

VOLUME 11A, CHAPTER 18: “NON-ECONOMY ACT ORDERS”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [January 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2.1	Revised reference from Title 10 United States Code (U.S.C.) Section 2410a to 10 U.S.C. Section 3133.	Revision
4.2.3	Removed the expired G-Invoicing requirement date.	Revision

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CHAPTER 18

NON-ECONOMY ACT ORDERS

1.0 GENERAL

1.1 Purpose

This chapter prescribes the financial management policy applicable to orders placed for goods or services from non-Department of Defense (DoD) Federal agencies under statutory authorities other than the Economy Act authority provided in [31 U.S.C. § 1535](#). These orders are referred to as non-Economy Act orders. Chapter 1 provides overall guidance and discussion of general reimbursement procedures and supporting documentation.

1.2 Authoritative Guidance

* 1.2.1. [10 U.S.C. § 3133](#): “Contracts for periods crossing fiscal years: severable service contracts; leases of real or personal property” provides statutory authority for the aforementioned contracts.

1.2.2. [31 U.S.C. § 1502](#): “Balances available” stipulates the bona fide needs rule.

1.2.3. Federal Acquisition Regulation ([FAR Part 7](#)), “Acquisition Planning,” provides Federal-wide acquisition policy and procedures related to acquisition planning.

1.2.4. [FAR Subpart 17.5](#), “Interagency Acquisitions,” and [FAR Subpart 17.7](#), “Interagency Acquisitions: Acquisitions by Non-Defense Agencies on Behalf of the Department of Defense,” prescribe Federal-wide acquisition policy involving interagency acquisitions.

1.2.5. [DoD Instruction 4000.19](#), “DoD Agreements,” establishes policy, assigns responsibilities, and provides direction for agreements within the DoD and between DoD and non-DoD entities.

* 1.2.6. The Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, [1 TFM 2-4700](#), Section 4750 “Intragovernmental Quarterly and Year-End Requirements.”

1.2.7. Defense Federal Acquisition Regulation Supplement ([DFARS Subpart 217.5](#)), “Interagency Acquisitions,” and [DFARS Subpart 217.7](#), “Interagency Acquisitions: Acquisitions by Non-Defense Agencies on Behalf of the Department of Defense,” prescribe specific additional DoD acquisition policy involving interagency acquisitions.

2.0 DEFINITIONS

2.1 Assisted Acquisition

[*FAR Subpart 2.1*](#) defines an assisted acquisition as a type of interagency acquisition where a servicing agency performs acquisition activities on a requesting agency's behalf, such as awarding and administering a contract, task order, or delivery order. DFARS 217.701 defines assisted acquisition similarly as the type of interagency contracting through which acquisition officials of a non-DoD agency award a contract, task, or delivery order for the acquisition of supplies or services on behalf of DoD.

2.2 Direct Acquisition

Per FAR Subpart 2.1, a direct acquisition is a type of interagency acquisition where a requesting agency places an order directly against a servicing agency's indefinite-delivery contract. The servicing agency manages the indefinite-delivery contract but does not participate in the placement or administration of an order. DFARS 217.701 defines direct acquisition as a type of interagency contracting through which the DoD orders a supply or service from a Government-wide acquisition contract maintained by a non-DoD agency.

2.3 Interagency Acquisition

As defined in FAR Subpart 2.1, an interagency acquisition is an action by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency) by an assisted acquisition or a direct acquisition. The term includes acquisitions under the Economy Act (31 U.S.C. § 1535) and non-Economy Act acquisitions completed under other statutory authorities.

2.4 Multiple Year Appropriation

As used in this chapter, a multiple-year appropriation means an appropriation that is available for obligation for a definite period of time [over](#) one fiscal year.

2.5 Non-Severable Service

A non-severable service represents a single undertaking that cannot be feasibly subdivided. If the service produces a single or unified outcome, product, or report, the service is considered non-severable.

2.6 Requesting Agency

The requesting agency is defined in FAR Subpart 2.1 as the agency that has the requirement for an interagency acquisition.

2.7 Servicing Agency

The servicing agency is defined in FAR Subpart 2.1 as the agency that will conduct an assisted acquisition on behalf of the requesting agency.

2.8 Severable Service

A severable service represents a service that is continuing and recurring in nature where the agency realizes a benefit at the time that the service is provided even if the contract has not been performed to completion. A service is considered severable if it can be separated into a component that independently provides value to meet an agency's needs.

2.9 Trading Partner

A trading partner is defined as a Federal entity that is a party to intragovernmental transactions with another Federal entity. This includes transactions between DoD Components and transactions between DoD Components and other non-DoD Federal entities.

3.0 LEGAL AUTHORITY

3.1 Statutory Conditions on Use

3.1.1. Specific statutory authority is required to place a non-Economy Act order with a non-DoD agency for goods or services and to pay the associated cost. If specific statutory authority does not exist, the default is the Economy Act which is discussed in Chapter 3.

3.1.2. The more commonly used non-Economy Act authorities include, but are not limited to:

3.1.2.1. Acquisition Services Fund. The Acquisition Services Fund was established by the General Services Administration Modernization Act which merged the General Supply Fund and the Information Technology Fund to carry out functions related to the uses of the Acquisition Services Fund including any functions previously carried out by the Federal Supply Service and the Federal Technology Service managed by the General Service Administration (GSA).

3.1.2.2. Franchise Funds. Franchise Funds were first established by the Government Management Reform Act of 1994 to provide common administrative support services on a competitive and fee basis.

3.2 Justification

Non-Economy Act orders may be placed with a non-DoD Federal agency for goods or services if:

3.2.1. Proper funds are available;

3.2.2. The order does not conflict with another agency's designated responsibilities (e.g., real property lease agreements with GSA);

3.2.3. The requesting agency or unit determines the order is in the best interest of DoD; and

3.2.4. The performing agency is able and authorized to provide the ordered goods or services.

3.3 Simplified Acquisition Threshold

Non-Economy Act orders greater than the simplified acquisition threshold must comply with FAR Part 7 and established DoD Components' procedures for the proper use of non-DoD contracts. The "Non-Economy Act Acquisition Package Checklist" provided in Figure 18-1 and the list of "Requesting Official Responsibilities" in Figure 18-2 will assist in ensuring that statute, policy, and regulation are complied with under non-Economy Act orders.

3.4 Prohibitions

Non-Economy Act orders may not be used to violate provisions of law or accomplish what regulations do not permit under commercial contracts or circumvent conditions and limitations imposed on the use of funds including extending the period of availability of the cited funds.

4.0 INITIATING A NON-ECONOMY ACT ORDER

4.1 Ordering Procedures and Requirements

4.1.1. FAR Subpart 7.5, FAR Subpart 7.7, DFARS Subpart 217.5, and DFARS Subpart 217.7 address the procedures that apply to all interagency acquisitions. A non-Economy Act order must comply with the documentation standards in Chapter 1 and be supported with the items identified in Figure 18-1.

4.1.2. Non-Economy Act orders must include:

4.1.2.1. A firm, clear, specific, and complete description of the goods or services ordered. The use of generic descriptions is not acceptable;

4.1.2.2. Specific performance or delivery requirements;

4.1.2.3. A proper fund citation;

4.1.2.4. Payment terms and conditions (e.g., direct cite or reimbursement, and specific appropriation or law authorizing advanced payments);

4.1.2.5. A specific non-Economy Act statutory authority citation such as those referenced in paragraph 3.1;

4.1.2.6. The following statement on funding documents for severable services: “These funds are available for severable service requirements crossing fiscal years for a period not to exceed one year, where the period of any resultant contract for services commences this fiscal year. All funds not placed on contract this fiscal year must be returned promptly to the ordering activity, but no later than one year after the acceptance of the order or upon completion of the order, whichever is earlier.”;

4.1.2.7. The following statement on funding documents for goods or non-severable services: “I certify that the goods or non-severable services to be acquired under this agreement are [the](#) necessary expense of the appropriation charged and represent a bona fide need of the fiscal year in which these funds are obligated.”; and

4.1.2.8. DoD Activity Address Code (DODAAC)

4.2 Treasury Guidance

4.2.1. The TFM Volume I, Part 2, Chapter 4700, Section 4750, “Intragovernmental Quarterly and Year-End Requirements,” discusses the requirements necessary to properly report intragovernmental transactions resulting from business activities (i.e., buy/sell transactions) between two Federal government entities, called trading partners. It further references the Intragovernmental Transaction Guide (Appendix 5) as containing the business rules and processes to properly record, report, and reconcile intragovernmental transactions, including the processes for dispute resolution.

4.2.2. The standard Interagency Agreement contains two Fiscal Service (FS) Forms: [FS Form 7600A](#), General Terms and Conditions (GT&C) and [FS Form 7600B](#), Order Form. (See form instructions at [Instructions for FS Form 7600A](#), and [Instructions for FS Form 7600B](#) respectively.) Treasury has mandated the use of these two forms to ensure the proper recording and reporting on intragovernmental buy/sell transactions, and to eliminate the Federal-wide reporting deficiencies impacting the Financial Report of the U.S. Government. Accordingly, all DoD Components must use the latest published versions of FS Forms 7600A/B when completing a non-Economy Act order and these must comply with the Federal Intragovernmental Data Standards when using the [Treasury’s G-Invoicing](#) system, DoD Ordering systems, Enterprise Resource Planning (ERP) systems, or when completing the FS Forms 7600 A/B manually. Until DoD Ordering Systems and ERP systems are capable of processing the FS Form 7600B, DoD trading partners **must** continue to accept the current order forms (e.g., [DoD \(DD\) Form 448](#), Military Interdepartmental Purchase Request). Individual orders must be placed against an FS Form 7600A.

* 4.2.3. The Treasury’s G-Invoicing system must be used to negotiate, broker, and electronically store the GT&Cs and associated transactions between buyers and sellers for all inter- and intragovernmental reimbursable transactions as appropriate system capabilities come online for individual DoD Components. In instances where G-Invoicing is not available, such as

remote deployments or other austere conditions, DoD Components must use hardcopies of FS Forms 7600A/B. DoD Components must establish internal policies and procedures for designating signature authority for GT&Cs.

4.2.4. The requesting scope of work on the FS Form 7600A **must** cover relatively broad categories of goods or services when feasible. When the systems capability becomes available to accept the FS Form 7600B within DoD Ordering Systems or ERPs, the FS Form 7600B must discretely define the goods or services for each order. When practical and legally permissible, the agreement period on the FS Form 7600A **must** cover multiple years.

4.3 Best Interest Determination

4.3.1. Each requirement must be evaluated in accordance with DoD Components' procedures to ensure that non-Economy Act orders are in the best interest of DoD.

4.3.2. Factors to consider include:

4.3.2.1. Satisfying customer requirements;

4.3.2.2. Schedule, performance, and delivery requirements;

4.3.2.3. Cost effectiveness, **considering** the discounts and fees; and

4.3.2.4. Contract administration, to include oversight.

5.0 FISCAL POLICY

5.1 Specific, Definite, and Certain

For non-Economy Act orders greater than the simplified acquisition threshold, the requesting official must provide:

5.1.1. Evidence of market research and acquisition planning;

5.1.2. A statement of work that is specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself; and

5.1.3. Unique terms, conditions, and requirements to comply with applicable DoD-unique statutes, regulations, directives, and other requirements.

5.2 Contracting Officer Review

All non-Economy Act orders greater than \$500,000 must be reviewed by a DoD-warranted Contracting Officer prior to sending the order to the funds certifier or issuing the FS Forms 7600A/B to the non-DoD activity. In addition to the review by the Contracting

Officer, the requesting official must further review the acquisition package to ensure compliance with the FAR Part 7, and the DoD Component's procedures.

5.3 Certification of Funds

Non-Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. Because the servicing entity may not be aware of all the appropriation limitations, the DoD requesting official must certify that the funds cited on the order are available, meet time limitations, and are for the purpose designated by the appropriation.

5.4 Bona Fide Need

The bona fide needs rule (31 U.S.C. § 1502) provides that an appropriation or fund limited for the obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability. Non-Economy Act reimbursable orders of DoD Components for supplies, material, services, or equipment placed with non-DoD agencies are subject to policies that, in practical effect, make them subject to obligational standards used for Economy Act reimbursable orders. Non-Economy Act orders citing an annual or multiple-year appropriation must serve a bona fide need arising, or existing, in the fiscal year(s) for which the appropriation is available for new obligations. Otherwise, a valid obligation is not accomplished. An interagency agreement may not be used in the last days of the fiscal year solely to prevent funds from expiring or to keep them available for a requirement arising in the following fiscal year. Bona fide need generally is a determination of the requesting agency and not that of the servicing activity. A servicing agency **must**, however, refuse to accept a non-Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

5.5 Obligation

5.5.1. The provisions of [31 U.S.C. § 1501](#) govern the recording of the obligation.

5.5.2. An amount must be recorded as an obligation only when supported by documentary evidence meeting all the following criteria:

5.5.2.1. Binding agreement (funding vehicle) between an agency and another person (including an agency);

5.5.2.2. Agreement is in writing using FS Form 7600A;

5.5.2.3. For a purpose authorized by law;

5.5.2.4. Serves a bona fide need arising, or existing, in the fiscal year or years for which the appropriation is available for obligation;

5.5.2.5. Executed before the end of the period of availability for the new obligation of the appropriation or fund used; and

5.5.2.6. Provides for specific goods to be delivered, real property to be bought or leased, or specific services to be supplied.

5.6 Deobligation of funding under non-Economy Act orders

5.6.1. Goods. Funds provided to a performing agency for ordered goods where the funds period of availability thereafter has expired must be deobligated and returned by the performing agency unless the request for goods was made during the period of availability of the funds and the item(s) could not be delivered within the funds period of availability because of delivery, production or manufacturing lead time, or unforeseen delays that are out of the control and not previously contemplated by the contracting parties at the time of contracting.

5.6.1.1. Where materials cannot be obtained in the same fiscal year in which they are needed and contracted for, provisions for delivery in the subsequent fiscal year do not violate the bona fide need rule as long as the time intervening between contracting, and delivery is not excessive, and the procurement is not for standard commercial off the shelf items readily available from other sources.

5.6.1.2. The delivery of goods may not be specified to occur in the year subsequent to funds availability unless delivery meets the exceptions cited in subparagraph 5.6.1.1 and a justifiable bona fide need exists in the year funds are available for obligation.

5.6.2. Severable Services. An agreement for severable services that are continuing and recurring in nature and provide DoD a benefit each time the service is performed (e.g., maintenance and repair services, scientific, engineering, and technical services) is based on statutory authority other than the Economy Act. The provisions of 10 U.S.C. § 3133 permit the performance of severable services to begin in one fiscal year and end in the next provided the period of performance does not exceed one year. A non-DoD Federal agency may rely on this authority to fill a DoD order funded with fiscal year appropriations to issue a contract for severable services that crosses fiscal years as long as the contract period commences during the period of availability of the DoD customer appropriation. Obligating funds for placing a non-Economy act order with a non-DoD Federal agency, where the resultant fixed-length severable services contract awarded by the non-DoD Federal agency will exceed the one-year limit outlined in 10 U.S.C. § 3133, or which is not to commence until a subsequent fiscal year, may result in an Antideficiency violation under [31 U.S.C. § 1341](#).

5.6.2.1. The performance of severable services must begin during funds period of availability and may not exceed one year.

5.6.2.2. Annual appropriations provided to a performing agency that have expired must be deobligated unless the performance of the services requested began during the funds period of availability and the period of performance does not exceed one year.

5.6.2.3. The annual appropriation from the earlier fiscal year may be used to fund the entire cost of the one-year period of performance; however, annual appropriations may not be used to enter into a severable services agreement where the period of performance for services requested is entirely in the following fiscal year.

5.6.2.4. In no instance may the period of performance extend beyond September 30 of the subsequent year for services funded with annual appropriations.

5.6.3. Non-Severable Services. Non-severable services contracts must be funded entirely with appropriations available for new obligations at the time the contract is awarded, and the period of performance may extend across fiscal years. Funds provided to a performing agency that become excess must be deobligated as identified.

5.6.4. Excess or Expired Funds. Activities must reconcile all obligations and remaining funds available for orders. The purpose of this reconciliation is to ensure the proper use of funds and to identify and coordinate the return of expired or excess funds. Excess or expired funds must be returned by the performing agency and deobligated by the requesting agency to the extent that the performing agency or unit filling the order has not (1) provided the goods or services (or incurred actual expenses in providing the goods or services), or (2) entered into a contract with another entity to provide the requested goods or services before the end of the period of availability (fiscal year or multiple year period, as applicable) of the appropriation of the requesting or ordering agency. Expired funds must not be available for new obligations.

5.7 Payment Procedures

5.7.1. Payment must be made promptly upon the written request (or billing) of the performing agency. The payment due date must not be more than 30 calendar days from the date of the invoice. Unless the DoD Component is specifically authorized by law, legislative action, or Presidential authorization, funds are not to be advanced to non-DoD Federal entities or be used to pay for advance billings without the receipt of goods or services. Volume 4, Chapter 5 covers the conditions and requirements related to advances and prepayments. For those few exceptions where DoD is specifically authorized by a specific appropriation or law to advance funds, [cite](#) the specific appropriation or law authorizing the advance on the obligating and/or interagency agreement documents and orders, and [collect](#) any unused amounts of the advance from the performing agency immediately and return to the fund from which originally made.

5.7.2. The requesting official must be fully aware of the non-DoD Federal agency's billing practices and methods. The official must also take appropriate action to ensure DoD funds are not disbursed in advance of contract performance. Additionally, DoD Components must work with their servicing disbursement sites to ensure trading partner agreements restrict other Federal agencies' ability to withdraw funds prior to the delivery of goods or performance of services.

5.7.3. Payments made for services rendered or goods furnished may be credited to the appropriation or fund of the Federal agency performing the reimbursable work.

5.7.4. Volume 10, Chapter 10 contains the DoD policy for executing intragovernmental payments.

6.0 NON-ECONOMY ACT ORDER FOLLOW-UP PROCEDURES

6.1 Non-Economy Act Order Oversight

6.1.1. The requesting official must establish quality surveillance plans, for non-Economy Act orders greater than the simplified acquisition threshold and ensure execution that would facilitate the oversight of the goods provided or services performed by the performing agency.

6.1.2. The plans **must** include:

6.1.2.1. Contract administration oversight in accordance with the surveillance plan;

6.1.2.2. Processes for receipt and review of receiving reports and invoices from the performing agency;

6.1.2.3. Reconciliation of receiving reports and invoices; and

6.1.2.4. Requirements for documenting acceptance of the goods received or services performed.

6.2 **Requesting Official Must** Monitor Fund Status

6.2.1. Monitor balances with the performing agency;

6.2.2. Conduct Dormant Account Review Quarterly (DAR-Q) of non-Economy Act orders in accordance with Volume 3, Chapter 8 and include a specific attestation on the DAR-Q that all existing interagency agreements are consistent with DoD policy;

6.2.3. Confirm open balances with the performing agency;

6.2.4. Coordinate the return of funds from the non-DoD performing agency in accordance with paragraph 5.6; and

6.2.5. Coordinate with the accounting office to ensure timely deobligation of funds.

6.3 Non-Economy Act Order Close-Out

6.3.1. All non-Economy Act orders must be reviewed by the requesting official to determine if they are complete. Completed orders must be fiscally closed out. The requesting official must reconcile funds and coordinate the return of excess or expired funds held by the performing agency.

6.3.2. As part of this review, the requesting official will:

6.3.2.1. Identify and determine if there are outstanding invoices;

6.3.2.2. Identify and determine the existence of excess or expired funds;

6.3.2.3. Coordinate the return of funds from the non-DoD performing agency in accordance with paragraph 5.6; and

6.3.2.4. Coordinate with the accounting office to ensure the deobligation of funds.

6.4 Reconciliation and Elimination of Intragovernmental Transactions

Volume 6B, Chapter 13 contains DoD policy and guidance for adjustments, eliminations, and other special intragovernmental reconciliation procedures.

Figure 18-1. Non-Economy Act Acquisition Package Checklist

- A. Documented evidence of market research and acquisition planning performed.
- B. Package includes a specific, definite, and concise statement of work documenting a bona fide need in the fiscal year that the funds are available for new obligations.
- C. Package includes specific performance and/or delivery requirements.
- D. Package identifies the statutory authority permitting the performing agency to support the DoD Component for the goods/services required.
- E. Package includes the purchase request number and the DODAAC.
- F. Package includes written justification for the non-Economy Act order in accordance with DFARS Subpart 217.7 and the DoD Components' procedures.
- G. Package documents review of fees/surcharges/contract administration/discounts to ensure the cost is reasonable and consistent with task to be accomplished by performing agency.
- H. Package includes specific statutory authority authorizing advance payment or billing.
- I. Package documents evidence that DoD competition requirements were followed in accordance with DFARS.
- J. Order identifies DoD unique terms & conditions to the performing agency.
- K. Order identifies unique reporting requirements not otherwise specified to the performing agency.

Figure 18-2. Requesting Official Responsibilities

- A. Market Research
- B. Acquisition Planning
- C. Independent Government Cost Estimate
- D. Statement of Work to include evaluation criteria
- E. Ensure receipt and compliance of FS Forms 7600A/B acceptance
- F. Assist in Technical Evaluation
- G. Quality Assurance Plan
 - 1. Contracting Officer Representative/Contracting Officer Technical Representative - Receiving Reports/Invoices - Inspection & Acceptance
 - 2. Contract Data Requirements List Procedural/Required Reports/Deliverables Report/Contract Performance
 - 3. Property/Equipment Management
 - 4. Perform Contract Oversight
- H. Funds Management/Record Keeping
 - 1. Draw Down
 - 2. Contract Reconciliation
 - 3. Initiate Deobligation
 - 4. Oversight of Billing/Reporting
- I. Update all Points of Contact as necessary throughout acquisition