

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

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

1. PURPOSE

This Regulation identifies and establishes, where necessary, individuals and organizations responsible for the financial health of and efficient operation of activities supported by Shared Cost Programs (SCPs). It describes the roles and responsibilities of the Assistant Secretary for Administration (ASA), Chief Financial Officer (CFO), and others as they relate to the financial and operational management of SCPs and as they conform to authorities set forth under 7 U.S.C. 2263, "Transfer of Funds."

2. SPECIAL INSTRUCTIONS/CANCELLATIONS

This Regulation shall not apply to Central Cost Distribution Programs or Working Capital Fund activities.

3. POLICIES

- a. It is the policy of the USDA to provide for the effective management of SCPs that benefit the Department, its agencies, its employees, and its stakeholders. Centralized management of SCPs to provide customer perspective on operations and resource management of SCPs furthers this policy.
- b. USDA will ensure the use of shared cost agreements is in accordance with Title 7 United States Code (U.S.C.) Section 2263. Additionally, SCPs will only be initiated upon approval in conformance with this.
 - (1) USDA may not augment its appropriation accounts (including annual appropriations and revolving funds) with transfers from other accounts without specific statutory authority.
 - (2) As a rule, if a particular appropriated function is assigned to one office by statute or by the Secretary, that office generally may not seek contributions (to include, through shared cost agreements) from offices funded by other appropriations to

finance that function. The contributions would be an augmentation to the originating office's appropriation.

USDA may only proceed with modifying how a function or activity is funded after a formal request has been submitted to Congress through the budget process. The request informs Congress of USDA's intent to change the funding methodology for that fiscal year and subsequent fiscal years. Any changes outside the budget process must follow Congressional notification requirements included in the annual appropriations acts. Contact the Office of Budget and Program Analysis for assistance and guidance on these issues.

4. INDIVIDUALS AND ORGANIZATIONS COVERED BY THIS REGULATION

- a. Office of the Secretary;
- b. Assistant Secretary for Administration;
- c. Chief Financial Officer;
- d. Under and Assistant Secretaries (Mission Areas);
- e. Departmental Staff Office Directors and agency heads;
- f. SCP Controller;
- g. Organizations managing SCP activities;
- h. SCP Advisory Committee; and
- i. SCP Subcommittees. The SCP Advisory Committee may, at its discretion, appoint subcommittees to provide assistance in the Committee's exercise of its responsibilities. The manner of selection and designation of responsibilities shall rest with the SCP Advisory Committee, and any such subcommittees shall report to the SCP Advisory Committee.

5. RESPONSIBILITIES

- a. General

The Assistant Secretary for Administration, the Chief Financial Officer, SCP Controller, staff office directors, managers of SCPs, SCP Advisory Committee, and any SCP subcommittees shall cooperate to the extent practical in carrying out any and

all responsibilities including such studies, reviews, or other internal control processes aimed at improvement or oversight of SCP activities.

b. Office of the Secretary

- (1) The Secretary or designee shall, based on the SCP Advisory Committee or other reasons thereof, have final authority to approve in writing:
 - (a) New or expanded SCP programs.
 - (b) SCP cost recovery methodologies that serve as the basis for recovering SCP costs from agencies.
 - (c) SCP resource allowances.
 - (d) Initial agency cost shares for SCP activities.
 - (e) Termination of SCPs
 - (f) Changes in funding mechanism for SCPs (e.g., from SCP to direct appropriation or from SCP to Working Capital Fund)
- (2) All approvals shall be issued in writing under the signature of the Secretary or by his/her designee.
- (3) Approvals of new or expanded SCP activities or changes in funding mechanism will include evidence of or reference to the proposed action having been reviewed and concurred upon by the Office of the General Counsel.
- (4) In the event the Secretary designates another party to exercise approval authority on his/her behalf, such designation shall be documented in writing and signed by the Secretary. This designation will be in effect until notice is given in writing by the Secretary that said designation is withdrawn.

c. Departmental Staff Office Directors or agency heads administering activities with SCP support shall have responsibility for:

- (1) Overall authority for aspects of service delivery and operation over those activities and the related organizational units supported by the SCPs that they administer, consistent with existing delegations of authority.
- (2) Preparing, subject to concurrence by the Assistant Secretary for Administration and the Chief Financial Officer, and approval by the Secretary, proposals for any

new or expanded reimbursable programs. Submission of such requests shall be made to the Chief Financial Officer through the SCP Controller who will be responsible for coordinating reviews of such proposals.

- (3) Conducting benefit analyses to justify approval of proposed SCPs.
- d. The Assistant Secretary for Administration, in addition to responsibilities set forth in Section 5.c.(1), above, shall have responsibility for:
 - (1) Developing programs to improve the performance of administrative service activities financed by the SCP.
 - (2) With the Chief Financial Officer, serve as a recommending official to the Secretary on matters pertaining to SCP activities.
 - e. The Chief Financial Officer, in addition to responsibilities set forth in Section 5.c.(1), above, has ultimate responsibility for:
 - (1) Overall management authority over financial aspects of SCP activities and that portion of organizational service units supported by the SCP.
 - (2) With the Assistant Secretary for Administration, serve as a recommending official to the Secretary on matters pertaining to SCP activities.
 - f. The Associate Chief Financial Officer for Financial Policy and Planning serves as SCP Controller and as such shall:
 - (1) Exercise day-to-day responsibilities for SCP oversight, including, but not limited to:
 - (a) Review of SCP budget estimates, cost recovery methodologies, and SCP reimbursement estimates.
 - (b) Preparation of periodic financial reports (e.g., issuance of SCP reimbursement estimates, status of funds reports, etc.) and financial statements
 - (c) Implementation of those policies, procedures, mechanisms, and controls necessary to ensure the effective financial performance of the SCPs.
 - (2) Serve as primary advisor to the Chief Financial Officer and Assistant Secretary for Administration on matters of SCP financial operations and general management issues.

- (3) Serve as a member of the SCP Advisory Committee.
 - (4) Serve as Executive Secretary to the SCP Advisory Committee and any SCP subcommittees that may be established by the SCP Advisory Committee.
 - (5) Provide budget support to and coordinate development of SCP resource estimates with SCP managers.
- g. Organizations managing SCP activities shall:
- (1) Retain all previously delegated authorities and responsibilities for management of their respective SCP activities.
 - (2) Provide the Assistant Secretary for Administration, the Chief Financial Officer, the SCP Controller, the SCP Advisory Committee, and any subcommittees of the SCP Advisory Committee with such information and assistance as may be requested to the fullest practical extent.
 - (3) Prepare, subject to review and approval by the Office of the Secretary, annual budgets for SCPs in accordance with requirements of the Office of the Chief Financial Officer for the formulation of SCP budget requests. Submissions shall be made to the SCP Controller.
- h. The SCP Advisory Committee serves as the primary representative body for Departmental Under and Assistant Secretaries whose agencies reimburse SCP offices for programs administered on behalf of the Department and its agencies under SCP authority, and as such shall:
- (1) Serve as the primary representative body for mission area agencies.
 - (2) Provide recommendations to the Assistant Secretary for Administration and the Chief Financial Officer on the financial management of SCP activities, including, but not limited to resource estimates, cost recovery methodologies, and reimbursements.
 - (3) Provide recommendations to the Assistant Secretary for Administration and the Chief Financial Officer on the management, administration, and oversight of SCP activities.
 - (4) Provide, at the request of either the Assistant Secretary for Administration or the Chief Financial Officer, recommendations on:
 - (a) Proposals for new or expanded programs under SCP authority.

- (b) Proposals for the closing, consolidation, or transfer of existing activities.
- (c) SCP policies and procedures.
- (5) Review findings of SCP subcommittees with respect to resource estimates, cost recovery methodologies, new or expanded programs, and SCPS reimbursements as part of the annual budget review.
- (6) Provide direction and oversight to activities of the SCP subcommittees.
- (7) Document any recommendations made by the SCP Advisory Committee formally to the Assistant Secretary for Administration and the Chief Financial Officer.
- i. The SCP Advisory Committee may, at its discretion, appoint subcommittees to provide assistance in the Committee's exercise of its responsibilities. The manner of selection and designation of responsibilities shall rest with the SCP Advisory Committee, and any such subcommittees shall report to the SCP Advisory Committee. The duties of such subcommittees include:
 - (1) Conducting detailed reviews SCP resource estimates, proposals for new or expanded SCP programs or services (at the request of the Assistant Secretary for Administration or the Chief Financial Officer through the SCP Advisory Committee), SCP cost recovery methodologies, and SCP reimbursement budget requests.
 - (2) Presentation of findings and results of reviews to the SCP Advisory Committee.
 - (3) Conducting special reviews of SCP financial and operational activities at the request of the SCPS Advisory Committee (this responsibility does not preclude the Assistant Secretary for Administration, the Chief Financial Officer, or the SCP Controller from conducting financial and/or operational reviews independently of the Committee in a manner consistent with their respective authorities and responsibilities for SCP management).
 - (4) Selecting an individual from among its membership to serve as SCP subcommittee chairperson.
 - (5) Other such analytical and/or administrative support the SCP Advisory Committee deems necessary.

- j. Mission area Under and Assistant Secretaries shall have the responsibility for nominating a representative to serve on the SCP Advisory Committee from among their respective agencies.

6. SHARED COST PROGRAM ADVISORY COMMITTEE MEMBERSHIP

The Shared Cost Program Advisory Committee is a high-level, senior management group established to provide the Assistant Secretary for Administration and the Chief Financial Officer with advice and counsel with regard to management of the SCPS. The Committee shall be comprised of:

- a. One representative from each mission area Under or Assistant Secretary, appointed by the respective Under or Assistant Secretaries. Each representative so named shall serve a term of appointment until the expiration of the fiscal year (not to exceed one year), renewable at the discretion of the Under or Assistant Secretary.
- b. One representative from the Office of the General Counsel.
- c. One representative appointed by the Chief Financial Officer.
- d. One representative appointed by the Assistant Secretary for Administration.
- e. One representative appointed by the Chief Information Officer.
- f. *Ex officio*: SCP Controller. The Associate Chief Financial Officer for Financial Policy and Planning shall serve in this capacity. This member shall not have voting rights with respect to business before the Committee.

7. DEFINITIONS

- a. 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.
- b. Ex officio members. Members of the Committee holding this designation are those who hold membership by virtue of their office. Ex officio members are permanent members of the Committee as long as they hold their office.

8. ABBREVIATIONS

ASA – Assistant Secretary for Administration

CFO – Chief Financial Officer
SCP – Shared Cost Program
U.S.C. – United States Code
USDA – United States Department of Agriculture

9. AUTHORITIES

7 U.S.C. 2263 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.

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