interpret financial management policies for *Economy Act* agreements, subject to the guidelines issued by the OCFO; and

(4) Ensure the accuracy and timeliness of accurate and timely financial information on the status of interagency projects, obligations, and expenditures incurred.

e. Agency Contracting Officers will:

(1) Review interagency acquisitions where the USDA or a USDA agency is requesting the use of the acquisition services of another Federal agency or using another agency's contract to obtain supplies or services;

(2) Evaluate all new requirements for suitability for fulfillment via order placement against existing contracts or agreements, including available Departmentwide or Governmentwide contracts. Upon receipt of a procurement request, Contracting Officers will:

(a) Consider existing Departmentwide contract vehicles which may be found at the Office of Contracting and Procurement (OCP), *Ordering Products & Services* web page.

(b) Query the Integrated Acquisition System (IAS) to identify Departmentwide contracting vehicles. (Please refer to the *IAS User Guide*);

(c) Visit Federal strategic sourcing websites such as, but not limited to, the General Services Administration (GSA) Federal Strategic Sourcing Initiative (FSSI), GSA Category Management and the GSA Acquisition Gateway for strategic sourcing opportunities;

(d) Research Federal policies and procedures as to the use of Category Management and agreements to improve spend management. If an applicable strategically sourced vehicle is available, the Contracting Officer must utilize the vehicle to attain the overall best value in terms of cost and economic efficiencies; and

(e) When use of an existing Departmentwide or Governmentwide contract is not anticipated for procurements above the simplified acquisition threshold,

Contracting Officers will include in the contract file a brief analysis of the comparative value, including price and non-price factors, between the services and supplies offered under the source or sources used for the purchase and the strategic sourcing agreement. This action, during the acquisition planning phase, ensures that Contracting Officers have considered the use of Category Management as an acquisition strategy;

(3) Ensure adherence to the guidance in the OCP, *USDA Contracting Desk Book*, and particularly Parts 407 and 417; and

(4) Review, confirm, and sign the D&F when the USDA or a USDA agency is requesting to use the acquisition services of another Federal agency, or using another agency's contract to obtain supplies or services.

f. Program Officers will:

(1) Ensure that all *Economy Act* agreements within their area of jurisdiction are properly authorized and executed prior to performing work. If a Mission Area issues an agreement with another Mission Area or to another Department to provide acquisition assistance, the requesting Mission Area must notify the head of the contracting activity and provide a copy of the agreement prior to execution;

(2) Ensure adherence to the guidance in the *USDA Contracting Desk Book* and particularly Parts 407 and 417;

(3) Serve as primary point of contact for issues regarding *Economy Act* agreements;

(4) Prepare the D&F for *Economy Act* agreements;

(5) Ensure that appropriations are used in accordance with applicable laws, for the designated purpose, and within the period of availability;

(6) Implement internal controls to prevent over-obligation of reimbursable funds;

(7) Ensure the official *Economy Act* agreement contains all relevant documents;

(8) Monitor activity and age and provide justification for agreements with no activity over 180 days; and

(9) Ensure that the *Economy Act* agreements are properly closed out and that files are retained in accordance with record retention policies.

16. COMPLIANCE

Compliance with this directive will be included as a part of the annual testing requirements under Office of Management and Budget (OMB) Circular No. A-123, Appendix A, *Management of Reporting and Data Integrity Risk*.

17. INQUIRIES

Mission Areas, agencies, and staff offices should direct questions and inquiries regarding this DR to the OCFO at USDABudget@usda.gov.

-END-

APPENDIX A

ACRONYMS AND ABBREVIATIONS

CFO	Chief Financial Officer
CFR	Code of Federal Regulations
D&F	Determination and Findings
DR	Departmental Regulation
FAR	Federal Acquisition Regulation
FS	Bureau of the Fiscal Service (Treasury Department Component)
FSSI	Federal Strategic Sourcing Initiative
GAO	Government Accountability Office
GSA	General Services Administration
GT&C	General Terms and Conditions
IAA	Interagency Agreement
IAS	Integrated Acquisition System
IDIQ	Indefinite Quantity
IGT	Intragovernmental Transaction
OCFO	Office of the Chief Financial Officer
OCP	Office of Contracting and Procurement
OMB	Office of Management and Budget
U.S.C.	United States Code
USDA	United States Department of Agriculture

APPENDIX B

DEFINITIONS

Assisted Acquisition. The servicing agency performs acquisition activities on a requesting agency's behalf, such as awarding and administering a contract, task order, or delivery order.

Direct Acquisition. The requesting agency places an order directly against a servicing agency's indefinite-delivery or indefinite-quantity contract. The servicing agency manages the contract but does not participate in the placement or administration of an order.

Interagency Agreement (IAA). The signed agreement between the servicing agency and requesting agency that sets out the terms and conditions under which reimbursable work will be performed.

Requesting Agency. The Federal department or agency requesting goods or services from another agency.

Servicing Agency. The Federal department or agency performing the work or providing the services in accordance with the terms and conditions of the agreement.

APPENDIX C

AUTHORITIES AND REFERENCES

31 U.S.C. § 1301(a), *Application*

31 U.S.C. § 1535, *Agency agreements* (*The Economy Act of 1933*)

Federal Acquisition Regulation, 48 CFR Subpart 17.5, *Interagency Acquisitions*

Government Accountability Office (GAO), *Policy and Procedures Manual for Guidance of Federal Agencies*, Section 2.4, *Transactions Among Appropriations and Fund Accounts*, May 18, 1993

GAO, *Principles of Federal Appropriations Law* (the "*Red Book*") web page

OMB, Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, March 2021, Section 130.9, *How is reimbursable work with Federal agencies under the Economy Act shown on SF 133 reports?*

OMB, Circular No. A-123, Appendix A, *Management of Reporting and Data Integrity Risk*, June 6, 2018

Treasury, FS Form 7600A, *Interagency Agreement (IAA) – General Terms and Conditions (GT&C) – Agreement Between Federal Program Agencies for Intergovernmental Reimbursable Buy/Sell Activity*, March 2021

Treasury, FS Form 7600B, *Interagency Agreement (IAA) – Order Form – Agreement Between Federal Program Agencies for Intergovernmental Reimbursable Buy/Sell Activity*, April 2021

Treasury, *Treasury Financial Manual*, Volume 1, Part 2, Chapter 4700, *Federal Entity Reporting Requirements for the Financial Report of the United States Government*, Appendix No. 5, *Overall Intra-Governmental Transactions (IGT) Processes/General Information*

USDA, DR 1110-002, *Management's Responsibility for Internal Control*, March 5, 2021

USDA, DR 2230-001, *Reviews of Unliquidated Obligations*, October 28, 2020

USDA, *IAS User Guide* web page

USDA, OCP, *Ordering Products & Services* web page

USDA, OCP, *USDA Contracting Desk Book*, v1.41, February 20, 2020

APPENDIX D

DETERMINATION AND FINDINGS (D&F) AUTHORITY
TO ENTER INTO AN AGREEMENT
UNDER THE ECONOMY ACT

Based on the following determination and findings, in accordance with the authority of the Economy Act (31 U.S.C. 1535), *[Name of USDA office]*, intends to enter into an agreement with the *[name of other agency]*.

Purpose of the agreement:

☐ Interagency Agreement;

☐ Acquisition Services;

☐ Reimbursable Detail.

[Name of USDA office] certifies:

[Place a check in each space for each finding to indicate it has been substantiated.]

☐ That sufficient funding amounts are available;

☐ That this agreement is in the best interest of the United States Government;

☐ The agency to fill the order can provide or get by contract the ordered goods or services; and

☐ That the services requested cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

Signature of USDA official who has authority to sign this D&F
Name
Title and office
Date:

It has been determined that this Economy Act order:
[Place a check in each space that applies.]

☐ Does not require contracting action by the servicing agency; or

☐ Does require contracting action by the servicing agency and that one of the following circumstances exists:

  ☐ The acquisition will appropriately be made under an existing contract of the servicing agency, which was entered into before placement of this order to meet the requirements of the servicing agency for the same or similar supplies or services;

- ☐ The servicing agency has capabilities or expertise to enter into a contract for such supplies or services which is not available within the requesting agency; or
- ☐ The servicing agency is specifically authorized by law or regulation, *i.e.*, *[set forth the citation for the law or regulation]*, to purchase such supplies or services on behalf of other agencies.

Signature of USDA official who has authority to sign this D&F
Name
Title and office Date:_____