

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

DEPARTMENTAL MANUAL	Number: 2236-001
SUBJECT: Shared Cost Programs	DATE: March 14, 2014
	OPI: Office of the Chief Financial Officer

1. PURPOSE

Policies set forth in this document establish the Department of Agriculture (USDA) financial procedures regarding shared cost agreements under Shared Cost Programs (SCP) authority.

2. SPECIAL INSTRUCTIONS/CANCELLATIONS

- a. Policies described herein apply to administration of SCP under authority of 7 U.S.C. 2263. They do not apply to Working Capital Fund or Central Cost Distribution Programs.
- b. For purposes of budget execution and financial transaction management, SCPs will be administered using sales orders.
- c. Unless otherwise noted, policies described herein assume enactment of appropriations prior to the beginning of the new fiscal year (i.e., October 1).

3. INTRODUCTION

Shared cost agreements may be entered into under authority of 7 U.S.C. 2263. This language authorizes the Department of Agriculture to establish programs, financed by reimbursement from agencies of the Department, of general benefit to the Department, its agencies, its stakeholders, and other organizations with which the Department works to promote its various missions.

4. INDIVIDUALS AND ORGANIZATIONS COVERED UNDER THIS MANUAL

- a. Office of the Chief Financial Officer
- b. Agencies and staff offices
- c. Organizations managing SCP activities

5. RESPONSIBILITIES

a. Office of the Chief Financial Officer

The Chief Financial Officer (or his/her designee) shall have responsibility for:

- (1) Certification validating the accuracy of SCP allowances to SCP program managers and agency cost shares for each SCP activity.
- (2) Coordinating and providing technical support to SCP program managers in budget formulation, budget execution, and management of SCP finances.
- (3) Ensuring billing for activity performed is completed in a timely and accurate fashion. See Section 6.b.(6) for more guidance on this subject.

b. Agencies and staff offices (customers)

- (1) Upon issuance of Secretarial approval of agency cost shares, customers shall identify to the Chief Financial Officer within 14 days the account (or accounts) to be charged for costs of SCPs. Such accounts are to be identified by name and Treasury symbol. In the event that the agency does not identify the account(s) in a timely manner (See Section 5.c.(3), below), the Chief Financial Officer will inform the agency which account is to be charged.
- (2) Customers shall create and approve purchase orders in the Financial Management Modernization Initiative (FMMI) application within seven days of Secretarial issuance of approval of agency and staff office cost shares. In the event purchase orders to establish funding at the approved cost share amount is not completed within seven days of Secretarial approval of agency and staff office cost shares, a purchase order will be created for the agency or staff office by authorized staff in the Office of the Chief Financial Officer. Any purchase orders created in such fashion will be prohibited from amendment, addition, deletion, or substitution, except under approval of the Chief Financial Officer. The obligation shall comply with the terms of the appropriation action (i.e., sequestration, continuing resolution, and/or recession) unless the Office of the Secretary specifically authorizes an exception.
- (3) Customers shall enter the purchase order number and line item number with the amount funded in the Working Capital Fund and Greenbook (FUND) Web application.

c. SCP program managers (program owners)

- (1) Administer programs and activities consistent with delegations of authority and other authority granted to those programs and activities.

- (2) Submit resource estimates to the Chief Financial Officer (or his/her designee) in a manner, fashion, and schedule to be established by the Chief Financial Officer (or his/her designee).
- (3) Program owner agencies or staff offices shall create sales orders in FMMI to establish funding at a level equal to that provided in the agency or staff office cost shares approved by the Secretary in accordance with Section 5.a.(1)d.
- (4) Program owner agencies shall liquidate obligations on existing purchase orders not later than nine months after the close of the fiscal year.
- (5) Provide periodic status of funds reports in a manner and according to a schedule set forth by the Office of the Chief Financial Officer. The status shall include the current year and any prior years that have not been fully closed and for which there remain outstanding unliquidated obligations.

6. POLICIES

- a. Shared cost agreements may be executed within USDA between different appropriations. Under existing statutory authority, when one office provides a beneficial service to another office, the office receiving the service will reimburse the providing office for the cost of that service.
 - (1) USDA will use the Treasury FMS Form 7600, Interagency Agreement (IAA) for shared cost agreements. The FMS Form 7600 will be used to establish sales orders and purchase orders for the service provider and purchaser respectively.
 - (2) USDA will follow Treasury guidance as required for interagency reimbursable agreement transactions, with descriptive data from one federal agency to another. FMMI Inter-USDA Agreement (INTR) funds transfer process shall be used for payment.
 - (3) USDA may use shared cost agreements from different appropriations when the appropriation receiving the funding transfer has both reimbursable authority and specific approval from the Office of Management and Budget (OMB) for that function to be considered reimbursable.
 - (4) Shared Cost Agreements may not be used to circumvent conditions and limitations imposed on the use of funds, including extending the period of availability of the cited funds. The amount obligated for an order will be de-obligated to the extent that the agency or unit filling the order has not incurred obligations before the end of the appropriation availability.
 - (5) Billing. Billing shall be accomplished monthly based upon amounts expended during the month. The bills shall be settled within FMMI's INTR process.

- b. Cost recovery methodologies are subject to approval by the Secretary, in consultation with the Assistant Secretary for Administration and the Chief Financial Officer. However, any methodology based on full-time equivalents (FTEs) shall be subject to the following limitation. Any allocation entity for a SCP having fewer than 10 FTEs shall not be allocated a share of costs for that SCP activity.
- c. Extraordinary Circumstances – Absence of Appropriations Enacted on October 1
 - (1) In the event appropriations for the fiscal year are not enacted by October 1 and temporary spending measure have been enacted in their place (e.g., a continuing spending resolution), customer agencies shall be required to fund purchase orders as follows:
 - (a) The number of days of funding provided in the continuing spending resolution shall be divided by the number of days in the fiscal year to establish a funding share factor for the agency.
 - (b) This factor shall be multiplied by the agency cost share computed for the fiscal year that serves as the basis for funding authority under a continuing resolution (usually the previous fiscal year) to arrive at the amount to be funded by the agency under the continuing spending resolution.
 - (c) Spending share factors shall be adjusted by the Office of the Chief Financial Officer in the event terms of continuing resolutions are amended or new continuing spending resolutions are enacted.
 - (2) At such time that a permanent funding measure is enacted for the fiscal year, the customer agency shall adjust/fund the purchase order to fund the activity for the full fiscal year share allocated to it.
- d. For any SCP that uses, all or in part, full-time equivalents as the basis for allocating costs among customer agencies, the source data for full-time equivalents shall be the most recent current year data available and published by the Office of Budget and Program Analysis in the Department’s Budget Summary and Annual Performance Plan.
- e. The Office of the Chief Financial Officer shall be responsible for ensuring that settlement rules are checked and validated in all sales orders so that they match the approved cost recovery methods and allocations.
- f. The Office of the Chief Financial Officer shall be responsible for developing and promulgating rules to be followed in those instances in which full settlement of sales orders are not completed at year end.

7. DEFINITIONS

- a. Financial Management Modernizations Initiative (FMMI). FMMI is the corporate financial and accounting system for USDA.
- b. Purchase Orders. Request or instruction from a purchasing organization to a vendor (external supplier) or plant to deliver a certain quantity of material or perform certain services at a certain point in time. This document represents a legal obligation of funds after either a contract has been signed or a service provider has agreed to provide goods or services.
- c. Sales and Distribution. Modular functionality in FMMI that supports customer business, such as the Order Fulfillment business process, reimbursable agreements, interagency orders, receivable processing, revenue management, etc.
- d. Sales orders. A Financial Management Modernization Initiative (FMMI) document in the Sales and Distribution module that represents a customer order (also known as a “reimbursable order”). This document creates spending authority (allotment) in FMMI.
- e. Settlement Rules. Rules governing the process of settling costs posted on projects' Work Breakdown Structure (WBS) elements to other WBS elements, cost centers, or General Ledger accounts.
- f. Shared Cost Programs (SCPs). SCPs are programs authorized under 7 U.S.C. 2263 and are performed on behalf of the Department and/or its agencies, costs for which are recovered from USDA agencies via reimbursement mechanisms. They do not include Central Cost Distribution Programs or Working Capital Fund activities.
- g. Work Breakdown Structure. A cost object representing a project that support direct charge and cost allocation for financial, procurement, and reimbursable processes. There is a one to one relationship with a funded program.

8. ABBREVIATIONS

BPAS – Budget and Program Analysis Staff
 DR – Departmental Regulation
 FMMI – Financial Management Modernization Initiative
 FTE – Full-Time Equivalent
 IAA – Interagency Agreement
 INTR – Inter-USDA Agreement
 OMB – Office of Management and Budget
 SCP – Shared Cost Program
 U.S.C. – United States Code
 USDA – United States Department of Agriculture
 WBS – Work Breakdown Structure

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