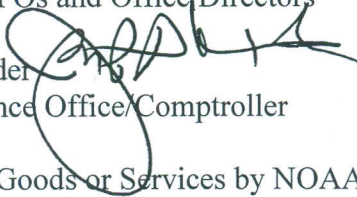




JAN 13 2009

MEMORANDUM TO: Line Office CFOs and Office Directors

FROM: Jon P. Alexander 
Director, Finance Office/Comptroller

SUBJECT: Furnishing of Goods or Services by NOAA to Other Federal Agencies, Including Other Department of Commerce Bureaus
Policy Memorandum 09-02

Background:

The Economy Act (31 U.S.C. 1535 and 1536) authorizes one Federal agency to place an order for goods or services with another Federal agency under the circumstances specified in the Act. The ordering agency must reimburse the performing agency based on the actual cost of the goods or services provided, as determined by the performing agency. Payment may be in advance or on providing the goods or services.

Purpose:

The purpose of this policy memorandum is to establish policy for the furnishing of goods or services by NOAA to other Federal agencies, including other Department of Commerce bureaus.

Policy:

All furnishing of goods or services by NOAA to other Federal agencies, including other Department of Commerce bureaus shall be done in accordance with the requirements of the Economy Act. These requirements include:

- Reimbursement by the ordering agency is to be made on the basis of actual cost as determined by NOAA. Actual cost includes all direct costs attributable to providing the goods or services ordered, as well as indirect costs funded by NOAA that bear a significant relationship to providing the goods or services. Failure to obtain reimbursement for all required costs improperly augments the appropriation(s) of the ordering agency.
- In order to avoid an improper augmentation of NOAA appropriation(s), reimbursements from the ordering agency may only be credited to a NOAA appropriation against which charges have been made in executing the order. If the appropriation that bore the costs is no longer available, the reimbursement must be deposited into the Treasury as miscellaneous receipts.



- Where performance of an Economy Act order extends beyond a fiscal year and is funded by more than one fiscal year appropriation, the reimbursement must be split between the two appropriations based on the work actually performed by each.
- Obligations for Economy Act work that exceed costs incurred for that work must be deobligated at the end of their availability period.
- Advance payment from the ordering agency based on estimated costs is authorized, but the final payment amount must be adjusted to account for actual costs. An ordering agency must reimburse all appropriate costs incurred by NOAA, even if those costs exceed those agreed upon so long as the ordering agency received the benefit of the added costs. By the same token, NOAA must return to the ordering agency any advance payments that exceeded actual costs.

If you have any questions on this matter, please contact Mike Van Deusen of the NOAA Financial Policy and Compliance Division by telephone, at (301) 444-2174, or by e-mail at Michael.e.vandeusen@noaa.gov. Thank you for your continued cooperation.