



June 1, 2010

Memorandum

To: Members of the Board

From: *J. E. Ranagan*
Julia E. Ranagan, Assistant Director

Through: *Wendy M. Payne*
Wendy M. Payne, Executive Director

Subject: Reporting Model: Managerial Cost Accounting – **Tab F**¹

OVERALL OBJECTIVE

The purpose of the attached briefing material is to brief the board on the results of the FASAB Managerial Cost Accounting and Reporting Questionnaire that was submitted to the Chief Financial Officers Council and obtain additional direction for the project. A specific question for the board appears on page 6.

BRIEFING MATERIAL

The following documents are attached to this transmittal memorandum:

- ☐ **Attachment 1** – Project Plan presented at December 2009 board meeting
- ☐ **Attachment 2** – FASAB Managerial Cost Accounting and Reporting Questionnaire Example
- ☐ **Attachment 3** – Agenda for June 15, 2010, FASAB Forum on Managerial Cost Accounting: Requirements, Uses and Best Practices

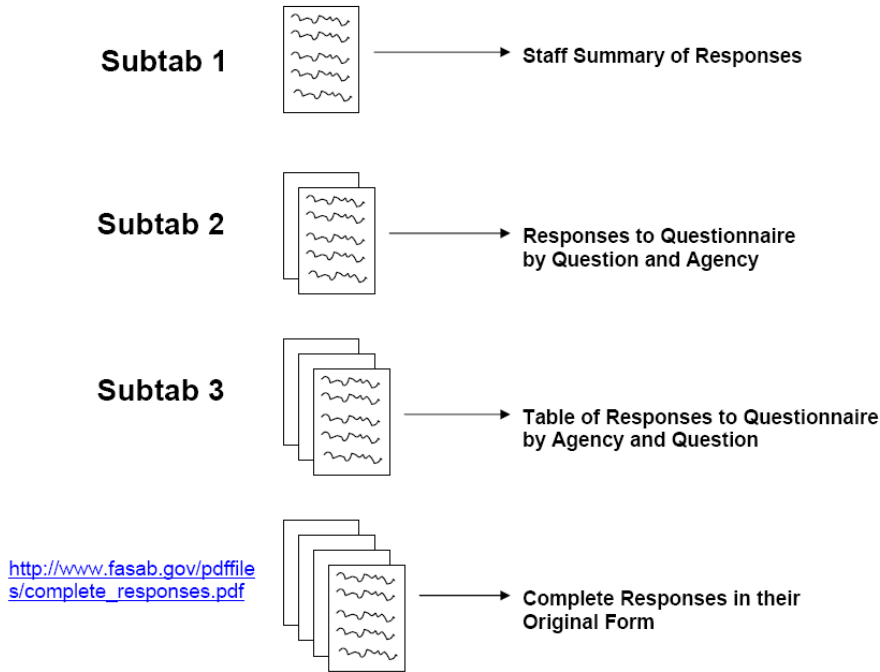
In addition, the following enclosures are included in separate tabs following this transmittal memorandum:

- ☐ **Subtab 1** – Staff Summary of Responses
- ☐ **Subtab 2** – Responses to Questionnaire by Question and Agency

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

☐ **Subtab 3** – Table of Responses to Questionnaire by Agency and Question

Furthermore, in an effort to conserve resources, the complete responses in their original form are posted on FASAB's website at http://www.fasab.gov/pdffiles/complete_responses.pdf (280 pages)



☐ **Subtab 4** – Agency Statements of Net Cost and Related Disclosures

NEXT STEPS

June 2010

- ☐ Hold FASAB Forum on Managerial Cost Accounting: Requirements, Uses and Best Practices on Tuesday, June 15, 2010 (see Attachment 3 to this transmittal memo).
- ☐ Present preliminary results of research, questionnaires, and interviews at the June 23, 2010 board meeting (see Subtabs 1, 2 and 3 following this transmittal memo).
- ☐ Continue research of cost accounting best practices and gather information on the experiences of other governments with managerial cost accounting and reporting.

July 2010

- ☐ Assemble task force to discuss areas for additional guidance to improve managerial cost accounting and reporting within the federal government.
- ☐ Finalize consolidation and staff analysis of research, questionnaires and interviews.

October 2010

- ☐ Present preliminary task force recommendations to board members for consideration and decision on further action (e.g., amendment to standard, implementation guide, best practices guide, etc)

BACKGROUND

At the February 2010 meeting, the board approved the use of a questionnaire to solicit information on agencies' successes and challenges in implementing Statement of Federal Financial Accounting Standards 4, Managerial Cost Accounting Concepts and Standards in the Federal Government (SFFAS 4), as amended and supplemented. However, the board suggested that staff might have more success using a two-step approach to sending out the questionnaire: (1) send a brief one-page questionnaire to agency management to gauge the use of cost accounting within an agency and solicit contact information for the principal people involved in implementing SFFAS 4, and (2) send a more detailed questionnaire to those principal contacts identified in the first step.

At the advice of the board, staff conducted the survey as a two-part process. This briefing material provides the consolidated survey responses and staff analysis to members for discussion at the June 23, 2010, board meeting.

STATUS OF EFFORTS

Number of Responses Received

As of May 31, 2010, the following 18 responses to the detailed questionnaire have been received:

Abbreviation	Full Name
DOC/NIST	Department of Commerce / National Institute of Standards and Technology
DOC/NOAA	Department of Commerce / National Oceanic and Atmospheric Administration
DOC/USPTO	Department of Commerce / U.S. Patent and Trademark Office
DOD/USACE	Department of Defense / U.S. Army Corp of Engineers
DOD/NAVY	Department of Defense / Navy
ED/FSA	Department of Education / Federal Student Aid
DOI/USBR	Department of Interior / Bureau of Reclamation
DOT/FAA	Department of Transportation / Federal Aviation Administration
DOT/FHWA	Department of Transportation / Federal Highway Administration
EPA	Environmental Protection Agency
GSA/FPSP	General Services Administration / Financial and Payroll Services Division
GSA/OFPO	General Services Administration / Office of Financial Policy & Operations

Abbreviation	Full Name
HUD	Department of Housing and Urban Development
SBA	Small Business Administration
USDA/APHIS	U.S. Department of Agriculture / Animal Plant Health Inspection Service
USDA/FSA	U.S. Department of Agriculture / Farm Service Agency
USDA/OCFO	U.S. Department of Agriculture / Office of Chief Financial Officer
USDA/OCIO	U.S. Department of Agriculture / Office of Chief Information Officer

It is important to note that responses were received from individuals from each of the above agencies at varying staff and managerial levels and do not necessarily represent the views of the agency as a whole.

Staff has presented a high-level summary of the responses to the detailed questionnaire at Subtab 1 beginning on page 31. Please refer to Subtabs 2 and 3 for a more detailed look at the specific responses to each question. In addition, the complete responses in their original form are posted on FASAB's website at http://www.fasab.gov/pdf/complete_responses.pdf.

In addition, we held informal interviews with individuals from the following two agencies:

Abbreviation	Full Name
DOD/USAF	Department of Defense / U.S. Air Force
DHS	Department of Homeland Security

Staff has presented a high-level summary of the interviews at Subtab 1 beginning on page 44.

FASAB Forum on Managerial Cost Accounting: Requirements, Uses, and Best Practices

Staff is hosting a forum for the federal community to share information about the requirements, uses, and best practices in meeting the goals of Statement of Federal Financial Accounting Standards 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented. Participants will have an opportunity to share ideas after hearing from speakers. The forum, Managerial Cost Accounting: Requirements, Uses and Best Practices, will be held Tuesday, June 15, 2010, from 8:30 AM to 12:30 PM in the GAO Auditorium at 441 G. Street, NW. After a brief period where registration was reserved for CFO Council agencies, registration was opened to the entire federal financial management community on a first come, first-served basis.

Based on initial registrations as of May 24, 2010, staff anticipates registration will fill to capacity (approximately 240 participants).

See the agenda at Attachment 3 to this transmittal memorandum for more information.

STAFF ANALYSIS AND RECOMMENDATIONS

Based on a review of the responses to the questionnaires, agency statements of net cost and related disclosures, and discussion with various agency personnel, it appears likely that there is significant variance in the nature and type of cost information that is captured, used, and reported. Furthermore, staff has only heard from a sampling of the federal financial management community because the responses received were often limited to only certain divisions or funds within an agency.

Even with the limited review that staff has conducted up until this point, it seems that very little comparison could be done across, or even within, agencies. For example, responsibility segments reported on the statement of net cost, if any, vary widely. The most popular responsibility segments are strategic goals; major programs; products and services; lines of business; or offices, operating units, branches, and divisions.

SFFAS 4, par. 77, states that “the management of each reporting entity should define and establish responsibility segments.” FASAB defines a responsibility segment as “a significant organizational, operational, functional, or process component which has the following characteristics: (a) its manager reports to the entity’s top management; (b) it is responsible for carrying out a mission, performing a line of activities or services, or producing one or a group of products; and (c) for financial reporting and cost management purposes, its resources and results of operations can be clearly distinguished, physically and operationally, from those of other segments of the entity” (source: FASAB Pronouncements As Amended, Consolidated Glossary).

Should someone provide more detailed guidance on how responsibility segments should be defined and established throughout government to enhance consistency and comparability? Probably. Should FASAB be the one to do it? That is not readily apparent. Given the diverse nature of programs throughout the federal government, FASAB may not have the comparative advantage to undertake such a task.

FASAB staff was told that Adam Goldberg, director of Treasury's new Office of Financial Innovation and Transformation (OFIT), would likely be developing a governmentwide definition of “program” to enhance consistency in reporting. In developing the new “statement of spending,” Regina Kearney, OMB, said she would look into that because they should probably use the same definitions if that were the case.²

Beyond the question of defining “responsibility segment,” FASAB staff believes that there are other areas that could be enhanced by providing additional detailed guidance. It is not apparent at this time whether that would be best accomplished through an amendment to the existing standards, an implementation guide, a best practices guide, or other. FASAB staff requests permission to form a task force of representatives from the federal financial management community to develop additional guidance that would improve cost accounting and reporting to enable comparisons within and across agencies. The preliminary results of the task force would

² The Chief Financial Officers Council's reporting model subgroup is looking at ways to tie the spending data from usaspending.gov to the audited financial statements. A tentative proposal of the group is to have a “statement of spending” that includes all cash-basis outlay data that would tie to the statement of budgetary resources and footnote obligation data that would tie to usaspending.gov data. This statement would be required by OMB as other accompanying information in agency-level financial statements.

be provided to the board in October 2010 for consideration and decision on further action (e.g., amendment to standard, implementation guide, best practices guide, etc).

In making your decision, one point to consider is that SFFAS 4 does not presently require the reporting of cost information beyond the face of the statement of net cost. Therefore, further benefits to be achieved from managerial cost accounting for decision-making purposes does not presently affect agencies' compliance with GAAP beyond reporting by responsibility segment on the statement of net cost.

However, it should be noted that one of the purposes of the Federal Financial Management Improvement Act of 1996 (FFMIA)³ was to "require Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management, so that programs and activities can be considered based on their full costs and merits."⁴ FFMIA requires that "Each agency shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger **at the transaction level**"⁵ [emphasis added]. Therefore, while agencies may receive an unqualified opinion in the report on their financial statements, the auditor's reports on internal controls and compliance with laws and regulations should report on agencies that have not adequately implemented SFFAS 4 at the transaction level.

Do you approve the use of staff resources to oversee a task force to develop additional guidance that would improve cost accounting and reporting to enable comparisons within and across agencies?

If you require additional information or wish to suggest another alternative not considered in the staff paper, please contact me by telephone at 202.512.7377 or by e-mail at ranaganj@fasab.gov.

Attachments (3)

Enclosures (4)

³ Public Law (P.L.) 104-208; 31 U.S.C. § 3512.

⁴ P.L. 104-208 §802(b)(2).

⁵ P.L. 104-208 §803(a).

Tab F, Attachment 1

Project Plan

Managerial Cost Accounting and Reporting Project Plan
(last updated December 2009)

- I. Background - Obtain an understanding of current practices utilizing existing research where available.
 - a. Survey agencies to determine the costing methods (e.g., ABC, Total Ownership Cost) used. Note that some agencies may use multiple methods. For instance, the DoD may use Total Ownership Costs for acquisitions but ABC for other purposes.
 - b. Determine how the costing information is used and its frequency.
 - c. Determine the types of decisions taken as a result of using costing information.
 - d. Inquire of management and determine views of overall success. In particular, determine if they believe that benefits derived measure up to efforts invested.
 - e. For those considered successful, inquire of management views on critical success factors.
 - f. Review studies on cost accounting usage in the federal government.
 - g. Determine experiences of other governments in using managerial cost information
 - h. Determine benefits observed and how challenges were overcome.

Estimated completion April 2010

- II. Determine information needed
 - a. As part of reporting model inventory of user needs
 - i. Identify external and quasi-external user decisions requiring cost metrics
 - ii. Determine metrics to address decisions
 - b. Develop task force to evaluate information needed

Estimated completion August 2010

- III. Incorporate results into reporting model

Estimated completion October 2010

NOTE: Last updated December 2009

Tab F, Attachment 2

Questionnaire

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Federal Accounting Standards Advisory Board

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Laura Feipel, Asst. Div. Chief,
Financial and Payroll Services Division
General Services Administration

From: *Wendy M. Payne*
Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**¹ for at least one entity within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).

(Please click on one box)

- ☐ Yes (go to question 2)
☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.

(Please click on the grey shading in the box below to begin typing your response)

3. Which entity(ies) within your agency are you answering this questionnaire for?

(Please click on the grey shading in the box below to begin typing your response)

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

- ☐ Revolving funds
☐ Non-revolving funds
☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?

(Please click on one box)

- ☐ Yes (go to question 6)
☐ No (go to question 7)

¹ Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).

(Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?

(Please click on one box)

- ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
- ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
- ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
- ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

Why or why not?

(Please click on the grey shading in the box below to begin typing your response)

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?

(Please click on the grey shading in the box below to begin typing your response)

9. What other uses of cost information does your organization currently have?

(Please click on the grey shading in the box below to begin typing your response)

10. How are costs (full costs as defined by SFFAS 4 or others) incorporated into performance reporting?

(Please click on the grey shading in the box below to begin typing your response)

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?

(Please click on one box)

- ☐ Yes (go to question 12)
- ☐ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?

(Please click on the grey shading in the box below to begin typing your response)

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?

(Please click on one box)

- ☐ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.

(Please click on the grey shading in the box below to begin typing your response)

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.

(Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?

(Please click on one box)

- ☐ Yes (go to question 17)
☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:

(Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

a. Your three greatest success stories related to the use of MCA for effective decision-making.

(Please click on the grey shading in the box below to begin typing your response)

b. Your three greatest challenges in making MCA information useful to managers.

(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

- c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.

(Please click on the grey shading in the box below to begin typing your response)

19. What other type of cost information would you like to have that you currently do not generate?

(Please click on the grey shading in the box below to begin typing your response)

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?

(Please click on the grey shading in the box below to begin typing your response)

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?

(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?

(Please click on one box)

- ☐ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?

(Please click all that apply)

- ☐ **Standard costing**
☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ **Other (explain other in the box below)**

(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

25. If you answered no to question 22, please describe the system or process you use.

(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing eXtensible Business Reporting Language (XBRL) to capture and report managerial cost information?

(Please click on one box)

- ☐ Yes (go to question 27)
☐ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.

(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.

(Please click on the grey shading in the box below to begin typing your response)

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.

(Please click on the grey shading in the box below to begin typing your response)

30. Have you revised your responsibility segments or cost objects since the first year you reported?

- ☐ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.

(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

32. Have you implemented full costing as defined by SFFAS 4?

(Please click on one box)

- ☐ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?

(Please click on one box)

- ☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?

(Please click on one box)

- ☐ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.

(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional inter-entity costs?

(Please click on one box)

- ☐ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.

(Please click on the grey shading in the box below to begin typing your response)

38. How do you calculate administrative costs for overhead (e.g., square footage, number of employees, number of documents processed, etc)?

(Please click on the grey shading in the box below to begin typing your response)

39. What kind of cost assignment do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?

(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?

(Please click all that apply)

- ☐ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
- ☐ Periodic estimates of time spent on multiple program activities completed by employee
- ☐ Periodic evaluations completed by someone other than the employee
- ☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?

(Please click on one box)

- ☐ Yes
- ☐ No
- ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?

(Please click on one box)

- ☐ Yes
- ☐ No

43. Did you use a team or committee for developing the details of the MCA process?

(Please click on one box)

- ☐ Yes
- ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?

(Please click on one box)

- ☐ Yes
- ☐ No

45. Did the teams or committees include different levels of staff?

(Please click on one box)

- ☐ Yes
- ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

46. Was one person common to all teams or committees?

(Please click on one box)

- ☐ Yes
☐ No

47. Did the team or committee include user level staff like project managers?

(Please click on one box)

- ☐ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?

(Please click on one box)

- ☐ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.

(Please click on the grey shading in the box below to begin typing your response)

Use of Pilot Tests

50. Did you start with a pilot to test the concept?

(Please click on one box)

- ☐ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.

(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.

(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?

(Please click on one box)

- ☐ Yes (go to question 54)
☐ No (go to question 55)

FASAB Managerial Cost Accounting and Reporting Questionnaire

54. Did you have frequent outreach to support the promulgated guidance?

(Please click on one box)

- ☐ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?

(Please click on one box)

- ☐ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?

(Please click on one box)

- ☐ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?

(Please click on the grey shading in the box below to begin typing your response)

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?

(Please click on one box)

- ☐ Yes (go to question 59)
☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?

(Please click on one box)

- ☐ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?

(Please click on one box)

- ☐ Yes (go to question 61)
☐ No (go to question 63)

FASAB Managerial Cost Accounting and Reporting Questionnaire

61. If you answered yes to question 60, please describe the nature of the involvement.

(Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.

(Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?

(Please click on the grey shading in the box below to begin typing your response)

64. Does senior management support your attempts to implement cost accounting in your organization?

(Please click on one box)

- ☐ Yes
☐ No

65. Does your organization have a “champion” for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?

(Please click on one box)

- ☐ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?

(Please click on the grey shading in the box below to begin typing your response)

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?

(Please click on one box)

- ☐ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?

(Please click all that apply)

- ☐ Budgeting and cost control
☐ Performance measurement

FASAB Managerial Cost Accounting and Reporting Questionnaire

- ☐ Determining reimbursements and setting fees and prices
- ☐ Program evaluations
- ☐ Making economic choice decisions
- ☐ Improving service delivery
- ☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.

(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?

(Please click on one box)

- ☐ Yes (go to question 71)
- ☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).

(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

- ☐ Yes
- ☐ No
- ☐ Maybe

73. Do you have any other comments?

(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name:

Agency Name:

Office Name:

Position Title:

Phone Number:

Email Address:

FASAB Managerial Cost Accounting and Reporting Questionnaire

Glossary

Activity-Based Costing – A cost accounting method that measures the cost and performance of process related activities and cost objects. It assigns cost to cost objects, such as products or customers, based on their use of activities. It recognizes the causal relationship of cost drivers to activities (SFFAS 4).

Cost Assignment – Costs of resources consumed by responsibility segments should be accumulated by type of resource. Outputs produced by responsibility segments should be accumulated and, if practicable, measured in units. The full costs of resources that directly or indirectly contribute to the production of outputs should be assigned to outputs through costing methodologies or cost finding techniques that are most appropriate to the segment's operating environment and should be followed consistently. The cost assignments should be performed using the following methods listed in the order of preference: (a) directly tracing costs wherever feasible and economically practicable, (b) assigning costs on a cause-and effect basis, or (c) allocating costs on a reasonable and consistent basis (SFFAS 4).

Cost Object – An activity, output, or item whose cost is to be measured. In a broad sense, a cost object can be an organizational division, a function, task, product, service, or a customer (SFFAS 4).

Entity – a general term used to refer to any legal, administrative or organizational structure or unit. Entity could refer to a department, agency, bureau, activity, function, or program within your organization, depending on how your organization defines its units for MCA purposes.

eXtensible Business Reporting Language (XBRL) –an extensible markup language-based computer language for the electronic transmission of business and financial data. XBRL is an open standard, which is overseen by a not-for-profit organization called XBRL International, that uses tags to describe and identify each item of data in an electronic document. The tags allow computer programs to sort through data and analyze relationships quickly and generate output in various formats. Because the tags are standardized, analysis can be conducted across multiple documents from multiple sources, even if the text in the documents is written in different languages.

Field Test – Field tests are part of FASAB's due process and help FASAB to establish effective standards. Participating federal entities volunteer to go through the exercise of "implementing" the proposed standards as if they were in place and then provide feedback to FASAB regarding the process. Field tests can proactively identify potential problems related to the implementation of proposed standards and allow FASAB to gather valuable information about implementation costs.

Full Cost – the full cost of a responsibility segment's output is the total amount of resources used to produce the output. This includes direct and indirect costs that contribute to the output, regardless of funding sources. It also includes costs of supporting services provided by other responsibility segments or entities. The standard does not require full cost reporting in federal entities' internal reports or special purpose cost studies. Entity management can decide on a case-by-case basis whether full cost is appropriate and should be used for internal reporting and special purpose cost studies (SFFAS 4, par. 89).

FASAB Managerial Cost Accounting and Reporting Questionnaire

Inter-Entity Costs – Each entity's full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice (SFFAS 4).

Job Order Costing – A method of cost accounting that accumulates costs for individual jobs or lots. A job may be a service or manufactured item, such as the repair of equipment or the treatment of a patient in a hospital (SFFAS 4).

Managerial Cost Accounting (MCA) – the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives (Source: SFFAS 4, par. 42).

Overhead – Overhead is used in its general meaning of expenses (as rent, insurance, or heating) not chargeable to a particular part of the work or product.

Performance Reporting – Cost accounting should provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of the Government Performance and Results Act or interface with a system that provides such information. This includes the quantity of inputs and outputs and other non-financial information needed in the measurement of performance.

Process Costing – A method of cost accounting that first collects costs by processes and then allocates the total costs of each process equally to each unit of output flowing through it during an accounting period.

Responsibility Segment – A significant organizational, operational, functional, or process component which has the following characteristics: (a) its manager reports to the entity's top management; (b) it is responsible for carrying out a mission, performing a line of activities or services, or producing one or a group of products; and (c) for financial reporting and cost management purposes, its resources and results of operations can be clearly distinguished, physically and operationally, from those of other segments of the entity (SFFAS 4).

Revolving Fund – a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies, and trust revolving funds, which conduct business-like operations mainly with the public (Source: OMB Circular A-11, Section 20).

Standard Costing – A costing method that attaches costs to cost objects based on reasonable estimates or cost studies and by means of budgeted rates rather than according to actual costs incurred. The anticipated cost of producing a unit of output. A predetermined cost to be assigned to products produced. Standard cost implies a norm, or what costs should be. Standard costing may be based on either absorption or direct costing principles, and may apply either to all or some cost elements (SFFAS 4).

Tab F, Attachment 3

Agenda for FASAB Forum on Managerial Cost Accounting: Requirements, Uses, and Best Practices

MANAGERIAL COST ACCOUNTING: REQUIREMENTS, USES, AND BEST PRACTICES

**TUESDAY, JUNE 15, 2010
GAO AUDITORIUM, 441 G. STREET, NW
8:30 AM – 12:30 PM**

Objective: To provide a forum for the federal community to share information about the requirements, uses, and best practices in meeting the goals of Statement of Federal Financial Accounting Standards 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented. Participants will have an opportunity to share ideas after hearing from speakers.

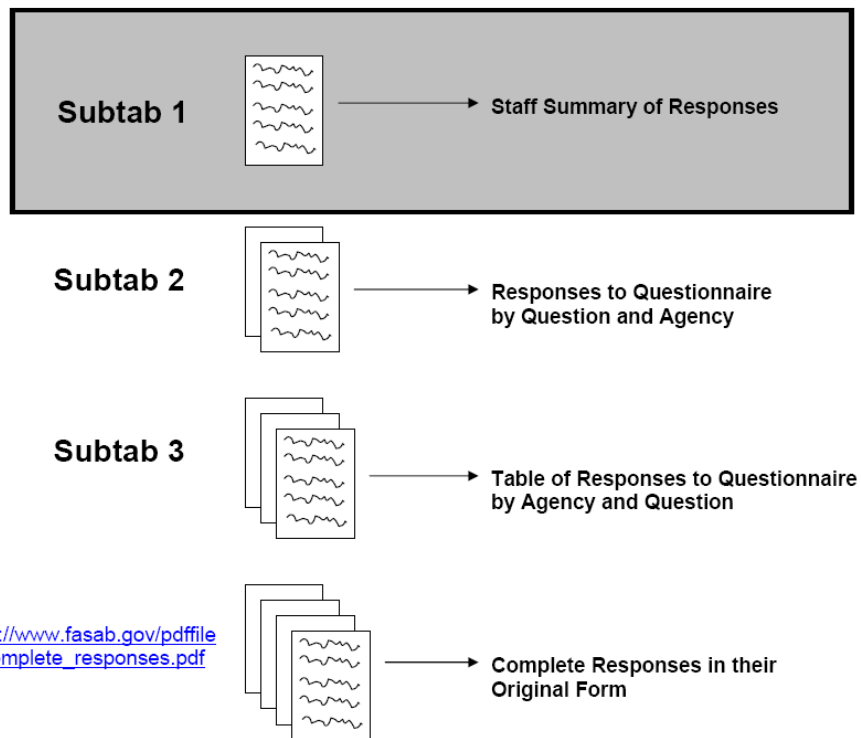
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|----------------------|---|
| 8:00 – 8:30 | Arrival / Check-in |
| 8:30 – 8:35 | Opening Remarks
-- Wendy Payne, CGFM, CPA, Executive Director, FASAB |
| 8:35 – 9:25 | Overview of SFFAS 4, Results of Agency Questionnaires, Next Steps
-- Julia Ranagan, CGFM, CPA, Assistant Director, FASAB |
| 9:25 – 10:15 | Twelve Years and Counting...PTO's Cost Accounting Efforts, Uses, and Results
-- Steve Porter, Director, Activity Based Information Division
U.S. Patent and Trademark Office |
| 10:15 – 10:30 | Break |
| 10:30 – 11:20 | Best Practices in Federal Cost Management
-- Douglas Webster, PhD, Former CFO, Department of Labor |
| 11:20 – 12:10 | DHS – Out of the Gate, but a Long Way to the Home Stretch
-- Peggy Sherry, CGFM, CPA, Deputy CFO, Department of Homeland Security |
| 12:10 – 12:30 | Audience Feedback / Discussion of Issues |



Federal Accounting Standards Advisory Board

Tab F, Subtab 1

Staff Summary of Responses



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Summary of Responses Received

Staff has summarized the responses to the detailed questionnaire below. Please refer to Subtabs 2 and 3 for a more detailed look at the specific responses to each question. In addition, the complete responses in their original form are posted on FASAB's website at http://www.fasab.gov/pdf/complete_responses.pdf. The staff's summary is intended to support your consideration of the questionnaire responses and does not fully capture all of the comments contained within the individual responses.

Note: Total number of responses does not always equal 16 because not all respondents answered all questions.

General Background

All of the respondents (18 of 18, or 100%) indicated that they had implemented some form of managerial cost accounting (MCA) for at least one entity within their organization (Q1). The majority of respondents (12 of 17, or 70%) responded that they had implemented cost accounting for their entire division or agency; the other five respondents said they had implemented cost accounting for limited purposes within the agency (i.e., salaries and expenses, project construction costs and/or working capital funds only) or for only one division within the office (Q2). The majority of respondents (15 of 18, or 83%) indicated that they were responding for their entire agency or division (Q3).

The majority of the entities (12 of 18, or 67%) account for both revolving funds and non-revolving funds using MCA; four of the entities, or 22%, account for revolving funds only while two of the entities, or 11%, account for non-revolving funds only (Q4).

The majority of entities (14 of 18, or 78%) responded that they had not received an audit finding related to MCA anywhere in the past five years (Q5). For the four entities that stated that they had received a finding, one was a compliance issue regarding full cost output reporting, two were from a GAO report (GAO-06-1002R) issued in fiscal year 2006 that recommended that the Secretary of Agriculture promote the implementation and use of reliable MCA methodologies to better inform managerial decision-making in USDA and its components, and one related to audit findings from the agency's OIG regarding overhead allocations, system methodology and documentation, linking labor reporting, and project coding (Q6).

The majority of respondents (9 of 17, or 53%) stated that they have implemented cost accounting in at least one entity but do not plan any further implementations; the other eight respondents stated that they do plan to do more with cost accounting. For those that do not plan to do more, the primary reason given for not doing more is because they have already fully implemented cost accounting in their organization. Other reasons for not further implementing cost accounting include that it is deemed unnecessary at this time; the MCA model was too difficult and costly to support and provided little actionable information for leaders; the agency intends to incorporate MCA into the departmental accounting system upgrade; and, the funding process does not warrant further cost allocation procedures (Q7).

Use of Managerial Cost Information

There was not a dominant principal use of cost accounting; the following primary uses were cited by respondents: determining costs of services and user fees (5); financial reporting (4); budgeting (3); workload analysis (2); performance reporting (2); management information (2); and reporting on working capital fund activities (1) (Q8). Other non-primary uses for cost information were cited as management decision-making, fee setting, budgeting, performance reporting, business decisions, process improvement, reporting, cost estimating, asset usage rate development, contract negotiations, cost reduction, asset management, cost recovery, working capital fund pricing, shared services pricing, determining program needs, analyzing performance, and ensuring that metrics/costs align with budgetary requirements (Q9).

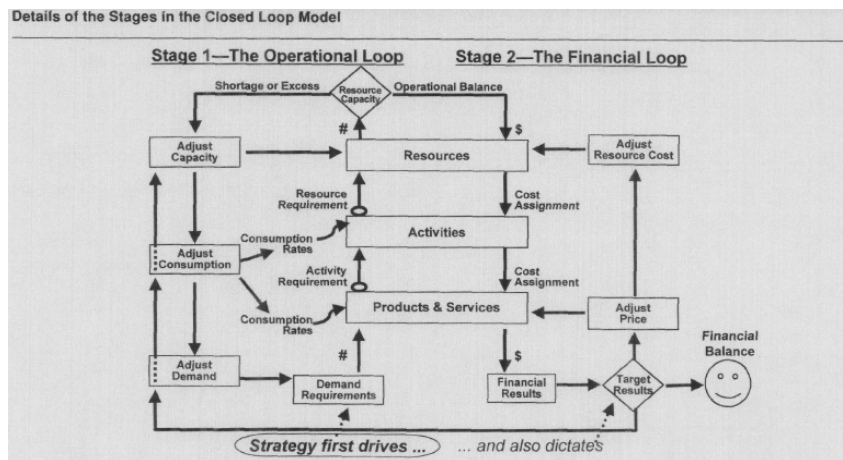
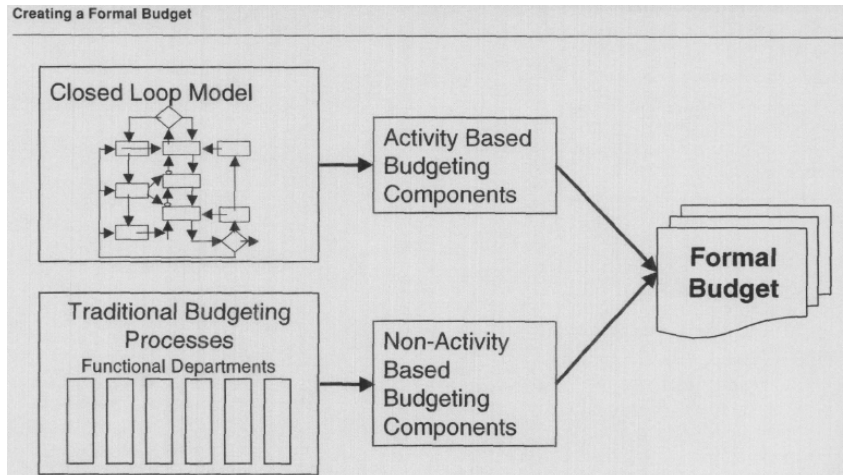
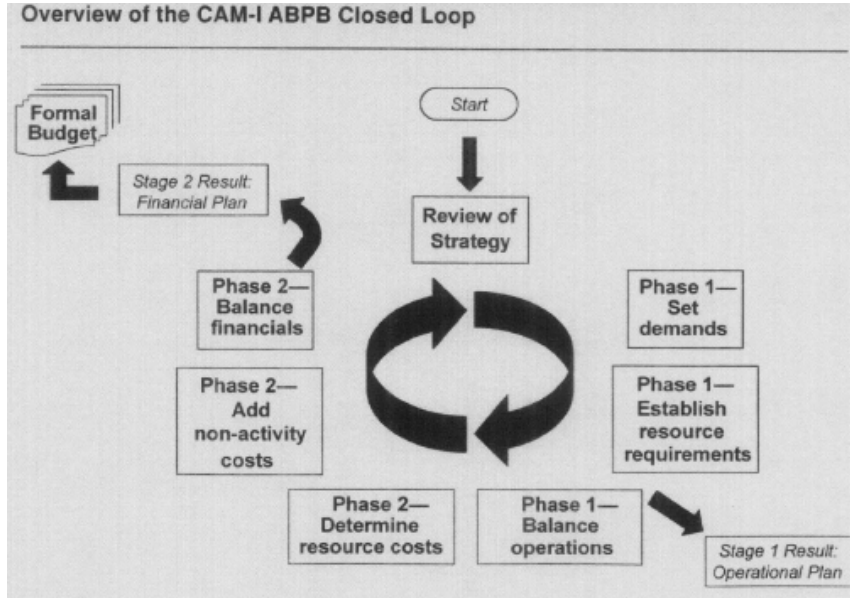
In stating how costs are incorporated into performance reporting, very few respondents were able to articulate how that is done. One respondent noted that they divide total production volume into total full costs responsibility segment for general reporting purposes as well as organizational assessments. However, most of the responses related to performance reporting were disappointing. For example, one respondent reported that its MCA model calculates direct, partially-loaded and fully-loaded unit costs but the agency only reports on direct costs in its annual report. Another respondent stated that performance reporting was done by another office using “budget and actual data” (Q10).

A majority of respondents (16 of 18, or 89%) asserted that they periodically review their cost allocation system/methodology to make sure it is responsive to their organizations’ current needs (Q11). Almost half of respondents (8 of 17, or 47%) claim that they review their system on a continuous / ongoing basis; six of the respondents have completed a review within the last two fiscal years. One agency indicated that their budget office reviews and updates their system for cost allocation purposes (Q12).

A majority of respondents (17 of 18, or 94%) stated that they believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions (Q13). They responded that internal users in their organization use managerial cost accounting and reporting information for determining fees, surcharges, and reimbursement rates; budgeting; performance measures such as efficiency and cost management measures; business decisions such as which portion of a business process to improve and automate; organizational realignment decisions; outsourcing decisions; negotiating contracts; project management; increasing transparency of construction costs; increasing knowledge and understanding of facility repayment status; tracking program output costs; and, cost recovery. One respondent stated that they believe program managers rely more on budgetary information than cost information for decision-making (Q14). One respondent stated that the information was not timely and in a format relevant to decision-makers. Another respondent stated that the MCA expense data needs to be embedded into financial reporting, budgeting and performance reporting; business usage will evolve from that. Similarly, another respondent stated that it has been difficult to get managers to fully embrace managerial cost accounting – “the culture is based on managing by ‘obligations’ rather than ‘expense’ data.” (Q15).

A majority of respondents (11 of 18, or 61%) stated that the method or approach used to capture and report managerial cost information does not differ from that used to prepare information submitted for the Budget of the U.S. Government (Q16). For the seven that stated that it does differ, they explained that they formulate the budget in much more detail, the data

for budget formulation is computed manually, or the actual cost by service line is used for costing versus a calculated amount used for the budget. One respondent stated that their cost accounting system reports the costs associated with programs that roll up to services that are provided by each line of business while the budget is focused on reporting by program that rolls up to the agency's goals. Another respondent stated that there is no guideline for linkage between MCA and the budget, which is a fundamental problem with MCA today; the respondent suggested that more guidance from FASAB is required to bring about a government version of the CAM-I (Consortium of Advanced Management International) closed loop to guide federal budget formulation (**Q17**). See next page for illustration of the closed loop.



Source: Activity-based planning and budgeting: A new approach from CAM-I; Derek Sandison, Stephen C Hansen and Robert G Torok; *Cost Management*; Mar/Apr 2003; pp. 17, 18 and 20.

Successes, Challenges, and Lessons Learned

The respondents shared the following successes related to the use of MCA for effective decision-making:

- It has allowed us to calculate and charge true costs more accurately;
- It provides a more accurate basis for cost analysis;
- It provides a more accurate cost benefit analysis of program performance;
- Continued use of the ABC data for financial reporting (SNC & Footnotes);
- Use of ABC data in the budget formulation process since 1998;
- Our MCA system has cost data available in real-time;
- Our upward reports are available immediately at the end of the month;
- Our fiscal year rollover process takes approximately 24 hours;
- Establishing cost targets and reporting on agency performance annually;
- Predicting budgets based on volumes and supporting budget requests;
- Contract negotiation – we were able to challenge a contractor's bid to increase their capacity to originate more loans and were able to save \$4M;
- Consistency in a decentralized organization through Standard Process of Costing;
- Flexibility and transparency of our indirect costs in the Working Capital Fund;
- Integration of financial accounting and other data systems (e.g., contracts, grants, programs);
- Cost recovery;
- Automated budget formulation/execution to track costs and get closer to a full costing environment;
- Develop a pilot cost model to begin per unit costing;
- Began an Activity Reporting System to track employee activities for MCA purposes;
- Managers now have access to cost information that was previously unavailable before system was implemented;
- More accurate unit cost data across customers has enabled better focus to resource requirements and demands; and,
- Service Level Agreements (SLAs) and customer billings are more defensible (**Q18a**).

The respondents also provided the following challenges they encountered in making MCA information useful to managers:

- The need for a continual review of fees, surcharges, and reimbursement rates;
- Educating the customers and management in understanding the concept of indirect cost and matching cost to revenues within the same reporting period;
- In addition to performing the review process, it is difficult to determine the actual rates to be charged;
- Standardization of data across our reporting segments has been a challenge;
- Getting the managers to understand what ABC is and how the system is designed to capture full costs;
- Getting the right people to look at the data and actually use it (it often did not get to the operations managers but rather only to the finance and budget representatives within those program areas);
- Push-back saying the data is wrong and arguing over drivers instead of using the data;
- Educating project managers about costing policies;
- Developing meaningful local reports;

- Developing meaningful enterprise reports;
- Having enough personnel resources to fully move to activity-based management;
- Applying overhead costs;
- Working with business unit staff to implement new uses for the model's results and the quarterly models;
- Understanding their customer needs and not overwhelming them;
- Timeliness of data;
- Accuracy of self-reported data;
- Ability to influence budgets and/or resource allocation;
- Managers are focused on their budgets (i.e., how much was spent and how much is available for spending) more than on costs;
- Lack of integration of financial and programmatic data systems;
- Developing reports to meet manager's specific needs;
- Obligation costs versus expenses;
- Overhead allocation;
- Allocation method;
- Collecting accurate data requires extensive training, outreach, and support from management;
- Collecting accurate data requires staff resources. Many of our field and mission employees are scientists, inspectors, graders, veterinarians, entomologists, etc.; it is challenging to gather cost information from this level;
- Getting appropriate systems purchased;
- Getting data from feeder systems to use MCA;
- Getting cooperation from all components to develop system;
- Ownership of managerial cost data;
- System complexity;
- Cultural change to complement managing by using budgetary data with cost accounting data;
- Identifying the metrics to capture the cost by the various cost centers;
- Education - communicating the benefits of MCA such that more and more users will use the cost data;
- Tie-in to accounting system – MCA system is actually independent of the core financial system but still required tweaking to accommodate change-over to new accounting system; and,
- Training - as more and more agencies start to implement their own MCA models, agency staff must be trained so that they can maintain their own models rather than rely solely on the original staff that built the first model (**Q18b**).

When asked to describe the three most important lessons learned that they would share with an agency that is just starting out with MCA, respondents provided the following tips:

- Clear statement of requirements;
- Avoid building a system or methodology that is overly complex;
- Educate your customers;
- Establish a basis for calculating rates;
- Review your calculation/analysis methods and update when organizational changes occur;
- Ensure data consistency and standardization exists. This would definitely help in ensuring the best data is available;

- The data must be useful to operations folks and the project must have executive-level buy-in and a champion;
- The expense information must be integrated into the mandated reporting requirements so that it will never fade away;
- An executive level steering committee to approve and record decisions is necessary;
- An MCA should operate in real-time;
- All levels of the organization must be trained in using the MCA;
- Auditors should be involved in system design;
- Senior Management commitment and buy-in are extremely important to the success of the project;
- Start the ABC/M initiative as a pilot, in a specific area, before taking on the entire organization;
- Begin with an objective before designing the model;
- Keep information flowing to management and users;
- Give users 'direct' access to the information;
- Have enough resources to develop and sustain the project;
- Consistency is hard to obtain, know your customers and know your data;
- Leadership commitment is essential;
- Integrate seamlessly with time & attendance and accounting systems;
- Make it easy and transparent to self-report;
- Develop a flexible account code structure at a sufficient level of detail to meet managers' needs;
- Integrate financial and other data systems to the extent possible;
- Include all stakeholders in decision-making processes;
- Choose a good cost method and system;
- Train program managers on the difference between cost information and budget costs;
- Get a good integrator;
- Keep stakeholders apprised of project status;
- We needed an automated system to capture the cost data so that we can merge the cost data with the cost drivers;
- Communicate the benefits to all those who would be impacted, as soon as possible;
- Establish team of users who would be responsible for maintaining their cost system/models and arrange for effective training and knowledge transfer; and,
- Monitor results regularly to (a) ensure reconciliation with core financial system, (b) identify variances to budget, (c) get feedback from end-users as to effectiveness of cost reports so they can be modified as necessary (**Q18c**).

When asked what other type of cost information they would like to have that is currently not generated, respondents indicated that they would like to generate MCA reports for the agency's franchise fund; accounts payable reports; run expenditures and obligations through the ABC expense models; benchmark data from other agencies and private sectors; comparison with like agencies and across similar business units; cost by strategic organizational goals; more key performance indicators; and, cost scorecards / dashboards (**Q19**).

Comparing Costs Within and Across Agencies

Regarding what benefits and uses agencies would expect to derive from comparing administrative and/or operational costs within and across agencies, respondents provided the following:

- Compare cost changes over time and identify their causes;
- Compare costs of similar activities and find causes for cost differences;
- Respond to inquiries about the costs of activities;
- Determine “best practices” by using the most cost effective process;
- A good tool to leverage successes and lessons learned from other agencies. Implementing those successes could assist in driving down administrative and operational costs;
- Benchmarking would be beneficial as long as we compare apples to apples. Benchmarking would be very difficult with different quality MCAs between agencies;
- Process improvements could be made in less efficient areas by studying more efficient organizations;
- Comparing costs across agency lines would help us remain competitive, however the accounting systems would have to be similar to make comparisons fair;
- Strengthened budget justifications, more informed contract negotiations, process improvements and cost of providing services/functions at different locations;
- Business Process efficiencies and/or cost savings
- Influence decision-making about where a particular type of service should be performed, e.g., in house versus by another federal entity. Likewise, our agency may be able to provide services to other agencies on a lower cost basis;
- Inform budget decisions by management;
- Link performance with cost;
- There are many variables that might make it difficult to compare administrative and/or operational costs in such a way; however, the comparison may highlight or uncover efficiencies that one agency or organization has implemented, that might be transferable to another agency; and,
- If comparisons among offices prove to be methodologically valid, regional cost and output analysis will be helpful to analyze efficiencies (Q20).

The barriers or obstacles that respondents foresee to comparing administrative and/or operational costs within and across agencies include the following:

- Unwillingness to change processes;
- No standardized methodology of cost accounting across government agencies. Most agencies are accustomed to budgetary accounting and not cost accounting;
- Establishing points of contact could pose a problem. The formatting of how the data is presented could also be a challenge;
- In order to do any type of meaningful comparison, costs must be captured in a similar fashion and defined very, very specifically. For example, if you just say, "include IT costs", some people will provide an individual's share of the entire IT structure across the whole organization, and some will only include the person's PC;
- Different full cost loads (for example, one agency charges current workload for the cost of accrued retirement benefits);

- Willingness to share information (more external), differing ways of calculating costs, differing ways of performing/providing a service, differing ideas on what should constitute costs;
- Comparative analysis is difficult because data is not consistent;
- Focusing on the differences/uniquenesses of agencies rather than their similarities;
- Cost versus price issues might arise. An agency might want to perform a certain function on a federal-wide level. The full cost of performing that service might exceed what the agency could reasonably expect to price its service at and be competitive. One agency's organizational structure may include more administrative type functions/costs than another's putting that agency at a competitive disadvantage when pricing its services;
- There are barriers to comparing across agencies where the risk is comparing "apples and oranges" – costs being compared should be homogeneous enough to allow conclusions to be drawn;
- Comparing similar programs administered by different agencies;
- Non comparable economies of scale, different organizations and program operations.
- Variables among agencies. Some agencies are regulatory in nature, and may incur more administrative or operational costs that another agency would not;
- There may be a sense of data ownership and an unwillingness to share information. Should some areas prove to be substantially less efficient than others, this may well cause additional difficulties; and,
- Resistance to divulge or share information thought to be sensitive or confidential; differences in philosophy with respect to how costs are pooled for assignment purposes and/or unit cost reporting (**Q21**).

Cost Accounting System

The majority of respondents (14 of 17, or 82%) said that they have developed an automated system that produces cost information for managers (**Q22**). Of those with an automated system, the majority (10 of 14, or 71%) employ activity-based costing (ABC). One of those entities employing ABC also uses standard costing, job-order costing, and process costing. Another of the entities employing ABC also uses process costing and manual calculations that take a variety of factors into account. A third entity employing ABC also uses job order costing. Of the four entities that do not employ ABC, two use standard costing; one uses job order costing; and one uses standard costing, job order costing, and direct project costing (**Q23**).

Nearly every respondent was using a different system to capture and report cost accounting data. Systems cited included "a relational database and reporting tools," SAP Profitability and Cost Management software; Corps of Engineers Financial Management System; CostPerform; TEAM system administered by the Office of Budget; Oros; APHIS Cost Management System; Navy ERP, FAA's Cost Accounting System (CAS) and Cost Management Information System (**Q24**).

For those entities not using a formal, automated MCA system, alternative systems or processes used consist of Access databases and spreadsheets; managerial cost accounting data in the agency's financial system; timekeeping system; and Excel spreadsheets (**Q25**).

The majority of respondents (16 of 18, or 89%) have not considered implementing eXtensible Business Reporting Language (XBRL) to capture and report managerial cost information (**Q26**).

Of the two that have, they responded that any further consideration of XBRL is on hold until MCA “next steps” are finalized by agency management (Q27).

Cost Accounting Methodology / Assignment

According to respondents, entities define their responsibility segments in a number of ways, the most popular being by strategic goals, major programs, products/services, lines of business, or offices/operating units/branches/divisions (Q28).

According to respondents, entities define their cost objects in a number of ways, the most popular being by projects and tasks; programs; or products, services and customers (Q29).

Almost half of the respondents (8 of 17, or 47%) have revised their responsibility segments or cost objects since the first year they reported (Q30). The reasons given for revising them include Congressional direction; changes in organization, programs, services, customers, annual plan, strategic plan, appropriation requirements, or management initiatives; and results of an annual focus group review (Q31).

The majority of respondents (13 of 18, or 72%) stated that they have implemented full costing as defined by SFFAS 4 (Q32). Of the 13 that have implemented full cost, the majority (11 of 13, or 85%) stated that they allocate a certain portion of the time of the Office of the Secretary and other leadership positions to mission-related programs (Q33). In addition, of the 13 that have implemented full cost, the majority (8 of 13, or 61%) state that all of their agency’s full costs are allocated to programs (Q34). The five that do not allocate a certain portion of their agency’s full costs stated that they do not allocate general management for policy and administration of non-reimbursable activities; comptroller shops and commanding officers; audit adjustments, reclassified accounts, intra-agency eliminations; and canceling appropriations; and, administrative costs not attributable to specific responsibility centers, inspector general and Congressionally mandated grants (Q35).

Less than half of the respondents (8 of 18, or 44%) have identified additional inter-entity costs in the course of implementing the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs* (Q36). Costs identified include under-reimbursed interagency agreement costs with other federal entities, external system providers, departmental costs, leasing, and working capital fund charges (Q37).

Regarding driving administrative costs for overhead, respondents indicated that they use a number of methods, the primary ones being labor dollars, direct costs, or FTE (Q38).

Regarding cost assignment, six of the 18 respondents (or 33%) stated that they use direct tracing, assigning on a cause and effect basis, and allocation; another 8 of the 18 respondents (or 44%) stated that they use direct tracing and allocation. Of the remaining four respondents, one (6%) stated that they use direct tracing, one (6%) stated that they use direct tracing and assignment based on direct costs, one (6%) stated that they use allocation, and one (6%) said they have approximately 300 drivers that are appropriate for each particular resource or activity (Q39).

In response to the question about how agencies collect the data needed to assign costs associated with personnel time, the majority of respondents (14 of 17 or 82%) stated that they

use labor data reporting. One respondent (6%) uses periodic estimates by employee, one respondent (6%) uses periodic evaluations completed by other than the employee, and one respondent (6%) uses labor data reporting, periodic estimates by employee, and periodic evaluations completed by other than the employee (**Q40**).

Project Implementation Practices

Use of Teams or Committees

The majority of respondents (15 of 18, or 83%) stated that they used MCA-related teams or committees during development and implementation of their MCA system (**Q41**). Fourteen of 16 respondents (or 87%) said they used teams or committees to make MCA-related policy decisions (**Q42**). Fourteen of 16 respondents (or 87%) stated that they used a team or committee for developing the details of the MCA process (**Q43**). Twelve of the 16 respondents (or 75%) stated that they used a team or committee to obtain and disseminate MCA information (**Q44**). Regarding the makeup of the teams, 13 respondents (or 87%) stated that the teams or committees included different levels of staff (**Q45**), 11 respondents (or 69%) stated that one person was common to all teams or committees (**Q46**), 15 respondents (or 94%) stated that the teams or committees included user level staff like project managers (**Q47**), and 15 respondents (or 94%) stated that the teams or committees had clearly defined objectives or charters (**Q48**).

When asked to describe any lessons learned or challenges met through the use of teams or committees, respondents provided the following:

- The biggest challenge is that there are varying levels of understanding the process as a whole.
- The teams must consist of high quality staff who understand the functional processes of their organization well and can learn ABC.
- When fielding our MCA in the 1990s, a training team composed of all agency organizational elements was formed, this was critical to success.
- Size of the group (too large, too many competing priorities). Working with smaller groups to explain the goals, developing the unit costs, etc helped tremendously in implementing our program. Education about goals of the project took away the fear of being evaluated solely on whether a target was met. Having a different view of the costs associated with unit costs other than the normal budgetary object classes helped the managers understand what areas they can effect and those they can't.
- Headquarters was omitted from these teams which should have been included.
- Multi-disciplined, multi-level work groups ensured that needs of entire organization were fully addressed
- Involve all stakeholders in the process; disseminate information about decisions made as early as possible.
- Include members from major program and support areas.
- Designate sessions as working workshops.
- Have an independent committee with executive power to help in making expedient decisions when the team cannot reach consensus.
- Initially difficult because of culture change, improved with training (**Q49**).

Use of Pilot Tests

Only eight of the 18 respondents (or 44%) started with a pilot test to test the concepts they developed (Q50). In describing the pilot testing process used, the majority of those agencies that used a pilot test started by piloting the system in one of their business lines or divisions (Q51). While one respondent said the pilot testing was useless, feedback on the use of pilot testing was mostly positive. Most respondents said the system was greatly improved by the time system fielding was completed and pilot testing helped identify enhancements and corrections that needed to be made to the system before rolling out to the entire entity (Q52).

Communication

The majority of respondents (13 of 18, or 72%) stated that they had clearly defined agency guidance (Q53). Twelve of the 18 respondents (or 67%) stated that they had frequent outreach to support the guidance (Q54).

The majority of respondents (16 of 18, or 89%) said their agency asked for feedback to help identify potential needs of managers (Q55) and 15 respondents (or 83%) stated that they held training sessions to educate as many personnel as possible (Q56). Of those who provided training, it was mostly provided just prior to implementation and during implementation. A few stated that they provide continuous, annual, or “as needed” training. One stated that they now have web-based training (Q57).

Pre-implementation Period

Eleven of the respondents (or 61%) stated that they used the pre-implementation period to help encourage buy-in (Q59), but only seven of the respondents (or 39%) used the pre-implementation period for experimentation (Q58).

Auditor Involvement

Only five of the 18 respondents (or 28%) stated that their auditor was involved in the development and implementation process (Q60). However, the level of involvement differed significantly among the five: one respondent stated that their auditors are a key part of the process to keeping their MCA system in compliance with published guidance and identifying potential weaknesses; one respondent stated that the OIG was briefed regarding how the agency planned to implement MCA; and one respondent stated that the OIG reviews the results of the cost allocation study as part of the consolidated audit. One respondent stated that (1) the IG auditors were present (along with union representatives) during the requirements gathering portion of the initial ABC model implementation; (2) it sent IG auditors to software training to become familiar with the selected ABC software; and, (3) the IG conducted an early review of the cost accounting model to make sure it complied with accounting requirements prior to an agency-wide full blown implementation (Q61). All of the respondents cited the benefits to having early auditor involvement, including obtaining the understanding and buy-in of the OIG prior to implementing the system. One respondent stated that the auditor’s early “sign-off” on the model provided momentum for moving forward with the MCA initiative. Another respondent stated that the “integrity of the managerial reports were improved” (Q62).

Agency Culture, Management Attitudes, and Communication

When asked to describe the culture, management attitudes and core competencies relating to cost accounting in their organization, responses ranged from “limited” to “supportive” with everything in between such as “apathetic,” “generally supportive,” “receptive,” and varies; there was no consensus of responses (Q63). However, the majority of respondents (16 of 18, or 89%) indicated that senior management supports their attempts to implement cost accounting (Q64). In addition, a majority of respondents (13 of 18, or 72%) indicated that they have a “champion” for MCA (Q65). The title of each agency’s champion included Chief Operating Officer, Chief Financial Officer, Director Resource Management, Director of Management Services, Working Capital Fund Manager, Deputy Chief Financial Officer, Chief of the Contracting Activity, Director of the Financial and Payroll Services Division, and Chief of the Financial Management Branch (Q66).

More than half of respondents (10 of 18, or 55%) stated that they had developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting (Q67). Of those entities that stated that they had developed an organization-wide policy, eight (or 80%) included a section on budgeting and cost control; 9 (or 90%) included a section on performance measurement; eight (or 80%) included a section on determining reimbursements and setting fees and prices; five (or 50%) included a section on program evaluations; seven (or 70%) included a section on making economic choice decisions; and, six (or 60%) included a section on improving service delivery (Q68). When asked to describe the reasons why they did not include all of the sections in their policy, one respondent stated that the section on determining reimbursements and setting fees was not applicable to them because they do not have prices or fees; the section on program evaluations is not applicable because the cost is not the right measure to evaluate their programs; and improving service delivery is not applicable because they measure that through surveying customers. Another respondent stated that the sections that are not applicable are addressed in other policy. A third respondent stated that program managers do not see the relevance of MCA for direct programs (Q69).

Seven respondents (or 70%) stated that the strategy for achieving MCA objectives was shared with all levels of staff throughout the organization (Q70). This was accomplished through formal and informal communications including the use of a steering committee, training, awareness and feedback campaigns, presentations to various groups and executives, bulletins, newsletters, cost model demos, pilot groups, meetings, and work groups (Q71).

Field Testing

If the board decides to field test additional standards on cost accounting, three of the respondents said they would be willing to help and an additional 10 respondents indicated that they may be willing to help (Q72).

Other Comments

When asked if they had any additional comments, one respondent stated that MCA will never be fully accepted and used effectively unless there is a strong link to the budget process directed by clear guidance; another respondent stated that it is extremely important that its agency maintain an unqualified opinion (Q73).

Summary of Meetings

In addition to the survey responses, staff met with representatives from the Department of Homeland Security (DHS) and the U.S. Air Force (USAF) to discuss their thoughts on managerial cost accounting.

Department of Homeland Security – May 5, 2010

FASAB staff met with Peggy Sherry, Deputy CFO, and Larry Bedker, Director of the Office of Financial Management, to discuss the status of their efforts in implementing SFFAS 4. Ms. Sherry explained that DHS has recently developed a strategic plan and they are beginning to tie agency costs to strategic goals and objectives. She indicated that the process is complicated by the very different missions of each of the agencies within DHS. Ms. Sherry showed staff a thick binder that contained a draft listing of every activity (“mission sets”) and their mapping to DHS’ strategic goals. She referred to their approach as a “bottom-up review.”

Ms. Sherry said that DHS is approaching the task from the perspective of decision-usefulness and is not focusing solely on cost accounting for financial reporting purposes.

Ms. Sherry stated that agency cost accounting practices vary throughout DHS and they are in the process of documenting these so that a policy can be established. She noted that the Coast Guard uses cost accounting to measure mission activities while Immigrations and Customs Enforcement (ICE) uses an activity-based costing model for its accounting operations. She noted that the Federal Law Enforcement Training Center (FLETC) does a form of cost accounting but does not capture inter-entity costs. Mr. Bedker will provide staff with some potential contacts for cost accounting best practices within DHS.

Ms. Sherry said that DHS has not yet developed an agency-wide cost accounting policy and is very interested in learning best practices from other agencies.

U.S. Air Force – May 5, 2010

FASAB staff met with Fred Carr, Director of Financial Accounting and Reporting (SAF/FMPR), and Seth Baldwin to discuss their thoughts on managerial cost accounting and the questionnaire.

At the beginning of the meeting, Mr. Baldwin provided staff with a copy of his thoughts on the cost accounting questionnaire (see U.S. Air Force’s Informal Response to Cost Accounting Questionnaire on the pages that follow). He said he had some conceptual problems with the questionnaire which is one of the reasons they requested a meeting to discuss the questionnaire rather than complete the document – an option provided for in the transmittal memo to the questionnaire. Mr. Baldwin said he felt that the questionnaire was too focused on the cost perspective and not the linkage between cost and performance. In addition, it would take 2-3 days to answer the questionnaire if they were to do it right. The required time was not available; however, Messrs. Carr and Baldwin felt the intent of the initiative was important.

Mr. Baldwin opined that the essence of the cost accounting cultural problems is that cost is but one component of management analysis and decision-making. The other component is performance. The title of SFFAS 4 included the term “Managerial Cost Accounting” to convey the balance between cost and performance.

Messrs. Carr and Baldwin stated that the usage of cost accounting varies throughout the Air Force. When asked if the Air Force is using cost information to improve costs, they responded that Air Force organizations that do reimbursable work do a good job of cost information collection to support billing; however, except for AFSSO 21 initiatives (discussed below), others do not formally collect cost information. In addition, cost information collected is “relevant costs” – collection of costs over which the Air Force has control – rather than full cost. They believe that “relevant cost” – Direct and Indirect cost – is a subset of “full cost”).

Messrs. Carr and Baldwin explained that the Air Force has an enterprise level formal business / operations process improvement program called Air Force Smart Operations for the 21st Century, or AFSSO21, a program used by the Air Force to identify and reengineer processes toward improving the value of process output and/or reduce cost.

Messrs. Carr and Baldwin stated that, in preparation for implementing SFFAS 4, the Air Force augmented “Cost Management” capabilities included in the OMB Financial Systems Integration Office (FSIO) “Core Financial System Requirements” – based primarily on SFFAS 4 – to provide a more sound IT system basis for Air Force implementation of SFFAS 4 upon implementation of the OMB certified commercial off the shelf financial system – Defense Enterprise Accounting and Management System (DEAMS) – across the Air force. Note: OMB requires that federal government financial systems are founded in capabilities in the Core Financial System Requirements. Air Force legacy accounting systems do not support cost collection capabilities required for implementation of SFFAS 4

For internal decision-making, Messrs. Carr and Baldwin said they want to know information on the costs they can control (relevant costs); full costs are necessary for statement of net cost reporting but they are not useful for internal decision-making because full cost contains costs over which the line guys have no control over such as estimated retirement cost.

They would like to know the costs of sustaining weapons systems over the long-term in addition to the costs of bringing them on (e.g., how much does it cost to maintain an F-22, joint strike fighter, etc.).

Messrs. Carr and Baldwin said that cost accounting needs to be more useful for the line guys so they can compare costs with value. An SFFAS 4 concept suggests that there be a “common data source” which allows access to both financial and non-financial (performance / quality) data to support analysis and decision-making. There needs to be a common reference point for output measures. Furthermore, managers need incentives for reducing costs while retaining flexibility. The auditors should be the ones that tell the program managers if they are incorrectly collecting cost and value information to support analysis, decision-making, and reporting.

U.S. Air Force's Informal Response to the FASAB Cost Accounting Questionnaire:

FASAB MCA Questionnaire Comments

General Comments

1. It is difficult to tell what we expect to learn from this questionnaire. Most, if not all, government agencies have been conscious of the importance of both cost and value information to decision making in support of agency mission areas for many decades. SFFAS 4 established 3 important goals: First, it provided both definition and a flexible structure for collecting cost information; Second, it expanded the application of managerial cost accounting well beyond the area of reimbursable work to cover all agency significant outputs; And, third, it recognized the importance of both cost and performance / value / quality to management decision making. The concept of "Managerial Cost Accounting" is critical to government efficiency and credibility. The questionnaire should recognize that "managerial cost accounting" is here to stay and focus on how we can make the data – both cost and performance - more useful to management (for example, support business / operations process improvement) and easier to produce, reconcile and use.
2. Are we to assume that agencies that use one or more cost information collection methodologies – Job Order Costing, Process Costing, Cost Finding, Activity Based Costing, Standard Costing, etc. - have implemented some form of "Managerial Cost Accounting"? If so all agencies do some form or portion of "Managerial Cost Accounting".

Comments related to specific questions

1. Question 1: "Have you implemented some form of managerial cost accounting (MCA) in any entity within your organization?"

This question is likely to be misinterpreted. Organizations that collect cost information to support management are doing some form of managerial cost accounting but may not recognize the term "Managerial Cost Accounting".

2. Question 2: "If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented."

Agencies have many entities which do effective cost information collection because they perform reimbursable work or support grants (both are forms and/or components of MCA). The lists may be long and may be of questionable value to the intent of the questionnaire.

3. Question 6: What do you use cost information for?

U.S. Air Force's Informal Response to the FASAB Cost Accounting Questionnaire (contd.):

All agencies and related organizational entities use cost information to support management and both internal and external reporting. They may or may not use the structured approach cited in SFFAS 4.

4. Question 7: What costs (full costs as defined by SFFAS 4 or others) are used for performance reporting?

The standard says that full cost is required for formal reporting (and used at the macro level to assess performance) and implies that "relative costs" (funds over which the organization has direct control) should be used in support of performance at the reporting entity level or below. The question should be reworded to assure clarity

5. Question 9: Do you reward managers for cost-effective approaches to problem solving?

The question should read, "Do you reward managers for cost-effective approaches to improving business processes and related outcomes?"

6. Question 11: Do you periodically review your system to make sure it is responsive to your organizations' current needs?

This is basic business for every function that uses automated support and is of little value particularly when one considers the OMB requirement for standard systems.

7. Question 17: "What other types of cost information would you like to have that you currently do not generate?"

A good question

8. Question: "What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?"

This question is likely to elicit a political rather than a rational response. Suggest: "Should SFFAS 4 suggest that government organizations ought to compare both cost and performance information in similar functions both within and across reporting agencies?"

9. **Cost Accounting System**

Federal agencies are required to implement OMB approved commercial off the shelf (COTS) system built to specifications created by the "Financial Systems integration Office". The specifications include Managerial Cost Accounting capabilities.

10. **Cost Allocation**

The questions on cost allocation may appear confrontational to some, and the questions may require much research requiring more cost than value to the answerer. Because of the dynamics that may exist in the cost allocation process, the

U.S. Air Force's Informal Response to the FASAB Cost Accounting Questionnaire (contd.):

challenges here should be addressed in an "Implementation guidance study" under the AAPC process. The standard should be general on the topic.

11. Project Implementation Practices

A number of agencies or agency components have implemented SFFAS 4. Rather than ask the implementation questions at this level of detail, we should be focusing on gathering both success stories and lessons learned. Many respondents will react negatively to these questions because many of the questions may not appear relevant to them. There are a number of approaches leading to success in implementing SFFAS 4.

12. Agency Culture, Management Attitudes, Communication, and Core Competencies

The lead sentence in this section - "An agency's culture plays an important role in ensuring success of any cost accounting project. A culture of practicing good financial management is influenced by senior management attitudes and staffing capabilities." - is part of the Culture problem. As indicated in previous discussion, collected cost is one of 2 sets of information required to make cost oriented information useful to managers. The second information set is the value of the output for its intended purpose. Though cost information by itself is a component of financial reporting, using cost alone to make management decisions, can lead to organization failure. The title of SFFAS 4 – Managerial Cost accounting – is intended to imply that both cost and performance (value) information are required to support decision making (source: Dr. Dale Geiger – a member of the original team that developed SFFAS 4). SFFAS 4 discusses the "Common Data Source" which provides access to both financial (cost) and non-financial (performance, value) data to support process improvement.

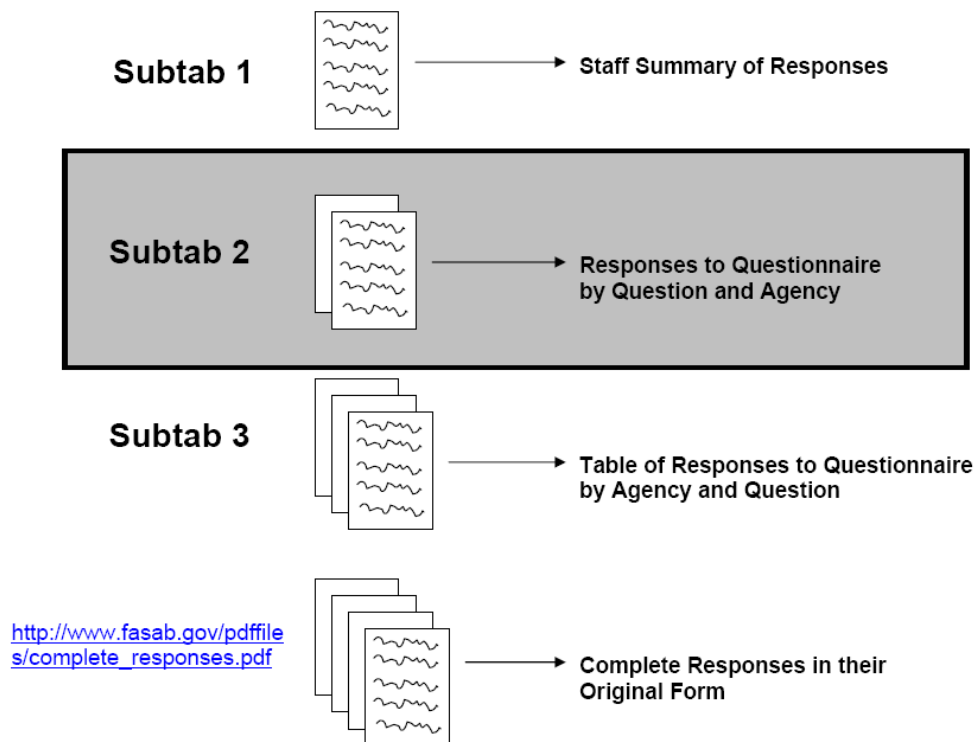
13. Question 57. "Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?"

The Air Force has a program called "AFSO 21 Air Force Smart Operations for the 21st Century" the intent of which is to use proven methodologies such as Lean Six Sigma to implement continuous process improvement throughout the Air Force. The Air Force program and others like it throughout the federal sector implement the intent of the "Managerial Cost Accounting" part of SFFAS 4 – "Managerial Cost Accounting and Reporting". Programs such as AFSO 21 would benefit significantly from an accounting and reporting standard that facilitated the concept of continuous process improvement. IF we did so, there would not be an senior management culture problem

14. Conclusion: *The SFFAS 4 of the future should focus on management decision making, continuous process improvement, cost and value information collection, and reporting that includes both cost of business and operations and the impact of business/operations process improvement on both process output value and cost. The questionnaire focuses on accounting side of the managerial cost accounting spectrum, and is complex, time consuming to complete, and much of it does not lead to improving operations and business processes throughout the government.*

Tab F, Subtab 2

Responses to Questionnaire by Question and Agency



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GENERAL BACKGROUND

Question 1

Have you implemented some form of managerial cost accounting (MCA) for at least one entity within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, GSA/FPSD, GSA/OFPO, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – N/A

Question 2

If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.

DOC/NIST – NIST Working Capital Fund (WCF) – established in 1956

DOC/NOAA – NOAA

DOC/USPTO – We have implemented MCA for 100% of USPTO expenses for all organizations including all support orgs. MCA was implemented in 1997 USPTO-wide.

DOD/USACE – MCA is accomplished through the Corps of Engineers Financial Management System (CEFMS). It was fully deployed in USACE in 1998 and has been operational since.

DOD/NAVY – NAVAIR 2008, NAVSUP, SPAWAR

ED/FSA – Federal Student Aid (FSA) in 2002

DOI/USBR – For all Project Construction Costs and Working Capital Funds

DOT/FAA – MCA is currently implemented for the Federal Aviation Administration (FAA) which is one of the modal bureaus for the Department of Transportation (DOT). The FAA oversees the safety of civil aviation. FAA's safety mission includes the issuance and enforcement of regulations and standards related to the manufacture, operation, certification and maintenance of civil aircraft and commercial space vehicles. The agency is also responsible for the rating and certification of airmen, the certification of airports serving air carriers, and the development and operation of an air traffic control and navigation system for aircrafts. FAA began developing its enterprise Cost Accounting System (CAS) in 1996, as directed by the Federal Aviation Reauthorization Act of 1996, or AIR -21 and it started the implementation in 1998 with the Air Traffic Organization line of business.

DOT/FHWA – FY 2006 agency-wide at Federal Highway Administration

EPA – Agency-wide implementation beginning FY 2000.

GSA/FPSPD – We implemented a form of MCA in the GSA OCFO Financial & Payroll Services Division in January 2010. This Division is made up of four branches: Financial Information Control Branch, Financial Operations & Disbursement Branch, National Payroll Branch and the External Services Branch.

HUD – S&E Appropriations based on responsibility centers- FY 2002

SBA – 73000001 Small Business Administration (Agency wide)

USDA/APHIS – APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation module in FFIS to distribute indirect program and agency costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years.

USDA/FSA – Farm Service Agency (FSA) 2008

USDA/OCFO – USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer- Financial Operations

USDA/OCIO – OCIO ITS - Office of the Chief Information Officer, International Technology Services; ITS is the in-house provider of information technology, service and support for over 40,000 USDA Service Center Agency employees and their networked computers, IT equipment, and the shared infrastructure that their agency networks and applications run on. MCA has been implemented at ITS since 2008.

Question 3

Which entity(ies) within your agency are you answering this questionnaire for?

DOC/NIST – Department of Commerce – NIST

DOC/NOAA – NOAA

DOC/USPTO – We are answering this questionnaire for USPTO as an entire entity.

DOD/USACE – All components of USACE use CEFMS which provides MCA.

DOD/NAVY – Entities on Navy ERP

ED/FSA – FSA

DOI/USBR – All of Reclamation

DOT/FAA – All Lines of Business (LOBs) within the Federal Aviation Administration: These lines of business include the Air Traffic Organization, Airports, Aviation Safety and Commercial Space Transportation. The cost accounting business rules for Commercial Space Transportation require an update.

DOT/FHWA – Federal Highway Administration agency-wide

EPA – Answering for the Agency as a whole.

GSA/FPSD – GSA OCFO Financial & Payroll Services Division

GSA/OFPO – GSA, OCFO, Office of Financial Policy and Operations (comprised of 6 divisions and a DCFO office)

HUD – Department of Housing and Urban Development

SBA – 73000001 Small Business Administration (Agency wide)

USDA/APHIS – All MRP entities.

USDA/FSA – FSA

USDA/OCFO – Associate Chief Financial Officer-Financial Operations.

USDA/OCIO – ITS - International Technology Services

Question 4

What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

Revolving – DOC/NIST, GSA/FPSD, GSA/OFPO, USDA/OCFO

Non-revolving – DOC/USPTO, ED/FSA

Both – DOC/NOAA, DOD/USACE, DOD/NAVY, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCIO

Question 5

Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?

Yes – DOT/FAA, EPA, USDA/APHIS, USDA/OCFO

No – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FHWA, GSA/FPSD, GSA/OFPO, HUD, SBA, USDA/FSA, USDA/OCIO

Question 6

If you answered yes to question 5, please describe the audit finding(s).

DOT/FAA – Since FY 1999, the DOT Office of Inspector General has routinely audited FAA's Cost Accounting System and made recommendations for improvement. Some of the OIG findings include: improve overhead allocations, ensure system methodology and documentation complies with Federal accounting standards, link the labor distribution system to cost accounting, and ensure proper project coding. FAA has concurred with all OIG findings

and has implemented corrective action.

EPA – Compliance issue regarding full cost output reporting. (SFFAS 4)

USDA/APHIS – APHIS received the following finding: GAO Report on Managerial Cost Accounting (GAO-06-1002R) recommended that APHIS use its APHIS Cost Management System data fields for MCA as a step toward better informed managerial decision-making.

USDA/OCFO – A GAO report was issued in FY 2006 with recommendations to the Secretary of Agriculture to promote the implementation and use of reliable MCA methodologies to better inform managerial decision making in USDA and its components.

Question 7

Do you plan on implementing MCA in any entities or additional entities within your organization?

At least one/do more – DOC/USPTO, DOD/NAVY, DOT/FAA, GSA/OFPO, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

At least one/no more – DOC/NIST, DOC/NOAA, DOD/USACE, ED/FSA, DOI/USBR, DOT/FHWA, GSA/FPSP, HUD, SBA

No but plan to – N/A

No and do not plan to – N/A

Why or Why not?

DOC/NIST – At this time it is unnecessary

DOC/NOAA – This has been implemented for NOAA overall.

DOC/USPTO – We have already implemented MCS in all USPTO organizations. We are constantly improving and producing new reports and functionality.

DOD/USACE – We have implemented MCA in all USACE entities.

DOD/NAVY – Required for Navy ERP solution

ED/FSA – MCA was implemented for the entire FSA organization.

DOT/FAA – FAA has implemented MCA for all lines of business. Any changes to the Cost Accounting System going forward will be to further refine the LOB business rules and/or reporting requirements.

DOT/FHWA – MCA model was too difficult and costly to support, provided little actionable information for leaders. We intend to incorporate MCA in our Departmental accounting system upgrade.

GSA/FPSP – We have implemented this in all branches of the Financial & Payroll Services Division.

GSA/OFPO – We have implemented MCA in all of the Office of Financial Policy and Operations

(the entity on which I am reporting). However, we do plan to implement MCA in all of the OCFO offices at a later.

HUD – HUD's funding process does not warrant further cost allocation procedures

SBA – All organizations with the SBA are included in the implementation.

USDA/APHIS – The current USDA accounting system, FFIS, does not provide MCA. USDA is implementing SAP (known as FMML in USDA), which has a more robust cost management module than FFIS. APHIS, AMS, and GIPSA will implement FMML in the spring of 2011. All three agencies will examine their current cost accounting methodologies and consider changes as they configure FMML for implementation.

USDA/FSA – BPMS will be used throughout FSA and are working with multiple agencies within the Department of Agriculture to develop an integrated MCA system

USDA/OCFO – The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010. CMIS will: Comply with SFFAS 4 and 30, accumulate and analyze financial and non-financial data to allocate costs to organizational units as well as activities, establish cost and performance baselines in support of managerial decision making, utilize the principles of Standard Costing as well as Activity-based Costing in order to capture full costs, identify/assign costs to the various responsibility segments and along their respective line of business, and establish cost objects that are related to specific responsibility segments in compliance with SFFAS 4.

USDA/OCIO – MCA is recognized as a vital tool for understanding the true costs of services provided; this understanding aids management decisions concerning pricing, customer billing, budgeting, and resource planning.

USE OF MANAGERIAL COST INFORMATION

Question 8

What is your organization's primary (number one) use of cost information?

DOC/NIST – It is used for financial reporting.

DOC/NOAA – Financial Statement Preparation and Performance Reporting

DOC/USPTO – The primary use of cost information is for financial reporting (SNC & footnotes).

DOD/USACE – Delivering projects within the budgeted amount.

DOD/NAVY – Managerial Reports

ED/FSA – Performance reporting

DOI/USBR – Reporting on Working Capital Fund Activities

DOT/FAA – FAA's primary use of cost accounting information is to establish Overflight

fees/rates.

DOT/FHWA – Project cost distribution for reimbursable work

EPA – Reporting.

GSA/FPSP – We originally started this project to help us identify the cost of providing payroll and accounting services to each of our client agencies so we could more accurately price our services. This data will also assist us in responding to numerous data calls throughout the year showing the amount of time and funding we utilize in order to provide accounting services to our clients within GSA.

GSA/OFPO – Our primary use of cost information is to accurately charge customers (GSA Services and other federal agencies) for the cost of our services.

HUD – Workflow analysis and identification of administrative costs to program accounts

SBA – Financial Statement reporting - Net Cost report, PAR

USDA/APHIS – APHIS, AMS and GIPSA use cost information to track current year spending, to build budget requests for future years and to develop emergency and contingency fund requests. The agencies also provide the cost information to program managers to track costs for their user fee programs and make program funding decisions.

USDA/FSA – Budgeting

USDA/OCFO – We are in the process of implementing a cost management system. A number one use has not been decided but will include determining cost of services, assist in making staff decisions and adjusting workloads

USDA/OCIO – To provide accurate cost information to ITS leadership in oversight of ITS operations, by recommending, developing and establishing cost accounting, budgeting and internal control policies, requirements and standards.

Question 9

What other uses of cost information does your organization currently have?

DOC/NIST – In addition it is management decision making

DOC/USPTO – USPTO uses cost information for fee setting, budget formulation, performance reporting, business decisions, and process improvement.

DOD/USACE – Reporting, budget development, cost estimating, asset usage rate development.

DOD/NAVY – Rate setting

ED/FSA – Contract negotiations, cost reduction, budget formulation, process improvement.

DOI/USBR – Budget Formulation and Asset Management

DOT/FAA – FAA has used the Cost Accounting System to: (1) Establish overhead rates to be used in reimbursable costing; (2) Produce the general purpose Statement of Net Cost by Program and by Strategic Goal; (3) Develop model for billing DOD for long range radar program

in support of the National Defense Program; and, (4) Performance measurement

DOT/FHWA – Limited: agency overhead for our direct major programs is <1% of funding

EPA – Cost recovery, user fees, working capital fund pricing, shared services pricing.

GSA/FPSP – N/A

GSA/OFPO – Our office and the OCFO are currently using the information to identify areas for potential process improvements and efficiencies.

HUD – N/A

SBA – Used in the past for decision making on program and operational decisions. We plan to use cost information for performance measure next year.

USDA/APHIS – The entities use cost information to develop reimbursable rates and user fees for services provided to the public.

USDA/FSA – Determining program needs, analyzing performance and managerial decision making

USDA/OCFO – Currently we employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires certain assumptions.

USDA/OCIO – Develop, implement, and maintain cost reporting, including unit costs, to ITS leadership and customer agencies in support of Service Line Agreements (SLAs) and to ensure that metrics/costs align with budgetary requirements.

Question 10

How are costs (full costs as defined by SFFAS 4 or others) incorporated into performance reporting?

DOC/NIST – It is used to determine our profit and loss within the WCF

DOC/NOAA – Net costs of operations can be found in the Statement of Net Costs. These are broken down by Strategic Goal. Full costs are also captured in Property, Plant, and Equipment on the Balance Sheet. We use full costing when bringing an asset into operation.

DOC/USPTO – Costs are incorporated into performance reporting through the Efficiency Measures (EM) and cost management measures. EMs are calculated by taking total expenses for Patents and Trademarks, including associated portions of support organizations, and dividing by production volume. Cost management measures are used for general reporting but also for organizational assessments.

DOD/USACE – USACE districts are not funded, therefore 100% of their costs are allocated to projects.

DOD/NAVY – Direct Costs plus overhead

ED/FSA – Our model calculates direct, partially-loaded, and fully-loaded unit costs. We only

report on direct costs in our Annual Report.

DOI/USBR – Costs are incorporated through the Statement of Net Cost

DOT/FHWA – N/A

DOT/FAA – As part of the Agency's Business Strategic Plan, FAA organizations are attempting to develop, track and report performance metrics using full cost on a quarterly basis. Examples from the Strategic Plan are: cost per flight controlled, grant administration efficiency measure, direct labor costs of certification of foreign and domestic repair stations.

EPA – Full cost is reported in the Agency's Performance Accountability Report and in the Financial Statements.

GSA/FPSP – N/A

GSA/OFPO – Performance reporting is done by another office in the OCFO using budget and actual data.

HUD – HUD's PAR discusses outputs and results related to its strategic goals

SBA – Full costs are developed by program for performance reporting.

USDA/APHIS – APHIS uses its core financial system (Foundation Financial Information System -- FFIS) and program systems to obtain data for the Full Cost budget exhibits, and that data is used for reporting on the PAR objectives and performance measures. APHIS is unable to provide full accounting costs of supporting the goal, objectives or performance measures because APHIS does not have a system designed for this function. APHIS captures cost information at a high level for financial statement purposes. AMS and GIPSA obtain data from FFIS and program systems to provide full accounting costs of supporting the goals, objectives, and performance measures.

USDA/FSA – We are working towards doing full cost reporting using automated systems but are not currently reporting via these automated systems. Any full cost reporting is done on a manual basis.

USDA/OCFO – We will be able to employ this measurement once we have implemented CMIS.

USDA/OCIO – Costs of resources that contribute directly or indirectly to the provision of services to customer agencies are included in all cost reports generated by the ITS-CMIS (Cost Management Information System) including costs regardless of the responsibility segment which originally consumed the cost. This is achieved within the core accounting system which contains charge codes for both direct and indirect services, the latter being integrated into the direct services using consumption-based drivers and customer metrics.

Question 11

Do you periodically review your system to make sure it is responsive to your organizations' current needs?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, GSA/OFPO, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO,

USDA/OCIO

No – DOT/FHWA, GSA/FPSP

Question 12

When was the last time you did such a review and what was the result?

DOC/NIST – It is done on a continual basis

DOC/NOAA – NOAA conducts constant monitoring of its business rules with input from our user community.

DOC/USPTO – We change portions of our MCS every year. In 2009, we overhauled our Patent model, Trademark model and OCIO model. We began using the new Patent and Trademark models in first quarter 2010 and will begin using the revised OCIO model in second quarter 2010.

DOD/USACE – Reviews are on-going. Customers enter change requests and as regulatory requirements change the system is updated accordingly.

DOD/NAVY – Continuous Monitoring of customer issues

ED/FSA – We perform a continuous review of our system and make any necessary adjustments.

DOI/USBR— In the last two years, Reclamation conducted several reviews under the Management for Excellence Initiative which resulted in new Directive and Standards and new business management practices in the Working Capital Fund.

DOT/FAA – We are currently (February 2010-June 2010) conducting a cost management assessment study. The objective of this study is to characterize how cost management and cost information is currently being used in FAA and tie agency uses to the following areas mentioned in SFFAS #4: Budgeting and Cost Control, Performance Measurement, Determining Reimbursements, Setting Fees and Prices, Program Evaluations, and Economic Choice Decisions. This effort is not only a review of agency cost requirements, but also an opportunity for cost accounting outreach.

EPA – The Agency periodically develops a Strategic Plan which is aligned to the budget via the account code structure captured in the Agency's financial system. The latest Strategic Plan is for 2009-2014 and was developed in FY 2008.

GSA/FPSP – We have not completed a system review as we just started the project in the last two months.

GSA/OFPO – We just reviewed the needs of the OCFO in the past year, and, as a result, we implemented a new MCA in January 2010.

HUD – HUD CFO Budget Office reviews and updates TEAM for cost allocation purposes

SBA – FY 2009. We realized that besides financial statement preparation we currently are not using the cost information for our organization's needs. We plan to improve our cost system so it can respond to the Agency's needs.

USDA/APHIS – All three components are in the process of reviewing their current system as part of the effort to implement FMML in spring of 2011.

USDA/FSA – Reviews are on-going. Some adaptations are incorporated during each review process to better show the true cost of doing business

USDA/OCFO – FY 2009 Appropriate modifications have been made to address organizational needs.

USDA/OCIO – Reviews are accomplished by way of monthly meetings with branch chiefs and other senior leadership within ITS and OCIO. The CMIS system has been well received.

Question 13

Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, GSA/FPSD, GSA/OFPO, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOT/FAA, DOT/FHWA

Question 14

If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.

DOC/NIST – The analysis is used to determine fees, surcharges, and reimbursement rates.

DOC/NOAA – We believe program managers rely more on budgetary information with regards to making decisions than using cost information.

DOC/USPTO – Program managers use cost information for fee costing and setting, budgetary uses, performance measures such as efficiency and cost management measures, and for business decisions such as choosing which portion of the Patent process to improve and automate.

DOD/USACE – MCA allows us to determine the proportion of our workload that can be done with in-house resources or contractors.

DOD/NAVY – external reports, set customer rates, organizational realignment

ED/FSA – Cost information has been used in contract negotiations and budget formulation.

DOI/USBR – Reclamation created the SPCCR to capture cost and repayment data by project to facilitate better management of existing infrastructure, increase knowledge and understanding of the repayment status of these facilities, to increase transparency of construction costs of our customers.

DOT/FAA – An example was the strategic decision to outsource the Agency's flight service stations in October 2005 to realize cost savings. The Cost Accounting System provided the data to support the A-76 analysis that resulted in the outsourcing of FAA's flight service stations.

EPA – Managers use this information to track the cost of program outputs, for cost recovery, to measure performance and to set fees.

GSA/FPSP – Internal users are not yet receiving the data as we just starting gathering costs within the last two months.

GSA/OFPO – We just started using activity-based cost accounting to track labor costs by activity and customer in our electronic time and attendance management system (ETAMS) by activities and customers. Previously, we did periodic tracking outside of the ETAMS system. We used this information to identify areas of process improvements.

HUD – Allows HUD to track employees' time based on specific tasks for major programs

SBA – At times cost information has been used for decision making.

USDA/APHIS – AMS has developed a Statement of Operations analysis which is a profit and loss statement derived from the ledger within FFIS. This analysis shows managers their activity by month to support informed manager analysis and decision making. AMS managers regularly review these reports and use them to manage cost. Cost information is available for APHIS managers for decision-making purposes and is used on an as-needed basis. The responsibility lies with those managers to determine the best data to make decisions and the appropriate level of data use. GIPSA currently uses operational performance information to report financial performance to management and demonstrate alignment with strategic plans. GIPSA makes economic decisions on a case-by-case basis using the best cost or financial data available.

USDA/FSA – The standards serve as an excellent starting point; currently we utilize various manual systems for input into decisions. We believe the BPMS system will provide the basis for decisions in the future.

USDA/OCFO – See response to questions 7 and 8.

USDA/OCIO – Understanding the true costs of doing business helps internal management to determine and deploy future levels of resources in anticipation of their demand levels. It also helps gauge budget standards by measuring the variances to those standards. Users can gain insights to better achieve the organization's goals and meet strategic objectives.

Question 15

If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.

DOC/USPTO – I answered Yes to #13, but here is what you need to do: embed the MCA expense data in the fundamental processes such as financial reporting, budgeting and performance reporting. Business usage evolves from that.

DOT/FAA – It has been difficult to get the LOBs to fully embrace MCA. The culture is based on managing by "obligations" rather than "expense" data. We continually struggle with ways to make the data more useful to our program managers. Perhaps more training on MCA and its

uses can give the LOBs more understanding on how to manage with cost.

DOT/FHWA – If data were timely and in a format relevant to decision makers

Question 16

Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?

Yes – DOC/USPTO, DOD/NAVY, DOT/FAA, ED/FSA, DOI/USBR, USDA/FSA, USDA/OCFO

No – DOC/NIST, DOC/NOAA, DOD/USACE, DOT/FHWA, EPA, GSA/FPSD, GSA/OFPO, HUD, SBA, USDA/APHIS, USDA/OCIO

Question 17

If you answered yes to question 16, please describe or provide an example.

DOC/USPTO – This is the fundamental problem with MCA today. There is no guideline for linkage between MCA and budget. At PTO, the prior year organizational expense percentages, translated to obligations, becomes the starting point for budget formulation. More guidance from FASAB is required to bring about a government version of the CAM-I (Consortium of Advanced Management International) closed loop to guide federal budget formulation.

DOD/NAVY – Department of Navy Industrial Budgeting Information System (DONIBIS)

DOT/FAA – Our Cost Accounting System reports the costs associated with programs that "roll up" to services that are provided by each line of business. In contrast, the Budget is focused on reporting by program that roll up to the Agency's goals.

ED/FSA – Our MCA system is built on assignments, tracing, and allocations of expenditures to outputs.

DOI/USBR – Reclamation formulates budget in much more detail.

USDA/FSA – Data for budget formulation is computed manually.

USDA/OCFO – Actual cost by service line versus a calculated amount used for the budget

Question 18a

Please describe your three greatest success stories related to the use of MCA for effective decision-making.

DOC/NIST – 1) It has allowed us to calculate and charge true costs more accurately, 2) It provides a more accurate basis for cost analysis. 3) It provides a more accurate cost benefit analysis of program performance.

DOC/NOAA – The DoCs financial system allows data to be reviewed at various levels. This should prove helpful in allowing managers to make effective decisions.

DOC/USPTO – Our three greatest successes in implementing MCA are: 1. Ongoing Patent and

Trademark Fee Studies, 2. Continued use of the ABC data for financial reporting (SNC & Footnotes), 3. Use of ABC data in the budget formulation process since 1998.

DOD/USACE – 1. Our MCA system has cost data available in real-time. 2. Our upward reports are available immediately at the end of the month. 3. Our fiscal year rollover process takes approximately 24 hours.

DOD/NAVY – Rates, surcharges, reports

ED/FSA – Establishing cost targets and reporting on FSA's performance annually. Predicting budgets based on volumes, supporting budget requests. Contract negotiation. We were able to challenge a contractor's bid to increase their capacity to originate more loans and were able to save \$4M.

DOI/USBR – 1) Consistency in a decentralized organization through Standard Process of Costing. 2) Flexibility and transparency of our indirect costs in the Working Capital Fund. 3) Facilitate better management of contacts

DOT/FAA – Outsourcing of the flight service stations; Collecting overflight fees, and Improved reimbursable cost recovery

DOT/FHWA – none

EPA – 1) working capital fund; 2) integration of financial accounting and other data systems (e.g., contracts, grants, programs); 3) cost recovery.

GSA/FPSP – N/A - we just implemented program within last two months.

GSA/OFPO – New to doing it, but we can see exactly where the time/ resources are going, which is useful for managing those resources.

HUD – N/A

USDA/FSA – 1. Automated budget formulation/execution to track costs and get closer to a full costing environment. 2. Develop a pilot cost model to begin per unit costing 3. Began an Activity Reporting System to track employee activities for MCA purposes

USDA/OCIO – 1. Managers now have access to cost information that was previously unavailable before CMIS was implemented. 2. More accurate unit cost data across customers has enabled better focus to resource requirements and demands 3. SLAs and customer billings are more defensible

Question 18b

Please describe your three greatest challenges in making MCA information useful to managers.

DOC/NIST – 1) The need for a continual review of fees, surcharges, and reimbursement rates. 2) Educating the customers and management in understanding the concept of indirect cost and matching cost to revenues within the same reporting period. 3) In addition to performing the review process, it is difficult to determine the actual rates to be charged.

DOC/NOAA – Standardization of data across our reporting segments are been a challenge.

DOC/USPTO – Our three greatest challenges in making MCA useful are: 1. Getting the managers to understand what ABC is and how the USPTO ABI system is designed to capture full costs, 2. Getting the right people to look at the data and actually use it (it often did not get to the operations managers but rather only to the finance and budget representatives within those program areas), 3. Push-back saying the data is wrong and arguing over drivers instead of using the data.

DOD/USACE – 1. Educating USACE project managers about USACE costing policies. 2. Developing meaningful local reports. 3. Developing meaningful enterprise reports.

DOD/NAVY – Command interpretation, lack of standardization

ED/FSA – Having enough personnel resources to fully move to activity-based management. Applying overhead costs. Working with business unit staff to implement new uses for the model's results and the quarterly models.

DOI/USBR – Understanding their customer needs, not overwhelming them and training

DOT/FAA – System complexity; Cultural change to complement managing by using budgetary data with cost accounting data; Training managers on usefulness of cost data; and Ownership of managerial cost data

DOT/FHWA – timeliness of data, accuracy of self-reported data, ability to influence budgets and/or resource allocation

EPA – 1) Managers are focused on their budgets (i.e., how much was spent and how much is available for spending) more than on costs; 2) Lack of integration of financial and programmatic data systems; 3) Developing reports to meet manager's specific needs.

GSA/FPSP – N/A - we just implemented program within last two months.

GSA/OFPO – We expect to have useful reports as we have data in ETAMS.

HUD – N/A

SBA – Obligation costs versus expenses; Overhead allocation; Allocation method.

USDA/APHIS – There are several challenges in making MCA information useful to managers. Collecting accurate data requires extensive training, outreach, and support from management. Collecting accurate data requires staff resources. Many of our field and mission employees are scientists, inspectors, graders, veterinarians, entomologists, etc.; it is challenging to gather cost information from this level.

USDA/FSA – 1. Getting appropriate systems purchased 2. Getting data from feeder systems to use MCA 3. Getting cooperation from all components to develop system

USDA/OCFO – Identifying the metrics to capture the cost by the various cost centers

USDA/OCIO – 1. Education - communicating the benefits of MCA such that more and more users will use the cost data 2. Tie-in to accounting system - CMIS is actually independent of the core financial system but still required tweaking to accommodate change-over to new accounting system 3. Training - as more and more agencies start to implement their own CMIS models, agency staff must be trained so that they can maintain their own models rather than

rely solely on the original ITS staff that built the first CMIS model.

Question 18c

Please describe the three most important lessons learned that you would share with an agency that is just starting out with MCA.

DOC/NIST – 1) Educate your customers 2) Establish a basis for calculating rates 3) Review your calculation/analysis methods and update when organizational changes occur.

DOC/NOAA – Ensure data consistency and standardization exists. This would definitely help in ensuring the best data is available.

DOC/USPTO – Our three most important lessons learned are: 1. The data must be useful to operations folks and the project must have executive-level buy-in and a champion; 2. The expense information must be integrated into the mandated reporting requirements so that it will never fade away; 3. An executive level steering committee to approve and record decisions is necessary.

DOD/USACE – 1. An MCA should operate in real-time. 2. All levels of the organization must be trained in using the MCA. 3. Auditors should be involved in system design.

DOD/NAVY – Normalization of business processes, standardization of data definitions

ED/FSA – Senior Management commitment and buy-in are extremely important to the success of the project. Start the ABC/M initiative as a pilot, in a specific area, before taking on the entire organization. Begin with an objective before designing the model. Keep information flowing to management and users. In addition, give users 'direct' access to the information. Have enough resources to develop and sustain the project.

DOI/USBR – Consistency is hard to obtain, know your customers and know your data.

DOT/FAA – The following factors are essential for a successful MCA implementation: (1) Executive management leadership/support; (2) User involvement (3) Clear statement of requirements; and (4) Avoid building a system or methodology that is overly complex

DOT/FHWA – Leadership commitment is essential; integrate seamlessly with time & attendance and accounting systems; make it easy and transparent to self-report

EPA – 1) Develop a flexible account code structure at a sufficient level of detail to meet managers' needs; 2) Integrate financial and other data systems to the extent possible; 3) Include all stakeholders in decision-making processes.

GSA/FPSD – N/A - we just implemented program within last two months.

GSA/OFPO – Use a pilot first. We used one, then a second division as pilots before using the ABC MCA across all 6 divisions of the Office of Financial Policy and Operations. And this Office will serve as a pilot for all of OCFO.

HUD – N/A

SBA – Choose a good cost method and system. Implementation must include top management support. Train program managers on the difference between cost information and budget costs.

USDA/FSA – 1. Get buy in from high level stakeholders 2. Get a good integrator 3. Keep stakeholders apprised of project status

USDA/OCFO – We needed an automated system to capture the cost data so that we can merge the cost data with the cost drivers.

USDA/OCIO – 1. Communicate the benefits to all those who would be impacted, as soon as possible 2. Establish team of users who would be responsible for maintaining their cost system/models and arrange for effective training and knowledge transfer 3. Monitor results regularly to (a) ensure reconciliation with core financial system, (b) identify variances to budget, (c) get feedback from end-users as to effectiveness of cost reports so they can be modified as necessary

Question 19

What other type of cost information would you like to have that you currently do not generate?

DOC/NIST – It would be beneficial to have accounts payable reports but our current system has limitations.

DOC/USPTO – We produce an abundance of cost information and apply it differently depending on which organization it originates in. It would be helpful to use the costing information for internal and external benchmarking on a more regular basis to help identify process efficiency improvements. It might also be useful to run expenditures and perhaps even obligations through the ABC expense models.

ED/FSA – Benchmark data from other agencies and private sectors.

DOI/USBR – Depends on the situation that you are analyzing. The information is readily available, however, it has to be pulled from multiple systems.

DOT/FAA – Generating MCA reports for the Agency's franchise fund.

DOT/FHWA – comparison with like agencies and across similar business units

EPA – None for now.

GSA/FPSD – N/A

GSA/OFPO – We plan to allocate the indirect costs based on the direct labor costs we are currently tracking since January 2010 (or later for some divisions.)

HUD – N/A

SBA – N/A

USDA/FSA – We are not yet fully utilizing MCA to provide a response

USDA/OCFO – We believe the CMIS will serve our cost information needs.

USDA/OCIO – Cost by Strategic Organizational Goals; more Key Performance Indicators (KPIs) and Cost Scorecards/Dashboards

Question 20

What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?

DOC/NIST – To determine the “best practices” by using the most cost effective process.

DOC/NOAA – Comparing cost data with other agencies would be a good tool to leverage successes and lessons learned from those agencies. Implementing those successes could assist in driving down administrative and operational costs.

DOC/USPTO – Benchmarking would be beneficial as long as we compare apples to apples. Benchmarking would be very difficult with different quality MCAs between agencies. Process improvements could be made in less efficient areas by studying more efficient organizations.

DOD/USACE – Comparing costs across agency lines would help us remain competitive, however the accounting systems would have to be similar to make comparisons fair.

DOD/NAVY – Ability to understand cost structure, compatibility of data

ED/FSA – Strengthened budget justifications, more informed contract negotiations, process improvements and cost of providing services/functions at different FSA locations.

DOI/USBR – Business Process efficiencies and/or cost savings

DOT/FAA – Compare costs of similar activities and find causes for cost differences; Managers can respond to inquiries about the costs of the activities they manage; and, Compare cost changes over time and identify their causes

DOT/FHWA – look for efficiencies

EPA – These comparisons would influence decision-making about where a particular type of service should be performed, e.g., in house versus by another federal entity. Likewise, our Agency may be able to provide services to other agencies on a lower cost basis.

GSA/FPSPD – We expect to obtain the actual costs to perform particular services as well as costs to provide services to client agencies. The data will also be useful to managers in assessing where their branch resources are being utilized and will be helpful in looking for areas to focus on to improve efficiency.

GSA/OFPO – We expect to have more precise data on the actual cost to perform particular services (activities) and to provide services to specific customers (GSA Services or other federal agencies). This will allow more precise pricing to each customer. We expect to be able to compare divisions/ branches where appropriate and to leverage this information to drive process improvement.

HUD – N/A

SBA – Could inform budget decisions by management. Could link performance with cost.

USDA/APHIS – There are many variables that might make it difficult to compare administrative and/or operational costs in such a way. The comparison may highlight or uncover efficiencies

that one agency or organization has implemented, that might be transferable to another agency.
USDA/FSA – If comparisons among offices prove to be methodologically valid, regional cost and output analysis will be helpful to analyze efficiencies.

USDA/OCFO – We hope to be able to track and calculate actual costs of our service lines in order to accurately bill our customers for services provided.

USDA/OCIO – Benchmarking across agencies; understanding true cost/benefit relationships in the provision of services to those agencies

Question 21

What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?

DOC/NIST – The establishment of a standardized methodology of cost accounting across Government Agencies. Most agencies are accustomed to budgetary accounting and not cost accounting.

DOC/NOAA – Establishing points of contact could pose a problem. The formatting of how the data is presented could also be a challenge.

DOC/USPTO – In order to do any type of meaningful comparison, costs must be captured in a similar fashion and defined very, very specifically. For example, if you just say, "include IT costs", some people will provide an individual's share of the entire IT structure across the whole organization, and some will only include the person's PC.

DOD/USACE – USACE charges current workload for the cost of accrued retirement benefits.

DOD/NAVY – Unwillingness to change processes

ED/FSA – Internal/External: Willingness to share information (more external), differing ways of calculating costs, differing ways of performing/providing a service, differing ideas on what should constitute the costs.

DOI/USBR – Comparative analysis is difficult because data is not consistent.

DOT/FHWA – focusing on the differences/uniquenesses of agencies rather than their similarities

DOT/FAA – Making sure costs being compared are homogeneous enough to draw the right conclusions.

EPA – Cost versus price issues might arise. An agency might want to perform a certain function on a federal-wide level. The full cost of performing that service might exceed what the agency could reasonably expect to price its service at and be competitive. One agency's organizational structure may include more administrative type function's/costs than another's putting that agency at a competitive disadvantage when pricing its services.

GSA/OFPO – We believe there are barriers to comparing across agencies where the risk is comparing "apples and oranges".

HUD – Comparing similar programs administered by different agencies

SBA – Non comparable economies of scale, different organizations and program operations.

USDA/APHIS – The barriers or obstacles would be those variables among agencies. Some agencies are regulatory in nature, and may incur more administrative or operational costs that another agency would not.

USDA/FSA – There may be a sense of data ownership and an unwillingness to share information. Should some areas prove to be substantially less efficient than others, this may well cause additional difficulties

USDA/OCFO – N/A

USDA/OCIO – Resistance to divulge or share information thought to be sensitive or confidential; differences in philosophy with respect to how costs are pooled for assignment purposes and/or unit cost reporting.

COST ACCOUNTING SYSTEM

Question 22

Have you developed an automated MCA system that produces cost information for managers?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOT/FAA, DOT/FHWA, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOI/USBR, EPA, GSA/FPSP

Question 23

If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?

Standard Costing – DOD/USACE, DOD/NAVY, DOT/FHWA, USDA/OCFO

Activity-based costing – DOC/NIST, DOC/USPTO, ED/FSA, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

Job order costing – DOC/NOAA, DOD/USACE, USDA/OCFO

Process Costing – USDA/APHIS, USDA/OCFO

Other – DOD/USACE (Direct Project Costing), DOT/FAA (FAA uses a methodology that is most similar to Activity Based and Job Order costing. Most costs are accumulated in and/or directly traced to defined projects and activities (outputs)), USDA/APHIS (In some cases, costs may be distributed based on manual calculations that take a variety of factors into account.)

Question 24

If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?

DOC/NIST – We use a relational database and reporting tools. The Finance Office has the ability to update the system and both the Finance and Budget Offices monitor accuracy.

DOC/NOAA – Various NOAA staff members are responsible for data being put into the system as verifying its accuracy and/or reliability. Changes to the system are authorized by the Department of Commerce.

DOC/USPTO – The software used for ABC at PTO is SAP Profitability and Cost Management (called ABIS at USPTO). The ABC contractor is responsible for the data extraction from the Enterprise Data Warehouse and integration with the ABIS. Only the ABI Division of the Office of Finance, with support from the Financial Systems Division, is permitted to change the system. The ABI division is responsible for the reliability and accuracy of the data in the system.

DOD/USACE – The Corps of Engineers Financial Management System (CEFMS). It is used by all USACE activities and user roles are assigned based on function at the activity level.

DOD/NAVY – Navy ERP is the system. Field Business Financial Managers and Comptrollers are responsible for the data. Navy ERP is permitted to make changes.

ED/FSA – FSA's ABC system is CostPerform. The ABC Team, within the FSA CFO office, is responsible for entering and editing data in the system. The team is also responsible for the accuracy and reliability of the data.

DOT/FAA – The FAA's Cost Accounting System (CAS) consists of three major components: (1) Front End Control System (FECS) – Processes financial and statistical (operational) data and formats it for use in PeopleSoft. (2) PeopleSoft Projects Application (an Oracle, commercial off-the-shelf application) – Maintains the financial and operational data residing in the database; performs cost allocations; and provides application security. (3) Report, Analysis, and Distribution System (RADS) – FAA's online tool for accessing CAS reports. A weekly file is imported to CAS from the Agency's Oracle-based core financial system (called "DELPHI"). This file contains revenues, expenses, gains and losses for labor and non labor transactions. Operational data from several systems throughout the Agency is also imported. Memorandums of Understandings are in place with system owners to define roles and responsibilities. Any requested changes to CAS are submitted to a Configuration Control Board (CCB) that meets weekly. The CCB approves, scopes and prioritizes all system changes. The accuracy and reliability of the CAS data is dependent on the accuracy and reliability of the extracts CAS gets from the core financial system and other operational systems. Also, our Cost Accounting Branch has quality control processes in place to check for the accuracy and completeness of the data.

DOT/FHWA – when the system was operational, the CFO staff coordinated input from payroll and accounting. Deputy CFO was system owner.

HUD – The TEAM system is administered by the CFO Office of Budget based on individual

submission of identified tasks

SBA – Oros cost accounting system.

USDA/APHIS – APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation module in FFIS to distribute costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years. All of these systems have established security that limits input to trained users who have the proper access.

USDA/FSA – Staff are assigned duties through designation of roles and responsibilities. All employees will enter ABC data and all managers will review for accuracy

USDA/OCFO – CMIS - Cost Management Information System; CMIS models are built using a software application from SAP/Business Objects known as PCM (Profitability and Cost Management.) Rae Ann Martino, Mgmt Analyst, Cathy Boyd, Budget Analyst, Michelle Santiago, Mgmt Analyst were the model builders. Martino, Boyd & Santiago input the data and ensure the accuracy and reliability of the data in CMIS. Dennis Jack, Associate Director, Reporting and Administration, directs and supervises the efforts of the analysts.

USDA/OCIO – CMIS - Cost Management Information System; designed by Lisa Johnson, Chief - Financial Management Branch, ITS; architected and built by Al Baker, Mgmt+Program Analyst, ITS-FMB; data input and managed by Mary Eckart, Mgmt+Program Analyst, ITS-FMB. Baker and Eckart are responsible for the accuracy and reliability of the data in CMIS. CMIS models are built using a software application from SAP/Business Objects known as PCM (Profitability and Cost Management.)

Question 25

If you answered no to question 22, please describe the system or process you use.

DOI/USBR – Access databases and spreadsheets

EPA – Managerial cost accounting data resides in the Agency's financial system.

GSA/FPSD – Personnel costs are tracked utilizing our timekeeping system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs. The distribution of other costs such as supplies, rent, utilities, and travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc we can easily identify a specific task and/or client to attribute the cost to. In other cases, such as general supplies, rent, etc, the costs will be allocated based on the percentages derived from our personnel costs. All of these calculations will be done manually at this time.

GSA/OFPO – We are using the previously described ETAMS. Employees or their branch chiefs

input the data. The OCFO is responsible for the system (a different office in the OCFO from our office.) We are responsible (employees, supervisors, management) for the accuracy of our own data in the ETAMS system. Labor costs are tracked using the ETAMS system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs. The distribution of other costs such as supplies, rent, utilities, and travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc. we can easily identify a specific task and/or client to attribute the cost to. In other cases, such as general supplies, rent, etc. the costs will be allocated based on the percentages derived from our personnel costs. All of these calculations will be done manually at this time.

HUD – The FTE percentages derived from TEAM are used to allocate administrative costs to responsibility centers defined in HUD's consolidated financial statements.

USDA/OCFO – Until full implementation of CMIS we currently employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires certain assumptions.

Question 26

Have you considered implementing eXtensible Business Reporting Language (XBRL) to capture and report managerial cost information?

Yes – DOT/FHWA, GSA/OFPO

No – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, GSA/FPSD, HUD, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

Question 27

If you answered yes to question 26, please describe the outcome of your consideration of XBRL.

DOT/FHWA – on hold until MCA “next steps” are finalized

GSA/OFPO – We considered XBRL in our overall approach to cost accounting for all of GSA. We will consider its use at a later date after we use MCA throughout all of OCFO and are expanding its use across GSA.

COST ACCOUNTING METHODOLOGY/ASSIGNMENT

Question 28

Please list the responsibility segments you have defined for the entity(ies) for which you are answering this questionnaire.

DOC/NIST – Operating Units, Budget Programs/Projects

DOC/NOAA – NOAA's responsibility segments include the following: Office of Marine and Aviation Operations, National Ocean Service, Office of Oceanic and Atmospheric Research, National Weather Service, National Environmental Satellite, Data, and Information Service, Program Planning and Integration

DOC/USPTO – The primary responsibility segments at USPTO are Patents, Trademarks, and Intellectual Property Protection (IPP).

DOD/USACE – USACE major business lines are Civil Works, Military Programs, IIS, and R&D. All use the same MCA.

ED/FSA – Chief Financial Office, Chief Information Office, Program Compliance, Business Operations, Student Aid Awareness and Application Service, Business Transformation and Administrative Services, Enterprise Performance Management Services, Communication and Outreach Staff, Policy Liaison and Implementation, Ombudsman.

DOI/USBR – Too many to list in this survey.

DOT/FAA – The mission of the FAA is to provide the safest, most efficient aerospace system in the world. CAS responsibility segments are the four lines of business that have a direct role to accomplish this goal: Air Traffic Organization (ATO), Aviation Safety (AVS), Airports (ARP) and Commercial Space Transportation (AST). These lines of business (LOBs) work together to create, operate, and maintain the National Airspace System.

DOT/FHWA – program office (headquarters), field office locations - similar to Assessable Unit for OMB Circular A-123 reporting

EPA – The Agency's responsibility segments are its five Strategic Plan Goals: 1) Clean Air and Global Climate Change; 2) Clean and Safe Water; 3) Land Preservation and Restoration; 4) Healthy Communities and Ecosystems and 5) Compliance and Environmental Stewardship.

GSA/FPSPD – We are tracking our costs separately between our internal work done for GSA (T1) and the work done for external client agencies (B3)

GSA/OFPO – Responsibility segments are each of the 6 divisions, the DCFO office heading the Office of Financial Policy and Operations, and where appropriate segmenting the divisions' work into internal work for GSA and work done for external customer agencies.

HUD – FHWA, GNMA, Section 8 Rental Assistance, Community Development Block Grants, HOME, Operating Subsidies, Public and Indian Housing Loans and Grants, Housing for the Elderly and Disabled and All Other Programs.

SBA – Costs are reported for SBA's strategic goal categories. Costs are reported on both obligation and expense basis.

USDA/APHIS – The responsibility segments for APHIS, AMS, and GIPSA are the major programs within the entities.

USDA/FSA – Field offices go to the county office level; headquarters offices go to the division level

USDA/OCFO – Accounting Processing Services, Administrative Payment Services, Cash Reconciliation Services, Financial Reporting Services, Intra-governmental Payment and Collection Services, Property Accounting Services, and Federal Funding and Accountability Act

(FFATA)/American Recovery and Reinvestment Act (ARRA)

USDA/OCIO – Various branches contained within the following ITS divisions: Infrastructure Governance Division, Infrastructure Definition Division, Infrastructure Operations Division, Technical Support Division, and Administrative Management Division

Question 29

Please list the cost objects you have defined for the entity/ies for which you are answering this questionnaire.

DOC/NIST – Various programs and projects far to numerous to list. We are a scientific community with very detailed projects.

DOC/NOAA – NOAA uses projects and tasks as its cost object.

DOC/USPTO – We have an ABC cost model for each USPTO organization. Each model has cost objects. There are approximately 150 cost objects in total consisting of products, services or customers as appropriate. We would be happy to supply a complete list if you are interested.

DOD/USACE – Project Codes, Appropriation Codes, Army Management Structure Codes (AMSCO), Account Period, Resource Codes, Standard Elements of Resource, and Object Class

ED/FSA – Electronic/Paper FAFSA Application, Pell Disbursements, ACG Disbursements, SMART Disbursements, TEACH Disbursements, Direct Loan Origination and Disbursements, Direct Loan PLUS Origination and Disbursements, FSEOG Disbursements, Perkins Loan Program Disbursements, Federal Work Study Program Disbursements, LEAP/SLEAP Program Disbursements, Direct Loan Consolidation, Loan Servicing, Default Collections, Conditional Disability Discharge, FFELP Monitoring of Financial Partners, FFEL Reviews, Compliance Audits, School Reviews (Audit Reviews, Eligibility Reviews, Financial Reviews, Program Reviews, Management & Other Reviews), Monitoring and Oversight of Schools (Public, Private, Proprietary, Foreign).

DOI/USBR – Too many to list in this survey.

DOT/FAA – Each major FAA Line of Business defined the products and services provided to its users. These services represent the final cost objects in CAS where cost is accumulated in projects and tasks.

DOT/FHWA – organization, task, service

EPA – The Agency has over a hundred environmental and support cost objects (i.e. outputs) which are defined as program/projects. Program/projects are part of the account code structure which is used to capture the cost of outputs of the various Agency programs.

GSA/FPSP – We have developed a list of over 250 specific tasks that are performed by the various branches of the Financial & Payroll Services Division. The tasks are grouped by major categories such as Administrative Work, Supervisory Duties, Customer Service, Process Cash, Process Entries & Payments, Reconciliations & Analysis, Reporting, Program Management, Fixed Assets, Perform AR Functions, Client Relations, Process Biweekly Payroll, Account/Systems Reconciliations, Systems Support and Management

GSA/OFPO – The cost objects are the over 250 activities identified, defined, and assigned a labor tracking code. We also identified and assigned a labor tracking code for customer agencies to be used with the activity code where applicable.

HUD – BOCs used by HUD to record personnel compensation costs (BOC 1100) and other indirect costs such as travel (BOC 2100, 2300, 2400)

SBA – Program activities are the cost objects.

USDA/APHIS – Cost objects vary and include items such as inspections, certificates issues, volume of product graded, etc.

USDA/FSA – Cost objects are driven by outputs at the county office level, such as contracts approved or contracts maintained

USDA/OCFO – Cycles run; 1099s produced; maintenance requests; IAS, telephone, and utility invoices processed; GovTrip audits; relocation travel authorizations and vouchers; debts collected/managed; FMS-224 reports; FACTS I and II reports, FMS6652s reconciled; FBWT reconciliations; agency financial statements reviewed; TRORs processed; real and personal property reconciliations; volume of assets; FFATA/ARRA records.

USDA/OCIO – **(1.) SERVICES: COMMUNICATION SERVICES: -- Network Services** (SCA Data Circuits, Internet Access/WAN, Alternative Office Connectivity, Above Core Data Circuits); **Wireless Services** (Cell Phones, Blackberry/Smart Phone, Broadband Card /Wireless, Connectivity Solutions (Network), Wireless Miscellaneous); **Conferencing Services** (Video and Voice); **Voice Services** (Primary Local Circuits (Toll Free), Long Distance/Federal Calling Card, Voice Solutions and Voice Mail); **Hardware Certification Services** (Standard Hardware Certification (Core) and Supplemental Hardware Certification(Above-Core)); **Patch Management; Software Certification Services** (Standard Software Certification (Core) and Supplemental Software Certification (Above-Core)); **Security Services** (Continuity Services, Data Security, Security Program Management, Network Security, and Security Incident Management); **Change Management** (Change Management Services, Release Management Services, and Configuration Management Services); **Business Application Hosting; Data Center and Hosting Services; Application Hosting; Technical/Deployment Services** (System Administration and DBA, ITS Hosting Provisioning Services, NITC Facility Charges/Servers, Thin Client Centralized Storage, and Web Farm Infrastructure); **Enterprise Data Services; NITC SAN Storage; End-User Services** (Includes help desk); **End-User File, Print and Data Services; Accommodation Services; Account Management Services; Enterprise Messaging Services-MOU** (Enterprise Messaging Services and Enterprise Messaging Premium Services); **Deployment Management Services** (Client Desktop, Client Hardware Peripherals, Standard (Core) Software, Supplemental (Above-Core) Software, and Thin Client Desktop); **Field Server Infrastructure; Facilities Management Services** (Office Moves, Consolidations, Closures, Renovations and Computer Room Management); **Service Desk Services** (Problem Management, Requests for Service/Information, and Requests for Service-EGov); and **Fleet Management/Repair. (2.) CUSTOMERS: Office of the Chief Information Officer; Rural Development; Farm Service Agency; Risk Management; Natural Resources Conservation Service; I – Indirect; S - Forest Service; and Other Customers. (3.) STATES: Including large and small offices**

Question 30

Have you revised your responsibility segments or cost objects since the first year you reported?

Yes – DOC/NIST, DOC/USPTO, DOD/USACE, ED/FSA, EPA, SBA, USDA/FSA, USDA/OCIO

No – DOC/NOAA, DOI/USBR, DOT/FAA, DOT/FHWA, GSA/FPSD, GSA/OFPO, HUD, USDA/APHIS, USDA/OCFO

Question 31

If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.

DOC/NIST – Yes – based on Congressional direction

DOC/USPTO – The responsibility segments changed as the strategic plan changed.

DOD/USACE – As appropriation requirements or management initiatives change, appropriate changes are made to the accounting system to track and report requirements, i.e. ARRA.

ED/FSA – Cost objects are added to the model based on changes in the organization and data provided by the program managers.

DOT/FAA – There have been revisions within the responsibility segments. For example, the Air Traffic Organization line of business has reorganized twice since FAA implemented this segment in the Cost Accounting System.

EPA – See answer to question 12. Revisions to responsibility segments may occur as a part of the Strategic Plan development process. Cost objects (i.e., outputs) may be revised as part of the annual planning/budget process.

SBA – Model adjusted for changes in organization, programs and annual plan initiatives.

USDA/FSA – Focus groups review annually

USDA/OCIO – Updating the service catalog and list of customer agencies as ITS has grown and expanded; also in concert with changeover to new financial accounting system.

Question 32

Have you implemented full costing as defined by SFFAS 4?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, HUD, SBA, USDA/APHIS, USDA/OCIO

No – DOT/FHWA, GSA/FPSD, GSA/OFPO, USDA/FSA, USDA/OCFO

Question 33

If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, ED/FSA, DOT/FAA, EPA, HUD, SBA, USDA/APHIS, USDA/OCIO

No – DOD/NAVY

Question 34

If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?

Yes – DOD/NAVY, DOI/USBR, DOT/FAA, DOT/FHWA, HUD, SBA

No – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, ED/FSA, EPA, USDA/APHIS, USDA/OCIO

Question 35

If you answered yes to question 34, please describe your agency's costs not assigned to programs.

DOD/NAVY – Comptroller shops, Commanding Officers

DOI/USBR – General management for Policy and Administration of non-reimbursable activities.

DOT/FAA – At the end of an accounting cycle, there are certain general ledger adjustments that are required to prepare the financial statements. Some of these adjustments are coded at a "high level" (e.g. corporate level), but the level of detail required for cost accounting data is not available. Examples of this kind of entry are: audit adjustments, reclassified accounts, intra-agency eliminations, and entries related to appropriations that are canceling. Usually the amount is nominal and is "spread" prorata for the final year-end Statement of Net Cost.

HUD – They represent administrative costs not attributable to specific responsibility centers

SBA – Inspector general and Congressionally mandated grants.

Question 36

In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional inter-entity costs?

Yes – DOC/NOAA, DOC/USPTO, ED/FSA, DOT/FHWA, EPA, HUD, USDA/FSA, USDA/OCIO

No – DOC/NIST, DOD/USACE, DOD/NAVY, DOI/USBR, DOT/FAA, GSA/FPSD, GSA/OFPO,

SBA, USDA/APHIS, USDA/OCFO

Question 37

If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.

DOC/NOAA – NOAA Buoy Center - NOAA has an agreement with the Coast Guard whereby the Coast Guard does maintenance work on NOAA's buoy system and does not charge NOAA for this service

DOC/USPTO – The DOC Working Capital Fund charges.

ED/FSA – Department of Education

DOT/FHWA – External system providers, Department headquarters, common facilities

EPA – Under-reimbursed Interagency Agreement costs with other federal entities.

HUD – A portion of HUD's administrative costs relate to OMB, OPM and the Department of Labor. These costs are defined as governmental expenses and allocated to the responsibility centers in HUD's financial statements.

USDA/FSA – Leasing, Human Resource work, work with USAID Rural development

USDA/OCIO – Costs charged by any responsibility segment that are on behalf of or in lieu of any another segment are included in CMIS, in accordance with full costs guidelines. These may include any of the aforementioned divisions and branches.

Question 38

How do you calculate administrative costs for overhead (e.g., square footage, number of employees, number of documents processed, etc)?

DOC/NIST – A majority is based on total administrative and overhead costs applied as a rate against direct labor costs by program.

DOC/NOAA – There is a small percentage of items that are paid for centrally and are then distributed out based on labor dollars.

DOC/USPTO – We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.

DOD/USACE – USACE allocates two types of overhead, Departmental and G&A (General & Administrative), and has published guidance on what types of indirect costs are allowable for each type of overhead.

DOD/NAVY – Labor Hours

ED/FSA – Overhead Surcharge Rule. The overhead costs for FSA's Outputs are calculated based on a rate, which is the total overhead costs divided by the total direct cost. This rate is

then applied to the Direct Cost for each Output.

DOI/USBR – It varies by region, our indirect costs are directly related to our labor. A separate component is identified for leave, benefits, office and regional indirect costs.

DOT/FAA – FAA allocates corporate overhead costs using a "top-down" method, known as a "waterfall" approach. Using a waterfall approach, all indirect costs, starting at the "top" of the organization, are assigned to the direct projects and services that are provided by the "bottom" organizational units. FAA's corporate indirect cost pools are typically made up of staff offices (administrative functions such as human resources and accounting) which provide support to all lines of business. CAS allocates these costs to all of the lines of business (LOB).

DOT/FHWA – principally labor hours—varies with cost type

EPA – Overhead costs such as rent, utilities, etc. are captured in the accounting system. The costs are then allocated depending on the purpose of the allocation.

GSA/FPSP – See question 39 for explanation of how we are distributing our overhead costs.

GSA/OFPO – We plan to use various methods depending on the type of costs. See my response to question 39.

HUD – FTE percentages recorded in the TEAM data base.

SBA – Overhead allocated based on \$ of direct costs.

USDA/APHIS – We use a variety of methods, but primarily number of employees and direct program dollars.

USDA/FSA – Multiple agency leases costs are computed through a combination of square footage used and the number of employees. An estimate is used in some instances.

USDA/OCFO – number of documents processed

USDA/OCIO – Number of employees

Question 39

What kind of cost assignment do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?

DOC/NIST – Direct costs are charged to programs, and indirect costs are charges based on total administrative and overhead costs applied as a rate against direct labor costs by program.

DOC/NOAA – NOAA uses both direct tracing and allocation on a reasonable and consistent basis

DOC/USPTO – We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.

DOD/USACE – Contract and direct labor costs are charged to project funds directly, direct labor funds are burdened with Departmental overhead and G&A overhead as described above.

DOD/NAVY – Direct tracing for direct costs, Pro-rated share of direct labor hours for overhead

ED/FSA – Direct tracing (majority of costs) and allocation.

DOI/USBR – We do all of the above.

DOT/FAA – Overhead is assigned by allocating on a reasonable and consistent basis. Specifically, the total direct cost (labor and non-labor) directly traced to each LOB generally determines the proportion of indirect costs allocated to each LOB total cost by organization.

DOT/FHWA – Direct (principally), allocation based on strategic goals supported

EPA – All three methods are used to assign costs to outputs depending on cost accounting needs. Direct tracing of costs to outputs is done in the Agency's financial management system via the account code. Agency support costs are allocated to programmatic outputs based on a predetermined allocation methodology. To determine working capital fund service rates, costs are assigned to intermediary organizations and then to the final cost output (service). For cost recovery, both direct tracing and allocation are used. Direct costs are identified to the output via fields in the account code. Indirect costs are determined by a series of cost allocations that results in rates assessed on direct costs to determine the full cost of the output.

GSA/FPSP – On costs other than personnel or contract labor costs, we plan to use a couple of different methods to allocate these costs. There are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services. We plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs.

GSA/OFPO – On costs other than personnel or contract labor costs (which we are directly tracing), we plan to use a couple of different methods to allocate these costs. There are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute based on cause and effect (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services by allocating on a reasonable and consistent basis. We plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs.

HUD – HUD allocates based on a reasonable and consistent basis.

SBA – Costs are assigned based on \$ of direct costs.

USDA/APHIS – We use a variety of methods: direct tracing, cause and effect, and allocation.

USDA/FSA – Direct tracing, and allocating on a reasonable and consistent basis.

USDA/OCFO – allocations as well as direct tracing and cost finding techniques

USDA/OCIO – 1. Direct tracing as per the transaction code from the core accounting system and 2. Consumption-based drivers and metrics by customer agency

Question 40

In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?

Labor data reporting – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, GSA/FPSD, GSA/OFPO, HUD, USDA/FSA, USDA/OCFO, USDA/OCIO

Periodic estimates by employee – SBA, USDA/FSA

Periodic evaluations completed by other than employee – USDA/APHIS, USDA/FSA

Other – ED/FSA (Labor data surveys completed by managers)

PROJECT IMPLEMENTATION PRACTICES

Use of Teams or Committees

Question 41

Did you use a team or committee in developing and implementing your MCA system?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – HUD

Did not use any teams or committees – GSA/FPSD, GSA/OFPO

Question 42

Did you use a team or committee to make MCA-related policy decisions?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOD/NAVY, HUD

Question 43

Did you use a team or committee for developing the details of the MCA process?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – HUD, SBA

Question 44

Did you use a team or committee to obtain and disseminate MCA information?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, USDA/APHIS, USDA/FSA, USDA/OCFO

No – DOT/FAA, DOT/FHWA, HUD, SBA, USDA/OCIO

Question 45

Did the teams or committees include different levels of staff?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – EPA, HUD

Question 46

Was one person common to all teams or committees?

Yes – DOC/USPTO, DOD/USACE, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOC/NIST, DOC/NOAA, DOD/NAVY, EPA, HUD

Question 47

Did the team or committee include user level staff like project managers?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – HUD

Question 48

Did the team or committee have clearly defined objectives or a charter?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – HUD

Question 49

Please describe any lessons learned or challenges met in the use of teams/committees.

DOC/NIST – The biggest challenge is that there are varying levels of understanding the process as a whole.

DOC/USPTO – The teams must consist of high quality staff who understand the functional processes of their organization well and can learn ABC.

DOD/USACE – When fielding our MCA, CEFMS, in the 1990s, a training team composed of all USACE organizational elements was formed, this was critical to success.

DOD/NAVY – Have the right people at the meeting, limited attendance, designate sessions as working workshops

ED/FSA – Size of the group (too large, too many competing priorities). Working with smaller groups to explain the goals, developing the unit costs, etc helped tremendously in implementing our program. Education about goals of the project took away the fear of having being evaluated solely on whether a target was met. Having a different view of the costs associated with unit costs other than the normal budgetary object classes helped the managers understand what areas they can effect and those they can't.

DOI/USBR – Headquarters was omitted from these teams which should have been included.

DOT/FAA – assure that all levels of the organization are represented; meet on a regular basis to verify that all team members are clear on the objectives and decisions are not made in a vacuum; and have an independent committee with executive power to help in making expedient decisions when the team cannot reach consensus.

DOT/FHWA – Multi-disciplined, multi-level work groups ensured that needs of entire organization were fully addressed

EPA – Involve all stakeholders in the process; disseminate information about decisions made as early as possible.

SBA – Include members from major program and support areas.

USDA/OCIO – Initially difficult because of culture change, improved with training

Use of Pilot Tests

Question 50

Did you start with a pilot to test the concept?

Yes – DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, GSA/OFPO, HUD, USDA/APHIS, USDA/FSA

No – DOC/NIST, DOC/NOAA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, GSA/FPSD, SBA, USDA/OCFO, USDA/OCIO

Question 51

If you answered yes to question 50, please briefly describe the pilot testing process you used.

DOC/USPTO – One of the business lines (Trademarks) was the scope of the pilot ABC model.

DOD/USACE – Deployment of our MCA, CEFMS, took place over several years and functionality was developed and added in response to operational experience.

DOD/NAVY – SIGMA, CABRILLO, SMART, NEMAS

ED/FSA – Rebuilt previous FY model (2002) to test methodology/model structure.

DOT/FAA – FAA did not have a pilot but it had an incremental approach to implementation.

GSA/OFPO – We implemented the ABC MCA using ETAMS first in one division, then a second, then the remaining divisions and head of the office.

USDA/APHIS – APHIS implemented OROS (Organizational Reporting Online System) to track Activity Based Costing for several administrative functions/organizations in the late 1990's. This was only implemented for a small organization, to use as a pilot to test the concept of using ABC. APHIS also pilot tested ACMS.

USDA/FSA – An activity reporting system (ARS) was piloted in 2008 with 1000+ employees. A pilot cost model with per unit costs was tested at the end of 2008.

Question 52

If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.

DOC/USPTO – No, it was useless.

DOD/USACE – Yes, the MCA system was greatly improved by the time fielding was completed in 1998.

DOD/NAVY – Both. Helped reduced developmental time, but problems when there were different processes between the pilots

ED/FSA – Our problem was caused by having made many assumptions in our first model (the level of detail was not accurate) and when we tried to fit that the old model data into the new model, the results were not as expected.

USDA/APHIS – Pilot testing helped identify enhancements and corrections that needed to be made to the system before rolling it out to the entire entity.

USDA/FSA – Highlighted required updates in the activity dictionary

Communication

Question 53

Did you have clearly defined agency guidance?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, DOI/USBR, DOT/FAA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – ED/FSA, DOT/FHWA, GSA/FPSD, GSA/OFPO, HUD

Question 54

Did you have frequent outreach to support the promulgated guidance?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, DOI/USBR, DOT/FAA, EPA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – ED/FSA, DOT/FHWA, SBA

Question 55

Did you ask for feedback to help identify potential needs of managers?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, GSA/FPSD, GSA/OFPO, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – SBA

Question 56

Did you have training sessions to educate as many personnel as possible?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – GSA/FPSD, GSA/OFPO

Question 57

When did you do the training?

DOC/NIST – Annually and on an as needed basis.

DOC/NOAA – Training was conducted prior to “go live”

DOC/USPTO – We do training all the time. We have been doing it at various times for 12 years.

DOD/USACE – Initial training was done when our MCA was fielded, since then we have performed refresher/new employee training on a regular basis, now we have web-based training also. USACE utilized a train-the-trainer concept where trainers went through a five week training period to prepare them to teach in their respective command.

DOD/NAVY – 6 months before implementation

ED/FSA – We limited the training to those who would be providing information and data and the effected managers. As we stated earlier, we found that working with small groups was an important lesson learned. We also limited the number of users who can access our software.

DOI/USBR – In the year implementation began.

DOT/FAA – Once reports were established in CAS we used a "train the trainer" approach for the lines of business. As the Labor Distribution Reporting system (LDR) was being deployed in the

various organizations, the user community was trained on charging practices.

DOT/FHWA – Immediately before system implementation and during implementation and routine usage

EPA – FY 2000.

SBA – Prior to system implementation.

USDA/APHIS – Training was conducted just prior to implementation, with follow-up and refresher training developed post-implementation.

USDA/FSA – Users participating in the pilot were trained in early 2008. Training materials for the full ARS launch in late FY 2010 are complete. As cost data becomes available, training will be provided to managers to advise them on best use of this data.

USDA/OCFO – FY 2008 and FY 2009

USDA/OCIO – August, 2008

Pre-Implementation Period

Question 58

Did you use the pre-implementation period for experimentation?

Yes – DOC/NOAA, DOC/USPTO, DOD/NAVY, ED/FSA, DOT/FHWA, USDA/FSA, USDA/OCFO

No – DOC/NIST, DOD/USACE, DOI/USBR, DOT/FAA, EPA, GSA/FPSP, GSA/OFPO, HUD, SBA, USDA/APHIS, USDA/OCIO

Question 59

Did you use the pre-implementation period to help encourage buy-in?

Yes – DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOT/FHWA, EPA, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO

No – DOT/FAA, USDA/OCIO

Auditor Involvement

Question 60

Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?

Yes – DOC/USPTO, DOD/USACE, DOT/FAA, EPA, HUD

No – DOC/NIST, DOC/NOAA, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FHWA, GSA/FPSP,

GSA/OFPO, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

Question 61

If you answered yes to question 60, please describe the nature of the involvement.

DOC/USPTO – IG auditors were present (along with union representatives) during the requirements gathering portion of the initial ABC model implementation. In addition, USPTO sent IG auditors to software training to become familiar with the selected ABC software (HyperABC). Finally, the IG conducted an early review of the cost accounting model to make sure it complied with accounting requirements prior to an agency-wide full blown implementation.

DOD/USACE – Auditors are a key part of the process to keeping our MCA, CEFMS, in compliance with published guidance and identifying potential weaknesses.

DOT/FAA – The DOT OIG performed several audits on CAS from 1999-2008. All recommendations were implemented.

EPA – The OIG was briefed regarding how the Agency planned to implement MCA.

HUD – The OIG reviews the results of the cost allocation study as part of the HUD consolidated audit.

Question 62

If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.

DOC/USPTO – There was significant benefit to having the auditors (IG) involved in the initial implementation of the ABC project (considered a best practice). By involving the IG early and allowing them to gain an understanding of the model structure and software, this allowed auditor 'sign-off' on the model and provided momentum for moving forward with the ABC initiative.

DOD/USACE – USACE has received an unqualified audit opinion the last three years, 2007, 2008 and 2009.

DOT/FAA – The benefit of the OIG involvement was that when recommendations were implemented, the integrity of the managerial reports was improved. The drawback is that some Lines of Business may not have agreed with the recommendation and may not have wanted to report at a low level of detail.

EPA – The Agency obtained the understanding and buy-in of the OIG prior to implementing the system.

HUD – As a result of OIG's reviews, no major changes have been made in the cost allocation process.

AGENCY CULTURE, MANAGEMENT ATTITUDES, AND COMMUNICATION

Question 63

How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?

DOC/NIST – Because NIST is primarily a scientific community, the culture is more of a business practice rather than a Governmental.

DOC/NOAA – Management fosters an environment whereby all costs should be captured.

DOC/USPTO – Executives and high level managers are very aware of the expense data and are leveraging it more frequently in recent years, particularly for fee analyses.

DOD/USACE – Since USACE primarily is a design and construction management entity, and we must charge all District costs to our projects, cost accounting is central to what we do.

DOD/NAVY – Cost accounting was not a high priority except for external reporting and rate setting

ED/FSA – Some managers have more interest in the cost information than others. Some managers have little knowledge of the cost information. The new Chief Operating Officer of FSA has a high level of interest, which will result in more interest and more dissemination of cost information.

DOI/USBR – Reclamation functions like a utility company in that many of our costs are reimbursable from our customers, because of this, our employees are quite familiar with cost accounting.

DOT/FAA – There is a basic understanding of cost accounting and its benefits but additional training and outreach can certainly enhance the knowledge.

DOT/FHWA – Apathetic

EPA – Depends on the organization. Those affiliated with the Working Capital Fund or with programs in which cost recovery is required have a greater understanding/competency than those in other areas.

GSA/FPSP – Management in the Financial & Payroll Services Division was receptive to implementing a cost accounting program. There was some resistance among the staff when the requirement to start tracking their time by task/client was introduced to them, but for the most part, that resistance has been eliminated

GSA/OFPO – The culture of our office is customer-service oriented, and the management attitude was that this would help our customer-service (by accurate cost tracking). Our competencies relating to this is that we are accountants and technicians who have the competencies to do the time/cost tracking.

HUD – Limited

SBA – Has fluctuated over the years.

USDA/APHIS – Management in the MRP entities (APHIS, AMS, and GIPSA) is generally supportive of cost accounting and believes cost data to be meaningful. The current (and future) core accounting system cannot and will not meet the agencies full cost accounting needs. MRP entities do not have the resources or core competencies to develop a rigorous cost accounting system or methodology for accumulating full costs for numerous activities or programs.

USDA/FSA – There is limited knowledge about cost accounting.

USDA/OCFO – Supportive

USDA/OCIO – Maturing, widely used for budget formulation and pricing of services

Question 64

Does senior management support your attempts to implement cost accounting in your organization?

Yes – DOC/NIST, DOC/NOAA, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOI/USBR, DOT/FAA, EPA, GSA/FPSD, GSA/OFPO, SBA, USDA/APHIS, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOT/FHWA, HUD

Question 65

Does your organization have a “champion” for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?

Yes – DOC/NIST, DOC/USPTO, DOD/USACE, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, GSA/FPSD, GSA/OFPO, SBA, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOC/NOAA, DOD/NAVY, EPA, HUD, USDA/APHIS

Question 66

If you answered yes to question 65, what is his/her title and function?

DOC/NIST – Deputy CFO

DOC/USPTO – The Chief Financial Officer is the USPTO champion for MCA.

DOD/USACE – USACE Director Resource Management

ED/FSA – Chief Operating Officer and the Chief Financial Officer

DOI/USBR – Director of Management Services, Working Capital Fund Manager, Chief of the Contracting Activity and Deputy Chief Finance Officer; Operation and Policy

DOT/FAA – CFO

DOT/FHWA – Deputy CFO

GSA/FPSD – Director, Financial & Payroll Services Division

GSA/OFPO – Deputy CFO, Office of Financial Policy and Operations

SBA – CFO

USDA/FSA – Chief Financial Officer of FSA

USDA/OCFO – Associate CFO Financial Operations

USDA/OCIO – Chief – Financial Management Branch, OCIO-ITS

Question 67

Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?

Yes – DOC/NIST, DOC/USPTO, DOD/USACE, ED/FSA, DOI/USBR, DOT/FAA, DOT/FHWA, GSA/OFPO, HUD, USDA/OCFO

No – DOC/NOAA, DOD/NAVY, EPA, GSA/FPSD, SBA, USDA/APHIS, USDA/FSA, USDA/OCIO

Question 68

If you answered yes to question 67, does the statement or policy include the following objectives and uses?

Budgeting and cost control – DOC/NIST, DOC/USPTO, DOD/USACE, ED/FSA, DOT/FHWA, GSA/OFPO, HUD, USDA/OCFO

Performance measurement – DOC/NIST, DOC/USPTO, DOD/USACE, DOD/NAVY, ED/FSA, DOT/FAA, DOT/FHWA, GSA/OFPO, HUD, USDA/OCFO

Determining reimbursements and setting fees and prices – DOC/NIST, DOC/USPTO, DOD/USACE, DOI/USBR, DOT/FAA, DOT/FHWA, GSA/OFPO, USDA/OCFO

Program evaluations – DOC/NIST, DOC/USPTO, DOD/USACE, GSA/OFPO, USDA/OCFO

Making economic choice decisions – DOC/NIST, DOC/USPTO, DOD/USACE, ED/FSA, DOI/USBR, GSA/OFPO, USDA/OCFO

Improving service delivery – DOC/NIST, DOC/USPTO, DOD/USACE, DOI/USBR, GSA/OFPO, USDA/OCFO

Other – N/A

Question 69

If any of the objectives and uses listed in question 68 is not applicable, please explain why.

ED/FSA – Determining reimbursements and setting fees and prices is not applicable because we don't have prices or fees. "Program evaluations" is not applicable because the cost is not the right measure to evaluate our programs. Improving service delivery is not applicable

because we measure that surveying our customers.

DOI/USBR – Addressed in other Policy

DOT/FHWA – Program managers do not see the relevance of MCA for direct programs.

HUD – HUD's policy regarding the implementation of a cost allocation system and its intended benefits have not been finalized by senior staff.

Question 70

Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?

Yes – DOC/USPTO, DOD/USACE, DOI/USBR, DOT/FAA, USDA/FSA, USDA/OCFO, USDA/OCIO

No – DOD/NAVY, ED/FSA, DOT/FHWA, GSA/FPSD, GSA/OFPO, HUD

Question 71

If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).

DOC/NIST – It is unknown to us as the establishment occurred in 1956.

DOC/USPTO – Communications was maintained through use of a Steering Committee, training, presentations to various groups and executives, bulletins, PTO "What's New", booth at Community Day, and whatever else we could think of.

DOD/USACE – The key to adoption of CEFMS, our MCA, was command involvement from HQUSACE down to the district (field) level.

DOI/USBR – Formal and informal communication to Leadership and Functional Teams and staff

DOT/FAA – Lines of Business driven internal communications strategy was developed to convey CAS vision and implications; CAS awareness and feedback campaigns included customized messages from Executive management to staff; and Weekly Status meetings were conducted during implementation phase

USDA/FSA – Cost model demos have been presented to all levels of management, employee organizations and pilot groups

USDA/OCFO – Meetings, workgroups, training sessions

USDA/OCIO – Meetings with senior managers to describe objectives and train on activity based cost accounting

OTHER

Question 72

If the board decides to propose additional cost accounting standards, our agency would be willing to field test the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

Yes – ED/FSA, DOI/USBR, USDA/OCIO

No – DOC/NOAA, EPA, HUD, USDA/APHIS, USDA/OCFO

Maybe – DOC/NIST, DOC/USPTO, DOD/USACE, DOD/NAVY, DOT/FAA, DOT/FHWA, GSA/FPSP, GSA/OFPO, SBA, USDA/FSA

Question 73

Do you have any other comments?

DOC/USPTO – MCA will never be fully accepted and used effectively unless there is a strong link to the budget process directed by clear guidance.

DOD/USACE – It is extremely important to USACE to maintain an unqualified audit opinion.

ED/FSA – Not at this time.

EPA – I have no further comments.

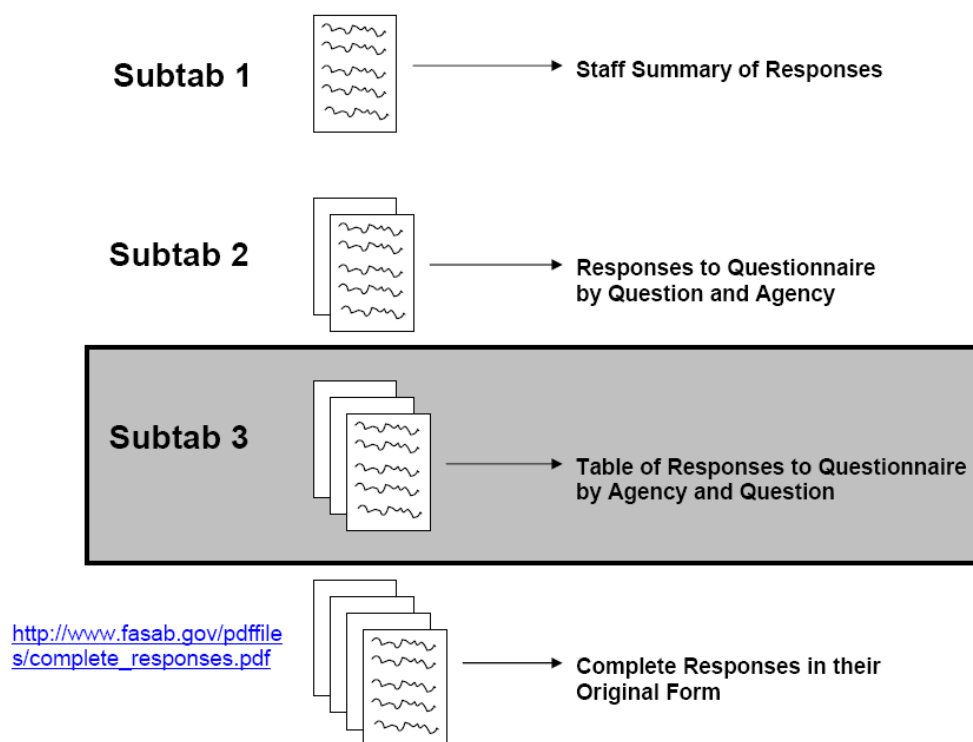
HUD – None

USDA/OCFO – The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010.

USDA/OCIO – Not at this time.

Tab F, Subtab 3

Table of Responses to Questionnaire by Agency and Question



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Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q1.	Q2.	Q3.	Q4.	Q5. and Q6.
DOC/NIST	Yes	NIST Working Capital Fund (WCF) – established in 1956	Department of Commerce – NIST	Revolving	No
DOC/NOAA	Yes	NOAA	NOAA	Both	No
DOC/USPTO	Yes	We have implemented MCA for 100% of USPTO expenses for all organizations including all support orgs. MCA was implemented in 1997 USPTO-wide.	We are answering this questionnaire for USPTO as an entire entity.	Non-revolving	No
DOD/USACE	Yes	MCA is accomplished through the Corps of Engineers Financial Management System (CEFMS). It was fully deployed in USACE in 1998 and has been operational since.	All components of USACE use CEFMS which provides MCA.	Both	No
DOD/NAVY	Yes	NAVAIR 2008, NAVSUP, SPAWAR	Entities on Navy ERP	Both	No
ED/FSA	Yes	Federal Student Aid (FSA) in 2002	FSA	Non-revolving	No
DOI/USBR	Yes	For all Project Construction Costs and Working Capital Funds	All of Reclamation	Both	No
DOT/FAA	Yes	MCA is currently implemented for the Federal Aviation Administration (FAA) which is one of the modal bureaus for the Department of Transportation (DOT). The FAA oversees the safety of civil aviation. FAA's safety mission includes the issuance and enforcement of regulations and standards related to the manufacture, operation, certification and maintenance of civil aircraft and commercial space vehicles. The agency is also responsible for the rating and certification of airmen, the certification of airports serving air carriers, and the development and operation of an air traffic control and navigation system for aircrafts. FAA began developing its enterprise Cost Accounting System (CAS) in 1996, as directed by the Federal Aviation Reauthorization Act of 1996, or AIR -21 and it started the implementation	All Lines of Business (LOBs) within the Federal Aviation Administration: These lines of business include the Air Traffic Organization, Airports, Aviation Safety and Commercial Space Transportation. The cost accounting business rules for Commercial Space Transportation require an update.	Both	Yes – Since FY 1999, the DOT Office of Inspector General has routinely audited FAA's Cost Accounting System and made recommendations for improvement. Some of the OIG findings include: improve overhead allocations, ensure system methodology and documentation complies with Federal accounting standards, link the labor distribution system to cost accounting, and ensure

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q1.	Q2.	Q3.	Q4.	Q5. and Q6.
		in 1998 with the Air Traffic Organization line of business.			proper project coding. FAA has concurred with all OIG findings and has implemented corrective action.
DOT/FHWA	Yes	FY 2006 agency-wide at Federal Highway Administration	Federal Highway Administration agency-wide	Both	No
EPA	Yes	Agency-wide implementation beginning FY 2000.	Answering for the Agency as a whole.	Both	Yes, compliance issue regarding full cost output reporting. (SFFAS 4)
GSA/FPSD	Yes	We implemented a form of MCA in the GSA OCFO Financial & Payroll Services Division in January 2010. This Division is made up of four branches: Financial Information Control Branch, Financial Operations & Disbursement Branch, National Payroll Branch and the External Services Branch.	GSA OCFO Financial & Payroll Services Division	Revolving	No
GSA/OFPO	Yes	--	GSA, OCFO, Office of Financial Policy and Operations (comprised of 6 divisions and a DCFO office)	Revolving	No
HUD	Yes	HUD – S&E Appropriations based on responsibility centers- FY 2002	Department of Housing and Urban Development	Both	No
SBA	Yes	SBA – 73000001 Small Business Administration (Agency wide)	73000001 Small Business Administration (Agency wide)	Both	No
USDA/APHIS	Yes	APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation	All MRP entities.	Both	Yes, APHIS received the following finding: GAO Report on Managerial Cost Accounting (GAO-06-1002R) recommended that

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q1.	Q2.	Q3.	Q4.	Q5. and Q6.
		module in FFIS to distribute indirect program and agency costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years.			APHIS use its APHIS Cost Management System data fields for MCA as a step toward better informed managerial decision-making.
USDA/FSA	Yes	Farm Service Agency (FSA) 2008	FSA	Both	No
USDA/OCFO	Yes	USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations	Associate Chief Financial Officer-Financial Operations.	Revolving	Yes, a GAO report was issued in FY 2006 with recommendations to the Secretary of Agriculture to promote the implementation and use of reliable MCA methodologies to better inform managerial decision making in USDA and its components.
USDA/OCIO	Yes	Office of the Chief Information Officer, International Technology Services; ITS is the in-house provider of information technology, service and support for over 40,000 USDA Service Center Agency employees and their networked computers, IT equipment, and the shared infrastructure that their agency networks and applications run on. MCA has been implemented at ITS since 2008.	– ITS - International Technology Services	Both	No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
DOC/NIST	At least one / no more	At this time it is unnecessary	It is used for financial reporting.	In addition it is management decision making	It is used to determine our profit and loss within the WCF
DOC/NOAA	At least one / no more	This has been implemented for NOAA overall.	Financial Statement Preparation and Performance Reporting	--	Net costs of operations can be found in the Statement of Net Costs. These are broken down by Strategic Goal. Full costs are also captured in Property, Plant, and Equipment on the Balance Sheet. We use full costing when bringing an asset into operation.
DOC/USPTO	At least one / <u>do</u> more	We have already implemented MCS in all USPTO organizations. We are constantly improving and producing new reports and functionality.	The primary use of cost information is for financial reporting (SNC & footnotes).	USPTO uses cost information for fee setting, budget formulation, performance reporting, business decisions, and process improvement.	Costs are incorporated into performance reporting through the Efficiency Measures (EM) and cost management measures. EMs are calculated by taking total expenses for Patents and Trademarks, including associated portions of support organizations, and dividing by production volume. Cost management measures are used for general reporting but also for organizational assessments.
DOD/USACE	At least one / no more	We have implemented MCA in all USACE entities.	Delivering projects within the budgeted amount.	Reporting, budget development, cost estimating,	USACE districts are not funded, therefore 100% of their costs are allocated to

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
				asset usage rate development.	projects. ED/FSA –
DOD/NAVY	At least one / do more	Required for Navy ERP solution	Managerial Reports	Rate setting	Direct Costs plus overhead
ED/FSA	At least one / no more	MCA was implemented for the entire FSA organization.	Performance reporting	Contract negotiations, cost reduction, budget formulation, process improvement.	Our model calculates direct, partially-loaded, and fully-loaded unit costs. We only report on direct costs in our Annual Report.
DOI/USBR	At least one / no more	--	Reporting on Working Capital Fund Activities	Budget Formulation and Asset Management	Costs are incorporated through the Statement of Net Cost
DOT/FAA	At least one / do more	FAA has implemented MCA for all lines of business. Any changes to the Cost Accounting System going forward will be to further refine the LOB business rules and/or reporting requirements.	FAA's primary use of cost accounting information is to establish Overflight fees/rates.	FAA has used the Cost Accounting System to: -Establish overhead rates to be used in reimbursable costing -Produce the general purpose Statement of Net Cost by Program and by Strategic Goal -Develop model	As part of the Agency's Business Strategic Plan, FAA organizations are attempting to develop, track and report performance metrics using full cost on a quarterly basis. Examples from the Strategic Plan are: cost per flight controlled, grant administration efficiency measure, direct labor costs of certification of foreign and domestic repair stations.

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
				for billing DOD for long range radar program in support of the National Defense Program -Performance measurement	
DOT/FHWA	At least one / no more	MCA model was too difficult and costly to support, provided little actionable information for leaders. We intend to incorporate MCA in our Departmental accounting system upgrade.	Project cost distribution for reimbursable work	Limited: agency overhead for our direct major programs is <1% of funding	N/A
EPA	--	--	Reporting	Cost recovery, user fees, working capital fund pricing, shared services pricing.	Full cost is reported in the Agency's Performance Accountability Report and in the Financial Statements.
GSA/FPSP	At least one / no more	We have implemented this in all branches of the Financial & Payroll Services Division.	We originally started this project to help us identify the cost of providing payroll and accounting services to each of our client agencies so we could more accurately price our services. This data will also assist us in responding to numerous data calls throughout the year showing the amount of time and funding we utilize in order to provide accounting services to our clients within GSA.	N/A	N/A
GSA/OFPO	At least	We have implemented MCA in all of	Our primary use of cost	Our office and	Performance reporting is

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
	one / do more	the Office of Financial Policy and Operations (the entity on which I am reporting). However, we do plan to implement MCA in all of the OCFO offices at a later.	information is to accurately charge customers (GSA Services and other federal agencies) for the cost of our services.	the OCFO are currently using the information to identify areas for potential process improvements and efficiencies.	done by another office in the OCFO using budget and actual data.
HUD	At least one / no more	HUD's funding process does not warrant further cost allocation procedures	Workflow analysis and identification of administrative costs to program accounts	N/A	HUD's PAR discusses outputs and results related to its strategic goals.
SBA	At least one / no more	All organizations with the SBA are included in the implementation.	Financial Statement reporting - Net Cost report, PAR	Used in the past for decision making on program and operational decisions. We plan to use cost information for performance measure next year.	Full costs are developed by program for performance reporting.
USDA/APHIS	At least one / do more	The current USDA accounting system, FFIS, does not provide MCA. USDA is implementing SAP (known as FMFI in USDA), which has a more robust cost management module than FFIS. APHIS, AMS, and GIPSA will implement FMFI in the spring of 2011. All three agencies will examine their current cost accounting methodologies and consider changes as they configure FMFI for implementation.	APHIS, AMS and GIPSA use cost information to track current year spending, to build budget requests for future years and to develop emergency and contingency fund requests. The agencies also provide the cost information to program managers to track costs for their user fee programs and make program funding decisions.	The entities use cost information to develop reimbursable rates and user fees for services provided to the public.	APHIS uses its core financial system (Foundation Financial Information System -- FFIS) and program systems to obtain data for the Full Cost budget exhibits, and that data is used for reporting on the PAR objectives and performance measures. APHIS is unable to provide full accounting costs of supporting the goal,

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
					objectives or performance measures because APHIS does not have a system designed for this function. APHIS captures cost information at a high level for financial statement purposes. AMS and GIPSA obtain data from FFIS and program systems to provide full accounting costs of supporting the goals, objectives, and performance measures.
USDA/FSA	At least one / <u>do</u> more	BPMS will be used throughout FSA and are working with multiple agencies within the Department of Agriculture to develop an integrated MCA system	Budgeting	Determining program needs, analyzing performance and managerial decision making	We are working towards doing full cost reporting using automated systems but are not currently reporting via these automated systems. Any full cost reporting is done on a manual basis.
USDA/OCFO	At least one / <u>do</u> more	The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010. CMIS will: Comply with SFFAS 4 and 30, accumulate and analyze financial and non-financial data to allocate costs to organizational units as well as activities, establish cost and performance baselines in support of	We are in the process of implementing a cost management system. A number one use has not been decided but will include determining cost of services, assist in making staff decisions and adjusting workloads	Currently we employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires	We will be able to employ this measurement once we have implemented CMIS.

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q7.	Q7. Why or why not?	Q8.	Q9.	Q10.
		managerial decision making, utilize the principles of Standard Costing as well as Activity-based Costing in order to capture full costs, identify/assign costs to the various responsibility segments and along their respective line of business, and establish cost objects that are related to specific responsibility segments in compliance with SFFAS 4.		certain assumptions.	
USDA/OCIO	At least one / do more	MCA is recognized as a vital tool for understanding the true costs of services provided; this understanding aids management decisions concerning pricing, customer billing, budgeting, and resource planning.	To provide accurate cost information to ITS leadership in oversight of ITS operations, by recommending, developing and establishing cost accounting, budgeting and internal control policies, requirements and standards.	Develop, implement, and maintain cost reporting, including unit costs, to ITS leadership and customer agencies in support of Service Line Agreements (SLAs) and to ensure that metrics/costs align with budgetary requirements.	Costs of resources that contribute directly or indirectly to the provision of services to customer agencies are included in all cost reports generated by the ITS-CMIS (Cost Management Information System) including costs regardless of the responsibility segment which originally consumed the cost. This is achieved within the core accounting system which contains charge codes for both direct and indirect services, the latter being integrated into the direct services using consumption-based drivers and customer metrics.

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Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
DOC/NIST	Yes – It is done on a continual basis.	Yes – The analysis is used to determine fees, surcharges, and reimbursement rates.	No	1) It has allowed us to calculate and charge true costs more accurately, 2) It provides a more accurate basis for cost analysis. 3) It provides a more accurate cost benefit analysis of program performance.
DOC/NOAA	Yes – NOAA conducts constant monitoring of its business rules with input from our user community.	Yes – We believe program managers rely more on budgetary information with regards to making decisions than using cost information.	No	The DoCs financial system allows data to be reviewed at various levels. This should prove helpful in allowing managers to make effective decisions.
DOC/USPTO	Yes – We change portions of our MCS every year. In 2009, we overhauled our Patent model, Trademark model and OCIO model. We began using the new Patent and Trademark models in first quarter 2010 and will begin using the revised OCIO model in second quarter 2010.	Yes – Program managers use cost information for fee costing and setting, budgetary uses, performance measures such as efficiency and cost management measures, and for business decisions such as choosing which portion of the Patent process to improve and automate. I answered Yes to #13, but here is what you need to do: embed the MCA expense data in the fundamental processes such as financial reporting, budgeting and performance reporting. Business usage evolves from that.	Yes – This is the fundamental problem with MCA today. There is no guideline for linkage between MCA and budget. At PTO, the prior year organizational expense percentages, translated to obligations, becomes the starting point for budget formulation. More guidance from FASAB is required to bring about a government version of the CAM-I (Consortium of Advanced Management International) closed loop to guide federal budget formulation.	Our three greatest successes in implementing MCA are: 1. Ongoing Patent and Trademark Fee Studies, 2. Continued use of the ABC data for financial reporting (SNC & Footnotes), 3. Use of ABC data in the budget formulation process since 1998.
DOD/USACE	Yes – Reviews are on-going. Customers enter	Yes – MCA allows us to determine the proportion of our	No	1. Our MCA system has cost data available in real-time. 2. Our upward reports are available immediately at the end of the month. 3. Our

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
	change requests and as regulatory requirements change the system is updated accordingly.	workload that can be done with in-house resources or contractors.		fiscal year rollover process takes approximately 24 hours.
DOD/NAVY	Yes – Continuous monitoring of customer issues	Yes – external reports, set customer rates, organizational realignment	Yes – Department of Navy Industrial Budgeting Information System (DONIBIS)	Rates, surcharges, reports
ED/FSA	Yes – We perform a continuous review of our system and make any necessary adjustments.	Yes – Cost information has been used in contract negotiations and budget formulation.	Yes – Our MCA system is built on assignments, tracing, and allocations of expenditures to outputs.	Establishing cost targets and reporting on FSA's performance annually. Predicting budgets based on volumes, supporting budget requests. Contract negotiation. We were able to challenge a contractor's bid to increase their capacity to originate more loans and were able to save \$4M.
DOI/USBR	Yes – In the last two years, Reclamation conducted several reviews under the Management for Excellence Initiative which resulted in new Directive and Standards and new business management practices in the Working Capital Fund.	Yes – Reclamation created the SPCCR to capture cost and repayment data by project to facilitate better management of existing infrastructure, increase knowledge and understanding of the repayment status of these facilities, to increase transparency of construction costs of our customers.	Yes – Reclamation formulates budget in much more detail.	1) Consistency in a decentralized organization through Standard Process of Costing. 2) Flexibility and transparency of our indirect costs in the Working Capital Fund. 3) Facilitate better management of contacts

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Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
DOT/FAA	<p>Yes – We are currently (February 2010-June 2010) conducting a cost management assessment study. The objective of this study is to characterize how cost management and cost information is currently being used in FAA and tie agency uses to the following areas mentioned in SFFAS #4: Budgeting and Cost Control, Performance Measurement, Determining Reimbursements, Setting Fees and Prices, Program Evaluations, and Economic Choice Decisions. This effort is not only a review of agency cost requirements,</p>	<p>Yes and No – An example was the strategic decision to outsource the Agency's flight service stations in October 2005 to realize cost savings. The Cost Accounting System provided the data to support the A-76 analysis that resulted in the outsourcing of FAA's flight service stations. It has been difficult to get the LOBs to fully embrace MCA. The culture is based on managing by "obligations" rather than "expense" data. We continually struggle with ways to make the data more useful to our program managers. Perhaps more training on MCA and its uses can give the LOBs more understanding on how to manage with cost.</p>	<p>Yes – Our Cost Accounting System reports the costs associated with programs that "roll up" to services that are provided by each line of business. In contrast, the Budget is focused on reporting by program that roll up to the Agency's goals.</p>	<p>Outsourcing of the flight service stations</p> <ul style="list-style-type: none"> - Collecting overflight fees, and -Improved reimbursable cost recovery

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
	but also an opportunity for cost accounting outreach.			
DOT/FHWA	No	No – If data were timely and in a format relevant to decision makers	No	none
EPA	Yes – The Agency periodically develops a Strategic Plan which is aligned to the budget via the account code structure captured in the Agency's financial system. The latest Strategic Plan is for 2009-2014 and was developed in FY 2008.	Yes – Managers use this information to track the cost of program outputs, for cost recovery, to measure performance and to set fees.	No	1) working capital fund; 2) integration of financial accounting and other data systems (e.g., contracts, grants, programs); 3) cost recovery.
GSA/FPSD	No – We have not completed a system review as we just started the project in the last two months.	Yes – Internal users are not yet receiving the data as we just starting gathering costs within the last two months.	No	N/A - we just implemented program within last two months.
GSA/OFPO	Yes – We just reviewed the needs of the OCFO in the past year, and, as a result, we implemented a new	Yes – We just started using activity-based cost accounting to track labor costs by activity and customer in our electronic time and attendance management	No	New to doing it, but we can see exactly where the time/ resources are going, which is useful for managing those resources.

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Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
	MCA in January 2010.	system (ETAMS) by activities and customers. Previously, we did periodic tracking outside of the ETAMS system. We used this information to identify areas of process improvements.		
HUD	Yes – HUD CFO Budget Office reviews and updates TEAM for cost allocation purposes	Yes – Allows HUD to track employees' time based on specific tasks for major programs.	No	N/A
SBA	Yes – FY 2009. We realized that besides financial statement preparation we currently are not using the cost information for our organization's needs. We plan to improve our cost system so it can respond to the Agency's needs.	Yes – At times cost information has been used for decision making.	No	--
USDA/APHIS	Yes – All three components are in the process of reviewing their current system as part of the effort to	Yes – AMS has developed a Statement of Operations analysis which is a profit and loss statement derived from the ledger within FFIS. This analysis shows managers their activity by month	No	--

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
	implement FMFI in spring of 2011.	<p>to support informed manager analysis and decision making. AMS managers regularly review these reports and use them to manage cost. Cost information is available for APHIS managers for decision-making purposes and is used on an as-needed basis. The responsibility lies with those managers to determine the best data to make decisions and the appropriate level of data use. GIPSA currently uses operational performance information to report financial performance to management and demonstrate alignment with strategic plans. GIPSA makes economic decisions on a case-by-case basis using the best cost or financial data available.</p>		
USDA/FSA	Yes – Reviews are on-going. Some adaptations are incorporated during each review process to better show the true cost of doing business.	Yes – The standards serve as an excellent starting point; currently we utilize various manual systems for input into decisions. We believe the BPMS system will provide the basis for decisions in the future.	Yes – Data for budget formulation is computed manually.	1. Automated budget formulation/execution to track costs and get closer to a full costing environment. 2. Develop a pilot cost model to begin per unit costing 3. Began an Activity Reporting System to track employee activities for MCA purposes
USDA/OCFO	Yes – FY 2009 Appropriate modifications have	Yes – See response to questions 7 and 8.	Yes – Actual cost by service line versus a calculated amount used for	--

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Name	Q11. and Q12.	Q13. – Q15.	Q16. and Q17.	Q18a.
	been made to address organizational needs.		the budget	
USDA/OCIO	Yes – Reviews are accomplished by way of monthly meetings with branch chiefs and other senior leadership within ITS and OCIO. The CMIS system has been well received.	Yes – Understanding the true costs of doing business helps internal management to determine and deploy future levels of resources in anticipation of their demand levels. It also helps gauge budget standards by measuring the variances to those standards. Users can gain insights to better achieve the organization's goals and meet strategic objectives.	No	1. Managers now have access to cost information that was previously unavailable before CMIS was implemented. 2. More accurate unit cost data across customers has enabled better focus to resource requirements and demands 3. SLAs and customer billings are more defensible

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
DOC/NIST	1) The need for a continual review of fees, surcharges, and reimbursement rates. 2) Educating the customers and management in understanding the concept of indirect cost and matching cost to revenues within the same reporting period. 3) In addition to performing the review process, it is difficult to determine the actual rates to be charged.	1) Educate your customers 2) Establish a basis for calculating rates 3) Review your calculation/analysis methods and update when organizational changes occur.	It would be beneficial to have accounts payable reports but our current system has limitations.	To determine the “best practices” by using the most cost effective process.	The establishment of a standardized methodology of cost accounting across Government Agencies. Most agencies are accustomed to budgetary accounting and not cost accounting.
DOC/NOAA	Standardization of data across our reporting segments are been a challenge.	Ensure data consistency and standardization exists. This would definitely help in ensuring the best data is available.	--	Comparing cost data with other agencies would be a good tool to leverage successes and lessons learned from those agencies. Implementing those successes could assist in driving down administrative and operational costs.	Establishing points of contact could pose a problem. The formatting of how the data is presented could also be a challenge.
DOC/USPTO	Our three greatest challenges in making MCA useful are: 1. Getting the managers to understand what ABC is and how the USPTO ABI system is designed to capture full costs, 2. Getting the right people to look at the data and actually use it (it often did not get to the operations managers but rather only to the finance and budget representatives within those program areas), 3. Push-	Our three most important lessons learned are: 1. The data must be useful to operations folks and the project must have executive-level buy-in and a champion; 2. The expense information must be integrated into the mandated reporting	We produce an abundance of cost information and apply it differently depending on which organization it originates in. It would be helpful to use the costing	Benchmarking would be beneficial as long as we compare apples to apples. Benchmarking would be very difficult with different quality MCAs between agencies. Process improvements could be made in less	In order to do any type of meaningful comparison, costs must be captured in a similar fashion and defined very, very specifically. For example, if you just say, "include IT costs", some people will provide

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
	back saying the data is wrong and arguing over drivers instead of using the data.	requirements so that it will never fade away; 3. An executive level steering committee to approve and record decisions is necessary.	information for internal and external benchmarking on a more regular basis to help identify process efficiency improvements. It might also be useful to run expenditures and perhaps even obligations through the ABC expense models.	efficient areas by studying more efficient organizations.	an individual's share of the entire IT structure across the whole organization, and some will only include the person's PC.
DOD/USACE	1. Educating USACE project managers about USACE costing policies. 2. Developing meaningful local reports. 3. Developing meaningful enterprise reports.	1. An MCA should operate in real-time. 2. All levels of the organization must be trained in using the MCA. 3. Auditors should be involved in system design.	--	Comparing costs across agency lines would help us remain competitive, however the accounting systems would have to be similar to make comparisons fair.	USACE charges current workload for the cost of accrued retirement benefits.
DOD/NAVY	Command interpretation, lack of standardization	Normalization of business processes, standardization of data definitions	--	Ability to understand cost structure, compatibility of data	Unwillingness to change processes
ED/FSA	Having enough personnel resources to fully move to activity-based management. Applying overhead costs. Working with business unit staff to implement new uses for the model's results and the quarterly models.	Senior Management commitment and buy-in are extremely important to the success of the project. Start the ABC/M initiative as a pilot, in a specific area, before taking on the entire	Benchmark data from other agencies and private sectors.	Strengthened budget justifications, more informed contract negotiations, process improvements and cost of providing services/functions at different FSA	Internal/External: Willingness to share information (more external), differing ways of calculating costs, differing ways of performing/providin

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
		organization. Begin with an objective before designing the model. Keep information flowing to management and users. In addition, give users 'direct' access to the information. Have enough resources to develop and sustain the project.		locations.	g a service, differing ideas on what should constituent the costs.
DOI/USBR	Understanding their customer needs, not overwhelming them and training	Consistency is hard to obtain, know your customers and know your data.	Depends on the situation that you are analyzing. The information is readily available, however, it has to be pulled from multiple systems.	Business Process efficiencies and/or cost savings	Comparative analysis is difficult because data is not consistent.
DOT/FAA	<ul style="list-style-type: none"> -System complexity -Cultural change to complement managing by using budgetary data with cost accounting data -Training managers on usefulness of cost data -Ownership of managerial cost data 	<p>The following three factors are essential for a successful MCA implementation:</p> <ul style="list-style-type: none"> -Executive management leadership/support -User involvement -Clear statement of requirements -Avoid building a system or methodology that is overly 	Generating MCA reports for the Agency's franchise fund.	<ul style="list-style-type: none"> -Compare costs of similar activities and find causes for cost differences -Managers can respond to inquiries about the costs of the activities they manage -Compare cost changes over time and identify their causes 	Making sure costs being compared are homogeneous enough to draw the right conclusions.

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
		complex			
DOT/FHWA	timeliness of data, accuracy of self-reported data, ability to influence budgets and/or resource allocation	Leadership commitment is essential; integrate seamlessly with time & attendance and accounting systems; make it easy and transparent to self-report	comparison with like agencies and across similar business units	look for efficiencies	focusing on the differences/uniquenesses of agencies rather than their similarities
EPA	1) Managers are focused on their budgets (i.e., how much was spent and how much is available for spending) more than on costs; 2) Lack of integration of financial and programmatic data systems; 3) Developing reports to meet manager's specific needs.	1) Develop a flexible account code structure at a sufficient level of detail to meet managers' needs; 2) Integrate financial and other data systems to the extent possible; 3) Include all stakeholders in decision-making processes.	None for now.	These comparisons would influence decision-making about where a particular type of service should be performed, e.g., in house versus by another federal entity. Likewise, our Agency may be able to provide services to other agencies on a lower cost basis.	Cost versus price issues might arise. An agency might want to perform a certain function on a federal-wide level. The full cost of performing that service might exceed what the agency could reasonably expect to price its service at and be competitive. One agency's organizational structure may include more administrative type function's/costs than another's putting that agency at a competitive disadvantage when pricing its services.
GSA/FPSD	N/A - we just implemented program	N/A - we just implemented	N/A	We expect to obtain	--

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
	within last two months.	program within last two months.		the actual costs to perform particular services as well as costs to provide services to client agencies. The data will also be useful to managers in assessing where their branch resources are being utilized and will be helpful in looking for areas to focus on to improve efficiency.	
GSA/OFPO	We expect to have useful reports as we have data in ETAMS.	Use a pilot first. We used one, then a second division as pilots before using the ABC MCA across all 6 divisions of the Office of Financial Policy and Operations. And this Office will serve as a pilot for all of OCFO.	We plan to allocate the indirect costs based on the direct labor costs we are currently tracking since January 2010 (or later for some divisions.)	We expect to have more precise data on the actual cost to perform particular services (activities) and to provide services to specific customers (GSA Services or other federal agencies). This will allow more precise pricing to each customer. We expect to be able to compare divisions/ branches where appropriate and to leverage this information to drive process improvement.	We believe there are barriers to comparing across agencies where the risk is comparing "apples and oranges".
HUD	N/A	N/A	N/A	N/A	Comparing similar programs

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Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
					administered by different agencies
SBA	Obligation costs versus expenses; Overhead allocation; Allocation method.	Choose a good cost method and system. Implementation must include top management support. Train program managers on the difference between cost information and budget costs.	N/A	Could inform budget decisions by management. Could link performance with cost.	Non comparable economies of scale, different organizations and program operations.
USDA/APHIS	There are several challenges in making MCA information useful to managers. Collecting accurate data requires extensive training, outreach, and support from management. Collecting accurate data requires staff resources. Many of our field and mission employees are scientists, inspectors, graders, veterinarians, entomologists, etc.; it is challenging to gather cost information from this level.	--	--	There are many variables that might make it difficult to compare administrative and/or operational costs in such a way. The comparison may highlight or uncover efficiencies that one agency or organization has implemented, that might be transferable to another agency.	The barriers or obstacles would be those variables among agencies. Some agencies are regulatory in nature, and may incur more administrative or operational costs that another agency would not.
USDA/FSA	1. Getting appropriate systems purchased 2. Getting data from feeder systems to use MCA 3. Getting cooperation from all components to develop system	1. Get buy in from high level stakeholders 2. Get a good integrator 3. Keep stakeholders apprised of project status	We are not yet fully utilizing MCA to provide a response	If comparisons among offices prove to be methodologically valid, regional cost and output analysis will be helpful to analyze efficiencies.	There may be a sense of data ownership and an unwillingness to share information. Should some areas prove to be substantially less efficient than

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q18b.	Q18c.	Q19.	Q20.	Q21.
					others, this may well cause additional difficulties
USDA/OCFO	Identifying the metrics to capture the cost by the various cost centers	We needed an automated system to capture the cost data so that we can merge the cost data with the cost drivers.	We believe the CMIS will serve our cost information needs.	We hope to be able to track and calculate actual costs of our service lines in order to accurately bill our customers for services provided.	N/A
USDA/OCIO	1. Education - communicating the benefits of MCA such that more and more users will use the cost data 2. Tie-in to accounting system - CMIS is actually independent of the core financial system but still required tweaking to accommodate change-over to new accounting system 3. Training - as more and more agencies start to implement their own CMIS models, agency staff must be trained so that they can maintain their own models rather than rely solely on the original ITS staff that built the first CMIS model.	1. Communicate the benefits to all those who would be impacted, as soon as possible 2. Establish team of users who would be responsible for maintaining their cost system/models and arrange for effective training and knowledge transfer 3. Monitor results regularly to (a) ensure reconciliation with core financial system, (b) identify variances to budget, (c) get feedback from end-users as to effectiveness of cost reports so they can be modified as necessary	Cost by Strategic Organizational Goals; more Key Performance Indicators (KPIs) and Cost Scorecards / Dashboards	Benchmarking across agencies; understanding true cost/benefit relationships in the provision of services to those agencies	Resistance to divulge or share information thought to be sensitive or confidential; differences in philosophy with respect to how costs are pooled for assignment purposes and/or unit cost reporting.

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
DOC/NIST	Yes	Activity-based costing	We use a relational database and reporting tools. The Finance Office has the ability to update the system and both the Finance and Budget Offices monitor accuracy.		No
DOC/NOAA	Yes	Job order costing	Various NOAA staff members are responsible for data being put into the system as verifying its accuracy and/or reliability. Changes to the system are authorized by the Department of Commerce.		No
DOC/USPTO	Yes	Activity-based costing	The software used for ABC at PTO is SAP Profitability and Cost Management (called ABIS at USPTO). The ABC contractor is responsible for the data extraction from the Enterprise Data Warehouse and integration with the ABIS. Only the ABI Division of the Office of Finance, with support from the Financial Systems Division, is permitted to change the system. The ABI division is responsible for the reliability and accuracy of the data in the system.		No
DOD/USACE	Yes	Standard costing, Job order costing, Other (Direct Project Costing)	The Corps of Engineers Financial Management System (CEFMS). It is used by all USACE activities and user roles are assigned based on function at the activity level.		No
DOD/NAVY	Yes	Standard Costing	Navy ERP is the system. Field Business Financial Managers and Comptrollers are responsible for the data. Navy ERP is permitted to make changes.		No

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
ED/FSA	Yes	Activity-based costing	FSA's ABC system is CostPerform. The ABC Team, within the FSA CFO office, is responsible for entering and editing data in the system. The team is also responsible for the accuracy and reliability of the data.		No
DOI/USBR	No			Access databases and spreadsheets	No
DOT/FAA	Yes	Other – FAA uses a methodology that is most similar to Activity Based and Job Order costing. Most costs are accumulated in and/or directly traced to defined projects and activities (outputs).	<p>The FAA's Cost Accounting System (CAS) consists of three major components:</p> <p>Front End Control System (FECS) – Processes financial and statistical (operational) data and formats it for use in PeopleSoft</p> <p>PeopleSoft Projects Application (an Oracle, commercial off-the-shelf application) – Maintains the financial and operational data residing in the database; performs cost allocations; and provides application security</p> <p>Report, Analysis, and Distribution System (RADS) – FAA's online tool for accessing CAS reports</p> <p>A weekly file is imported to CAS from the Agency's Oracle-based core financial system (called "DELPHI"). This file contains revenues, expenses, gains and losses for labor and non labor transactions. Operational data from several systems throughout the Agency is also imported. Memorandums of Understandings are in place with system owners to define roles and responsibilities.</p> <p>Any requested changes to CAS are submitted to a Configuration Control Board (CCB) that meets weekly. The CCB approves, scopes</p>		No

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
			<p>and prioritizes all system changes.</p> <p>The accuracy and reliability of the CAS data is dependent on the accuracy and reliability of the extracts CAS gets from the core financial system and other operational systems. Also, our Cost Accounting Branch has quality control processes in place to check for the accuracy and completeness of the data.</p>		
DOT/FHWA	Yes	Standard costing	when the system was operational, the CFO staff coordinated input from payroll and accounting. Deputy CFO was system owner.		Yes – On hold until MCA “next steps” are finalized
EPA	No			Managerial cost accounting data resides in the Agency's financial system.	No
GSA/FPSD	No			<p>Personnel costs are tracked utilizing our timekeeping system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs.</p> <p>The distribution of other costs such as supplies, rent, utilities, and travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc we can easily identify a specific task and/or client to attribute the cost to. In other cases, such as general supplies, rent, etc, the costs will be allocated based on the percentages derived from our personnel costs. All of these calculations will be done</p>	No

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
				manually at this time.	
GSA/OFPO	Yes	--	--	<p>We are using the previously described ETAMS. Employees or their branch chiefs input the data. The OCFO is responsible for the system (a different office in the OCFO from our office.) We are responsible (employees, supervisors, management) for the accuracy of our own data in the ETAMS system. Labor costs are tracked using the ETAMS system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs. The distribution of other costs such as supplies, rent, utilities, and travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc. we can easily identify a specific task and/or client to attribute the cost to. In other cases, such as general supplies, rent, etc. the costs will be allocated based on the percentages derived from our personnel costs. All of these calculations will be done manually at this time.</p>	<p>Yes – We considered XBRL in our overall approach to cost accounting for all of GSA. We will consider its use at a later date after we use MCA throughout all of OCFO and are expanding its use across GSA.</p>
HUD	Yes	Activity-based costing	The TEAM system is administered by the CFO Office of Budget based on individual submission of identified tasks	The FTE percentages derived from TEAM are used to allocate administrative costs to responsibility centers defined in HUD's consolidated financial statements.	No
SBA	Yes	Activity-based costing	Oros cost accounting system.		No

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
USDA/APHIS	Yes	Activity-based costing, Process costing, Other (in some cases, costs may be distributed based on manual calculations that take a variety of factors into account.)	APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation module in FFIS to distribute costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years. All of these systems have established security that limits input to trained users who have the proper access.		No
USDA/FSA	Yes	Activity-based costing	Staff are assigned duties through designation of roles and responsibilities. All employees will enter ABC data and all managers will review for accuracy		No
USDA/OCFO	Yes	Standard costing, Activity-based costing, Job order costing, Process costing	CMIS - Cost Management Information System; CMIS models are built using a software application from SAP/Business Objects known as PCM (Profitability and Cost Management.) Rae Ann Martino, Mgmt Analyst, Cathy Boyd, Budget Analyst, Michelle Santiago, Mgmt Analyst were the model builders. Martino. Boyd & Santiago input the data and ensure the accuracy and reliability of	Until full implementation of CMIS we currently employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires certain assumptions.	No

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Name	Q22.	Q23.	Q24.	Q25.	Q26. and Q27.
			the data in CMIS. Dennis Jack, Associate Director, Reporting and Administration, directs and supervises the efforts of the analysts.		
USDA/OCIO	Yes	Activity-based costing	CMIS - Cost Management Information System; designed by Lisa Johnson, Chief - Financial Management Branch, ITS; architected and built by Al Baker, Mgmt+Program Analyst, ITS-FMB; data input and managed by Mary Eckart, Mgmt+Program Analyst, ITS-FMB. Baker and Eckart are responsible for the accuracy and reliability of the data in CMIS. CMIS models are built using a software application from SAP/Business Objects known as PCM (Profitability and Cost Management.)		No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
DOC/NIST	Operating Units, Budget Programs/Projects	Various programs and projects far too numerous to list. We are a scientific community with very detailed projects.	Yes – based on Congressional direction	Yes	Yes	No	No
DOC/NOAA	NOAA's responsibility segments include the following: Office of Marine and Aviation Operations, National Ocean Service, Office of Oceanic and Atmospheric Research, National Weather Service, National Environmental Satellite, Data, and Information Service, Program Planning and Integration	NOAA uses projects and tasks as its cost object.	No	Yes	Yes	No	Yes – NOAA Buoy Center - NOAA has an agreement with the Coast Guard whereby the Coast Guard does maintenance work on NOAA's buoy system and does not charge NOAA for this service
DOC/USPTO	The primary responsibility segments at USPTO are Patents, Trademarks, and Intellectual Property Protection (IPP).	We have an ABC cost model for each USPTO organization. Each model has cost objects. There are approximately 150 cost objects in total consisting of products, services or customers as appropriate. We would be happy to supply a complete list if you are interested.	Yes – The responsibility segments changed as the strategic plan changed.	Yes	Yes	No	Yes – The DOC Working Capital Fund charges.

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
DOD/USACE	USACE major business lines are Civil Works, Military Programs, IIS, and R&D. All use the same MCA.	Project Codes, Appropriation Codes, Army Management Structure Codes (AMSCO), Account Period, Resource Codes, Standard Elements of Resource, and Object Class	Yes – As appropriation requirements or management initiatives change, appropriate changes are made to the accounting system to track and report requirements, i.e. ARRA.	Yes	Yes	No	No
DOD/NAVY				Yes	No	Yes – Comptroller shops, Commanding Officers	No
ED/FSA	Chief Financial Office, Chief Information Office, Program Compliance, Business Operations, Student Aid Awareness and Application Service, Business Transformation and Administrative Services, Enterprise Performance Management Services, Communication and Outreach Staff, Policy Liaison and Implementation,	Electronic/Paper FAFSA Application, Pell Disbursements, ACG Disbursements, SMART Disbursements, TEACH Disbursements, Direct Loan Origination and Disbursements, Direct Loan PLUS Origination and Disbursements, FSEOG Disbursements, Perkins Loan Program Disbursements,	Yes – Cost objects are added to the model based on changes in the organization and data provided by the program managers.	Yes	Yes	No	Yes – Department of Education

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
	Ombudsman	Federal Work Study Program Disbursements, LEAP/SLEAP Program Disbursements, Direct Loan Consolidation, Loan Servicing, Default Collections, Conditional Disability Discharge, FFELP Monitoring of Financial Partners, FFEL Reviews, Compliance Audits, School Reviews (Audit Reviews, Eligibility Reviews, Financial Reviews, Program Reviews, Management & Other Reviews), Monitoring and Oversight of Schools (Public, Private, Proprietary, Foreign).					
DOI/USBR	Too many to list in this survey.	Too many to list in this survey.	No	Yes	--	Yes – General management for Policy and Administration of non-reimbursable activities.	No
DOT/FAA	The mission of the FAA is to provide the safest, most efficient aerospace system in the world. CAS responsibility segments are	Each major FAA Line of Business defined the products and services provided to its users. These services represent the final	No – There have been revisions within the responsibility	Yes	Yes	Yes – At the end of an accounting cycle, there are certain general	No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
	<p>the four lines of business that have a direct role to accomplish this goal: Air Traffic Organization (ATO), Aviation Safety (AVS), Airports (ARP) and Commercial Space Transportation (AST). These lines of business (LOBs) work together to create, operate, and maintain the National Airspace System.</p>	<p>cost objects in CAS where cost is accumulated in projects and tasks.</p>	<p>segments. For example, the Air Traffic Organization line of business has reorganized twice since FAA implemented this segment in the Cost Accounting System.</p>			<p>ledger adjustments that are required to prepare the financial statements. Some of these adjustments are coded at a "high level" (e.g. corporate level), but the level of detail required for cost accounting data is not available. Examples of this kind of entry are: audit adjustments, reclassified accounts, intra-agency eliminations, and entries related to appropriations that are canceling. Usually the amount is</p>	

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
						nominal and is "spread" prorata for the final year-end Statement of Net Cost.	
DOT/FHWA	program office (headquarters), field office locations - similar to Assessable Unit for OMB Circular A-123 reporting	organization, task, service	No	No			Yes – External system providers, Department headquarters, common facilities
EPA	The Agency's responsibility segments are its five Strategic Plan Goals: 1) Clean Air and Global Climate Change; 2) Clean and Safe Water; 3) Land Preservation and Restoration; 4) Healthy Communities and Ecosystems and 5) Compliance and Environmental Stewardship.	The Agency has over a hundred environmental and support cost objects (i.e. outputs) which are defined as program/projects. Program/projects are part of the account code structure which is used to capture the cost of outputs of the various Agency programs.	Yes – See answer to question 12. Revisions to responsibility segments may occur as a part of the Strategic Plan development process. Cost objects (i.e., outputs) may be revised as part of the annual planning/budget process.	Yes	Yes	No	Yes – Under-reimbursed Interagency Agreement costs with other federal entities.
GSA/FPSP	We are tracking our costs separately between our internal work done for GSA (T1) and the work done for	We have developed a list of over 250 specific tasks that are performed by the various branches of the Financial &	No	No			No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
	external client agencies (B3)	Payroll Services Division. The tasks are grouped by major categories such as Administrative Work, Supervisory Duties, Customer Service, Process Cash, Process Entries & Payments, Reconciliations & Analysis, Reporting, Program Management, Fixed Assets, Perform AR Functions, Client Relations, Process Biweekly Payroll, Account/Systems Reconciliations, Systems Support and Management					
GSA/OFPO	Responsibility segments are each of the 6 divisions, the DCFO office heading the Office of Financial Policy and Operations, and where appropriate segmenting the divisions' work into internal work for GSA and work done for external customer agencies.	The cost objects are the over 250 activities identified, defined, and assigned a labor tracking code. We also identified and assigned a labor tracking code for customer agencies to be used with the activity code where applicable.	No	No			No
HUD	FHA, GNMA, Section 8 Rental Assistance, Community Development Block Grants, HOME, Operating Subsidies, Public and Indian Housing Loans and Grants, Housing for the	BOCs used by HUD to record personnel compensation costs (BOC 1100) and other indirect costs such as travel (BOC 2100, 2300, 2400)	No	Yes	Yes	Yes – They represent administrative costs not attributable to specific responsibility	Yes – A portion of HUD's administrative costs relate to OMB, OPM and the Department of Labor. These costs are defined as governmental expenses and allocated

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
	Elderly and Disabled and All Other Programs.					y centers	to the responsibility centers in HUD's financial statements.
SBA	Costs are reported for SBA's strategic goal categories. Costs are reported on both obligation and expense basis.	Program activities are the cost objects.	Yes – Model adjusted for changes in organization, programs and annual plan initiatives.	Yes	Yes	Yes – Inspector general and Congression ally mandated grants.	No
USDA/APHIS	The responsibility segments for APHIS, AMS, and GIPSA are the major programs within the entities.	Cost objects vary and include items such as inspections, certificates issues, volume of product graded, etc.	No	Yes	Yes	No	No
USDA/FSA	Field offices go to the county office level; headquarters offices go to the division level	Cost objects are driven by outputs at the county office level, such as contracts approved or contracts maintained	Yes – Focus groups review annually	No			Yes – Leasing, Human Resource work, work with USAID Rural development
USDA/OCFO	Accounting Processing Services, Administrative Payment Services, Cash Reconciliation Services, Financial Reporting Services, Intra-governmental Payment and Collection Services, Property Accounting	Cycles run; 1099s produced; maintenance requests; IAS, telephone, and utility invoices processed; GovTrip audits; relocation travel authorizations and vouchers; debts collected/managed; FMS-224 reports; FACTS I and II reports, FMS6652s	No	No			No

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Name	Q28.	Q29.	Q30. and Q31.	Q32.	Q33.	Q34. and Q35.	Q36. and Q37.
	Services, and Federal Funding and Accountability Act (FFATA)/American Recovery and Reinvestment Act (ARRA)	reconciled; FBWT reconciliations; agency financial statements reviewed; TRORs processed; real and personal property reconciliations; volume of assets; FFATA/ARRA records.					
USDA/OCIO	Various branches contained within the following ITS divisions: Infrastructure Governance Division, Infrastructure Definition Division, Infrastructure Operations Division, Technical Support Division, and Administrative Management Division	See subtab 3 for complete response.	Yes – Updating the service catalog and list of customer agencies as ITS has grown and expanded; also in concert with changeover to new financial accounting system.	Yes	Yes	No	Yes – Costs charged by any responsibility segment that are on behalf of or in lieu of any another segment are included in CMIS, in accordance with full costs guidelines. These may include any of the aforementioned divisions and branches.

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
DOC/NIST	A majority is based on total administrative and overhead costs applied as a rate against direct labor costs by program.	Direct costs are charged to programs, and indirect costs are charges based on total administrative and overhead costs applied as a rate against direct labor costs by program.	Labor data reporting	Yes	Yes	Yes	Yes	Yes	No	Yes
DOC/NOAA	There is a small percentage of items that are paid for centrally and are then distributed out based on labor dollars.	NOAA uses both direct tracing and allocation on a reasonable and consistent basis	Labor data reporting	Yes	Yes	Yes	Yes	Yes	No	Yes
DOC/USPTO	We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.	We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.	Labor data reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOD/USACE	USACE allocates two types of overhead, Departmental and G&A (General & Administrative), and has published guidance on what types of indirect costs are allowable for each type of overhead.	Contract and direct labor costs are charged to project funds directly, direct labor funds are burdened with Departmental overhead and G&A overhead as described above.	Labor data reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
DOD/NAVY	Labor Hours	Direct tracing for direct costs, Pro-rated share of direct labor hours for overhead	Labor data reporting	Yes	No	Yes	Yes/ No	Yes	No	Yes
ED/FSA	Overhead Surcharge Rule. The overhead costs for FSA's Outputs are calculated based on a rate, which is the total overhead costs divided by the total direct cost. This rate is then applied to the Direct Cost for each Output.	Direct tracing (majority of costs) and allocation.	Other (labor data surveys completed by managers)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOI/USBR	It varies by region, our indirect costs are directly related to our labor. A separate component is identified for leave, benefits, office and regional indirect costs.	We do all of the above.	Labor data reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DOT/FAA	FAA allocates corporate overhead costs using a "top-down" method, known as a "waterfall" approach. Using a waterfall approach, all indirect costs, starting at the "top" of the organization, are assigned to the direct projects and services that are provided by the "bottom" organizational units. FAA's corporate indirect cost	Overhead is assigned by allocating on a reasonable and consistent basis. Specifically, the total direct cost (labor and non-labor) directly traced to each LOB generally determines the proportion of indirect costs allocated to each LOB total cost by organization.	Labor data reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
	pools are typically made up of staff offices (administrative functions such as human resources and accounting) which provide support to all lines of business. CAS allocates these costs to all of the lines of business (LOB).									
DOT/FHWA	principally labor hours—varies with cost type	Direct (principally), allocation based on strategic goals supported	Labor data reporting	Yes	Yes	Yes	No		Yes	Yes
EPA	Overhead costs such as rent, utilities, etc. are captured in the accounting system. The costs are then allocated depending on the purpose of the allocation.	All three methods are used to assign costs to outputs depending on cost accounting needs. Direct tracing of costs to outputs is done in the Agency's financial management system via the account code. Agency support costs are allocated to programmatic outputs based on a predetermined allocation methodology. To determine working capital fund service rates, costs are assigned to intermediary organizations and then to the final cost output (service). For cost recovery, both direct tracing and allocation are used. Direct costs are identified to the output via fields in the account code. Indirect costs are determined by a series of	Labor data reporting	Yes	Yes	Yes	Yes	No	No	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
		cost allocations that results in rates assessed on direct costs to determine the full cost of the output.								
GSA/FPSP	See question 39 for explanation of how we are distributing our overhead costs.	On costs other than personnel or contract labor costs, we plan to use a couple of different methods to allocate these costs. There are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services. We plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs.	Labor data reporting	Did not use any teams or committees						
GSA/OFPO	We plan to use various methods depending on the type of costs. See my response to question 39.	On costs other than personnel or contract labor costs (which we are directly tracing), we plan to use a couple of different methods to allocate these costs. There	Labor data reporting	Did not use any teams or						

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
		are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute based on cause and effect (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services by allocating on a reasonable and consistent basis. We plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs.		comm itees						
HUD	FTE percentages recorded in the TEAM data base.	HUD allocates based on a reasonable and consistent basis.	Labor data reporting	No	No	No	No	No	No	No
SBA	Overhead allocated based on \$ of direct costs.	Costs are assigned based on \$ of direct costs.	Periodic estimates by employee	Yes	Yes	No	No	Yes	Yes	Yes
USDA/APHIS	We use a variety of methods, but primarily number of employees and direct program dollars.	We use a variety of methods: direct tracing, cause and effect, and allocation.	Periodic evaluations completed by other than employee	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q38.	Q39.	Q40.	Q41.	Q42.	Q43.	Q44.	Q45.	Q46.	Q47.
USDA/FSA	Multiple agency leases costs are computed through a combination of square footage used and the number of employees. An estimate is used in some instances.	Direct tracing, and allocating on a reasonable and consistent basis.	Labor data reporting, Periodic estimates by employee, Periodic evaluations completed by other than employee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
USDA/OCFO	number of documents processed	allocations as well as direct tracing and cost finding techniques	Labor data reporting	Yes	Yes	Yes	Yes	Yes	Yes	Yes
USDA/OCIO	Number of employees	1. Direct tracing as per the transaction code from the core accounting system and 2. Consumption-based drivers and metrics by customer agency	Labor data reporting	Yes	Yes	Yes	No	Yes	Yes	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q48.	Q49.	Q50. and Q51.	Q52.	Q53.	Q54.	Q55.	Q56.	Q57.
DOC/NIST	Yes	The biggest challenge is that there are varying levels of understanding the process as a whole.	No		Yes	Yes	Yes	Yes	Annually and on an as needed basis.
DOC/NOAA	Yes		No		Yes	Yes	Yes	Yes	Training was conducted prior to “go live”
DOC/USPTO	Yes	The teams must consist of high quality staff who understand the functional processes of their organization well and can learn ABC.	Yes – One of the business lines (Trademarks) was the scope of the pilot ABC model.	No, it was useless.	Yes	Yes	Yes	Yes	We do training all the time. We have been doing it at various times for 12 years.
DOD/USACE	Yes	When fielding our MCA, CEFMS, in the 1990s, a training team composed of all USACE organizational elements was formed, this was critical to success.	Yes – Deployment of our MCA, CEFMS, took place over several years and functionality was developed and added in response to operational experience.	Yes, the MCA system was greatly improved by the time fielding was completed in 1998.	Yes	Yes	Yes	Yes	Initial training was done when our MCA was fielded, since then we have performed refresher/new employee training on a regular basis, now we have web-based training also. USACE utilized a train-the-trainer concept where trainers went through a five week training period to prepare them to teach in their respective command.
DOD/NAVY	Yes	Have the right people at the	Yes –	Both. Helped	Yes	Yes	Yes	Yes	6 months before

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Name	Q48.	Q49.	Q50. and Q51.	Q52.	Q53.	Q54.	Q55.	Q56.	Q57.
		meeting, limited attendance, designate sessions as working workshops	SIGMA, CABRILLO, SMART, NEMAIS	reduced developmental time, but problems when there were different processes between the pilots					implementation
ED/FSA	Yes	Size of the group (too large, too many competing priorities). Working with smaller groups to explain the goals, developing the unit costs, etc helped tremendously in implementing our program. Education about goals of the project took away the fear of having being evaluated solely on whether a target was met. Having a different view of the costs associated with unit costs other than the normal budgetary object classes helped the managers understand what areas they can effect and those they can't.	Yes – Rebuilt previous FY model (2002) to test methodology/ model structure.	Our problem was caused by having made many assumptions in our first model (the level of detail was not accurate) and when we tried to fit that the old model data into the new model, the results were not as expected.	No	No	Yes	Yes	We limited the training to those who would be providing information and data and the effected managers. As we stated earlier, we found that working with small groups was an important lesson learned. We also limited the number of users who can access our software.
DOI/USBR	Yes	Headquarters was omitted from these teams which should have been included.	No		Yes	Yes	Yes	Yes	In the year implementation began.

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Name	Q48.	Q49.	Q50. and Q51.	Q52.	Q53.	Q54.	Q55.	Q56.	Q57.
DOT/FAA	Yes	-assure that all levels of the organization are represented -meet on a regular basis to verify that all team members are clear on the objectives and decisions are not made in a vacuum -have an independent committee with executive power to help in making expedient decisions when the team cannot reach consensus.	No – FAA did not have a pilot but it had an incremental approach to implementation		Yes	Yes	Yes	Yes	Once reports were established in CAS we used a "train the trainer" approach for the lines of business. As the Labor Distribution Reporting system (LDR) was being deployed in the various organizations, the user community was trained on charging practices.
DOT/FHWA	Yes	Multi-disciplined, multi-level work groups ensured that needs of entire organization were fully addressed	No		No	No	Yes	Yes	Immediately before system implementation and during implementation and routine usage
EPA	Yes	Involve all stakeholders in the process; disseminate information about decisions made as early as possible.	No		Yes	Yes	Yes	Yes	FY 2000.
GSA/FPSD			No		No		Yes	No	
GSA/OFPO			Yes – We implemented the ABC MCA using ETAMS first in one division, then a second,		No		Yes	No	

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q48.	Q49.	Q50. and Q51.	Q52.	Q53.	Q54.	Q55.	Q56.	Q57.
			then the remaining divisions and head of the office.						
HUD	No		Yes		No				
SBA	Yes	Include members from major program and support areas.	No		Yes	No	No	Yes	Prior to system implementation.
USDA/APHIS	Yes		Yes – APHIS implemented OROS (Organizational Reporting Online System) to track Activity Based Costing for several administrative functions/organizations in the late 1990's. This was only implemented for a small organization, to use as a pilot to test the concept of using ABC. APHIS also pilot tested	Pilot testing helped identify enhancements and corrections that needed to be made to the system before rolling it out to the entire entity.	Yes	Yes	Yes	Yes	Training was conducted just prior to implementation, with follow-up and refresher training developed post-implementation.

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Name	Q48.	Q49.	Q50. and Q51.	Q52.	Q53.	Q54.	Q55.	Q56.	Q57.
			ACMS.						
USDA/FSA	Yes		Yes – An activity reporting system (ARS) was piloted in 2008 with 1000+ employees. A pilot cost model with per unit costs was tested at the end of 2008.	Highlighted required updates in the activity dictionary	Yes	Yes	Yes	Yes	Users participating in the pilot were trained in early 2008. Training materials for the full ARS launch in late FY 2010 are complete. As cost data becomes available, training will be provided to managers to advise them on best use of this data.
USDA/OCFO	Yes		No		Yes	Yes	Yes	Yes	FY 2008 and FY 2009
USDA/OCIO	Yes	Initially difficult because of culture change, improved with training	No		Yes	Yes	Yes	Yes	August 2008

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Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
DOC/NIST	No		No		Because NIST is primarily a scientific community, the culture is more of a business practice rather than a Governmental.	Yes	Yes – Deputy CFO	Yes
DOC/NOAA	Yes	Yes	No		Management fosters an environment whereby all costs should be captured.	Yes	No	No
DOC/USPTO	Yes	Yes	Yes – IG auditors were present (along with union representatives) during the requirements gathering portion of the initial ABC model implementation. In addition, USPTO sent IG auditors to software training to become familiar with the selected ABC software (HyperABC). Finally, the IG conducted an early review of the cost accounting model to make sure it complied with accounting requirements prior to an agency-wide full	There was significant benefit to having the auditors (IG) involved in the initial implementation of the ABC project (considered a best practice). By involving the IG early and allowing them to gain an understanding of the model structure and software, this allowed auditor 'sign-off' on the model and provided momentum for moving forward with the ABC initiative.	Executives and high level managers are very aware of the expense data and are leveraging it more frequently in recent years, particularly for fee analyses.	Yes	Yes– The Chief Financial Officer is the USPTO champion for MCA.	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
			blown implementation.					
DOD/USACE	No	Yes	Yes – Auditors are a key part of the process to keeping our MCA, CEFMS, in compliance with published guidance and identifying potential weaknesses.	USACE has received an unqualified audit opinion the last three years, 2007, 2008 and 2009.	Since USACE primarily is a design and construction management entity, and we must charge all District costs to our projects, cost accounting is central to what we do.	Yes	Yes– USACE Director Resource Management	Yes
DOD/NAVY	Yes	Yes	No		Cost accounting was not a high priority except for external reporting and rate setting	Yes	No	No
ED/FSA	Yes	Yes	No		Some managers have more interest in the cost information than others. Some managers have little knowledge of the cost information. The new Chief Operating Officer of FSA has a high level of interest, which will result in more interest and more dissemination of cost information.	Yes	Yes – Chief Operating Officer and the Chief Financial Officer	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
DOI/USBR	No		No		Reclamation functions like a utility company in that many of our costs are reimbursable from our customers, because of this, our employees are quite familiar with cost accounting.	Yes	Yes – Director of Management Services, Working Capital Fund Manager, Chief of the Contracting Activity and Deputy Chief Finance Officer; Operation and Policy	Yes
DOT/FAA	No	No	Yes – The DOT OIG performed several audits on CAS from 1999-2008. All recommendations were implemented.	The benefit of the OIG involvement was that when recommendations were implemented, the integrity of the managerial reports was improved. The drawback is that some Lines of Business may not have agreed with the recommendation and may not have wanted to report at a low level of detail.	There is a basic understanding of cost accounting and its benefits but additional training and outreach can certainly enhance the knowledge.	Yes	Yes – CFO	Yes
DOT/FHWA	Yes	Yes	No		Apathetic	No	Yes – Deputy CFO	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
EPA	No	Yes	Yes – The OIG was briefed regarding how the Agency planned to implement MCA.	The Agency obtained the understanding and buy-in of the OIG prior to implementing the system.	Depends on the organization. Those affiliated with the Working Capital Fund or with programs in which cost recovery is required have a greater understanding/competency than those in other areas.	Yes	No	No
GSA/FPSD	No		No		Management in the Financial & Payroll Services Division was receptive to implementing a cost accounting program. There was some resistance among the staff when the requirement to start tracking their time by task/client was introduced to them, but for the most part, that resistance has been eliminated	Yes	Yes – Director, Financial & Payroll Services Division	No
GSA/OFPO	No		No		The culture of our office is customer-service oriented, and the management	Yes	Yes – Deputy CFO, Office of Financial	Yes

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
					attitude was that this would help our customer-service (by accurate cost tracking). Our competencies relating to this is that we are accountants and technicians who have the competencies to do the time/cost tracking.		Policy and Operations	
HUD	No		Yes – The OIG reviews the results of the cost allocation study as part of the HUD consolidated audit.	As a result of OIG's reviews, no major changes have been made in the cost allocation process.	Limited	No	No	Yes
SBA	No	Yes	No		Has fluctuated over the years.	Yes	Yes – CFO	No
USDA/APHIS	No	Yes	No		Management in the MRP entities (APHIS, AMS, and GIPSA) is generally supportive of cost accounting and believes cost data to be meaningful. The current (and future) core accounting system cannot and will not meet the	Yes	No	No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q58.	Q59.	Q60. and Q61.	Q62.	Q63.	Q64.	Q65. and Q66.	Q67.
					agencies full cost accounting needs. MRP entities do not have the resources or core competencies to develop a rigorous cost accounting system or methodology for accumulating full costs for numerous activities or programs.			
USDA/FSA	Yes	Yes	No		There is limited knowledge about cost accounting.	Yes	Yes – Chief Financial Officer of FSA	No
USDA/OCFO	Yes	Yes	No		Supportive	Yes	Yes – Associate CFO Financial Operations	Yes
USDA/OCIO	No	No	No		Maturing, widely used for budget formulation and pricing of services	Yes	Yes – Chief – Financial Management Branch, OCIO-ITS	No

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q68.	Q69.	Q70. and Q71.	Q72.	Q73.
DOC/NIST	Budgeting and cost control, Performance measurement, Determining reimbursements and setting fees and prices, Program evaluations, Making economic choice decisions, Improving service delivery		It is unknown to us as the establishment occurred in 1956.	Maybe	
DOC/NOAA				No	
DOC/USPTO	Budgeting and cost control, Performance measurement, Determining reimbursements and setting fees and prices, Program evaluations, Making economic choice decisions, Improving service delivery		Yes – Communications was maintained through use of a Steering Committee, training, presentations to various groups and executives, bulletins, PTO "What's New", booth at Community Day, and whatever else we could think of.	Maybe	MCA will never be fully accepted and used effectively unless there is a strong link to the budget process directed by clear guidance.
DOD/USACE	Budgeting and cost control, Performance measurement, Determining reimbursements and setting fees and prices, Program evaluations, Making economic choice decisions, Improving service delivery		Yes – The key to adoption of CEFMS, our MCA, was command involvement from HQUSACE down to the district (field) level.	Maybe	It is extremely important to USACE to maintain an unqualified audit opinion.
DOD/NAVY	Performance Measurement		No	Maybe	
ED/FSA	Budgeting and cost control, Performance measurement, Making economic choice decisions	Determining reimbursements and setting fees and prices is not applicable because we don't have prices or fees. "Program	No	Yes	Not at this time.

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q68.	Q69.	Q70. and Q71.	Q72.	Q73.
		evaluations” is not applicable because the cost is not the right measure to evaluate our programs. Improving service delivery is not applicable because we measure that surveying our customers.			
DOI/USBR	Determining reimbursements and setting fees and prices, Making economic choice decisions, Improving service delivery	Addressed in other Policy	Yes – Formal and informal communication to Leadership and Functional Teams and staff	Yes	
DOT/FAA	Performance Measurement and Determining reimbursements and setting fees and prices		<p>Yes – Lines of Business driven internal communications strategy was developed to convey CAS vision and implications.</p> <p>-CAS awareness and feedback campaigns included customized messages from Executive management to staff</p> <p>-Weekly Status meetings were conducted during implementation phase</p>	Maybe	
DOT/FHWA	Budgeting and cost control, Performance measurement, Determining reimbursements and setting fees and prices	Program managers do not see the relevance of MCA for direct programs.	No	Maybe	

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q68.	Q69.	Q70. and Q71.	Q72.	Q73.
EPA				No	I have no further comments.
GSA/FPSD			No	Maybe	
GSA/OFPO	Budgeting and cost control, Performance measurement, Determining reimbursements and setting fees and prices, Program evaluations, Making economic choice decisions, Improving service delivery		No	Maybe	
HUD	Budgeting and cost control, Performance measurement	HUD's policy regarding the implementation of a cost allocation system and its intended benefits have not been finalized by senior staff.	No	No	None
SBA				Maybe	
USDA/APHIS				No	
USDA/FSA			Yes – Cost model demos have been presented to all levels of management, employee organizations and pilot groups	Maybe	
USDA/OCFO	Budgeting and cost control, Performance measurement, Determining reimbursements and setting		Yes – Meetings, workgroups, training sessions	No	The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-

Tab F – Subtab 3: Table of Responses to Questionnaire by Agency and Question

Name	Q68.	Q69.	Q70. and Q71.	Q72.	Q73.
	fees and prices, Program evaluations, Making economic choice decisions, Improving service delivery				Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010.
USDA/OCIO			Yes – Meetings with senior managers to describe objectives and train on activity based cost accounting	Yes	Not at this time.

Tab F, Subtab 4

Agency Statements of Net Cost and Related Disclosures

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Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

Allocation Transfers

The Department is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity.

The Department allocates funds, as the parent, to the Department of Transportation, Department of the Interior, Department of Defense, Department of Housing and Urban Development, U.S. Agency for International Development and the Small Business Administration. The Department receives allocation transfers, as the child, from the Department of Labor, Department of Transportation, Department of the Interior, Economic Development Administration, Appalachian Regional Commission and the Delta Regional Authority.

Inter-Entity Cost Implementation

Beginning in FY 2009, SFFAS 30, Inter-Entity Cost Implementation became effective. This standard requires full implementation of the inter-entity cost provision in SFFAS 4, Managerial Cost Accounting Standards and Concepts. Each entity's full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice.

Recognition of inter-entity costs that are not fully reimbursed is limited to material items that (1) are significant to the receiving entity, (2) form an integral or necessary part of the receiving entity's output, and (3) can be identified or matched to the receiving entity with reasonable precision. Broad and general support services provided by an entity to all or most other entities should not be recognized unless such services form a vital and integral part of the operations or output of the receiving entity.

Fiduciary Activities

Beginning in FY 2009, SFFAS 31, Accounting for Fiduciary Activities became effective. Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. Fiduciary assets are not assets of the Federal Government and are not recognized on the balance sheet. Prior period amounts presented in the basic financial statements and notes were not restated. See Note 29, Fiduciary Activities.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

NOTES TO THE FINANCIAL STATEMENTS

Source: U.S. Department of Commerce
Fiscal Year 2009 Performance and Accountability Report

DOC/NIST and DOC/NOAA

NOTE 17. CONSOLIDATED STATEMENTS OF NET COST

FY 2009 Consolidating Statement of Net Cost:

	NOAA	USPTO	ESA	NIST	NTIA	Others	Departmental Management	Combining Total	Intra- Departmental Eliminations	Consolidating Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers										
Intergovernmental Gross Costs \$	- \$	-	\$ 547,708	\$ 11	-	\$ 227,060	\$ 76,704	\$ 851,483	\$ (84,380)	\$ 767,108
Gross Costs With the Public	-	-	2,478,857	121,300	-	672,146	35,573	3,307,875	-	3,307,875
Total Gross Costs	-	-	3,026,565	121,311	-	899,206	112,277	4,159,358	(84,380)	4,074,978
Intergovernmental Earned Revenue	-	-	(237,357)	-	-	(29,831)	(81,588)	(348,776)	84,380	(264,396)
Earned Revenue From the Public	-	-	(5,878)	-	-	(9,266)	(24)	(16,168)	-	(16,168)
Total Earned Revenue	-	-	(244,235)	-	-	(39,097)	(81,612)	(364,944)	84,380	(280,564)
Net Program Costs	-	-	2,782,330	121,311	-	860,108	30,665	3,794,414	-	3,794,414
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness										
Intergovernmental Gross Costs	-	404,786	-	129,844	202,327	6,530	76,704	820,191	(97,949)	722,242
Gross Costs With the Public	-	1,577,154	-	694,433	996,539	21,640	35,575	3,325,341	-	3,325,341
Total Gross Costs	-	1,981,940	-	824,277	1,198,866	28,170	112,279	4,145,532	(97,949)	4,047,583
Intergovernmental Earned Revenue	-	(7,443)	-	(127,114)	(32,216)	(14,914)	(81,591)	(263,278)	97,949	(165,329)
Earned Revenue From the Public	-	(1,919,687)	-	(71,177)	(209)	(11,158)	(22)	(2,002,253)	-	(2,002,253)
Total Earned Revenue	-	(1,927,130)	-	(198,291)	(32,425)	(26,072)	(81,613)	(2,265,531)	97,949	(2,167,582)
Net Program Costs	-	54,810	-	625,986	1,166,441	2,098	30,666	1,880,001	-	1,880,001
Strategic Goal 3: Promote Environmental Stewardship										
Intergovernmental Gross Costs	677,895	-	-	-	-	-	76,727	754,622	(82,650)	671,972
Gross Costs With the Public	3,710,398	-	-	-	-	-	35,586	3,745,984	-	3,745,984
Total Gross Costs	4,388,293	-	-	-	-	-	112,313	4,500,606	(82,650)	4,417,956
Intergovernmental Earned Revenue	(184,643)	-	-	-	-	-	(81,615)	(266,258)	82,650	(183,608)
Earned Revenue From the Public	(82,001)	-	-	-	-	-	(23)	(82,024)	-	(82,024)
Total Earned Revenue	(266,644)	-	-	-	-	-	(81,638)	(348,282)	82,650	(265,632)
Net Program Costs	4,121,649	-	-	-	-	-	30,675	4,152,324	-	4,152,324
NET COST OF OPERATIONS	\$ 4,121,649	\$ 54,810	\$ 2,782,330	\$ 747,297	\$ 1,166,441	\$ 862,206	\$ 92,006	\$ 9,826,739	\$ -	\$ 9,826,739

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

NOTES TO THE FINANCIAL STATEMENTS

Source: U.S. Department of Commerce
Fiscal Year 2009 Performance and Accountability Report

DOC/NIST and DOC/NOAA

FY 2008 Consolidating Statement of Net Cost

	NOAA	USPTO	ESA	TA	Others	Departmental Management	Combining Total	Intra- Departmental Eliminations	Consolidating Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers									
Intragovernmental Gross Costs	\$ -	\$ -	\$ 370,872	\$ -	\$ 209,606	\$ 74,640	\$ 655,118	\$ (79,520)	\$ 575,598
Gross Costs With the Public	-	-	1,193,020	108,440	576,239	46,406	1,924,105	-	1,924,105
Total Gross Costs	-	-	1,563,892	108,440	785,845	121,046	2,579,223	(79,520)	2,499,703
Intragovernmental Earned Revenue	-	-	(233,519)	-	(35,776)	(85,029)	(354,324)	79,520	(274,804)
Earned Revenue From the Public	-	-	(15,873)	-	(10,895)	-	(26,768)	-	(26,768)
Total Earned Revenue	-	-	(249,392)	-	(46,671)	(85,029)	(381,092)	79,520	(301,572)
Net Program Costs	-	-	1,314,500	108,440	739,174	36,017	2,198,131	-	2,198,131
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness									
Intragovernmental Gross Costs	-	359,059	-	151,201	35,895	74,640	620,795	(89,058)	531,737
Gross Costs With the Public	-	1,533,531	-	679,436	703,318	46,406	2,962,691	-	2,962,691
Total Gross Costs	-	1,892,590	-	830,637	739,213	121,046	3,583,486	(89,058)	3,494,428
Intragovernmental Earned Revenue	-	(7,428)	-	(137,089)	(33,798)	(85,029)	(263,344)	89,058	(174,286)
Earned Revenue From the Public	-	(1,854,746)	-	(42,330)	(303)	-	(1,897,379)	-	(1,897,379)
Total Earned Revenue	-	(1,862,174)	-	(179,419)	(34,101)	(85,029)	(2,160,723)	89,058	(2,071,665)
Net Program Costs	-	30,416	-	651,218	705,112	36,017	1,422,763	-	1,422,763
Strategic Goal 3: Promote Environmental Stewardship									
Intragovernmental Gross Costs	673,505	-	-	-	-	74,663	748,168	(77,638)	670,530
Gross Costs With the Public	3,619,018	-	-	-	-	46,419	3,665,437	-	3,665,437
Total Gross Costs	4,292,523	-	-	-	-	121,082	4,413,605	(77,638)	4,335,967
Intragovernmental Earned Revenue	(173,045)	-	-	-	-	(85,055)	(258,100)	77,638	(180,462)
Earned Revenue From the Public	(77,586)	-	-	-	-	-	(77,586)	-	(77,586)
Total Earned Revenue	(250,631)	-	-	-	-	(85,055)	(335,686)	77,638	(258,048)
Net Program Costs	4,041,892	-	-	-	-	36,027	4,077,919	-	4,077,919
NET COST OF OPERATIONS	\$ 4,041,892	\$ 30,416	\$ 1,314,500	\$ 759,658	\$ 1,444,286	\$ 108,061	\$ 7,698,813	\$ -	\$ 7,698,813

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

NOTES TO THE FINANCIAL STATEMENTS

Source: U.S. Department of Commerce
Fiscal Year 2009 Performance and Accountability Report

DOC/NIST and DOC/NOAA

Major Programs: The following tables illustrate major programs of the Department. "Other Programs" refers to the other programs within each strategic goal. The "Others" column refers to the Department's reporting entities that are not listed. The Others column data and the Other Programs data are presented solely to reconcile these tables to the Combining Total columns on the *Consolidating Statements of Net Cost*.

FY 2009 Statement of Net Cost by Major Program (Combining Basis):

PROGRAM COSTS	NOAA	Census Bureau	NIST	USPTO	Others	Combining Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
<i>Decennial and Periodic Censuses</i>						
Gross Costs	\$ -	\$ 2,015,059	\$ -	\$ -	\$ -	\$ 2,015,059
Less: Eamed Revenue	-	-	-	-	-	-
Net Program Costs	-	2,015,059	-	-	-	2,015,059
<i>Other Programs</i>						
Gross Costs	-	911,079	121,311	-	1,111,909	2,144,299
Less: Eamed Revenue	-	(238,281)	-	-	(126,663)	(364,944)
Net Program Costs	-	672,798	121,311	-	985,246	1,779,355
Net Program Costs for Strategic Goal 1	-	2,687,857	121,311	-	985,246	3,794,414
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Gross Costs	-	-	689,751	-	-	689,751
Less: Eamed Revenue	-	-	(170,517)	-	-	(170,517)
Net Program Costs	-	-	519,234	-	-	519,234
<i>Patents</i>						
Gross Costs	-	-	-	1,744,676	-	1,744,676
Less: Eamed Revenue	-	-	-	(1,697,432)	-	(1,697,432)
Net Program Costs	-	-	-	47,244	-	47,244
<i>Trademarks</i>						
Gross Costs	-	-	-	193,187	-	193,187
Less: Eamed Revenue	-	-	-	(229,698)	-	(229,698)
Net Program Costs	-	-	-	(36,511)	-	(36,511)
<i>Other Programs</i>						
Gross Costs	-	-	134,526	44,077	1,339,315	1,517,918
Less: Eamed Revenue	-	-	(27,774)	-	(140,110)	(167,884)
Net Program Costs	-	-	106,752	44,077	1,199,205	1,350,034
Net Program Costs for Strategic Goal 2	-	-	625,986	54,810	1,199,205	1,880,001
Strategic Goal 3: Promote Environmental Stewardship						
<i>Ecosystems</i>						
Gross Costs	1,701,525	-	-	-	-	1,701,525
Less: Eamed Revenue	(135,569)	-	-	-	-	(135,569)
Net Program Costs	1,565,956	-	-	-	-	1,565,956
<i>Other Programs</i>						
Gross Costs	2,686,768	-	-	-	112,313	2,799,081
Less: Eamed Revenue	(131,075)	-	-	-	(81,638)	(212,713)
Net Program Costs	2,555,693	-	-	-	30,675	2,586,368
Net Program Costs for Strategic Goal 3	4,121,649	-	-	-	30,675	4,152,324
NET COST OF OPERATIONS	\$ 4,121,649	\$ 2,687,857	\$ 747,297	\$ 54,810	\$ 2,215,126	\$ 9,826,739

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

NOTES TO THE FINANCIAL STATEMENTS

Source: U.S. Department of Commerce
Fiscal Year 2009 Performance and Accountability Report

DOC/NIST and DOC/NOAA

FY 2008 Statement of Net Cost by Major Program (Combining Basis):

PROGRAM COSTS	NOAA	Census Bureau	NIST	USPTO	Others	Combining Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
<i>Decennial and Periodic Censuses</i>						
Gross Costs	\$ -	\$ 585,247	\$ -	\$ -	\$ -	\$ 585,247
Less: Earned Revenue	-	-	-	-	-	-
Net Program Costs	-	585,247	-	-	-	585,247
<i>Other Programs</i>						
Gross Costs	-	888,587	108,440	-	996,949	1,993,976
Less: Earned Revenue	-	(243,930)	-	-	(137,162)	(381,092)
Net Program Costs	-	644,657	108,440	-	859,787	1,612,884
Net Program Costs for Strategic Goal 1	-	1,229,904	108,440	-	859,787	2,198,131
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Gross Costs	-	-	671,829	-	-	671,829
Less: Earned Revenue	-	-	(115,746)	-	-	(115,746)
Net Program Costs	-	-	556,083	-	-	556,083
<i>Patents</i>						
Gross Costs	-	-	-	1,655,656	-	1,655,656
Less: Earned Revenue	-	-	-	(1,624,993)	-	(1,624,993)
Net Program Costs	-	-	-	30,663	-	30,663
<i>Trademarks</i>						
Gross Costs	-	-	-	192,587	-	192,587
Less: Earned Revenue	-	-	-	(237,181)	-	(237,181)
Net Program Costs	-	-	-	(44,594)	-	(44,594)
<i>Other Programs</i>						
Gross Costs	-	-	133,714	44,347	885,353	1,063,414
Less: Earned Revenue	-	-	(41,210)	-	(141,593)	(182,803)
Net Program Costs	-	-	92,504	44,347	743,760	880,611
Net Program Costs for Strategic Goal 2	-	-	648,587	30,416	743,760	1,422,763
Strategic Goal 3: Promote Environmental Stewardship						
<i>Ecosystems</i>						
Gross Costs	1,645,797	-	-	-	-	1,645,797
Less: Earned Revenue	(67,201)	-	-	-	-	(67,201)
Net Program Costs	1,578,596	-	-	-	-	1,578,596
<i>Other Programs</i>						
Gross Costs	2,646,726	-	-	-	121,082	2,767,808
Less: Earned Revenue	(183,430)	-	-	-	(85,055)	(268,485)
Net Program Costs	2,463,296	-	-	-	36,027	2,499,323
Net Program Costs for Strategic Goal 3	4,041,892	-	-	-	36,027	4,077,919
NET COST OF OPERATIONS	\$ 4,041,892	\$ 1,229,904	\$ 757,027	\$ 30,416	\$ 1,639,574	\$ 7,698,813

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOCAUSPTO

Message from the Acting Chief Financial Officer

The latter half of FY 2009 proved to be a challenging period of time for the USPTO. Being an Agency funded entirely by user fees, the recent economic downturn brought about a decline in fee collections, revealed vulnerability in the method for financing the USPTO, and hampered operations of the U.S. patent system. The impact of the downturn became evident when our customers started paying for fewer new patent applications and patents maintained.



In response, the USPTO promptly implemented almost \$200 million in budget reductions and cost-savings measures: stopping all overtime, including that producing patents and fees; suspending new hiring, but for a few critical positions; reducing or eliminating all non-essential, information technology (IT) business system improvement projects; reducing the funds applied to critical IT infrastructure projects; reducing the level of operating services obtained through contracts; curtailing performance awards; significantly reducing mission-related travel; and suspending training except where mandatory to sustain critical job qualifications. These efforts positioned the USPTO to operate within the reduced fee collection levels through the end of FY 2009, and into FY 2010.

Throughout these difficult times, the OCFO continued to play a significant role in supporting the strategic direction of the USPTO by working as a trusted partner to the organization and providing sound advice to enable informed program and financial decision-making. As we look to the future, the OCFO

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOCAUSPTO

will continue to expand its role by: working toward a long term solution for stabilizing the financing of the USPTO; intimately understanding the operations of our programs; guiding cost reduction efforts; identifying key business performance measures; adopting leading-edge information systems that support the USPTO strategic priorities; assuring compliance through adequate internal controls; and enhancing the financial and business skills of our employees.

Despite our financial challenges, and for the 17th consecutive year, we have received an unqualified opinion on our financial statements. Along with the unqualified opinion, the auditors reported no material weaknesses in the design and operation of the USPTO's system of internal control over financial reporting. In addition, the auditors reported that our financial system complies with Federal financial systems requirements. For the seventh consecutive year, the Association of Government Accountants awarded the USPTO the Certificate of Excellence in Accountability Reporting for our *FY 2008 Performance and Accountability Report*, clearly demonstrating our excellence in integrating performance and accountability reporting.

With a drive for continuous improvement, we continue to review financial management and related processes to identify areas for advancement in efficiency, financial and performance data integration, and internal controls to ensure unmatched reliability in financial activities. As a case in point, this year we sought out an independent validation of our cost accounting methodology and program. The

assessment found that the USPTO has built a robust activity-based cost modeling system that ranks at highest levels in terms of best practice within the government, as well as outside the government. This is an important foundation as we thoroughly analyze the cost of operations at the USPTO relative to the fees we charge for patent and trademark products and services.

As noted by many, the USPTO continued a high standard of financial management and its achievements and challenging goals can only be accomplished by the dedicated efforts of our talented and committed employees. We look forward to the future with confidence as we continue to exercise fiscal prudence into FY 2010.



Mark J. Olechowski
Acting Chief Financial Officer
November 5, 2009



Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

MANAGEMENT'S DISCUSSION AND ANALYSIS

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

Net (Cost)/Income (Dollars in Millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Earned Revenue	\$ 1,372.8	\$ 1,594.4	\$ 1,735.7	\$ 1,862.2	\$ 1,927.1
Program Cost	(1,424.0)	(1,514.2)	(1,769.6)	(1,892.6)	(1,981.9)
Net (Cost)/Income	\$ (51.2)	\$ 80.2	\$ (33.9)	\$ (30.4)	\$ (54.8)

STATEMENT OF NET COST

The Statement of Net Cost presents the USPTO's results of operations by the following responsibility segments—Patent, Trademark, and Intellectual Property Protection and Enforcement Domestically and Abroad. The above table presents the total USPTO's results of operations for the past five fiscal years. In FY 2005, the USPTO's operations resulted in a net cost. In FY 2006, the USPTO generated a net income due to the increased maintenance fees received and revenue recognition of previously deferred revenue collected subsequent to the fee increase on December 8, 2004. During FY 2007, FY 2008, and FY 2009 the USPTO's operations resulted in a net cost of \$33.9 million, \$30.4 million, and \$54.8 million, respectively.

The Statement of Net Cost compares fees earned to costs incurred during a specific period of time. It is not necessarily an indicator of net income or net cost over the life of a patent or trademark. Net income or net cost for the fiscal year is dependent upon work that has been completed over the various phases of the production life cycle. The net income calculation is based on fees earned during the fiscal year being reported, regardless of when those fees were collected. Maintenance fees also play a large part in whether a total net income or net cost is recognized. Maintenance fees collected in FY 2009 are a reflection of patent issue levels 3.5, 7.5, and 11.5 years ago, rather than a reflection of patents issued in FY 2009. Therefore, maintenance fees can have a significant impact on matching costs and revenue.

During FY 2009, with the number of patent filings decreasing by 2.3 percent over the prior year, the backlog for patent applica-

tions likewise decreased, decreasing deferred revenue and increasing earned revenue. This was evidenced by the Patent organization disposing of 22.9 percent more applications than were disposed of during FY 2008.

During FY 2009, with the number of trademark applications decreasing by 12.3 percent over the prior year, the Trademark organization was able to continue to address the existing inventory and reduce pendency by 0.3 months from FY 2008. The Trademark organization was able to do this while recognizing a slight decrease in revenue earned.

EARNED REVENUE

The USPTO's earned revenue is derived from the fees collected for patent and trademark products and services. Fee collections are recognized as earned revenue when the activities to complete the work associated with the fee are completed. The table below presents the earned revenue for the past five years.

Earned revenue totaled \$1,927.1 million for FY 2009, an increase of \$64.9 million, or 3.5 percent, over FY 2008 earned revenue of \$1,862.2 million. Of revenue earned during FY 2009, \$454.3 million related to fee collections that were deferred for revenue recognition in prior fiscal years, \$546.7 million related to maintenance fees collected during FY 2009, which were considered earned immediately, \$920.7 million related to work performed for fees collected during FY 2009, and \$5.4 million were not fee-related.

Earned Revenue (Dollars in Millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Patent	\$ 1,197.8	\$ 1,384.2	\$ 1,507.0	\$ 1,625.0	\$ 1,697.4
Percentage Change in Patent Earned Revenue	9.6%	15.6%	8.9%	7.8%	4.5%
Trademark	175.0	210.2	228.7	237.2	229.7
Percentage Change in Trademark Earned Revenue	19.5%	20.1%	8.8%	3.7%	(3.2)%
Total Earned Revenue	\$ 1,372.8	\$ 1,594.4	\$ 1,735.7	\$ 1,862.2	\$ 1,927.1
Percentage Change in Earned Revenue	10.8%	16.1%	8.9%	7.3%	3.5%

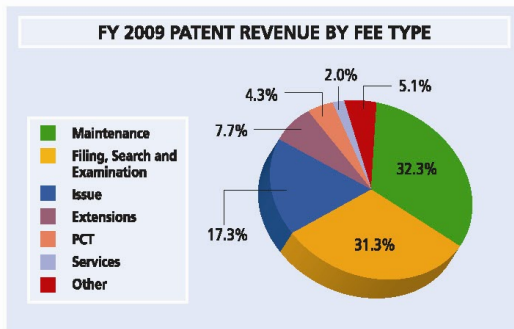
Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

For fees collected and earned during FY 2009, there was an increase of \$49.6 million over these same fees earned during FY 2008. This increase can primarily be attributed to \$2.4 million in fees considered earned immediately, \$5.7 million in earned patent filing fees, \$34.4 million in earned patent issue fees, \$13.3 million in PCT international fees, offset by a decrease of \$6.3 million in patent appeal fees.

Patent

Traditionally, the major components of earned revenue derived from patent operations are maintenance fees, initial application fees for filing, search, and examination, and issue fees. These fees account for over 80 percent of total patent income. The following chart depicts the relationship among the most significant patent fee types.



Patent maintenance fees are the largest source of earned revenue by fee type. During FY 2009, maintenance fees collected decreased \$15.1 million, or 2.7 percent, from FY 2008. As they are recognized immediately as earned revenue, any fluctuations in the rates of renewal have a significant impact on the total earned revenue of the USPTO. To some extent, renewals recoup costs incurred during the initial patent process. As shown below, the renewal rates for all three stages of maintenance fees decreased this year. The renewal rates are expected to rebound as the economy rebounds.

Patent Renewal Rates*	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
First Stage	83.1%	93.1%	90.1%	83.1%	80.3%
Second Stage	65.4%	69.2%	71.4%	73.7%	63.5%
Third Stage	45.0%	44.4%	48.5%	49.2%	45.4%

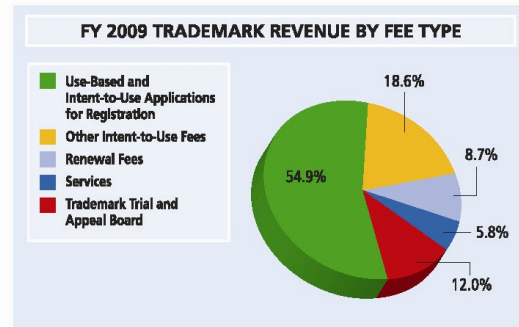
***Note:** the First Stage refers to the end of the 3rd year after the initial patent is issued; the Second Stage refers to the end of the 7th year after the initial patent is issued; and the Third Stage refers to the end of the 11th year after the initial patent is issued. For example, in FY 2009, 80.3 percent of the patents issued three years ago were renewed, 63.5 percent of the patents issued seven years ago were renewed, and 45.4 percent of the patents issued 11 years ago were renewed.

Application fee revenue earned upon filing decreased from \$99.8 million in FY 2008 to \$95.2 million in FY 2009, with the number of applications decreasing from 496,886 to 485,500 over the same period, decreases of 4.6 percent and 2.3 percent, respectively. The FY 2010 President's Budget projects a gradual increase in patent applications filed beginning in FY 2011 and extending through FY 2014, which will contribute to a renewed growth in earned fee revenue.

Earned issue fee revenue increased from \$262.3 million in FY 2008 to \$292.7 million in FY 2009, with the number of patents issued increasing from 182,556 to 190,121 over the same period, an increase of 11.6 percent and 4.1 percent, respectively. The FY 2010 President's Budget projects that patents issued will increase an average of 5.8 percent each fiscal year through FY 2014.

Trademark

Trademark fees are comprised of application filing, renewal services, and Trademark Trial and Appeal Board fees. Additional fees are charged for intent-to-use filed applications, as additional requirements must be met for registration. The following chart depicts the relationship among the most significant trademark fee types.



Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

MANAGEMENT'S DISCUSSION AND ANALYSIS

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

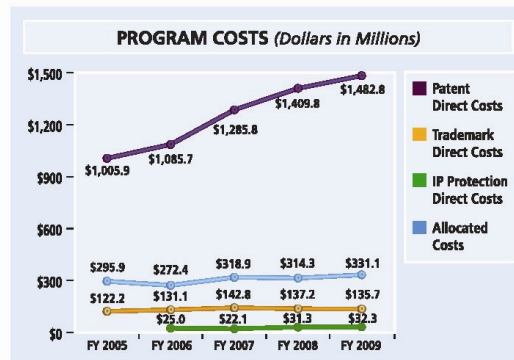
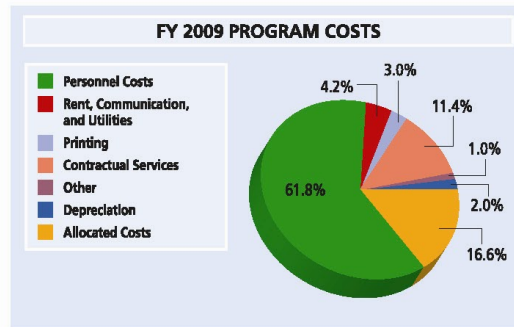
Earned revenue for trademark applications decreased from \$131.3 million in FY 2008 to \$126.0 million in FY 2009, with the number of trademarks registered decreasing from 274,250 to 241,637 over the same period, a decrease of 4.0 percent and 11.9 percent, respectively. The FY 2010 President's Budget projects that trademark applications filed will increase, which will contribute to growth in earned fee revenue.

Trademark registration can be a recurring source of revenue. To some extent, renewal fees recoup costs incurred during the initial examination process. As shown below, the renewal rates for trademarks have remained fairly stable over the last five years, indicating continued earned revenue from this source. Further, in the FY 2010 President's Budget, earned revenue from trademark renewals is expected to continue in the future.

PROGRAM COSTS

Program costs totaled \$1,981.9 million for the year ended September 30, 2009, an increase of \$89.3 million, or 4.7 percent, over FY 2008 program costs of \$1,892.6 million. The USPTO's most significant program cost is personnel services and benefits, which traditionally comprise over half of USPTO's total program costs. Any significant change or fluctuation in staffing or pay rate directly impacts the change in total program costs from year-to-year. Total personnel services and benefits costs for the year ended September 30, 2009, were \$1,321.6 million, an increase of \$122.9 million, or 10.3 percent, over FY 2008 personnel services and benefits costs of \$1,198.7 million. This change, 137.6 percent of the total increase in program costs, was a result of a 4.8 percent increase in the Federal pay scale, combined with a net increase of 198 personnel, from 9,518 at the end of FY 2008 to 9,716 at the end of FY 2009.

The USPTO directs maximum resources to the priority functions of patent and trademark examination, as well as IP protection and enforcement domestically and abroad. For FY 2009, costs directly attributable to the Patent, Trademark, and IP protection business areas represent 83.4 percent of total USPTO costs. The remaining costs, representing support costs, are allocated to the business areas using ABC accounting.



Patent

Total costs for the Patent business unit increased \$491.5 million, 39.2 percent, from FY 2005 through FY 2009. The table on the following page presents the major components of Patent costs for the past five years.

The Patent organization's most significant program costs relate to personnel services, and account for 92.0 percent of the increase in total cost of Patent operations during the past four years. Patent personnel costs for the year ended September 30, 2009, were \$1,098.9 million, an increase of \$105.3 million, or 10.6

Trademark Renewal Rates	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 ¹
Renewals	28.6%	28.8%	28.6%	27.0%	27.4%

Note: the renewals occur every 10th year for trademarks registered after November 15, 1989. For trademarks issued or renewed before November 15, 1989, renewal will occur after the 20th year and the renewal will be for a ten-year period. For example, in FY 2009, 27.4 percent of the trademarks granted ten and 20 years ago were renewed.

¹ Preliminary data

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

MANAGEMENT'S DISCUSSION AND ANALYSIS

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

Patent Costs (Dollars in Millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personnel Costs	\$ 646.5	\$ 714.4	\$ 867.1	\$ 993.6	\$ 1,098.9
Contractual Services	156.1	181.5	223.6	226.2	203.0
Printing and Reproduction	68.9	71.9	70.0	59.4	58.2
Rent, Communications, and Utilities	82.6	69.3	71.1	72.6	73.4
Depreciation, Amortization, or Loss on Asset Disposition	26.1	24.8	32.3	35.8	34.4
Other	25.7	23.8	21.7	22.2	14.9
Direct Costs	1,005.9	1,085.7	1,285.8	1,409.8	1,482.8
Allocated Costs	247.2	226.6	247.2	245.9	261.8
Total Patent Costs	\$ 1,253.1	\$ 1,312.3	\$ 1,533.0	\$ 1,655.7	\$ 1,744.6
Percentage Change in Patent Costs	9.4%	4.7%	16.8%	8.0%	5.4%

percent, over FY 2008 personnel costs of \$993.6 million. Rent, communications, and utilities, printing and reproduction, and contractual service costs represent 19.2 percent of the Patent program costs for FY 2009. From FY 2005 through FY 2008, contractual costs increased in line with the overall increase in Patent costs due to increases in the number of patents issued and increased spending on indexing and scanning documents for the electronic file wrapper, offset by minor decreases to printing and reproduction. During FY 2009, contractual costs decreased in line with the budget cuts implemented agency-wide. In addition, rental costs decreased 11.1 percent over the past four years, with a decrease in costs of \$9.2 million as the move to Alexandria has been completed.

Patent costs were spread over four main patent products: utility patents, design patents, plant patents, and PCT patents. Utility patents were further broken down into the technology of the utility patent. The cost percentages presented below are based

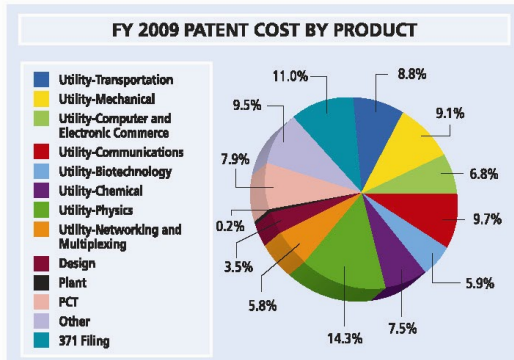
on direct and indirect costs allocated to patent operations and are a function of the volume of applications processed in each product area.

Trademark

Total costs for the Trademark business unit increased \$22.3 million, 13.0 percent, from FY 2005 through FY 2009. The table on the following page shows the major components of Trademark costs for that period.

The Trademark organization's most significant program costs relate to personnel services, and account for 125.1 percent of the increase in total cost of Trademark operations during the past four years. This increase of \$27.9 million was offset by other cost increases and decreases. Contractual services have decreased \$9.9 million over the past four years, which represents a decrease of 44.4 percent of the total Trademark cost change over the past four years, as a result of being able to rely more on automated tools, rather than contractors.

The Intent to Use cost includes costs related to examining both the application and the additional intent to use disclosures. The overall cost percentages presented below are based on both direct costs and indirect costs allocated to trademark operations and are a function of the volume of applications processed in each product area.



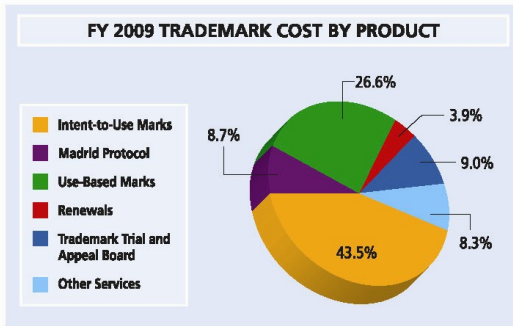
Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

MANAGEMENT'S DISCUSSION AND ANALYSIS

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

Trademark Costs (Dollars in Millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personnel Costs	\$ 80.0	\$ 88.8	\$ 99.8	\$ 101.7	\$ 107.9
Contractual Services	23.2	25.1	24.4	19.4	13.3
Printing and Reproduction	0.8	0.3	0.8	0.4	0.4
Rent, Communications, and Utilities	8.4	7.8	7.8	7.3	7.6
Depreciation, Amortization, or Loss on Asset Disposition	6.1	6.0	7.3	5.4	4.2
Other	3.7	3.1	2.7	3.0	2.3
Direct Costs	122.2	131.1	142.8	137.2	135.7
Allocated Costs	48.7	37.7	61.7	55.4	57.5
Total Trademark Costs	\$ 170.9	\$ 168.8	\$ 204.5	\$ 192.6	\$ 193.2
Percentage Change in Total Trademark Costs	19.2%	(1.2)%	21.1%	(5.8)%	0.3%



Intellectual Property Protection and Enforcement

The release of the 2007-2012 Strategic Plan resulted in a new responsibility segment for FY 2007. Presentation of FY 2006 costs were reclassified for this responsibility segment. Total costs for IP Protection increased \$11.0 million, or 33.2 percent, from FY 2006 through FY 2009. The table below shows the major components of IP Protection costs for that period.

The most significant program costs for IP Protection relate to personnel services, and account for 40.8 percent of the total cost for IP Protection operations during the past year. The next largest cost associated with the protection and enforcement of intellectual property domestically and abroad is contractual services. These costs were incurred in line with the activities discussed on pages 22 to 27.

Intellectual Property Protection Costs (Dollars in Millions)	FY 2005 ¹	FY 2006	FY 2007	FY 2008	FY 2009
Personnel Costs	–	\$ 13.6	\$ 13.1	\$ 17.9	\$ 18.0
Contractual Services	–	6.3	1.9	6.6	8.8
Rent, Communications, and Utilities	–	2.1	2.2	2.6	2.6
Travel	–	1.6	3.5	2.8	1.8
Depreciation, Amortization, or Loss on Asset Disposition	–	0.5	0.4	0.5	0.5
Other	–	0.9	1.0	0.9	0.6
Direct Costs	–	25.0	22.1	31.3	32.3
Allocated Costs	–	8.1	10.0	13.0	11.8
Total IP Protection Costs	–	\$ 33.1	\$ 32.1	\$ 44.3	\$ 44.1
Percentage Change in Total IP Protection Costs	–	–%	(3.0)%	38.0%	(0.5)%

¹ Costs prior to FY 2006 are not available.

FINANCIAL SECTION

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

UNITED STATES PATENT AND TRADEMARK OFFICE
CONSOLIDATED STATEMENTS OF NET COST

For the years ended September 30, 2009 and 2008

(Dollars in Thousands)	2009	2008
Strategic Goal 1: Optimize Patent Quality and Timeliness		
Total Program Cost	\$ 1,744,676	\$ 1,655,656
Total Program Earned Revenue	(1,697,432)	(1,624,993)
Net Program Cost	47,244	30,663
Strategic Goal 2: Optimize Trademark Quality and Timeliness		
Total Program Cost	193,187	192,587
Total Program Earned Revenue	(229,698)	(237,181)
Net Program Income	(36,511)	(44,594)
Strategic Goal 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad		
Total Program Cost	44,077	44,347
Net Cost of Operations (Note 11)	\$ 54,810	\$ 30,416
Total Entity		
Total Program Cost (Notes 12 and 13)	\$ 1,981,940	\$ 1,892,590
Total Earned Revenue	(1,927,130)	(1,862,174)
Net Cost of Operations (Note 11)	\$ 54,810	\$ 30,416

The accompanying notes are an integral part of these financial statements.

FINANCIAL SECTION

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Total intragovernmental costs and exchange revenue, by Strategic Goal, for the years ended September 30, 2009 and 2008 were as follows:

(Dollars in Thousands)	2009			
	Patent	Trademark	Intellectual Property Protection	Total
Strategic Goal 1: Optimize Patent Quality and Timeliness				
Intragovernmental Gross Cost	\$ 356,328	\$ —	\$ —	\$ 356,328
Gross Cost with the Public	1,388,348	—	—	1,388,348
Total Program Cost	1,744,676	—	—	1,744,676
Intragovernmental Earned Revenue	(7,163)	—	—	(7,163)
Earned Revenue from the Public	(1,690,269)	—	—	(1,690,269)
Total Program Earned Revenue	(1,697,432)	—	—	(1,697,432)
Net Program Cost	\$ 47,244	\$ —	\$ —	\$ 47,244
Strategic Goal 2: Optimize Trademark Quality and Timeliness				
Intragovernmental Gross Cost	\$ —	\$ 39,456	\$ —	\$ 39,456
Gross Cost with the Public	—	153,731	—	153,731
Total Program Cost	—	193,187	—	193,187
Intragovernmental Earned Revenue	—	(280)	—	(280)
Earned Revenue from the Public	—	(229,418)	—	(229,418)
Total Program Earned Revenue	—	(229,698)	—	(229,698)
Net Program Income	\$ —	\$ (36,511)	\$ —	\$ (36,511)
Strategic Goal 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad				
Intragovernmental Gross Cost	\$ —	\$ —	\$ 9,002	\$ 9,002
Gross Cost with the Public	—	—	35,075	35,075
Total Program Cost	—	—	44,077	44,077
Net Cost/(Income) from Operations	\$ 47,244	\$ (36,511)	\$ 44,077	\$ 54,810
Total Entity				
Total Program Cost (Notes 12 and 13)	\$ 1,744,676	\$ 193,187	\$ 44,077	\$ 1,981,940
Total Earned Revenue	(1,697,432)	(229,698)	—	(1,927,130)
Net Cost/(Income) from Operations	\$ 47,244	\$ (36,511)	\$ 44,077	\$ 54,810

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

NOTE 11. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE (Continued)

(Dollars in Thousands)	2008			
	Patent	Trademark	Intellectual Property Protection	Total
Strategic Goal 1: Optimize Patent Quality and Timeliness				
Intragovernmental Gross Cost	\$ 314,108	\$ —	\$ —	\$ 314,108
Gross Cost with the Public	1,341,548	—	—	1,341,548
Total Program Cost	1,655,656	—	—	1,655,656
Intragovernmental Earned Revenue	(7,145)	—	—	(7,145)
Earned Revenue from the Public	(1,617,848)	—	—	(1,617,848)
Total Program Earned Revenue	(1,624,993)	—	—	(1,624,993)
Net Program Cost	\$ 30,663	\$ —	\$ —	\$ 30,663
Strategic Goal 2: Optimize Trademark Quality and Timeliness				
Intragovernmental Gross Cost	\$ —	\$ 36,537	\$ —	\$ 36,537
Gross Cost with the Public	—	156,050	—	156,050
Total Program Cost	—	192,587	—	192,587
Intragovernmental Earned Revenue	—	(282)	—	(282)
Earned Revenue from the Public	—	(236,899)	—	(236,899)
Total Program Earned Revenue	—	(237,181)	—	(237,181)
Net Program Income	\$ —	\$ (44,594)	\$ —	\$ (44,594)
Strategic Goal 3: Improve Intellectual Property Protection and Enforcement Domestically and Abroad				
Intragovernmental Gross Cost	\$ —	\$ —	\$ 8,414	\$ 8,414
Gross Cost with the Public	—	—	35,933	35,933
Total Program Cost	—	—	44,347	44,347
Net Cost/(Income) from Operations	\$ 30,663	\$ (44,594)	\$ 44,347	\$ 30,416
Total Entity				
Total Program Cost (Notes 12 and 13)	\$ 1,655,656	\$ 192,587	\$ 44,347	\$ 1,892,590
Total Earned Revenue	(1,624,993)	(237,181)	—	(1,862,174)
Net Cost/(Income) from Operations	\$ 30,663	\$ (44,594)	\$ 44,347	\$ 30,416

Intragovernmental expenses relate to the source of the goods or services, not the classification of the related revenue.

FINANCIAL SECTION

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

NOTE 12. PROGRAM COSTS

Program costs consist of both costs related directly to the individual business lines and overall support costs allocated to the business lines. All costs are assigned to specific programs. Total program or operating costs for the years ended September 30, 2009 and 2008 by cost category were as follows:

(Dollars in Thousands)	2009		
	Direct	Allocated	Total
Personnel Services and Benefits	\$ 1,224,763	\$ 96,794	\$ 1,321,557
Travel and Transportation	2,230	641	2,871
Rent, Communications, and Utilities	83,643	34,631	118,274
Printing and Reproduction	58,688	312	59,000
Contractual Services	224,999	131,952	356,951
Training	3,350	1,048	4,398
Maintenance and Repairs	2,374	32,912	35,286
Supplies and Materials	7,980	799	8,779
Equipment not Capitalized	3,584	7,622	11,206
Insurance Claims and Indemnities	198	75	273
Depreciation, Amortization, or Loss on Asset Dispositions	39,044	24,301	63,345
Total Program Costs	\$ 1,650,853	\$ 331,087	\$ 1,981,940

(Dollars in Thousands)	2008		
	Direct	Allocated	Total
Personnel Services and Benefits	\$ 1,113,181	\$ 85,490	\$ 1,198,671
Travel and Transportation	3,756	1,022	4,778
Rent, Communications, and Utilities	82,505	33,768	116,273
Printing and Reproduction	59,886	403	60,289
Contractual Services	252,198	134,796	386,994
Training	5,036	2,215	7,251
Maintenance and Repairs	3,117	20,768	23,885
Supplies and Materials	9,348	1,325	10,673
Equipment not Capitalized	7,392	8,433	15,825
Insurance Claims and Indemnities	134	181	315
Depreciation, Amortization, or Loss on Asset Dispositions	41,702	25,934	67,636
Total Program Costs	\$ 1,578,255	\$ 314,335	\$ 1,892,590

The unfunded portion of personnel services and benefits for the years ended September 30, 2009 and 2008 was \$2,540 thousand and \$11,255 thousand, respectively.

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

NOTE 13. PROGRAM COSTS BY CATEGORY AND RESPONSIBILITY SEGMENT

The program costs for the years ended September 30, 2009 and 2008 by cost category and business line were as follows:

(Dollars in Thousands)	2009			
	Patent	Trademark	Intellectual Property Protection	Total
Direct Costs				
Personnel Services and Benefits	\$ 1,098,854	\$ 107,900	\$ 18,009	\$ 1,224,763
Travel and Transportation	325	87	1,818	2,230
Rent, Communications, and Utilities	73,424	7,631	2,588	83,643
Printing and Reproduction	58,249	430	9	58,688
Contractual Services	202,956	13,252	8,791	224,999
Training	3,002	306	42	3,350
Maintenance and Repairs	1,735	562	77	2,374
Supplies and Materials	7,441	246	293	7,980
Equipment not Capitalized	2,296	1,049	239	3,584
Insurance Claims and Indemnities	167	31	—	198
Depreciation, Amortization, or Loss on Asset Dispositions	34,409	4,183	452	39,044
Subtotal Direct Costs	\$ 1,482,858	\$ 135,677	\$ 32,318	\$ 1,650,853
Allocated Costs				
Automation	\$ 126,254	\$ 31,612	\$ 2,812	\$ 160,678
Resource Management	135,564	25,898	8,947	170,409
Subtotal Allocated Costs	\$ 261,818	\$ 57,510	\$ 11,759	\$ 331,087
Total Program Costs	\$ 1,744,676	\$ 193,187	\$ 44,077	\$ 1,981,940

The unfunded portion of personnel services and benefits for the year ended September 30, 2009 was \$2,540 thousand.

FINANCIAL SECTION

Source: United States Patent and Trademark Office
Performance and Accountability Report Fiscal Year 2009

DOC/USPTO

NOTE 13. PROGRAM COSTS BY CATEGORY AND RESPONSIBILITY SEGMENT *(Continued)*

(Dollars in Thousands)	2008			
	Patent	Trademark	Intellectual Property Protection	Total
Direct Costs				
Personnel Services and Benefits	\$ 993,585	\$ 101,728	\$ 17,868	\$ 1,113,181
Travel and Transportation	756	190	2,810	3,756
Rent, Communications, and Utilities	72,608	7,311	2,586	82,505
Printing and Reproduction	59,378	435	73	59,886
Contractual Services	226,180	19,411	6,607	252,198
Training	4,475	279	282	5,036
Maintenance and Repairs	2,400	616	101	3,117
Supplies and Materials	8,620	478	250	9,348
Equipment not Capitalized	5,867	1,340	185	7,392
Insurance Claims and Indemnities	134	—	—	134
Depreciation, Amortization, or Loss on Asset Dispositions	35,787	5,410	505	41,702
Subtotal Direct Costs	\$ 1,409,790	\$ 137,198	\$ 31,267	\$ 1,578,255
Allocated Costs				
Automation	\$ 121,704	\$ 28,118	\$ 3,750	\$ 153,572
Resource Management	124,162	27,271	9,330	160,763
Subtotal Allocated Costs	\$ 245,866	\$ 55,389	\$ 13,080	\$ 314,335
Total Program Costs	\$ 1,655,656	\$ 192,587	\$ 44,347	\$ 1,892,590

The unfunded portion of personnel services and benefits for the year ended September 30, 2008 was \$11,255 thousand.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Fiscal Year 2009 United States Army Annual Financial Statement
U.S. Army Corps of Engineers - Civil Works

DOD/USACE

U.S. Army Corps of Engineers - Civil Works

CONSOLIDATED STATEMENT OF NET COST

As of September 30, 2009 and 2008 (Amounts in thousands)	2009 Consolidated	2008 Consolidated
Program Costs		
Gross Costs (Note 15)	\$ 11,160,800	\$ 9,521,316
(Less: Earned Revenue)	(3,599,070)	(2,201,151)
Net Program Costs	\$ 7,561,730	\$ 7,320,165
Net Cost of Operations	\$ 7,561,730	\$ 7,320,165

The accompanying notes are an integral part of these financial statements.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Fiscal Year 2009 United States Army Annual Financial Statement
U.S. Army Corps of Engineers - Civil Works

DOD/USACE

Note 15. General Disclosures Related to the Statement of Net Cost

As of September 30	2009	2008
<i>(Amounts in thousands)</i>		
Intragovernmental Costs	\$ 1,284,049	\$ 1,434,065
Public Costs	9,876,751	8,087,251
Total Costs	\$ 11,160,800	\$ 9,521,316
Intragovernmental Earned Revenue	\$ (3,047,876)	\$ (2,180,957)
Public Earned Revenue	(551,194)	(20,194)
Total Earned Revenue	\$ (3,599,070)	\$ (2,201,151)
Net Cost of Operations	\$ 7,561,730	\$ 7,320,165

Other Information

Intragovernmental costs and revenue are related to transactions made between two reporting entities within the federal government. Public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity.

The consolidated Statement of Net Cost is unique because its principles are driven on understanding the net cost of programs and/or organizations that the federal government supports through appropriations or other means. This statement provides gross and net cost information that can be related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity.

The USACE incurred no costs associated with acquiring, constructing, improving, reconstructing or renovating heritage assets or acquiring stewardship land.

Note 16. Disclosures Related to the Statement of Changes in Net Position

Other Information

Appropriations received on the Statement of Budgetary Resources (SBR) should not, and do not, agree with appropriations received on the Statement of Changes in Net Position (SCNP) due to differences between proprietary and budgetary accounting concepts and reporting requirements. The differences are due to additional resources of \$1.4 billion during FY 2009 and \$1.6 billion during FY 2008 in appropriated trust, contributed, and special fund receipts included in Appropriation on the SBR. These funds do not update the proprietary appropriations received amount reported on the SCNP. Refer to Note 17, Statement of Budgetary Resources, for additional disclosures and details.

Cumulative Results of Operations – Earmarked Funds ending balance on the SCNP does not agree with the Cumulative Results of Operations – Earmarked Funds reported on the Balance Sheet because the cumulative results on the Balance Sheet are presented net of eliminations, whereas Cumulative Results of Operations balance for earmarked and other funds on the SCNP are presented before eliminations.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Fiscal Year 2009 United States Army Annual Financial Statement
U.S. Army Corps of Engineers - Civil Works

DOD/USACE

Cost-sharing revenue arises from agreements under which the USACE constructs assets, the cost of which will be borne in part by another entity (sponsor). Throughout the life of a cost-share project, the USACE revenue is earned based on the sponsor's proportionate share of project costs incurred. Sponsors are generally required to provide funds in advance and the USACE records deferred credits. The USACE withdraws the sponsor's cash account, which is an escrow account. The USACE reduces the deferred credits and recognizes revenue at the time of the withdrawal for costs incurred.

Non-exchange revenue represents resources received by USACE when a good or service is not provided in exchange for that revenue. Non-exchange revenue generally consists of trust fund receipts, penalties, and donations.

1.E. Recognition of Expenses

The USACE recognizes expenses in the period incurred or consumed. The USACE's expenditures for capital assets are recognized as operating expenses as the assets are depreciated or amortized.

1.F. Accounting for Intragovernmental Activities

The USACE eliminates transactions within the USACE Civil Works Program in these consolidated financial statements. Accounting standards require that an entity eliminate intraentity activity and balances from consolidated financial statements in order to prevent overstatement for business with itself.

Generally, financing for the construction of USACE's facilities is obtained through appropriations. To the extent this financing ultimately may have been obtained through the issuance of public debt, interest costs have not been capitalized since the U.S. Treasury does not allocate such costs to the USACE.

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards*, the USACE recognizes imputed financing and cost for unreimbursed goods and services provided by others. These costs include unreimbursed rent, interest during construction, Judgment Fund payments on behalf of the USACE and employee benefits.

1.G. Entity and NonEntity Assets

The assets are categorized as entity or nonentity. Entity assets consist of resources that the USACE has the authority to use, or where management is legally obligated to use funds to meet entity obligations. Nonentity assets consist of resources for which the USACE maintains stewardship accountability and responsibility to report but are not available for USACE operations.

1.H. Funds with the U.S. Treasury

The USACE's monetary financial resources are maintained in U.S. Treasury accounts. The disbursing offices of the USACE Finance Center (UFC), the Defense Finance and Accounting Service (DFAS), and the Department of State's financial service centers process the majority of USACE cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports that provide information to the U.S. Treasury on check issued, electronic fund transfers, interagency transfers, and deposits.

In addition, UFC and DFAS sites submit reports to the U.S. Treasury by appropriation on interagency transfers, collections received, and disbursements issued. The U.S. Treasury records this information to the applicable Fund Balance with Treasury (FBWT) account. Differences between the USACE's recorded balance in FBWT accounts and U.S. Treasury's FBWT accounts sometimes result and are subsequently reconciled on a monthly basis.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Fiscal Year 2009 Department of the Navy
Annual Financial Report

DOD/NAVY

Department of Defense
Department of the Navy General Fund
CONSOLIDATED STATEMENT OF NET COST
For the Years Ended September 30, 2009 and 2008
(\$ in Thousands)

	2009 Consolidated	Restated 2008 Consolidated
Program Costs		
Gross Costs	\$ 148,794,460	\$ 137,348,817
Less: Earned Revenue	(4,781,266)	(4,606,524)
Net Program Costs	144,013,194	132,742,293
Net Cost of Operations	<u>\$ 144,013,194</u>	<u>\$ 132,742,293</u>

The accompanying notes are an integral part of the statements.

Source: Fiscal Year 2009 Department of the Navy
Annual Financial Report

DOD/NAVY

Note 18. Disclosures Related to the Statement of Net Cost

Intragovernmental Costs and Exchange Revenue		
As of September 30	2009	2008
(Amounts in thousands)		
1. Intragovernmental Costs	\$ 44,524,564	\$ 42,702,854
2. Public Costs	104,269,896	94,645,963
3. Total Costs	<u>\$ 148,794,460</u>	<u>\$ 137,348,817</u>
4. Intragovernmental Earned Revenue	\$ (3,343,323)	\$ (3,526,762)
5. Public Earned Revenue	(1,437,943)	(1,079,762)
6. Total Earned Revenue	<u>\$ (4,781,266)</u>	<u>\$ (4,606,524)</u>
7. Net Cost of Operations	<u>\$ 144,013,194</u>	<u>\$ 132,742,293</u>

The Department of the Navy (DON) restated the Fiscal Year (FY) 2008 balance in Outstanding Contract Financing Payments (OCFP) by \$22.4 billion. The DON incorrectly reported this amount as expenses rather than assets through FY 2008. These payments include progress payments based on percentage or stage of completion, which cannot be identified due to systems limitations. For the Statement of Net Cost (SNC), a credit to Operating Expenses reduced the Total Costs balance by \$7.2 billion. Refer to Note 26, Restatements, for additional details.

Intragovernmental costs and revenues are related to transactions made between the DON General Fund (GF) and another federal entity within the Federal Government.

Public costs and revenues are exchange transactions made between DON GF and a nonfederal entity.

The DON GF's financial management systems are unable to meet all of the requirements for full accrual accounting. Many of DON's financial and nonfinancial feeder systems and processes were designed and implemented prior to the issuance of generally accepted accounting principles (GAAP) for federal agencies. Most of DON's legacy systems were designed to record information on a budgetary basis, and do not track intragovernmental transactions by customer at the transaction level. Considering these systems limitations, DON GF is unable to accurately compare its intragovernmental costs and revenues with the corresponding balances of its intragovernmental trading partners. Buyer-side accounts payable and expenses were adjusted to match seller-side accounts receivable and revenues. This is accomplished by reclassifying amounts between federal and public cost categories, and accruing additional costs when necessary.

The SNC represents the net cost of programs and organizations of the Federal Government supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity. The DON's current processes and systems do not capture and report accumulated costs for major programs based upon the performance measures as required by the Government Performance and Results Act. The DON is in the process of reviewing available data and developing a cost reporting methodology as required by the

Source: Fiscal Year 2009 Department of the Navy
Annual Financial Report

DOD/NAVY

Statement of Federal Financial Accounting Standards (SFFAS) No. 4, “Managerial Cost Accounting Concepts and Standards for the Federal Government,” as amended by SFFAS No. 30, “Inter-entity Cost Implementation.”

In conjunction with the Department of Defense, DON has undertaken efforts to determine the actions required to bring its financial and nonfinancial feeder systems and processes into compliance with all elements of GAAP. One such action is the revision of its accounting systems to record transactions based on the U.S. Standard General Ledger. Until such time as all of the DON’s financial and nonfinancial feeder systems and processes are updated to collect and report financial information as required by GAAP, DON GF’s financial data will be largely based on budgetary transactions (obligations, disbursements, and collections), transactions from nonfinancial feeder systems, and adjustments for known accruals of major items such as payroll expenses, accounts payable, and environmental liabilities.

The DON’s accounting systems generally do not capture information relative to Heritage Assets separately and distinctly from normal operations.

Note 19. Disclosures Related to the Statement of Changes in Net Position

The Department of the Navy (DON) restated its financial statements as of September 30, 2008 to properly recognize payments related to Shipbuilding procurement costs from October 1, 2005 through June 30, 2008 as contract financing payments. These payments include progress payments based on percentage or stage of completion, which cannot be identified due to systems limitations. A prior period adjustment was recognized to correct the beginning 2009 balances. The error impacted assets, expenses, unexpended appropriations, cumulative results of operations, and net position. It impacted DON’s Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position. Refer to Note 6, Other Assets, for additional details and disclosures.

During 3rd Quarter, FY 2009, Navy implemented an automated interface from the monthly reporting system to the quarterly reporting system. Previously amounts were manually cross walked to accounts for quarterly reporting. During the implementation it was discovered that the crosswalk logic for many accounts was flawed, resulting in incorrect ending balances from FY 2008. A prior period adjustment was recognized to correct the beginning 2009 balances. The adjustment impacted assets, liabilities, unexpended appropriations, and cumulative results of operations. It impacted the Balance Sheet and the Statement of Changes in Net Position. Refer to Note 26, Restatements, for additional details on both Prior Period Adjustments.

The following chart reflects the cumulative effect on DON’s balances reported in the comparative period (amounts in millions):

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Fiscal Year 2009 Department of the Navy
Annual Financial Report

DOD/NAVY

Department of Defense
Navy Working Capital Fund

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2009 and 2008

(\$ in Thousands)

	2009 Consolidated	2008 Consolidated
Program Costs		
Gross Costs	\$ 24,978,369	\$ 24,912,489
Less: Earned Revenue	(23,340,001)	(21,840,461)
Net Program Costs	1,638,368	3,072,028
Net Cost of Operations	\$ 1,638,368	\$ 3,072,028

The accompanying notes are an integral part of the statements.

Source: Fiscal Year 2009 Department of the Navy
Annual Financial Report

DOD/NAVY

Note 18. General Disclosures Related to the Statement of Net Cost

Intragovernmental Costs and Exchange Revenue		
As of September 30	2009	2008
(Amounts in thousands)		
1. Intragovernmental Costs	\$ 4,977,049	\$ 5,091,758
2. Public Costs	20,001,320	19,820,731
3. Total Costs	\$ 24,978,369	\$ 24,912,489
4. Intragovernmental Earned Revenue	\$ (22,176,527)	\$ (20,784,013)
5. Public Earned Revenue	(1,163,474)	(1,056,448)
6. Total Earned Revenue	\$ (23,340,001)	\$ (21,840,461)
7. Net Cost of Operations	\$ 1,638,368	\$ 3,072,028

Intragovernmental costs and revenues are related to transactions made between two reporting entities within the Federal Government.

Public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity.

The Navy Working Capital Fund's (NWCF) financial management systems do not track intragovernmental transactions by customer at the transactional level. Buyer-side expenses are adjusted to agree with internal seller-side revenues. Expenses are generally adjusted by reclassifying amounts between federal and nonfederal expenses.

The Statement of Net Cost (SNC) represents the net cost of programs and organizations of the Federal Government supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity. The DoD's current processes and systems do not capture and report accumulated cost for major programs based upon the performance measures as required by the Government Performance and Results Act. The DoD is in the process of reviewing available data and developing a cost reporting methodology as required by the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government," as amended by SFFAS No. 30, "Inter-entity Cost Implementation."

The NWCF does not meet accounting standards and that information presented is based on proprietary transactions data from nonfinancial feeder systems and accruals.

Note 19. Disclosures Related to the Statement of Changes in Net Position

In order to clean up the data before fully converting to Enterprise Resource Planning (ERP), a Prior Period Adjustment (PPA) was recorded to correct the effects of Cost of Goods Sold (COGS) inventory valuation process. Therefore, FY 2009 and Comparative FY 2008 have been restated as explained in Note 26.

Financial Section

Consolidated Statement of Net Cost

Source: U.S. Department of Education Federal Student Aid
2009 Annual Report

ED/FSA

United States Department of Education
Federal Student Aid
Consolidated Statement of Net Cost
For the Years Ended September 30, 2009 and 2008
(Dollars in Millions)

	FY 2009	FY 2008
Program Costs		
Ensure Accessibility, Affordability, and Accountability of Higher Education and Career and Technical Advancement		
Gross Costs	\$ (11,062)	\$ 28,788
Less: Earned Revenue	11,079	9,029
Net Program Costs	(22,141)	19,759
Total Program Costs	\$ (22,141)	\$ 19,759
American Recovery and Reinvestment Act		
Gross Costs	\$ 7,572	\$ 0
Less: Earned Revenue	7,572	
Net Program Costs		
Total Program Costs	\$ 7,572	\$ 0
Net Cost of Operations (Notes 13 & 16)	\$ (14,569)	\$ 19,759

The accompanying notes are an integral part of these statements.

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Federal Student Aid Annual Report

Financial Section

Notes to Principal Financial Statements

Source: U.S. Department of Education Federal Student Aid
2009 Annual Report

ED/FSA

Note 11. Accrued Grant Liability

Federal Student Aid's accrued grant liability was \$1,929 million and \$862 million as of September 30, 2009 and 2008, respectively. The \$1,067 million increase from FY 2008 to FY 2009 includes \$634 million accrued grant liability for *Recovery Act* funds administered by Federal Student Aid.

Note 12. Net Position

Unexpended appropriations as of September 30, 2009 and 2008 consisted of the following:

Unexpended Appropriations

(Dollars in Millions)

	2009	2008
Unobligated Balances		
Available	\$ 10,360	\$ 1,153
Not Available	533	505
Undelivered Orders	15,548	11,814
Authority Temporarily Precluded from Obligation	887	-
Unexpended Appropriations	\$ 27,328	\$ 13,472

Federal Student Aid had Cumulative Results of Operations of \$(277) million as of September 30, 2009, and \$(6,273) million as of September 30, 2008. Cumulative Results of Operations consists mostly of unfunded upward subsidy re-estimates, other unfunded expenses, and net investments of capitalized assets.

Note 13. Intragovernmental Cost and Exchange Revenue by Program

As required by the *Government Performance and Results Act of 1993*, Federal Student Aid's reporting organization has been aligned with Strategic Goal 3 presented in the U.S. Department of Education's *Strategic Plan 2007—2012*. Strategic Goal 3, Ensure the Accessibility, Affordability, and Accountability of Higher Education, and Better Prepare Students and Adults for Employment and Future Learning, is a sharply defined directive that guides divisions to carry out the vision and programmatic mission of Federal Student Aid.

The goals of the *Recovery Act* are consistent with the Department's current Strategic Goals and programs. For reporting purposes, a new American Recovery and Reinvestment Act net cost program has been created.

The following table presents Federal Student Aid's gross cost and exchange revenue by program for FY 2009 and FY 2008. Gross costs and earned revenue are classified as intragovernmental (exchange transactions between Federal Student Aid and other entities within the federal government) or with the public (exchange transactions between Federal Student Aid and non-federal entities).

Financial Section

Source: U.S. Department of Education Federal Student Aid
2009 Annual Report

Notes to Principal Financial Statements

ED/FSA

Gross Cost and Exchange Revenue by Program

(Dollars in Millions)

	2009	2008
Ensure Accessibility, Affordability and Accountability of Higher Education and Career and Technical Advancement		
Intragovernmental Gross Cost	\$ 10,079	\$ 6,903
Public Gross Cost	(21,141)	21,885
Total Gross Program Costs	(11,062)	28,788
Intragovernmental Earned Revenue	4,644	4,128
Public Earned Revenue	6,435	4,901
Total Program Earned Revenue	11,079	9,029
Total Program Cost	(22,141)	19,759
American Recovery and Reinvestment Act		
Intragovernmental Gross Cost	-	-
Public Gross Cost	7,572	-
Total Gross Program Costs	7,572	-
Intragovernmental Earned Revenue	-	-
Public Earned Revenue	-	-
Total Program Earned Revenue	-	-
Total Program Cost	7,572	-
Net Cost of Operations	\$ (14,569)	\$ 19,759

Note 14. Interest Expense and Interest Revenue

For FY 2009 and FY 2008, interest expense and interest revenue by program consisted of the following:

Interest Expense and Interest Revenue

(Dollars in Millions)

	2009		
	Expenses		
	Federal	Non-federal	Total
	Revenue		
	Federal	Non-federal	Total
Direct Loan Program	\$ 7,094	\$ -	\$ 7,094
FFEL Program			
Guaranteed Loan Program	32	337	369
Loan Purchase Commitment	861	-	861
Loan Participation Purchase	1,876	-	1,876
ABCP Conduit	6	-	6
TEACH Program	2	-	2
Total	\$ 9,871	\$ 337	\$10,208
	\$ 3,813	\$ 6,395	\$10,208

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

DOI/USBR

PRINCIPAL FINANCIAL STATEMENTS

**Statement of Net Cost
for the years ended September 30, 2009 and 2008**
(dollars in thousands)

	FY 2009	FY 2008
RESOURCE PROTECTION		
Costs	\$ 4,699,990	\$ 4,574,137
Less: Earned Revenue	710,275	793,771
Net Cost	3,989,715	3,780,366
RESOURCE USE		
Costs	3,815,256	5,314,798
Less: Earned Revenue	1,424,551	1,341,168
Net Cost	2,390,705	3,973,630
RECREATION		
Costs	3,185,965	2,953,708
Less: Earned Revenue	320,701	321,229
Net Cost	2,865,264	2,632,479
SERVING COMMUNITIES		
Costs	5,350,284	5,296,236
Less: Earned Revenue	457,950	518,423
Net Cost	4,892,334	4,777,813
REIMBURSABLE ACTIVITY AND OTHER		
Costs	2,467,643	2,436,747
Less: Earned Revenue	1,513,844	1,355,286
Net Cost	953,799	1,081,461
TOTAL		
Costs	19,519,138	20,575,626
Less: Earned Revenue	4,427,321	4,329,877
Net Cost of Operations (Notes 17 and 19)	\$ 15,091,817	\$ 16,245,749

The accompanying notes are an integral part of these financial statements.

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

DOI/USBR

NOTES TO PRINCIPAL FINANCIAL STATEMENTS

NOTE 16. COSTS

By law, Interior, as an agency of the Federal government, is dependent upon other government agencies for centralized services. Some of these services, such as tax collection and management of the public debt, are not directly identifiable to Interior and are not reflected in Interior's financial condition and results. However, in certain cases, other Federal agencies incur costs that are directly identifiable to Interior operations, including payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by OPM. In accordance with SFFAS 30, *Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, Interior recognizes identified costs paid for Interior by other agencies as expenses of Interior. The funding for these costs

is reflected as imputed financing sources on the Statement of Changes in Net Position. Costs paid by other agencies on behalf of Interior were \$1,633 million and \$472 million during FY 2009 and FY 2008, respectively. Interior's imputed costs that were recognized in the financial statements but eliminated for consolidation purposes were \$65 million and \$79 million during FY 2009 and FY 2008, respectively.

During FY 2009 and FY 2008, the costs associated with acquiring, constructing, and renovating heritage assets were \$166 million and \$190 million, respectively. The costs associated with acquiring and improving stewardship lands were \$107 million and \$189 million during FY 2009 and FY 2008, respectively.

NOTE 17. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE BY RESPONSIBILITY SEGMENT

The tables on the following pages present Interior's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with Federal agencies and the public, and net cost of operations by program and by bureau.

Responsibility Segment Presentation. OMB Circular A-136, *Financial Reporting Requirements*, requires that the presentation of the Statement of Net Cost align directly with the goals and outcomes identified in the strategic plan. Accordingly, Interior presented the earned revenue and gross costs by Mission Goals from Interior's FY 2007-2012 Strategic Plan.

The primary Mission Goals are: Resource Protection, Resource Use, Recreation, and Serving Communities. Reimbursable costs are comprised of services provided to other Federal agencies not part of Interior's core mission. These Mission Goals are supported by 14 Department level end outcome goals identified in Interior's FY 2009 Strategic Plan.

Refer to Note 1C for information on the Wildland Fire Program.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

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NOTES TO PRINCIPAL FINANCIAL STATEMENTS

Intragovernmental costs and exchange revenue by responsibility segment for the year ended September 30, 2009, consists of the following:

<i>(dollars in thousands)</i>	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Minerals Management Service
Resource Protection					
Intragovernmental Costs	\$ 333	\$ 84,962	\$ 12,389	\$ 40,261	\$ 4,506
Public Costs	770	417,454	24,178	187,817	50,349
Total Costs	\$ 1,103	\$ 502,416	\$ 36,567	\$ 228,078	\$ 54,855
Intragovernmental Earned Revenue	-	82,280	2,402	11,778	-
Public Earned Revenue	-	23,688	22,872	21,152	-
Total Earned Revenue	-	105,968	25,274	32,930	-
Net Costs	\$ 1,103	\$ 396,448	\$ 11,293	\$ 195,148	\$ 54,855
Resource Use					
Intragovernmental Costs	\$ -	\$ 45,465	\$ 490,867	\$ 1,170	\$ 1,106,772
Public Costs	-	281,808	950,120	5,497	1,009,761
Total Costs	\$ -	\$ 327,273	\$ 1,440,987	\$ 6,667	\$ 2,116,533
Intragovernmental Earned Revenue	-	16	256,693	-	-
Public Earned Revenue	-	256,266	726,738	2	177,534
Total Earned Revenue	-	256,282	983,431	2	177,534
Net Costs	\$ -	\$ 70,991	\$ 457,556	\$ 6,665	\$ 1,938,999
Recreation					
Intragovernmental Costs	\$ -	\$ 43,677	\$ 12,555	\$ -	\$ -
Public Costs	-	229,899	22,192	-	-
Total Costs	\$ -	\$ 273,576	\$ 34,747	\$ -	\$ -
Intragovernmental Earned Revenue	-	363	6,547	-	-
Public Earned Revenue	-	20,191	18,625	-	-
Total Earned Revenue	-	20,554	25,172	-	-
Net Costs	\$ -	\$ 253,022	\$ 9,575	\$ -	\$ -
Serving Communities					
Intragovernmental Costs	\$ 472,399	\$ 76,822	\$ 2,824	\$ 299,641	\$ -
Public Costs	2,370,492	594,761	6,125	1,517,268	-
Total Costs	\$ 2,842,891	\$ 671,583	\$ 8,949	\$ 1,816,909	\$ -
Intragovernmental Earned Revenue	245,761	58,157	834	16,845	-
Public Earned Revenue	119,488	30,732	7,511	19,404	-
Total Earned Revenue	365,249	88,889	8,345	36,249	-
Net Costs	\$ 2,477,642	\$ 582,694	\$ 604	\$ 1,780,660	\$ -
Reimbursable Activity and Other					
Intragovernmental Costs	\$ -	\$ 166,056	\$ 215,851	\$ 613,838	\$ 1,264
Public Costs	-	(166,056)	284,943	1,816,720	7,155
Total Costs	\$ -	\$ -	\$ 500,794	\$ 2,430,558	\$ 8,419
Intragovernmental Earned Revenue	-	-	411,936	2,253,857	8,160
Public Earned Revenue	-	-	149,352	12,113	624
Total Earned Revenue	-	-	561,288	2,265,970	8,784
Net Costs	\$ -	\$ -	\$ (60,494)	\$ 164,588	\$ (365)
Total					
Intragovernmental Costs	\$ 472,732	\$ 416,982	\$ 734,486	\$ 954,910	\$ 1,112,542
Public Costs	2,371,262	1,357,866	1,287,558	3,527,302	1,067,265
Total Costs	\$ 2,843,994	\$ 1,774,848	\$ 2,022,044	\$ 4,482,212	\$ 2,179,807
Intragovernmental Earned Revenue	245,761	140,816	678,412	2,282,480	8,160
Public Earned Revenue	119,488	330,877	925,098	52,671	178,158
Total Earned Revenue	365,249	471,693	1,603,510	2,335,151	186,318
Net Cost of Operations	\$ 2,478,745	\$ 1,303,155	\$ 418,534	\$ 2,147,061	\$ 1,993,489

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

DOI/USBR

NOTES TO PRINCIPAL FINANCIAL STATEMENTS

National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra-Department Activity	FY 2009
\$ 252,632	\$ 8,900	\$ 306,021	\$ 354,389	\$ (332,521)	\$ 731,872
868,095	174,114	1,236,927	1,008,414	-	3,968,118
\$ 1,120,727	\$ 183,014	\$ 1,542,948	\$ 1,362,803	\$ (332,521)	\$ 4,699,990
23,902	433	82,829	275,848	(233,970)	245,502
114,215	112	79,178	203,556	-	464,773
138,117	545	162,007	479,404	(233,970)	710,275
\$ 982,610	\$ 182,469	\$ 1,380,941	\$ 883,399	\$ (98,551)	\$ 3,989,715
\$ -	\$ 18,524	\$ 5,794	\$ 36,110	\$ (328,037)	\$ 1,376,665
-	95,162	16,453	79,790	-	2,438,591
\$ -	\$ 113,686	\$ 22,247	\$ 115,900	\$ (328,037)	\$ 3,815,256
-	18	1,789	11,541	(8,272)	261,785
-	74	790	1,362	-	1,162,766
-	92	2,579	12,903	(8,272)	1,424,551
\$ -	\$ 113,594	\$ 19,668	\$ 102,997	\$ (319,765)	\$ 2,390,705
\$ 500,055	\$ -	\$ 34,889	\$ -	\$ (119,726)	\$ 471,450
1,606,010	-	856,414	-	-	2,714,515
\$ 2,106,065	\$ -	\$ 891,303	\$ -	\$ (119,726)	\$ 3,185,965
47,348	-	10,019	-	(12,538)	51,739
226,075	-	4,071	-	-	268,962
273,423	-	14,090	-	(12,538)	320,701
\$ 1,832,642	\$ -	\$ 877,213	\$ -	\$ (107,188)	\$ 2,865,264
\$ -	\$ 383	\$ 33,973	\$ 30,522	\$ (271,518)	\$ 645,046
-	8,714	99,191	108,687	-	4,705,238
\$ -	\$ 9,097	\$ 133,164	\$ 139,209	\$ (271,518)	\$ 5,350,284
-	15	4,390	13,756	(62,644)	277,114
-	-	2,518	1,183	-	180,836
-	15	6,908	14,939	(62,644)	457,950
\$ -	\$ 9,082	\$ 126,256	\$ 124,270	\$ (208,874)	\$ 4,892,334
\$ -	\$ -	\$ -	\$ -	\$ (653,294)	\$ 343,715
-	181,166	-	-	-	2,123,928
\$ -	\$ 181,166	\$ -	\$ -	\$ (653,294)	\$ 2,467,643
-	-	-	-	(1,322,198)	1,351,755
-	-	-	-	-	162,089
-	-	-	-	(1,322,198)	1,513,844
\$ -	\$ 181,166	\$ -	\$ -	\$ 668,904	\$ 953,799
\$ 752,687	\$ 27,807	\$ 380,677	\$ 421,021	\$ (1,705,096)	\$ 3,568,748
2,474,105	459,156	2,208,985	1,196,891	-	15,950,390
\$ 3,226,792	\$ 486,963	\$ 2,589,662	\$ 1,617,912	\$ (1,705,096)	\$ 19,519,138
71,250	466	99,027	301,145	(1,639,622)	2,187,895
340,290	186	86,557	206,101	-	2,239,426
411,540	652	185,584	507,246	(1,639,622)	4,427,321
\$ 2,815,252	\$ 486,311	\$ 2,404,078	\$ 1,110,666	\$ (65,474)	\$ 15,091,817

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

DOI/USBR

NOTES TO PRINCIPAL FINANCIAL STATEMENTS

Intragovernmental costs and exchange revenue by responsibility segment for the year ended September 30, 2008, consists of the following:

<i>(dollars in thousands)</i>	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Minerals Management Service
Resource Protection					
Intragovernmental Costs	156	100,341	23,764	34,371	4,129
Public Costs	901	377,029	37,653	211,872	27,872
Total Costs	1,057	477,370	61,417	246,243	32,001
Intragovernmental Earned Revenue	-	75,029	7,597	7,056	-
Public Earned Revenue	-	50,392	46,803	4,227	-
Total Earned Revenue	-	125,421	54,400	11,283	-
Net Costs	1,057	351,949	7,017	234,960	32,001
Resource Use					
Intragovernmental Costs	-	75,754	479,879	1,371	97,274
Public Costs	-	260,227	1,043,739	10,178	3,468,028
Total Costs	-	335,981	1,523,618	11,549	3,565,302
Intragovernmental Earned Revenue	-	1,826	249,281	-	-
Public Earned Revenue	-	315,466	603,666	4	173,540
Total Earned Revenue	-	317,292	852,947	4	173,540
Net Costs	-	18,689	670,671	11,545	3,391,762
Recreation					
Intragovernmental Costs	-	28,736	13,214	821	-
Public Costs	-	181,367	24,114	2,222	-
Total Costs	-	210,103	37,328	3,043	-
Intragovernmental Earned Revenue	-	7,828	5,714	-	-
Public Earned Revenue	-	23,525	18,966	-	-
Total Earned Revenue	-	31,353	24,680	-	-
Net Costs	-	178,750	12,648	3,043	-
Serving Communities					
Intragovernmental Costs	354,231	109,651	-	410,562	-
Public Costs	2,421,624	445,865	-	1,646,045	-
Total Costs	2,775,855	555,516	-	2,056,607	-
Intragovernmental Earned Revenue	298,394	89,275	-	34,682	-
Public Earned Revenue	132,885	13,320	-	36,928	-
Total Earned Revenue	431,279	102,595	-	71,610	-
Net Costs	2,344,576	452,921	-	1,984,997	-
Reimbursable Activity and Other					
Intragovernmental Costs	-	-	228,912	558,553	1,080
Public Costs	-	-	297,644	1,749,864	7,558
Total Costs	-	-	526,556	2,308,417	8,638
Intragovernmental Earned Revenue	-	-	409,314	2,113,322	8,336
Public Earned Revenue	-	-	80,980	6,236	1,083
Total Earned Revenue	-	-	490,294	2,119,558	9,419
Net Costs	-	-	36,262	188,859	(781)
Total					
Intragovernmental Costs	354,387	314,482	745,769	1,005,678	102,483
Public Costs	2,422,525	1,264,488	1,403,150	3,620,181	3,503,458
Total Costs	2,776,912	1,578,970	2,148,919	4,625,859	3,605,941
Intragovernmental Earned Revenue	298,394	173,958	671,906	2,155,060	8,336
Public Earned Revenue	132,885	402,703	750,415	47,395	174,623
Total Earned Revenue	431,279	576,661	1,422,321	2,202,455	182,959
Net Cost of Operations	2,345,633	1,002,309	726,598	2,423,404	3,422,982

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of the Interior
Agency Financial Report Fiscal Year 2009

DOI/USBR

NOTES TO PRINCIPAL FINANCIAL STATEMENTS

National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra-Department Activity	FY 2008
237,211	9,371	274,361	340,428	(247,497)	776,635
778,115	179,142	1,212,049	972,869	-	3,797,502
1,015,326	188,513	1,486,410	1,313,297	(247,497)	4,574,137
22,692	256	82,376	268,599	(169,687)	293,918
109,508	4,444	70,651	213,828	-	499,853
132,200	4,700	153,027	482,427	(169,687)	793,771
883,126	183,813	1,333,383	830,870	(77,810)	3,780,366
-	18,203	5,031	31,676	(364,532)	344,656
-	99,379	13,780	74,811	-	4,970,142
-	117,582	18,811	106,487	(364,532)	5,314,798
-	227	1,364	8,555	(14,849)	246,404
-	168	586	1,334	-	1,094,764
-	395	1,950	9,889	(14,849)	1,341,168
-	117,187	16,861	96,598	(349,683)	3,973,630
469,531	-	34,438	-	(105,469)	441,271
1,458,807	-	845,927	-	-	2,512,437
1,928,338	-	880,365	-	(105,469)	2,953,708
44,914	-	10,040	-	(10,215)	58,281
216,757	-	3,700	-	-	262,948
261,671	-	13,740	-	(10,215)	321,229
1,666,667	-	866,625	-	(95,254)	2,632,479
-	386	33,512	27,430	(371,557)	564,215
-	14,482	99,377	104,628	-	4,732,021
-	14,868	132,889	132,058	(371,557)	5,296,236
-	4	4,518	9,546	(106,040)	330,379
-	15	2,620	2,276	-	188,044
-	19	7,138	11,822	(106,040)	518,423
-	14,849	125,751	120,236	(265,517)	4,777,813
-	-	-	-	(554,925)	233,620
-	148,061	-	-	-	2,203,127
-	148,061	-	-	(554,925)	2,436,747
-	-	-	-	(1,263,985)	1,266,987
-	-	-	-	-	88,299
-	-	-	-	(1,263,985)	1,355,286
-	148,061	-	-	709,060	1,081,461
706,742	27,960	347,342	399,534	(1,643,980)	2,360,397
2,236,922	441,064	2,171,133	1,152,308	-	18,215,229
2,943,664	469,024	2,518,475	1,551,842	(1,643,980)	20,575,626
67,606	487	98,298	286,700	(1,564,776)	2,195,969
326,265	4,627	77,557	217,438	-	2,133,908
393,871	5,114	175,855	504,138	(1,564,776)	4,329,877
2,549,793	463,910	2,342,620	1,047,704	(79,204)	16,245,749



Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

hired more than 1,175 inspectors. We plan to hire 551 inspectors in the next 2 years against expected losses of 482. The AVS is prepared to staff appropriately based on expected changes in the aviation industry and attrition within our workforce.

In FY 2008, we increased our aviation safety staffing by 264 positions, to a total of 7,002, which enabled us to increase safety oversight and surveillance of 116 air carriers, increase production certification services for applicants, and expand our safety oversight of the ATO. This year, we increased staffing to 7,195, enhancing activities such as safety attribute inspections and manufacturer inspections. One of the primary challenges we face is hiring, training, and retaining a highly qualified workforce with the skills necessary to implement the SMS needed to keep the U.S. aviation system the safest in the world. To guide this effort, in May we published an updated Workforce Plan that lays out the strategies that will allow us to successfully meet these challenges. The new plan contains updated aviation industry forecasts as well as revised workforce losses and hiring targets. As we move to a system safety approach for oversight and surveillance, staffing levels will not increase at the same rate as industry traffic. We will therefore focus resources on the areas of highest risk, expand the use of designees, and increase our use of data to drive decisionmaking.

The Gateway for Commercial Human Space Flight

The New Mexico Spaceport Authority broke ground for Spaceport America in July 2009. While the FAA has licensed seven other spaceports, this is the first to be built from scratch rather than converted from a former airport. Spaceport America, the home for Virgin Galactic, is expected to be operational in 2 years, and test flights for taking private citizens into space are expected to begin in 2 to 3 years. The FAA is responsible for governing, licensing, regulating, and promoting these flights (See related story on page 8).

Prepared for Pandemics

The DOT and the FAA, together with several other Government agencies, have worked hard to ensure that our aviation system is prepared to handle the kinds of concerns raised by the 2009 H1N1 flu outbreak. The DOT has been participating in an interagency working group led by the Homeland Security Council since

DOT/FAA

2006. We prepared and exercised a DOT-wide pandemic influenza plan. Our operating administrations also prepared and exercised their own plans. Consequently, when the 2009 H1N1 outbreak occurred, a response scheme was already in place, and we were ready to take immediate action. The planning components and exercises previously conducted ensured that DOT staff could rapidly and appropriately respond as the situation warranted. During the weeks following the initial outbreak, as more information about the virus became available, we scaled up and then down the measures taken and the communications initiated.

Financial Management

We continue our efforts to better execute and manage the budget resources that Congress provides. Our transformation over the past 6 years has been steady and sure. By implementing improved management tools, including better cost accounting systems, and by instituting a pay-for-performance program, we have made efficient use of our resources. We continue to improve business practices to help control costs and increase efficiency, as described in the section that follows.

IMPROVING FINANCIAL MANAGEMENT

Cost-Effectiveness and Efficiency

The FAA's Flight Plan includes a strategic objective to improve financial management while delivering quality customer service. Since FY 2005, the FAA has included a cost-control target among the Flight Plan goals we track each month. As a result of this emphasis, we have been able to achieve \$192 million in recurring savings from efforts put in place from FY 2005 to FY 2008, as well as \$84 million from efforts initiated during FY 2009. Our efforts in this area are described in this section.

Workers' Compensation Consolidation. We centralized responsibility for management of workers' compensation claims and achieved estimated cost avoidance of \$22.6 million in FY 2009 and total savings of \$63 million since FY 2008.

Information Technology. As in most businesses, information technology (IT) investments can be expensive and quickly become obsolete. To address this, we are becoming more proactive about IT decisions by



Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

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implementing agency-wide IT initiatives to consolidate resources and improve efficiency. This endeavor has yielded IT savings of \$106 million since inception of the Cost Control Program (FY 2005–FY 2008).

Competitive Sourcing. The single largest effort by the FAA, and the largest nonmilitary outsourcing initiative in the Federal Government, involved the A-76 sourcing of 58 flight service stations to Lockheed Martin in 2005. This initiative is expected to result in a cost savings and cost avoidance of more than \$2.1 billion from 2003 through 2015. As a result of this transaction, the FAA saved approximately \$35.8 million in FY 2008. We expect an additional savings of approximately \$55.2 million in FY 2009.

SAVES Program. The Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) initiative is an ambitious effort begun in FY 2006 to implement private sector best practices in the procurement of administrative supplies, equipment, IT hardware, commercial off-the-shelf (COTS) software, and courier services.

Eight national contracts in five different categories are managed through the SAVES program. Since the initiation of these contracts, we have exceeded our expected compliance rate. We now purchase 90 percent of our office supplies through our contracts, well above our target of 70 percent.

The SAVES Program has enabled the FAA to have better financial oversight in addition to significant cost savings. Through the SAVES contracts, the FAA achieved more than \$22 million in cost savings for FY 2008 and a total savings of more than \$46 million since implementation. Overall we continue to save approximately the following:

- 22 percent for office supplies
- 26 percent for office equipment
- 33 percent for IT hardware
- 12 percent for COTS software
- 10 percent for courier/overnight services
- 16 percent for financial systems support

Dell Blanket Purchase Agreement. The Office of Information Technology at the Mike Monroney Aeronautical Center manages a Blanket Purchase Agreement (BPA) with Dell Corporation for IT

equipment including desktops, laptops, servers, printers, and monitors. We have realized cost savings of \$36.4 million since inception of the BPA.

In addition to cost control, each FAA organization develops, tracks, and reports quarterly on a comprehensive measure of its operating efficiency or financial performance. Our efforts in this area are described below.

Cost Per Controlled Flight. This cost-based metric provides a broader historic picture of overall cost efficiency at the facility level, service level, and ATO level. Cost per controlled flight is reviewed as part of periodic benchmarking initiatives within the global air navigation service community.

Air Traffic Overhead Rate. To provide insight into cost-effectiveness of General and Administration (G&A) and Mission Support resources needed to support the Air Traffic mission, we capture overhead rates. We regularly review current and historic performance and selected benchmarking with other air navigation service providers. The performance indicator informs management decisions on the mix, level, and allocation of G&A and Mission Support resources.

IMPLEMENTING EXPENSE CONTROLS

The FAA has improved its oversight of the acquisition process to ensure that the agency is a responsible steward of the taxpayer's money. The FAA has established requirements to better manage the agency's resources and to ensure that we make sound business decisions.

Procurements. In 2005, the Administrator directed the CFO to exercise greater oversight and fiscal control over all agency procurements costing \$10 million or more. Since that time, the CFO has evaluated more than 199 proposed acquisitions with an estimated contract value of \$18 billion. With this process in place, we have established proper controls to effectively monitor contractor performance, enhanced our ability to accurately estimate and substantiate cost estimates, and improved our ability to articulate and define program requirements.

The FAA Chief Acquisition Officer established an Acquisition Executive Board during 2009 to oversee procurement policy. The board is working to streamline



FEDERAL AVIATION ADMINISTRATION

Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

the acquisition process and standardize the processes by which acquisitions are approved and managed. As part of this effort, a Support Contract Review Board is being established to review and approve any proposed support contract that has a value of \$10 million or more. This board is made up of executives from the CFO's office, the Office of Contract and Acquisition Policy, and the Office of the Chief Counsel, and will make recommendations to the CFO regarding his approval of the acquisition.

IT. To better coordinate IT efforts, any IT-related spending in excess of \$250,000 must be approved by the Chief Information Officer (CIO). This requirement ensures that our IT investments are coordinated and fit into the agency-wide IT strategy.

Alignment of FAA Costs and Goals

The alignment of the FAA's costs with its four strategic goal areas is captured in the Cost Accounting System (CAS)⁴. Projects entered into CAS by every organization are linked to one or more goals, and the percentage of funds that support each goal is identified. At the end of each fiscal year, the total net costs for the FAA's four LOBs and for its combined staff offices and other programs are allocated among each of the agency's goals: Increased Safety, Greater Capacity, International Leadership, and Organizational Excellence.

More than \$11.3 billion, or about 70 percent of the FAA's total net cost of nearly \$16.4 billion for FY 2009, was devoted to our primary goal, ensuring the safety of the NAS. The ATO spent more than \$7.9 billion, largely to maintain the safe separation of aircraft in the air and on the ground. The ARP directed more than \$2.1 billion to establishing safe airport infrastructure. The AVS used nearly \$1.2 billion on its programs to regulate and certify aircraft, pilots, and airlines, directly supporting the safety of commercial and general aviation. The FAA staff offices and other programs spent the remaining total—just more than \$109 million—to further support the agency's safety mission.

Approximately \$4.7 billion, or 29 percent of total net costs, was assigned to support the FAA's goal of expanding the capacity of the NAS, particularly through its pursuit of programs contributing to the Next Gen

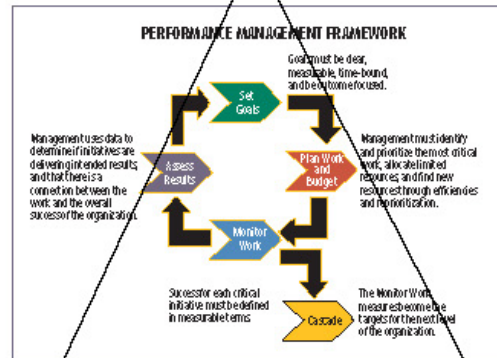
initiative. The ATO spent about \$2.8 billion, largely to finance its facilities and equipment projects. The ARP spent more than \$1.9 billion to enhance the capacity of the country's airports through runway projects and other efforts. The AST directed more than \$3.0 million on its efforts to expand capacity and the AVS contributed approximately \$1.0 million. The bulk of the FAA's remaining net costs, approximately \$275 million, supported its Organizational Excellence goal, to which nearly all the LOBs and staff offices contributed. The FAA committed the remainder, approximately \$43.5 million, to promoting its International Leadership goal.

PERFORMANCE HIGHLIGHTS

The FAA is charged with promoting the safety and efficiency of the Nation's aviation system. With broad authority to enforce safety regulations and conduct oversight of the civil aviation industry, we maintain the system's integrity and reliability. A strategic plan, annual business plans, human capital plans, and the annual FAR create a recurring cycle of planning, program execution, measurement, verification, and reporting. This strong link between resources and performance shows our accomplishments and reinforces accountability for the way we spend taxpayer money.

Managing Performance

The FAA manages performance by using a four-step framework based on best practices from a number of private and public sector organizations (See chart below).



As we use this framework and instill management discipline into the processes, we anticipate a multiyear journey of learning and change.

⁴ For the source of the totals referred to in this section, see Note 11 to the FAA's Financial Statements, titled Net Cost by Program and Other Statement of Net Cost Disclosures on page 117.



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Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

proportionate amount to the FAA based upon actual workers' compensation payments to FAA employees during the preceding 4 years. This liability is updated on an annual basis at year end.

Environmental Liabilities represents 18 percent of the FAA's total liabilities, \$810.8 million as of September 30, 2009, compared with \$637.8 million a year earlier. Environmental liabilities includes a component for remediation of known contaminated sites and the estimated environmental cost to decommission assets currently in service. The increase of \$173.0 million is due primarily to an increase in the number of assets labeled "Areas of Concern," extending the time for onsite and program management by approximately 10 years.

The FAA's Grants Payable are estimated amounts incurred but not yet claimed by AIP grant recipients and represent 18 percent of liabilities. Grants payable increased \$133.7 million primarily due to an accrual of \$109.7 million for new grants awarded through the FY 2009 ARRA. Accounts Payable increased \$173.9 million and are amounts the FAA owes to other entities for unpaid goods and services.

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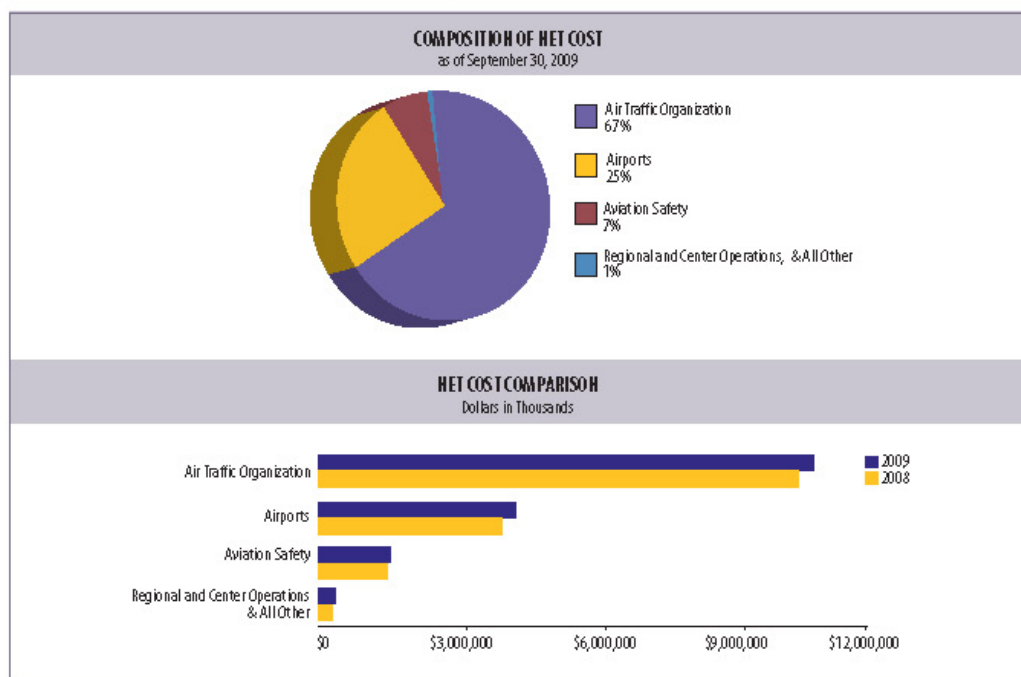
Statement of Net Cost

The Statement of Net Cost presents the cost of operating FAA programs. The gross expense less any earned revenue for each FAA program represents the net cost of specific program operations. The FAA has used its cost accounting system to prepare the annual Statement of Net Cost since FY 1999.

As of September 30, 2009, and September 30, 2008, the FAA's net costs were \$16.4 billion and \$15.5 billion, respectively. The Composition of Net Cost chart illustrates the distribution of costs among the FAA's LOBs.

The Net Cost Comparison chart compares September 30, 2008, and September 30, 2009, net costs.

With a net cost of \$10.9 billion, the ATO is the FAA's largest LOB, composing 67 percent of total net costs. The ATO's net costs increased by \$474.9 million, on a comparative basis, primarily from increases in labor costs of \$190.0 million, and environmental cleanup and remediation of \$173.0 million, which was partially offset





Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

by an increase in reimbursable revenue from work in the NAS Defense Program of \$62.0 million.

Airports is the FAA's second largest LOB with a net cost of \$4.0 billion as of September 30, 2009, which is 25 percent of the FAA's total net costs. Net costs increased \$280.9 million from the prior year and are composed mostly of Aviation Insurance Program grant disbursements.

The net cost of Aviation Safety represents 7 percent of the FAA's total net costs, while Regional and Center Operations and All Other compose 1 percent of total net costs.

Statement of Changes in Net Position

The Statement of Changes in Net Position presents those accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the reporting period. Various financing sources increase net position. These financing sources include appropriations received and nonexchange revenue, such as excise taxes and imputed financing from costs absorbed on the FAA's behalf by other Federal agencies. The agency's net cost of operations and net transfers to other Federal agencies serve to reduce net position.

The FAA's cumulative results of operations for the period ending September 30, 2009, decreased \$1.2 billion, on a comparative basis, due primarily to a combination of increases in net cost of \$838.6 million and by decreases in beginning balances of \$299.0 million and financing sources of \$47.9 million. Unexpended appropriations increased \$1.2 billion primarily as a result of an increase in appropriations received of \$2.8 billion offset by an increase in appropriations used of \$1.8 billion.

Statement of Budgetary Resources

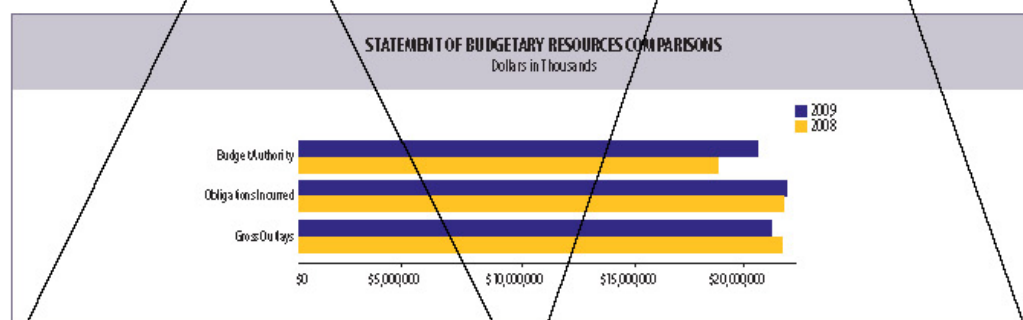
This statement provides information on the budgetary resources available to the FAA as of September 30, 2009, and September 30, 2008, and the status of those budgetary resources.

Budget Authority is the authority provided to the FAA by law to enter into obligations that will result in outlays of Federal funds. Obligations Incurred results from an order placed, contract awarded, service received, or similar transaction, which will require payments during the same or a future period. Gross Outlays reflects the actual cash disbursed by Treasury for FAA obligations. The FAA reported total budget authority of \$20.7 billion on September 30, 2009, compared to \$19.5 billion on September 30, 2008. Obligations Incurred increased \$991.5 million to \$22.7 billion. Gross Outlays decreased \$402.7 million from \$22.0 billion to \$21.6 billion.

Stewardship Investments

Stewardship investments are substantial investments made by the FAA for the benefit of the Nation, but do not result in physical ownership of assets by the FAA. When incurred, these amounts are treated as expenses in the Consolidated Statements of Net Cost. Our Required Supplementary Stewardship Information includes disclosure of stewardship investments during the last 5 years. These are disclosures of AIP grants by State/Territory, and research and development investments.

The distribution of total grants expense by State/Territory has been relatively stable during the past 4 years. However, expenses began to increase in FY 2005 largely as a result of a significant increase in grant





U.S. Department of Transportation
FEDERAL AVIATION ADMINISTRATION
CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30
(Dollars in Thousands)

Line of business programs (Note 11)	2009	2008
Air Traffic Organization		
Expenses	\$ 11,171,855	\$ 10,596,417
Less earned revenues	(271,754)	(171,211)
Net costs	<u>10,900,101</u>	<u>10,425,206</u>
Aviation Safety		
Expenses	1,187,156	1,161,014
Less earned revenues	(10,245)	(6,142)
Net costs	<u>1,176,911</u>	<u>1,154,872</u>
Airports		
Expenses	4,034,970	3,753,840
Less earned revenues	(369)	(165)
Net costs	<u>4,034,601</u>	<u>3,753,675</u>
Commercial Space Transportation		
Expenses	15,308	11,257
Net costs	<u>15,308</u>	<u>11,257</u>
Non line of business programs		
Regional and center operations and other programs		
Expenses	598,681	557,994
Less earned revenues	(334,870)	(370,883)
Net costs	<u>263,811</u>	<u>187,111</u>
Net cost of operations		
Total expenses	17,007,970	16,080,522
Less earned revenues	(617,238)	(548,401)
Total net cost	<u>\$ 16,390,732</u>	<u>\$ 15,532,121</u>

The accompanying notes are an integral part of these financial statements.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

FY2009 PERFORMANCE AND ACCOUNTABILITY REPORT



Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

DOT/FAA

Note 11. Net Cost by Program and Other Statement of Net Cost Disclosures

The FAA's four LOBs represent the programs reported on the Statement of Net Cost. Cost centers assigned to each LOB permit the direct accumulation of costs. Other costs that are not directly traced to each LOB, such as agency overhead, are allocated.

Following are net costs for the years ended September 30, 2009 and 2008, by strategic goal:

For the Year Ended September 30, 2009					
Line of business programs	Strategic Goal Areas				Total
	Safety	Capacity	Organizational Excellence	International Leadership	
Air Traffic Organization	\$ 7,924,375	\$ 2,834,027	\$ 109,001	\$ 32,698	\$ 10,900,101
Aviation Safety	1,158,316	942	8,356	9,297	1,176,911
Airports	2,118,569	1,915,629	408	-	4,034,601
Commercial Space Transportation	12,302	3,006	-	-	15,308
Non-line of business programs Regional and center operations and other	97,029	7,914	157,362	1,506	263,811
Net cost	\$ 11,310,591	\$ 4,761,518	\$ 275,122	\$ 43,501	\$ 16,390,732

For the Year Ended September 30, 2008					
Line of business programs	Strategic Goal Areas				Total
	Safety	Capacity	Organizational Excellence	International Leadership	
Air Traffic Organization	\$ 7,678,165	\$ 2,592,749	\$ 105,295	\$ 48,997	\$ 10,425,206
Aviation Safety	1,131,312	1,270	13,050	9,240	1,154,872
Airports	1,970,690	1,782,621	374	-	3,753,675
Commercial Space Transportation	9,160	2,097	-	-	11,257
Non-line of business programs Regional and center operations and other	68,819	5,613	111,611	1,068	187,111
Net cost	\$ 10,858,136	\$ 4,384,350	\$ 230,330	\$ 59,305	\$ 15,532,121

NOTES TO THE FINANCIAL STATEMENTS

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Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures



FEDERAL AVIATION ADMINISTRATION

Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

DOT/FAA

Following is the FAA's distribution of FY 2009 and FY 2008 net costs by intragovernmental-related activity versus with the public:

Line of business programs	For the Year Ended September 30, 2009		
	Intra-governmental	With the Public	Total
Air Traffic Organization			
Expenses	\$ 2,160,316	\$ 9,011,539	\$ 11,171,855
Less earned revenues	(224,191)	(47,563)	(271,754)
Net costs	<u>1,936,125</u>	<u>8,963,976</u>	<u>10,900,101</u>
Aviation Safety			
Expenses	266,429	920,727	1,187,156
Less earned revenues	(2,089)	(8,156)	(10,245)
Net costs	<u>264,340</u>	<u>912,571</u>	<u>1,176,911</u>
Airports			
Expenses	25,276	4,009,694	4,034,970
Less earned revenues	-	(369)	(369)
Net costs	<u>25,276</u>	<u>4,009,325</u>	<u>4,034,601</u>
Commercial Space Transportation			
Expenses	3,611	11,697	15,308
Net costs	<u>3,611</u>	<u>11,697</u>	<u>15,308</u>
Non-line of business programs			
Regional and center operations and other programs			
Expenses	123,542	475,139	598,681
Less earned revenues	(55,304)	(279,566)	(334,870)
Net costs	<u>68,238</u>	<u>195,573</u>	<u>263,811</u>
Net cost of operations			
Total expenses	2,579,174	14,428,796	17,007,970
Less earned revenues	(281,584)	(335,654)	(617,238)
Net costs	<u>\$ 2,297,590</u>	<u>\$ 14,093,142</u>	<u>\$ 16,390,732</u>

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

FY2009 PERFORMANCE AND ACCOUNTABILITY REPORT



Source: Federal Aviation Administration
FY 2009 Performance and Accountability Report

DOT/FAA

Line of business programs	For the Year Ended September 30, 2008		
	Intra-governmental	With the Public	Total
Air Traffic Organization			
Expenses	\$ 2,139,999	\$ 8,456,418	\$ 10,596,417
Less earned revenues	(170,683)	(528)	(171,211)
Net costs	<u>1,969,316</u>	<u>8,455,890</u>	<u>10,425,206</u>
Aviation Safety			
Expenses	174,605	986,409	1,161,014
Less earned revenues	(6,117)	(25)	(6,142)
Net costs	<u>168,488</u>	<u>986,384</u>	<u>1,154,872</u>
Airports			
Expenses	18,138	3,735,702	3,753,840
Less earned revenues	-	(165)	(165)
Net costs	<u>18,138</u>	<u>3,735,537</u>	<u>3,753,675</u>
Commercial Space Transportation			
Expenses	1,693	9,564	11,257
Net costs	<u>1,693</u>	<u>9,564</u>	<u>11,257</u>
Non-line of business programs			
Regional and center operations and other programs			
Expenses	83,917	474,077	557,994
Less earned revenues	(17,718)	(353,165)	(370,883)
Net costs	<u>66,199</u>	<u>120,912</u>	<u>187,111</u>
Net cost of operations			
Total expenses	2,418,352	13,662,170	16,080,522
Less earned revenues	(194,518)	(353,883)	(548,401)
Net costs	<u>\$ 2,223,834</u>	<u>\$ 13,308,287</u>	<u>\$ 15,532,121</u>

Note 12: Earmarked Funds

The FAA's earmarked funds are presented in two classifications: the first classification is composed of the AATF and all related funds that receive funding from the AATF; and includes the Operations Trust Fund; Grants-in-Aid for Airports; F&E; and R,E,&D, all of which are funded exclusively by the AATF. The AATF classification also includes the Operations General Fund, which is primarily funded through transfers from Operations—AATF, but is additionally supplemented by the General Fund of the U.S. Treasury through annual appropriations. Because the Operations General Fund is primarily

funded from the AATF, and because it is not reasonably possible to differentiate cash balances between those originally flowing from the AATF versus general fund appropriations, the Operations General Fund is presented as an earmarked fund. In addition, this note presents only the earmarked funds that retain available financing sources. As such, the balances in the PP&E fund, though funded from the F&E earmarked fund, are reported as other funds and therefore are excluded.

NOTES TO THE FINANCIAL STATEMENTS

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Performance & Accountability Report FY2009

Source: Department of Transportation
Fiscal Year 2009 Performance & Accountability Report

DOT/FHWA

Net Position

The Department's Net Position at the end of FY 2009 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position is \$84.5 billion, an 82 percent increase from the previous fiscal year total net position of \$46.5 billion. These increases were due to the ARRA and CARS programs. Net Position is the sum of the Unexpended Appropriations and Cumulative Results of Operations.

RESULTS OF OPERATIONS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position.

Net Costs

The Department's total net cost of operations for FY 2009 was \$75.2 billion.

NET COSTS

Dollars in Thousands	2009	%	2008	%
Surface Transportation	\$57,597,654	76.4	\$50,153,011	75.7
Air Transportation	16,288,922	21.6	15,532,121	23.4
Maritime Transportation	728,687	1.0	215,079	0.30
Costs Not Assigned to Programs	366,041	0.5	386,130	0.60
Less Earned Revenues Not Attributed to Programs	10,708	0.001	39,379	0.05
Cross-Cutting Programs	327,208	0.4	23,501	0.04
Net Cost of Operations	\$75,297,804	100.00	\$66,270,463	100.00

Surface and air costs represent 98 percent of the Department's net cost of operations. Surface transportation program costs represent the largest investment for the Department at 76.4 percent of the Department's net cost of operations. Air transportation is the next largest investment for the Department at 21.6 percent of the Department's net cost of operations. The increases in Net Cost are attributed to the Surface and Air Programs and additional Recovery Act and CARS funding.

Source: Department of Transportation
Fiscal Year 2009 Performance & Accountability Report

DOT/FHWA

U.S. Department of Transportation
Consolidated Statements of Net Cost
For the Years Ended September 30, 2009 and 2008
(Dollars in Thousands)

Program Costs (Note 19):

Surface Transportation:

	2009	2008
Gross costs	\$ 58,120,836	\$ 50,416,782
Less: earned revenue	523,182	263,771
Net program costs	<u>57,597,654</u>	<u>50,153,011</u>

Air Transportation:

Gross costs	16,868,905	15,913,667
Less: earned revenue	579,983	381,546
Net program costs	<u>16,288,922</u>	<u>15,532,121</u>

Maritime Transportation:

Gross costs	1,113,672	706,649
Less: earned revenue	384,985	491,570
Net program costs	<u>728,687</u>	<u>215,079</u>

Cross-Cutting Programs:

Gross costs	648,325	565,861
Less: earned revenue	321,117	542,360
Net program costs	<u>327,208</u>	<u>23,501</u>

Costs not assigned to programs

366,041 386,130

**Less earned revenues not
attributed to programs**

10,708 39,379

Net cost of operations

\$ 75,297,804 \$ 66,270,463

The accompanying notes are an integral part of these financial statements.

Financial Report

Source: Department of Transportation

Fiscal Year 2009 Performance & Accountability Report

DOT/FHWA

Notes to the Financial Statements

Note 19. Intragovernmental Costs and Exchange Revenues:

		For the Period Ended September 30, 2009		
		Intra- governmental	With the Public	Total
Surface Transportation:				
Federal-Aid Highway Program:				
Gross Costs	\$	105,064	\$ 35,789,451	\$ 35,894,515
Less Earned Revenue		32,448	39,807	72,255
Net Program Costs		72,616	35,749,644	35,822,260
Mass Transit Program				
Gross Costs		36,332	11,585,418	11,621,750
Less Earned Revenue		269,677	920	270,597
Net Program Costs		(233,345)	11,584,498	11,351,153
Other Surface Transportation Programs:				
Gross Costs		265,763	10,338,808	10,604,571
Less Earned Revenue		21,332	158,998	180,330
Net Program Costs		244,431	10,179,810	10,424,241
Total Surface Transportation Program Costs		83,702	57,513,952	57,597,654
Air Transportation:				
Gross Costs		2,440,109	14,428,796	16,868,905
Less Earned Revenue		244,329	335,654	579,983
Net Program Costs		2,195,780	14,093,142	16,288,922
Maritime Transportation:				
Gross Costs		61,761	1,051,911	1,113,672
Less Earned Revenue		378,111	6,874	384,985
Net Program Costs		(316,350)	1,045,037	728,687
Cross-Cutting Programs:				
Gross Costs		39,448	608,877	648,325
Less Earned Revenue		316,241	4,876	321,117
Net Program Costs		(276,793)	604,001	327,208
Costs not assigned to programs		85,041	281,000	366,041
Less: Earned Revenues not attributed to programs		15,640	(4,932)	10,708
Net Cost of Operations	\$	1,755,740	\$ 73,542,064	\$ 75,297,804

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: Department of Transportation

Fiscal Year 2009 Performance & Accountability Report

DOT/FHWA

Notes to the Financial Statements

Note 19. Intragovernmental Costs and Exchange Revenues: (Cont.)

		For the Period Ended September 30, 2008		
		Intra- governmental	With the Public	Total
Surface Transportation:				
Federal-Aid Highway Program:				
Gross Costs		\$ 261,106	\$ 35,462,448	\$ 35,723,554
Less Earned Revenue		4,541	63,819	68,360
Net Program Costs		256,565	35,398,629	35,655,194
Mass Transit Program				
Gross Costs		5,517	10,137,413	10,142,930
Less Earned Revenue		16,215	766	16,981
Net Program Costs		(10,698)	10,136,647	10,125,949
Other Surface Transportation Programs:				
Gross Costs		307,817	4,242,481	4,550,298
Less Earned Revenue		31,350	147,080	178,430
Net Program Costs		276,467	4,095,401	4,371,868
Total Surface Transportation Program Costs		522,334	49,630,677	50,153,011
Air Transportation:				
Gross Costs		2,251,497	13,662,170	15,913,667
Less Earned Revenue		27,663	353,883	381,546
Net Program Costs		2,223,834	13,308,287	15,532,121
Maritime Transportation:				
Gross Costs		19,364	687,285	706,649
Less Earned Revenue		282,959	208,611	491,570
Net Program Costs		(263,595)	478,674	215,079
Cross-Cutting Programs:				
Gross Costs		6,335	559,526	565,861
Less Earned Revenue		539,109	3,251	542,360
Net Program Costs		(532,774)	556,275	23,501
Cost not assigned to a program		129,209	256,921	386,130
Less: Earned Revenues not attributed to programs		39,196	183	39,379
Net Cost of Operations		<u>\$ 2,039,812</u>	<u>\$ 64,230,651</u>	<u>\$ 66,270,463</u>

Surface Transportation Program costs includes those operating costs incurred by the Operating Administrations authorized by SAFETEA-LU (FHWA, NHTSA, FMCSA, and FTA), plus the FTA, to promote safety and mobility of the nation's highways and railroads and among the nation's drivers and auto manufacturers.

Financial Report

Source: Department of Transportation

Fiscal Year 2009 Performance & Accountability Report

DOT/FHWA

Air Transportation Program costs include those operating costs incurred to promote aviation safety and mobility by building, maintaining, and operating the Nation's air traffic control system; overseeing commercial and general aviation safety through regulation and inspection; and providing assistance to improve the capacity and safety of our airports.

Maritime Transportation Program Costs include those operating costs incurred to promote the development and maintenance of a U.S. merchant marine that is sufficient to carry the Nation's domestic waterborne commerce, a substantial portion of which is trade with other nations, and to serve as a naval and military auxiliary in time of war and national emergency.

Cross-cutting Program costs include those operating costs incurred to provide goods and services on a reimbursable basis for those Operating Administrations whose mission is primarily cross modal.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

10-1-0029

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

**Environmental Protection Agency
Consolidated Statements of Net Cost
For the Periods Ending September 30, 2009 and 2008 (Restated)
(Dollars in Thousands)**

	<u>FY 2009</u>	<u>Restated FY 2008</u>
COSTS		
Gross Costs (Note 21)	\$ 8,920,963	\$ 8,675,411
Less:		
Earned Revenue (Notes 20, 21)	<u>773,612</u>	<u>675,865</u>
NET COST OF OPERATIONS (Note 21)	\$ <u>8,147,351</u>	\$ <u>7,999,546</u>

The accompanying notes are an integral part of these financial statements.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

**Environmental Protection Agency
Consolidated Statements of Net Cost by Goal
For the Period Ending September 30, 2009
(Dollars in Thousands)**

	<u>Clean Air</u>	<u>Clean & Safe Water</u>	<u>Land Preservation & Restoration</u>	<u>Healthy Communities & Ecosystems</u>	<u>Compliance & Environmental Stewardship</u>
Costs:					
Intragovernmental	\$ 187,484	\$ 191,558	\$ 386,549	\$ 271,028	\$ 207,660
With the Public	874,787	3,236,903	1,821,301	1,134,155	609,538
Total Costs (Note 21)	<u>1,062,271</u>	<u>3,428,461</u>	<u>2,207,850</u>	<u>1,405,183</u>	<u>817,198</u>
Less:					
Earned Revenue, Federal	15,455	4,758	101,767	20,047	4,071
Earned Revenue, non Federal	3,036	3,208	580,119	42,267	(1,116)
Total Earned Revenue (Note 20 & 21)	<u>18,491</u>	<u>7,966</u>	<u>681,886</u>	<u>62,314</u>	<u>2,955</u>
NET COST OF OPERATIONS (Note 21)	<u>\$ 1,043,780</u>	<u>\$ 3,420,495</u>	<u>\$ 1,525,964</u>	<u>\$ 1,342,869</u>	<u>\$ 814,243</u>
	<u>Consolidated Totals</u>				
Costs:					
Intragovernmental	\$ 1,244,279				
With the Public	\$ 7,676,684				
Total Costs	<u>8,920,963</u>				
Less:					
Earned Revenue, Federal	\$ 146,098				
Earned Revenue, non Federal	\$ 627,514				
Total Earned Revenue (Note 19)	<u>773,612</u>				
NET COST OF OPERATIONS	<u>\$ 8,147,351</u>				

The accompanying notes are an integral part of these financial statements.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

**Environmental Protection Agency
Consolidated Statements of Net Cost by Goal
For the Period Ending September 30, 2008 (Restated)
(Dollars in Thousands)**

	<u>Clean Air</u>	<u>Clean & Safe Water</u>	<u>Restated Land Preservation & Restoration</u>	<u>Healthy Communities & Ecosystems</u>	<u>Compliance & Environmental Stewardship</u>
Costs:					
Intragovernmental	\$ 181,467	\$ 162,679	\$ 347,011	\$ 281,767	\$ 176,376
With the Public	816,336	3,334,953	1,654,205	1,126,764	593,853
Total Costs (Note 21)	<u>997,803</u>	<u>3,497,632</u>	<u>2,001,216</u>	<u>1,408,531</u>	<u>770,229</u>
Less:					
Earned Revenue, Federal	18,360	7,615	73,829	22,710	5,540
Earned Revenue, non-Federal	<u>2,043</u>	<u>2,841</u>	<u>501,719</u>	<u>39,407</u>	<u>1,801</u>
Total Earned Revenue (Notes 20 & 21)	<u>20,403</u>	<u>10,456</u>	<u>575,548</u>	<u>62,117</u>	<u>7,341</u>
NET COST OF OPERATIONS (Note 22)	<u>\$ 977,400</u>	<u>\$ 3,487,176</u>	<u>\$ 1,425,668</u>	<u>\$ 1,346,414</u>	<u>\$ 762,888</u>
	<u>Consolidated Totals</u>				
Costs:					
Intragovernmental	\$ 1,149,300				
With the Public	<u>\$ 7,526,111</u>				
Total Costs (Note 21)	<u>\$ 8,675,411</u>				
Less:					
Earned Revenue, Federal	\$ 128,054				
Earned Revenue, non-Federal	<u>\$ 547,811</u>				
Total Earned Revenue (Notes 20 & 21)	<u>\$ 675,865</u>				
NET COST OF OPERATIONS (Note 21)	<u>\$ 7,999,546</u>				

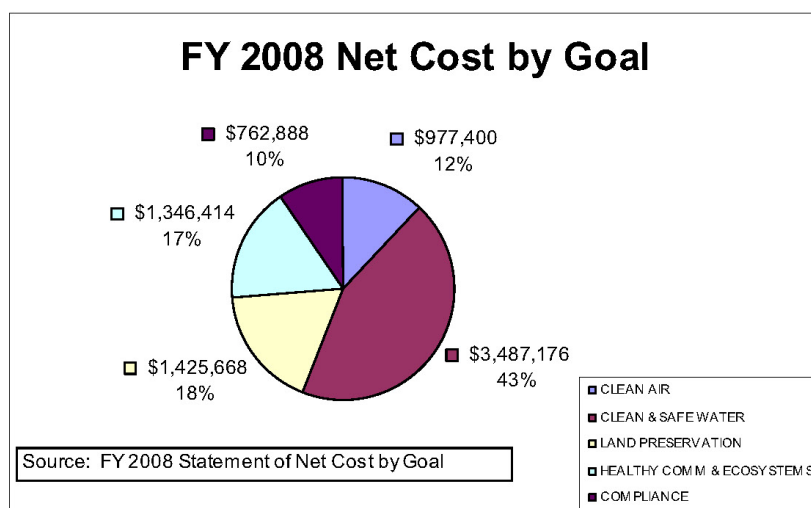
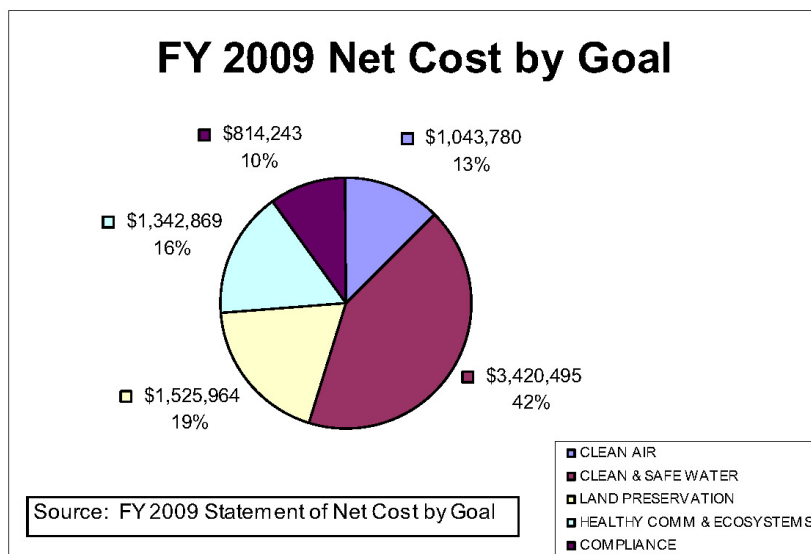
The accompanying notes are an integral part of these financial statements.

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

Net Cost of Operations—How EPA Used Its Funds

The charts below show how EPA divided its funds among its five program goal areas in FY 2009 and FY 2008:



Goal areas: clean air and global climate change, clean and safe water, land preservation and restoration, healthy communities and ecosystems, and compliance and environmental stewardship.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

Note 21. Intragovernmental Costs and Exchange Revenue

	FY 2009			FY 2008		
	Intragovern- mental	With the Public	TOTAL	Intragovern- mental	With the Public	TOTAL
Clean Air						
Program Costs	\$ 187,484	\$ 874,787	\$ 1,062,271	\$ 181,467	\$ 816,336	\$ 997,803
Earned Revenue	15,455	3,036	18,491	18,360	2,043	20,403
NET COST	\$ 172,029	\$ 871,751	\$ 1,043,780	\$ 163,107	\$ 814,293	\$ 977,400
Clean & Safe Water						
Program Costs	\$ 191,558	3,236,903	\$ 3,428,461	\$ 162,679	3,334,953	\$ 3,497,632
Earned Revenue	4,758	3,208	7,966	7,615	2,841	10,456
NET COST	\$ 186,800	\$ 3,233,695	\$ 3,420,495	\$ 155,064	\$ 3,332,112	\$ 3,487,176
Land Preservation & Restoration						
Program Costs	\$ 386,549	\$ 1,821,301	\$ 2,207,850	\$ 347,011	\$ 1,654,205	\$ 2,001,216
Earned Revenue	101,767	580,119	681,886	73,829	501,719	575,548
NET COST	\$ 284,782	\$ 1,241,182	\$ 1,525,964	\$ 273,182	\$ 1,152,486	\$ 1,425,668
Healthy Communities & Ecosystems						
Program Costs	\$ 271,028	\$ 1,134,155	\$ 1,405,183	\$ 281,767	\$ 1,126,764	\$ 1,408,531
Earned Revenue	20,047	42,267	62,314	22,710	39,407	62,117
NET COST	\$ 250,981	\$ 1,091,888	\$ 1,342,869	\$ 259,057	\$ 1,087,357	\$ 1,346,414
Compliance & Environmental Stewardship						
Program Costs	\$ 207,660	\$ 609,538	\$ 817,198	\$ 176,376	\$ 593,853	\$ 770,229
Earned Revenue	4,071	(1,116)	2,955	5,540	1,801	7,341
NET COST	\$ 203,589	\$ 610,654	\$ 814,243	\$ 170,836	\$ 592,052	\$ 762,888
Total						
Program Costs	\$ 1,244,279	\$ 7,676,684	\$ 8,920,963	\$ 1,149,300	\$ 7,526,111	\$ 8,675,411
Earned Revenue	146,098	627,514	773,612	128,054	547,811	675,865
NET COST	\$ 1,098,181	\$ 7,049,170	\$ 8,147,351	\$ 1,021,246	\$ 6,978,300	\$ 7,999,546

Intragovernmental costs relate to the source of the goods or services not the classification of the related revenue.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

receipt fund for the credit reform funds. The amounts reported on the Statement of Changes in Net Position are as follows for September 30, 2009 and 2008:

Type of Transfer/Funds	FY 2009		FY 2008	
	Earmark	Other Funds	Earmark	Other Funds
Transfers-in by allocation transfer agency	\$ 84	\$ -	\$ -	\$ -
Transfers-in property	-	46	-	-
Transfers (out) of prior year negative subsidy to be paid following year	-	(740)	-	28
Total Transfers in (out) without Reimbursement, Budgetary	\$ 84	\$ (694)	\$ -	\$ 28

Note 33. Imputed Financing

In accordance with SFFAS No. 5, “Accounting for Liabilities of the Federal Government,” Federal agencies must recognize the portion of employees’ pensions and other retirement benefits to be paid by the OPM trust funds. These amounts are recorded as imputed costs and imputed financing for each agency. Each year the OPM provides Federal agencies with cost factors to calculate these imputed costs and financing that apply to the current year. These cost factors are multiplied by the current year’s salaries or number of employees, as applicable, to provide an estimate of the imputed financing that the OPM trust funds will provide for each agency. The estimates for FY 2009 were \$197.8 million (\$25.1 million from Earmarked funds, and \$172.7 million from Other Funds). For FY 2008, the estimates were \$132.5 million (\$20.9 million from Earmarked Funds, and \$111.6 million from Other Funds).

SFFAS No. 4, “Managerial Cost Accounting Standards and Concepts” and SFFAS No. 30, “Inter-Entity Cost Implementation,” requires Federal agencies to recognize the costs of goods and services received from other Federal entities that are not fully reimbursed, if material. EPA estimates imputed costs for inter-entity transactions that are not at full cost and records imputed costs and financing for these unreimbursed costs subject to materiality. EPA applies its Headquarters General and Administrative indirect cost rate to expenses incurred for inter-entity transactions for which other Federal agencies did not include indirect costs to estimate the amount of unreimbursed (i.e., imputed) costs. For FY 2009 total imputed costs were \$11.7 million (\$3.8 million from Earmark funds, and \$7.9 million from Other Funds).

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Environmental Protection Agency
Performance and Accountability Report Fiscal Year 2009

EPA

In addition to the pension and retirement benefits described above, EPA also records imputed costs and financing for Treasury Judgment Fund payments made on behalf of the Agency. Entries are made in accordance with the Interpretation of Federal Financial Accounting Standards No. 2, "Accounting for Treasury Judgment Fund Transactions." For FY 2009 entries for Judgment Fund payments totaled \$3.7 million (Other Funds). For FY 2008, entries for Judgment Fund payments totaled \$2.4 million (Other Funds).

The combined total of imputed financing sources for FY 2009 and FY 2008 is \$213.3 million and \$132.5 million, respectively.

Note 34. Payroll and Benefits Payable

Payroll and benefits payable to EPA employees for the years ending September 30, 2009 and 2008, consist of the following:

FY 2009 Payroll & Benefits Payable	Covered by Budgetary Resources	Not Covered by Budgetary Resources	Total
Accrued Funded Payroll & Benefits	\$ 57,004	\$ -	\$ 57,004
Withholdings Payable	31,307	-	31,307
Employer Contributions Payable-TSP	3,177	-	3,177
Accrued Unfunded Annual Leave	-	159,129	159,129
Total - Current	\$ 91,488	\$ 159,129	\$ 250,617
FY 2008 Payroll & Benefits Payable			
Accrued Funded Payroll & Benefits	\$ 46,966	\$ -	\$ 46,966
Withholdings Payable	30,659	-	30,659
Employer Contributions Payable-TSP	2,670	-	2,670
Accrued Unfunded Annual Leave	-	152,663	152,663
Total - Current	\$ 80,295	\$ 152,663	\$ 232,958

Note 35. Other Adjustments, Statement of Changes in Net Position

The Other Adjustments under Budgetary Financing Sources on the Statement of Changes in Net Position consist of rescissions to appropriated funds and cancellation of funds that expired 5 years earlier. These amounts affect Unexpended Appropriations.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures



Source: U.S. General Services Administration
2009 Agency Financial Report

GSA/FPSD and GSA/OFPD

CONSOLIDATING STATEMENTS OF NET COST

For the Fiscal Years Ended September 30, 2009 and 2008

(Dollars in Millions)

	2009	2008
FEDERAL BUILDINGS FUND		
Revenues:		
Building Operations - Government-Owned	\$ 4,202	\$ 3,966
Building Operations - Leased	5,830	5,322
Expenses:		
Building Operations - Government-Owned	3,781	3,347
Building Operations - Leased	5,881	5,390
Net Revenues From (Cost of) Operations	370	551
ACQUISITION SERVICES FUND		
Revenues:		
General Supplies and Services	1,623	1,501
Travel, Motor Vehicles and Card Services	2,296	2,011
Integrated Technology Services	1,448	1,350
Assisted Acquisition Services	3,800	3,643
Other Programs	46	72
Revenues Subtotal	9,213	8,577
Expenses:		
General Supplies and Services	1,571	1,456
Travel, Motor Vehicles and Card Services	2,155	2,003
Integrated Technology Services	1,393	1,270
Assisted Acquisition Services	3,799	3,644
Other Programs	64	42
Expenses Subtotal	8,982	8,415
Net Revenues From (Cost of) Operations	231	162
OTHER FUNDS		
Revenues:		
Working Capital Fund	448	426
GSA OE and OGP Funds	27	21
Other Funds	21	14
Expenses:		
Working Capital Fund	446	432
GSA OE and OGP Funds	145	157
Other Funds	154	162
Net Revenues From (Cost of) Operations	(249)	(290)
LESS: INTRA-GSA ELIMINATIONS (NOTE 1-B)		
Revenues	993	643
Expenses	1,033	678
GSA CONSOLIDATED		
Revenues	18,748	17,683
Expenses	18,356	17,225
Net Revenues From (Cost of) Operations	\$ 392	\$ 458

The accompanying notes are an integral part of these statements.



Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

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HUD FY 2009 Performance and Accountability Report
Section 3: Financial Information

Consolidated Statement of Net Cost		
For the Period Ending September 2009 and 2008		
(Dollars in Millions)		
	2009	2008
COSTS:		
Federal Housing Administration		
Gross Cost (Note 19)	\$ 14,689	\$ 11,378
Less: Earned Revenue	<u>(2,266)</u>	<u>(1,471)</u>
Net Program Costs	<u>12,423</u>	<u>9,907</u>
Government National Mortgage Association		
Gross Cost (Note 19)	148	110
Less: Earned Revenue	<u>(658)</u>	<u>(1,007)</u>
Net Program Costs	<u>(510)</u>	<u>(897)</u>
Section 8:		
Gross Cost (Note 19)	25,259	24,735
Less: Earned Revenue	<u></u>	<u></u>
Net Program Costs	<u>25,259</u>	<u>24,735</u>
Low Rent Public Housing Loans and Grants		
Gross Cost (Note 19)	3,678	3,238
Less: Earned Revenue	<u></u>	<u></u>
Net Program Costs	<u>3,678</u>	<u>3,238</u>
Operating Subsidies:		
Gross Cost (Note 19)	4,540	4,150
Less: Earned Revenue	<u></u>	<u></u>
Net Program Costs	<u>4,540</u>	<u>4,150</u>
Housing for the Elderly and Disabled		
Gross Cost (Note 19)	1,379	1,392
Less: Earned Revenue	<u>(309)</u>	<u>(363)</u>
Net Program Costs	<u>1,070</u>	<u>1,029</u>
Community Development Block Grants:		
Gross Cost (Note 19)	6,466	8,996
Less: Earned Revenue	<u></u>	<u></u>
Net Program Costs	<u>6,466</u>	<u>8,996</u>
HOME:		
Gross Cost (Note 19)	1,956	2,013
Less: Earned Revenue	<u></u>	<u></u>
Net Program Costs	<u>1,956</u>	<u>2,013</u>
Other:		
Gross Cost (Note 19)	3,630	3,872
Less: Earned Revenue	<u>(37)</u>	<u>(33)</u>
Net Program Costs	<u>3,593</u>	<u>3,839</u>
Costs Not Assigned to Programs:	<u>182</u>	<u>144</u>
Consolidated:		
Gross Cost (Note 19)	61,927	60,028
Less: Earned Revenue	<u>(3,270)</u>	<u>(2,874)</u>
NET COST OF OPERATIONS	<u>\$ 58,657</u>	<u>\$ 57,154</u>
The accompanying notes are an integral part of these statements.		

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

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Financial Information
Notes to Financial Statements

J. Liability for Loan Guarantees

The potential future losses related to FHA's central business of providing mortgage insurance are accounted for as Loan Guarantee Liability in the consolidated balance sheets. As required by SFFAS No. 2, the Loan Guarantee Liability includes the Credit Reform related Liabilities for Loan Guarantees (LLG) and the Loan Loss Reserve (LLR).

The LLG and LLR are calculated as the present value of anticipated cash outflows for defaults, such as claim payments, premium refunds, property expense for on-hand properties and sale expense for sold properties, less anticipated cash inflows such as premium receipts, proceeds from asset sales and principal and interest on Secretary-held notes acquired from FHA's claim settlements of defaulted mortgages or pursuant to Section 221 (g) (4) of the National Housing Act.

HUD records its loan loss reserves for its mortgage insurance programs operated through FHA. FHA loss reserves are recorded for the net present value of estimated future cash flows associated with FHA-insured mortgage loans endorsed before fiscal year 1992.

K. Full Cost Reporting

Beginning in FY 1998, SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, required that full costing of program outputs be included in Federal agency financial statements. Full cost reporting includes direct, indirect, and inter-entity costs. For purposes of the consolidated department financial statements, HUD identified each responsible segment's share of the program costs or resources provided by HUD or other Federal agencies. These costs are treated as imputed cost for the Statement of Net Cost and imputed financing for the Statement of Changes in Net Position.

L. Accrued Unfunded Leave and Federal Employees Compensation Act (FECA) Liabilities

Annual leave and compensatory time are accrued as earned and the liability is reduced as leave is taken. The liability at year-end reflects cumulative leave earned but not taken, priced at current wage rates. Earned leave deferred to future periods is to be funded by future appropriations. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

HUD also accrues the portion of the estimated liability for disability benefits assigned to the agency under the Federal Employee Compensation Act (FECA), administered and determined by the Department of Labor (DOL). The liability, based on the net present value of estimated future payments based on a study conducted by DOL, was \$69 million as of September 30, 2009 and \$85 million as of September 30, 2008. Future payments on this liability are to be funded by future financing sources.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

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**Financial Information
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The following shows earmarked funds activity as of September 30, 2008 (dollars in millions):

	GNMA	Rental Housing Assistance	Flexible Subsidy	Manufactured Housing Fees Trust Fund	Manufactured Housing Fees Receipt Acct	Eliminations	Total Earmarked Funds
Balance Sheet							
Fund Balance w/Treasury	\$ 4,836	\$ 4	\$ 103	\$ 4	\$ -	\$ -	\$ 4,947
Investments	9,290	-	-	-	-	-	9,290
Accounts Receivable	26	-	-	-	-	-	26
Loans Receivable	-	-	75	-	-	-	75
General Property, Plant and Equipment	27	-	-	-	-	-	27
Other	710	-	-	-	-	-	710
Total Assets	\$ 14,889	\$ 4	\$ 178	\$ 4	\$ -	\$ -	\$ 15,075
Accounts Payable	\$ 39	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39
Loss Reserves	550	-	-	-	-	-	550
Other Liabilities	773	-	-	-	-	-	773
Total Liabilities	\$ 1,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,362
Unexpended Appropriations	\$ -	\$ -	\$ (376)	\$ -	\$ -	\$ -	\$ (376)
Cumulative Results of Operations	13,527	4	554	4	-	-	14,089
Total Net Position	\$ 13,527	\$ 4	\$ 178	\$ 4	\$ -	\$ -	\$ 13,713
Total Liabilities and Net Position	\$ 14,889	\$ 4	\$ 178	\$ 4	\$ -	\$ -	\$ 15,075
Statement of Net Cost For the Period Ended							
Gross Costs	\$ 110	\$ 8	\$ 95	\$ 7	\$ -	\$ (8)	\$ 212
Less Earned Revenues	\$ (1,007)	\$ (4)	\$ (17)	\$ (7)	\$ -	\$ 8	\$ (1,027)
Net Costs	\$ (897)	\$ 4	\$ 78	\$ -	\$ -	\$ -	\$ (815)
Statement of Changes in Net Position for the Period Ended							
Net Position Beginning of Period	\$ 12,620	\$ 8	\$ 256	\$ 4	\$ -	\$ -	\$ 12,888
Appropriations Received	8	-	-	-	-	-	8
Transfers In/Out Without Reimbursement	2	-	-	-	-	-	2
Net Cost of Operations	\$ 897	\$ (4)	\$ (78)	\$ -	\$ -	\$ -	\$ 815
Change in Net Position	\$ 907	\$ (4)	\$ (78)	\$ -	\$ -	\$ -	\$ 825
Net Position End of Period	\$ 13,527	\$ 4	\$ 178	\$ 4	\$ -	\$ -	\$ 13,713

NOTE 19 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

The data below shows HUD's intragovernmental costs and earned revenue separately from activity with the public. Intragovernmental transactions are exchange transactions made between two reporting entities within the Federal government. Intragovernmental costs are identified by the source of the goods and services; both the buyer and seller are Federal entities. Also note that there may be instances where the revenue may be classified as non-Federal if the goods or services are subsequently sold to the public. Public activity involves exchange transactions between the reporting entity and a non-Federal entity.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

HUD FY 2009 Performance and Accountability Report
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The following shows HUD's intragovernmental costs and exchange revenue (dollars in millions):

2009	Federal Housing Administration	Government National Mortgage Association	Section 8 Rental Assistance	Community Development Block Grants	HOME	Operating Subsidies	Public and Indian Housing Loans and Grants	Housing for the Elderly and Disabled	All Other	Consolidating
Intragovernmental Costs	\$ 303	\$ 2	\$ 87	\$ 23	\$ 12	\$ 20	\$ 111	\$ 33	\$ 241	\$ 832
Public Costs	14,386	146	25,172	6,443	1,944	4,520	3,567	1,346	3,389	60,913
Subtotal Costs	\$ 14,689	\$ 148	\$ 25,259	\$ 6,466	\$ 1,956	\$ 4,540	\$ 3,678	\$ 1,379	\$ 3,630	\$ 61,745
Costs Not Assigned									\$ 182	\$ 182
Total Costs										\$ 61,927
Intragovernmental Earned Revenue	\$ (2,148)	\$ (109)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21)	\$ (2,278)
Public Earned Revenue	(118)	(549)	-	-	-	-	-	(309)	(16)	(992)
Total Earned Revenue	(2,266)	(658)	-	-	-	-	-	(309)	(37)	(3,270)
Net Cost of Operations	\$ 12,423	\$ (510)	\$ 25,259	\$ 6,466	\$ 1,956	\$ 4,540	\$ 3,678	\$ 1,070	\$ 3,775	\$ 58,657

2008	Federal Housing Administration	Government National Mortgage Association	Section 8 Rental Assistance	Community Development Block Grants	Home	Operating Subsidies	Public and Indian Housing Loans and Grants	Housing for the Elderly and Disabled	All Other	Consolidating
Intragovernmental Costs	\$ 314	\$ 2	\$ 79	\$ 26	\$ 15	\$ 29	\$ 119	\$ 31	\$ 245	\$ 860
Public Costs	11,064	108	24,656	8,970	1,998	4,121	3,119	1,361	3,627	59,024
Subtotal Costs	\$ 11,378	\$ 110	\$ 24,735	\$ 8,996	\$ 2,013	\$ 4,150	\$ 3,238	\$ 1,392	\$ 3,872	\$ 59,884
Costs Not Assigned									\$ 144	\$ 144
Total Costs										\$ 60,028
Intragovernmental Earned Revenue	\$ (1,394)	\$ (633)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15)	\$ (2,042)
Public Earned Revenue	(77)	(374)	-	-	-	-	-	(363)	(18)	(832)
Total Earned Revenue	(1,471)	(1,007)	-	-	-	-	-	(363)	(33)	(2,874)
Net Cost of Operations	\$ 9,907	\$ (897)	\$ 24,735	\$ 8,996	\$ 2,013	\$ 4,150	\$ 3,238	\$ 1,029	\$ 3,983	\$ 57,154

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

**Financial Information
Notes to Financial Statements**

NOTE 20 - TOTAL COST AND EARNED REVENUE BY BUDGET FUNCTIONAL CLASSIFICATION

The following shows HUD's total cost and earned revenue by budget functional classification for fiscal year 2009 (dollars in millions):

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
Intragovernmental:			
Commerce and Housing Credit	\$ 2	\$ -	\$ 2
Community and Regional Development	43	(7)	36
Income Security	482	(2)	480
Other Multiple Functions	<u>\$ (1)</u>	<u>\$ (13)</u>	<u>\$ (14)</u>
Total Intragovernmental	526	(22)	504
With the Public:			
Commerce and Housing Credit	\$ 14,858	\$ (3,236)	\$ 11,622
Community and Regional Development	6,688	-	6,688
Income Security	39,080	(12)	39,068
Administration of Justice	46	-	46
Other Multiple Functions	<u>547</u>	<u>-</u>	<u>547</u>
Total with the Public	\$ 61,219	\$ (3,248)	\$ 57,971
Not Assigned to Programs:			
Income Security	<u>182</u>	<u>-</u>	<u>182</u>
Total with the Public	\$ 182	\$ -	\$ 182
TOTAL:			
Commerce and Housing Credit	\$ 14,860	\$ (3,236)	\$ 11,624
Community and Regional Development	6,731	(7)	6,724
Income Security	39,744	(14)	39,730
Administration of Justice	46	-	46
Other Multiple Functions	<u>546</u>	<u>(13)</u>	<u>533</u>
TOTAL:	<u>\$ 61,927</u>	<u>\$ (3,270)</u>	<u>\$ 58,657</u>

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

HUD FY 2009 Performance and Accountability Report
Section 3: Financial Information

The following shows HUD's total cost and earned revenue by budget functional classification for fiscal year 2008 (dollars in millions):

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
Intragovernmental:			
Commerce and Housing Credit	\$ 331	\$ (2,027)	\$ (1,696)
Community and Regional Development	90	(17)	73
Income Security	402	10	412
Other Multiple Functions	36	(7)	29
Total Intragovernmental	\$ 859	\$ (2,041)	\$ (1,182)
With the Public:			
Commerce and Housing Credit	\$ 11,567	\$ (820)	\$ 10,747
Community and Regional Development	9,499	-	9,499
Income Security	37,300	(13)	37,287
Administration of Justice	54	-	54
Other Multiple Functions	605	-	605
Total with the Public	\$ 59,025	\$ (833)	\$ 58,192
Not Assigned to Programs:			
Community and Regional Development			
Income Security	\$ 144	\$ -	\$ 144
Total with the Public	\$ 144	\$ -	\$ 144
TOTAL:			
Commerce and Housing Credit	\$ 11,898	\$ (2,847)	\$ 9,051
Community and Regional Development	9,589	(17)	9,572
Income Security	37,846	(3)	37,843
Other Multiple Functions	641	(7)	634
Administration of Justice	54	-	54
TOTAL:	\$ 60,028	\$ (2,874)	\$ 57,154

NOTE 21 – NET COSTS of HUD's CROSS-CUTTING PROGRAMS

This note provides a categorization of net costs for two of HUD's major program areas whose costs were incurred across multiple programs. Section 8 costs are incurred to assist low- and very low- income families in obtaining decent and safe rental housing. In addition, costs incurred under the Other major program represent HUD's smaller programs. These programs provide assistance to support other HUD objectives such as fair housing and equal opportunity, energy conservation, homeless assistance, housing unit rehabilitation, and home ownership.

The following table shows the cross-cutting of HUD's major program areas that incur costs that cross multiple program areas for fiscal year 2009 (dollars in millions):

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

**Financial Information
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Fiscal Year 2009

HUD's Cross-Cutting Programs	Public and Indian Housing	Housing	Community Planning and Development	Other	Consolidated
Section 8:					
Intragovernmental Gross Costs	\$ 42	\$ 44	\$ -	\$ -	\$ 86
Intragovernmental Earned Revenues	-	-	-	-	-
Intragovernmental Net Costs	\$ 42	\$ 44	\$ -	\$ -	\$ 86
Gross Costs with the Public	\$ 16,286	\$ 8,837	\$ 50	\$ -	\$ 25,173
Earned Revenues	-	-	-	-	-
Net Costs with the Public	\$ 16,286	\$ 8,837	\$ 50	\$ -	\$ 25,173
Net Program Costs	\$ 16,328	\$ 8,881	\$ 50	\$ -	\$ 25,259
CDBG					
Intragovernmental Gross Costs	\$ -	\$ -	\$ 21	\$ 2	\$ 23
Intragovernmental Earned Revenues	-	-	-	-	-
Intragovernmental Net Costs	\$ -	\$ -	\$ 21	\$ 2	\$ 23
Gross Costs with the Public	\$ 75	\$ -	\$ 6,356	\$ 12	\$ 6,443
Earned Revenues	-	-	-	-	-
Net Costs with the Public	\$ 75	\$ -	\$ 6,356	\$ 12	\$ 6,443
Net Program Costs	\$ 75	\$ -	\$ 6,377	\$ 14	\$ 6,466
HOME					
Intragovernmental Gross Costs	\$ -	\$ -	\$ 11	\$ 1	\$ 12
Intragovernmental Earned Revenues	-	-	-	-	-
Intragovernmental Net Costs	\$ -	\$ -	\$ 11	\$ 1	\$ 12
Gross Costs with the Public	\$ -	\$ 45	\$ 1,899	\$ -	\$ 1,944
Earned Revenues	-	-	-	-	-
Net Costs with the Public	\$ -	\$ 45	\$ 1,899	\$ -	\$ 1,944
Net Program Costs	\$ -	\$ 45	\$ 1,910	\$ 1	\$ 1,956
Low Rent Public Hsg Loans					
Intragovernmental Gross Costs	\$ 109	\$ -	\$ -	\$ 2	\$ 111
Intragovernmental Earned Revenues	-	-	-	-	-
Intragovernmental Net Costs	\$ 109	\$ -	\$ -	\$ 2	\$ 111
Gross Costs with the Public	\$ 3,567	\$ -	\$ -	\$ -	\$ 3,567
Earned Revenues	-	-	-	-	-
Net Costs with the Public	\$ 3,567	\$ -	\$ -	\$ -	\$ 3,567
Net Program Costs	\$ 3,676	\$ -	\$ -	\$ 2	\$ 3,678
Other:					
Intragovernmental Gross Costs	\$ 56	\$ 162	\$ 46	\$ (23)	\$ 241
Intragovernmental Earned Revenues	(2)	(4)	(1)	(14)	(21)
Intragovernmental Net Costs	\$ 54	\$ 158	\$ 45	\$ (37)	\$ 220
Gross Costs with the Public	\$ 526	\$ 698	\$ 2,163	\$ 2	\$ 3,389
Earned Revenues	-	(16)	-	-	(16)
Net Costs with the Public	\$ 526	\$ 682	\$ 2,163	\$ 2	\$ 3,373
Costs Not Assigned to Programs	\$ 63	\$ 89	\$ 30	\$ -	\$ 182
Net Program Costs	\$ 643	\$ 929	\$ 2,238	\$ (35)	\$ 3,775

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

HUD FY 2009 Performance and Accountability Report

Section 3: Financial Information

The following table shows the cross-cutting of HUD's major program areas that incur costs that cross multiple program areas for fiscal year 2008 (dollars in millions):

Fiscal Year 2008

HUD's Cross-Cutting Programs	Public and Indian Housing	Housing	Community Planning and Development	Other	Consolidated
Section 8:					
Intragovernmental Gross Costs	\$ 38	\$ 42	\$ -	\$ -	\$ 80
Intragovernmental Earned Revenues	-	-	-	-	\$ -
Intragovernmental Net Costs	\$ 38	\$ 42	\$ -	\$ -	\$ 80
Gross Costs with the Public	\$ 21,843	\$ 2,811	\$ 1	\$ -	\$ 24,655
Earned Revenues	-	-	-	-	-
Net Costs with the Public	\$ 21,843	\$ 2,811	\$ 1	\$ -	\$ 24,655
Net Program Costs	\$ 21,881	\$ 2,853	\$ 1	\$ -	\$ 24,735
CDBG					
Intragovernmental Gross Costs	\$ -	\$ -	\$ 26	\$ -	\$ 26
Intragovernmental Earned Revenues	-	-	-	-	\$ -
Intragovernmental Net Costs	\$ -	\$ -	\$ 26	\$ -	\$ 26
Gross Costs with the Public	\$ 24	\$ -	\$ 8,945	\$ 1	\$ 8,970
Earned Revenues	-	-	-	-	\$ -
Net Costs with the Public	\$ 24	\$ -	\$ 8,945	\$ 1	\$ 8,970
Net Program Costs	\$ 24	\$ -	\$ 8,971	\$ 1	\$ 8,996
Other:					
Intragovernmental Gross Costs	\$ 28	\$ 89	\$ 21	\$ 101	\$ 239
Intragovernmental Earned Revenues	(1)	-	(5)	(8)	\$ (14)
Intragovernmental Net Costs	\$ 27	\$ 89	\$ 16	\$ 93	\$ 225
Gross Costs with the Public	\$ 596	\$ 765	\$ 1,891	\$ 381	\$ 3,633
Earned Revenues	-	(19)	-	-	\$ (19)
Net Costs with the Public	\$ 596	\$ 746	\$ 1,891	\$ 381	\$ 3,614
Costs Not Assigned to Programs	\$ 50	\$ 69	\$ 25	\$ -	\$ 144
Net Program Costs	\$ 673	\$ 904	\$ 1,932	\$ 474	\$ 3,983

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Housing and Urban Development
Performance and Accountability Report Fiscal Year 2009

HUD

**Financial Information
Notes to Financial Statements**

NOTE 22 – FHA NET COSTS

FHA organizes its operations into two overall program types: MMI/CMHI and GI/SRI. These program types are composed of four major funds. The Mutual Mortgage Insurance fund (MMI), FHA's largest fund, provides basic Single Family mortgage insurance and is a mutual insurance fund, whereby mortgagors, upon non-claim termination of their mortgages, share surplus premiums paid into the MMI fund that are not required for operating expenses and losses or to build equity. The Cooperative Management Housing Insurance fund (CMHI), another mutual fund, provides mortgage insurance for management-type cooperatives. The General Insurance fund (GI), provides a large number of specialized mortgage insurance activities, including insurance of loans for property improvements, cooperatives, condominiums, housing for the elderly, land development, group practice medical facilities and nonprofit hospitals. The Special Risk Insurance fund (SRI) provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance. The Hope for Homeowners (H4H), program was established by HUD as an additional mortgage program designed to keep borrowers in their home.

The following table shows Net Cost detail for the Federal Housing Administration (dollars in millions):

	Fiscal Year 2009				Fiscal Year 2008		
	GI/SRI Program	MMI/CMHI Program	H4H Program	Total	GI/SRI Program	MMI/CMHI Program	Total
Costs							
Intragovernmental Gross Costs	\$ 131	\$ 167	\$ 5	\$ 303	\$ 138	\$ 175	\$ 313
Intragovernmental Earned Revenues	(392)	(1,756)	-	(2,148)	(73)	(1,321)	(1,394)
Intragovernmental Net Costs	\$ (261)	\$ (1,589)	\$ 5	\$ (1,845)	\$ 65	\$ (1,146)	\$ (1,081)
Gross Costs with the Public	\$ 5,302	\$ 9,072	\$ 12	\$ 14,386	\$ 1,569	\$ 9,496	\$ 11,065
Earned Revenues	(71)	(47)	-	(118)	(68)	(9)	(77)
Net Costs with the Public	\$ 5,231	\$ 9,025	\$ 12	\$ 14,268	\$ 1,501	\$ 9,487	\$ 10,988
Net Program Costs	<u>\$ 4,970</u>	<u>\$ 7,436</u>	<u>\$ 17</u>	<u>\$ 12,423</u>	<u>\$ 1,566</u>	<u>\$ 8,341</u>	<u>\$ 9,907</u>

NOTE 23 – COMMITMENTS UNDER HUD'S GRANT, SUBSIDY, AND LOAN PROGRAMS

A. Contractual Commitments

HUD has entered into extensive long-term commitments that consist of legally binding agreements to provide grants, subsidies, or loans. Commitments become liabilities when all actions required for payment under an agreement have occurred. The mechanism for funding subsidy commitments generally differs depending on whether the agreements were entered into before or after 1988.

Prior to fiscal 1988, HUD's subsidy programs, primarily the Section 8 program and the Section 235/236 programs, operated under contract authority. Each year, Congress provided HUD the

FINANCIAL REPORTING

Source: U.S. Small Business Administration
Agency Financial Report 2009 Fiscal Year

SBA

U. S. Small Business Administration
Consolidated Statement of Net Cost
For the years ended September 30, 2009 and 2008

(Dollars in Thousands)

	2009	2008
STRATEGIC GOAL 1:		
Expand America's Ownership Society, Particularly in Underserved Markets		
Gross Cost	\$ 5,409,931	\$ 995,731
Less: Earned Revenue	166,343	149,322
Net Cost of Strategic Goal 1	5,243,588	846,409
STRATEGIC GOAL 2:		
Provide Timely Financial Assistance to Homeowners, Renters, Nonprofit Organizations and Businesses Affected by Disaster		
Gross Cost	1,081,232	1,053,030
Less: Earned Revenue	405,904	468,168
Net Cost of Strategic Goal 2	675,328	584,862
STRATEGIC GOAL 3:		
Improve Economic Environment for Small Business		
Gross Cost	14,506	14,114
Net Cost of Strategic Goal 3	14,506	14,114
COST NOT ASSIGNED TO STRATEGIC GOALS		
Gross Cost	62,294	119,931
Net Cost Not Assigned to Strategic Goals	62,294	119,931
Net Cost of Operations	\$ 5,995,716	\$ 1,565,316

Note 12, Note 14

The accompanying notes are an integral part of these statements.

FINANCIAL REPORTING

Source: U.S. Small Business Administration
Agency Financial Report 2009 Fiscal Year

SBA

(Dollars in Thousands)

	2009	2008
Entity		
Financing Fund Payable	\$ (64,875)	\$ (466,887)
Non-entity		
Miscellaneous Receipts Fund Receivable	64,875	466,887
Downward Reestimate Payable to Treasury	(64,875)	(466,887)
Balance Sheet Reported Payable	\$ (64,875)	\$ (466,887)

NOTE 14. Consolidated Statement of Net Cost

Federal cost accounting standards require the SBA to report operating costs by strategic goal activity. Full costs include all direct and indirect costs for a strategic goal. Full costs are reduced by exchange (earned) revenues to arrive at net operating cost.

Operating Cost

The full and net operating costs of SBA's major strategic goals are presented in the Consolidated Statement of Net Cost. Full costs are comprised of all direct costs for the strategic goals and those indirect costs which can be reasonably assigned or allocated to the strategic goals, including employee pension and other retirement benefit costs paid by the OPM and charged to the SBA.

Earned Revenue

Earned revenues arise from exchange transactions, and are deducted from the full cost of SBA's major strategic goals to arrive at net strategic goals costs. The SBA recognizes earned revenues when reimbursements are payable from other federal agencies and the public, as a result of costs incurred or services performed. A major source of earned revenue include: interest earned on SBA's outstanding Business and Disaster loan portfolios and interest earned on uninvested funds in the credit reform financing accounts.

Reporting by Strategic Goal

The SBA reports costs consistent with its three strategic goals. The costs of Goal 4 "ensure that all SBA strategic goals operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services" are fully allocated to the other three strategic goals. Goal 4 costs are estimated at \$121.5 million and \$117.8 million for FY 2009 and FY 2008. Costs Not Assigned to Strategic Goals on the Statement of Net Cost includes costs of congressionally mandated grant programs and the Office of the Inspector General.

Intragovernmental Gross Cost is cost incurred by the SBA in exchange transactions with other federal agencies. Gross Cost with the Public is cost incurred by the SBA in exchange transactions. Intragovernmental Earned Revenue is revenue earned by the SBA in exchange transactions with other federal agencies. Earned Revenue from the Public is revenue earned by the SBA in exchange transactions.

The classification as Intragovernmental Costs or Gross Cost with the Public relate to source of the goods and services received by the SBA and not to the classification of related revenue. The classification of revenue or cost being defined as "intragovernmental" or "public" is defined on a transaction by transac-

FINANCIAL REPORTING

Source: U.S. Small Business Administration
Agency Financial Report 2009 Fiscal Year

SBA

tion basis. The purpose of this classification is to enable the federal government to provide consolidated financial statements, and not to match the public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue.

(Dollars in Thousands)

INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

FOR THE YEARS ENDING SEPTEMBER 30	2009	2008
STRATEGIC GOAL 1:		
Expand America's Ownership Society, Particularly in Underserved Markets		
Intragovernmental Gross Cost	\$ 237,923	\$ 161,121
Gross Cost with the Public	5,172,008	834,610
Total Strategic Goal 1 Gross Cost	5,409,931	995,731
Intragovernmental Earned Revenue	113,832	79,491
Earned Revenue from the Public	52,511	69,831
Total Earned Revenue Strategic Goal 1	166,343	149,322
STRATEGIC GOAL 2:		
Provide Timely Financial Assistance to Homeowners, Renters, Nonprofit Organizations and Businesses Affected by Disaster		
Intragovernmental Gross Cost	479,914	522,532
Gross Cost with the Public	601,318	530,498
Total Strategic Goal 2 Gross Cost	1,081,232	1,053,030
Intragovernmental Earned Revenue	74,732	128,459
Earned Revenue from the Public	331,172	339,709
Total Earned Revenue Strategic Goal 2	405,904	468,168
STRATEGIC GOAL 3:		
Improve Economic Environment for Small Business		
Intragovernmental Gross Cost	3,348	3,294
Gross Cost with the Public	11,158	10,820
Total Strategic Goal 3 Gross Cost	14,506	14,114
Cost Not Assigned to Strategic Goals		
Intragovernmental Gross Cost	14,375	27,991
Gross Cost with the Public	47,919	91,940
Total Gross Cost Not Assigned to Strategic Goal	62,294	119,931
Net Cost of Operations	\$ 5,995,716	\$ 1,565,316

NOTE 15. Statement of Budgetary Resources

The Statement of Budgetary Resources presents information about total budgetary resources available to the SBA and the status of those resources, as of September 30, 2009 and 2008. SBA's total budgetary resources were \$5.0 billion and \$3.0 billion for the years ended September 30, 2009 and 2008. Additionally, \$7.4 billion and \$6.1 billion of nonbudgetary resources including borrowing authority and collections of loan principal, interest and fees, in financing funds were reported for the years ended September 30, 2009 and 2008.

MANAGEMENT'S DISCUSSION & ANALYSIS

Source: U.S. Small Business Administration
Agency Financial Report 2009 Fiscal Year

SBA

Analysis and Highlights of Financial Statements

Highlights of Financial Results

(Dollars in Thousands)			
At End of Fiscal Year	Unaudited		% Change
	FY 2009	FY 2008	
CONDENSED BALANCE SHEET DATA			
Fund Balance with Treasury	\$ 3,469,465	\$ 3,880,755	-10.60%
Credit Program Receivables	9,128,496	8,522,941	7.11%
All Other Assets	28,498	44,519	-35.99%
Total Assets	\$ 12,626,459	\$ 12,448,215	1.43%
Liability for Loan Guaranties	\$ 3,994,636	\$ 1,825,551	118.82%
Debt with Treasury	10,878,283	9,473,227	14.83%
Downward Reestimate Payable to Treasury	64,875	466,887	-86.10%
All Other Liabilities	377,265	348,420	8.28%
Total Liabilities	15,315,059	12,114,085	26.42%
Unexpended Appropriations	1,983,504	1,696,866	16.89%
Cumulative Results of Operations	(4,672,104)	(1,362,736)	-242.85%
Total Net Position	(2,688,600)	334,130	-904.66%
Total Liabilities and Net Position	\$ 12,626,459	\$ 12,448,215	1.43%

For the Fiscal Year

STATEMENT OF NET COST BY STRATEGIC GOAL			
Goal 1: Expand America's Ownership Society			
Loan Subsidy Cost including Reestimates	\$ 4,803,699	\$ 441,919	987.01%
All Other Cost Net of Revenue	439,889	404,490	8.75%
Goal 2: Provide Timely Financial Assistance Affected by Disaster			
Loan Subsidy Cost including	354,947	351,816	0.89%
All Other Cost Net of Revenue	320,381	233,046	37.48%
Goal 3: Improve Economic Environment for Small Business	14,506	14,114	2.78%
Costs Not Assigned	62,294	119,931	-48.06%
Total Net Cost of Operations	\$ 5,995,716	\$ 1,565,316	283.04%
STATEMENT OF NET COST BY EXPENSE TYPE			
Loan Subsidy Cost and Required Annual Reestimates	\$ 5,158,646	\$ 793,735	549.92%
Goal 1 Administrative Costs	439,889	404,490	8.75%
Goal 2 Administrative Costs	320,381	233,046	37.48%
Goal 3 Costs	14,506	14,114	2.78%
Congressional Initiative Grants	43,635	63,065	-30.81%
Other Costs Not Assigned	18,659	56,866	-67.19%
Total Net Cost of Operations	\$ 5,995,716	\$ 1,565,316	283.04%

CONDENSED STATEMENT OF NET POSITION			
Beginning Cumulative Results of Operations	\$ (1,362,736)	\$ (571,343)	-138.51%
Total Financing Sources	2,686,348	773,923	247.11%
Less: Net Cost of Operations	5,995,716	1,565,316	283.04%
Ending Cumulative Results	(4,672,104)	(1,362,736)	-242.85%
Beginning Unexpended Appropriations	1,696,866	974,211	74.18%
Total Budgetary Financing Sources	286,638	722,655	-60.34%
Ending Unexpended Appropriations	1,983,504	1,696,866	16.89%
Ending Net Position	\$ (2,688,600)	\$ 334,130	-904.66%

CONDENSED STATEMENT OF BUDGETARY RESOURCES			
Net Appropriations & Budget Authority Received, Budgetary	\$ 3,050,068	\$ 2,060,201	48.05%
Nonbudgetary Borrowing Authority	3,455,566	1,346,805	156.58%
Unobligated Balances Forward	2,976,819	5,301,144	-43.85%
Other Budgetary Resources, net	2,854,602	401,904	610.27%
Total Budgetary Resources	\$ 12,337,055	\$ 9,110,054	35.42%
Obligations Incurred, Budgetary	3,453,667	1,588,122	117.47%
Obligations Incurred, Nonbudgetary	6,181,465	4,545,113	36.00%
Balances, Available and Unavailable	2,701,923	2,976,819	-9.23%
Total Status of Budgetary Resources	\$ 12,337,055	\$ 9,110,054	35.42%



Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)



Consolidated Statement of Net Cost
For the Years Ended September 30, 2009 and 2008
(In Millions)

	2009	2008
Enhance International Competitiveness of American Agriculture:		
Gross Costs	\$ 1,779	\$ 2,484
Less: Earned Revenue	417	455
Net Costs	1,362	2,029
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:		
Gross Costs	27,986	20,995
Less: Earned Revenue	5,870	3,836
Net Costs	22,116	17,159
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:		
Gross Costs	7,029	8,426
Less: Earned Revenue	3,796	4,547
Net Costs	3,233	3,879
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:		
Gross Costs	3,409	3,374
Less: Earned Revenue	797	935
Net Costs	2,612	2,439
Improve the Nation's Nutrition and Health:		
Gross Costs	78,818	60,181
Less: Earned Revenue	61	49
Net Costs	78,757	60,132
Protect and Enhance the Nation's Natural Resource Base and Environment:		
Gross Costs	11,730	12,105
Less: Earned Revenue	742	1,010
Net Costs	10,988	11,095
Total Gross Costs	130,751	107,565
Less: Total Earned Revenue	11,683	10,832
Net Cost of Operations (Note 19)	\$ 119,068	\$ 96,733

The accompanying notes are an integral part of these statements.

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

NOTE 19. SUBORGANIZATION PROGRAM COSTS/PROGRAM COSTS BY SEGMENT

FY 2009	FSA		CCC		FAS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	\$ -	\$ -	\$ 135	\$ 1,612	\$ 104	\$ 287
Less: Earned Revenue	-	-	192	112	130	-
Net Costs	-	-	(56)	1,500	(26)	287
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	1,007	2,200	1,095	11,757	-	-
Less: Earned Revenue	244	249	2	2,361	-	-
Net Costs	763	1,951	1,093	9,396	-	-
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	399	1,825	-	-
Less: Earned Revenue	-	-	-	1	-	-
Net Costs	-	-	399	1,824	-	-
Total Gross Costs	1,007	2,200	1,630	15,194	104	287
Less: Total Earned Revenue	244	249	194	2,474	130	-
Net Cost of Operations	\$ 763	\$ 1,951	\$ 1,436	\$ 12,720	\$ (26)	\$ 287

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FS/SA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

FY 2009	RMA		FNS		FSIS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs						
Less: Earned Revenue						
Net Costs						
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	67	10,082				
Less: Earned Revenue		2,878				
Net Costs	67	7,204				
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs						
Less: Earned Revenue						
Net Costs						
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs					354	875
Less: Earned Revenue					3	140
Net Costs					351	735
Improve the Nation's Nutrition and Health:						
Gross Costs			1,097	78,332		
Less: Earned Revenue			2	40		
Net Costs			1,095	78,292		
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs						
Less: Earned Revenue						
Net Costs						
Total Gross Costs	67	10,082	1,097	78,332	354	875
Less: Total Earned Revenue		2,878	2	40	3	140
Net Cost of Operations	67	7,204	1,095	78,292	351	735

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

FY 2009	AMS		APHIS		GPSA	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	\$ -	-	\$ -	-	\$ 20
Less: Earned Revenue	-	-	-	-	-	18
Net Costs	-	-	-	-	13	2
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	140	1,210	-	-	19	44
Less: Earned Revenue	2	190	-	-	-	23
Net Costs	138	1,020	-	-	19	21
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	387	1,021	-	-
Less: Earned Revenue	-	-	31	584	-	-
Net Costs	-	-	356	437	-	-
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Total Gross Costs	140	1,210	387	1,021	32	64
Less: Total Earned Revenue	2	190	31	584	-	41
Net Cost of Operations	\$ 138	\$ 1,020	\$ 356	\$ 437	\$ 32	\$ 23

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

FY 2009	FS		NRCS		ARS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	\$ -	-	\$ -	-	\$ -
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	-	-	-	-	102	404
Less: Earned Revenue	-	-	-	-	32	16
Net Costs	-	-	-	-	70	388
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	-	-	100	395
Less: Earned Revenue	-	-	-	-	31	15
Net Costs	-	-	-	-	69	380
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	21	85
Less: Earned Revenue	-	-	-	-	7	3
Net Costs	-	-	-	-	14	82
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	1,251	5,338	549	2,426	57	229
Less: Earned Revenue	128	551	95	10	19	10
Net Costs	1,123	4,787	454	2,416	38	219
Total Gross Costs	1,251	5,338	549	2,426	280	1,113
Less: Total Earned Revenue	128	551	95	10	89	44
Net Cost of Operations	\$ 1,123	\$ 4,787	\$ 454	\$ 2,416	\$ 191	\$ 1,069

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

FY 2009	CSREES		ERS		NASS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs						
Less: Earned Revenue	-	\$ -	7	\$ -	-	\$ -
Net Costs	-	-	7	-	-	-
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	14	416	15	21	41	99
Less: Earned Revenue	17	-	-	-	15	2
Net Costs	(3)	416	15	21	26	97
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	6	198	3	4	13	31
Less: Earned Revenue	8	-	-	-	5	1
Net Costs	(2)	198	3	4	8	30
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	7	220	2	2	1	2
Less: Earned Revenue	9	-	-	-	-	-
Net Costs	(2)	220	2	2	1	2
Improve the Nation's Nutrition and Health:						
Gross Costs	5	148	10	14	-	-
Less: Earned Revenue	6	-	-	-	-	-
Net Costs	(1)	148	10	14	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	6	194	4	5	1	3
Less: Earned Revenue	8	-	-	-	-	-
Net Costs	(2)	194	4	5	1	3
Total Gross Costs	38	1,182	41	56	56	135
Less: Total Earned Revenue	48	-	-	-	20	3
Net Cost of Operations	(10)	\$ 1,182	41	\$ 56	36	\$ 132

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

	RD		DO		TOTAL	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
FY 2009						
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs						
Less: Earned Revenue	-	\$ -	14	\$ -	274	\$ -
Net Costs	-	-	21	-	343	1,957
			(7)	22	(89)	1,827
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	-	-	125	209	2,625	26,442
Less: Earned Revenue	-	-	196	2	508	5,721
Net Costs	-	-	(71)	207	2,117	20,721
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	4,069	2,707	63	107	4,154	3,047
Less: Earned Revenue	471	3,320	100	1	584	3,322
Net Costs	3,598	(613)	(37)	106	3,570	(275)
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	107	178	958	2,893
Less: Earned Revenue	-	-	167	2	241	741
Net Costs	-	-	(60)	176	717	1,952
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	59	99	1,192	78,678
Less: Earned Revenue	-	-	93	1	108	44
Net Costs	-	-	(34)	98	1,084	78,634
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	114	189	2,381	10,209
Less: Earned Revenue	-	-	177	2	427	574
Net Costs	-	-	(63)	187	1,954	9,635
Total Gross Costs	4,069	2,707	482	804	11,584	123,026
Less: Total Earned Revenue	471	3,320	754	8	2,211	10,532
Net Cost of Operations	\$ 3,598	\$ (613)	\$ (272)	\$ 796	\$ 9,373	\$ 112,494

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

FY 2009	Intradepartmental Eliminations	GRAND TOTAL
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:		
Gross Costs	\$ (452)	\$ 1,779
Less: Earned Revenue	(56)	417
Net Costs	(396)	1,362
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:		
Gross Costs	(1,081)	27,986
Less: Earned Revenue	(359)	9,870
Net Costs	(722)	22,116
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:		
Gross Costs	(172)	7,029
Less: Earned Revenue	(110)	3,796
Net Costs	(62)	3,233
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:		
Gross Costs	(242)	3,409
Less: Earned Revenue	(185)	797
Net Costs	(57)	2,612
Improve the Nation's Nutrition and Health:		
Gross Costs	(1,052)	78,818
Less: Earned Revenue	(61)	61
Net Costs	(961)	78,757
Protect and Enhance the Nation's Natural Resource Base and Environment:		
Gross Costs	(860)	11,730
Less: Earned Revenue	(259)	742
Net Costs	(601)	10,988
Total Gross Costs	(3,859)	130,751
Less: Total Earned Revenue	(1,060)	11,683
Net Cost of Operations	(2,799)	\$ 119,058

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

FY 2008	FSA		CCC		FAS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	\$ -	176	\$ 1,892	95	\$ 328
Less: Earned Revenue	-	-	71	347	99	-
Net Costs	-	-	105	1,545	(4)	328
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	953	3,434	1,339	7,254	-	-
Less: Earned Revenue	213	578	16	1,394	-	-
Net Costs	740	2,856	1,323	5,860	-	-
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	236	1,889	-	-
Less: Earned Revenue	-	-	-	2	-	-
Net Costs	-	-	236	1,887	-	-
Total Gross Costs	953	3,434	1,751	11,035	95	328
Less: Total Earned Revenue	213	578	87	1,743	99	-
Net Cost of Operations	\$ 740	\$ 2,856	\$ 1,664	\$ 9,292	\$ (4)	\$ 328

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

FY 2008	RMA		FNS		FSS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs						
Less: Earned Revenue						
Net Costs						
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	53	7,124	-	-	-	-
Less: Earned Revenue	-	1,440	-	-	-	-
Net Costs	53	5,684	-	-	-	-
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	-	-	340	884
Less: Earned Revenue	-	-	-	-	4	162
Net Costs	-	-	-	-	336	702
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	815	59,735	-	-
Less: Earned Revenue	-	-	1	27	-	-
Net Costs	-	-	814	59,708	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Total Gross Costs	53	7,124	815	59,735	340	884
Less: Total Earned Revenue	-	1,440	1	27	4	162
Net Cost of Operations	53	5,684	814	59,708	336	702

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

FY 2008	AMS		APHIS		GIPSA	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	\$ -	-	\$ -	-	\$ 19
Less: Earned Revenue	-	-	-	-	-	20
Net Costs	-	-	-	-	13	(1)
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	122	934	-	-	18	43
Less: Earned Revenue	7	212	-	-	-	26
Net Costs	115	722	-	-	18	17
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	361	1,094	-	-
Less: Earned Revenue	-	-	28	703	-	-
Net Costs	-	-	333	391	-	-
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Total Gross Costs	122	934	361	1,094	31	62
Less: Total Earned Revenue	7	212	28	703	-	46
Net Cost of Operations	\$ 115	\$ 722	\$ 333	\$ 391	\$ 31	\$ 16

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

FY 2008	FS		NRCS		ARS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	\$	-	\$	-	\$
Net Costs	-	-	-	-	-	-
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	-	-	-	-	102	398
Less: Earned Revenue	-	-	-	-	27	13
Net Costs	-	-	-	-	75	385
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-
Net Costs	-	-	-	-	-	-
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	-	-	100	390
Less: Earned Revenue	-	-	-	-	26	11
Net Costs	-	-	-	-	74	379
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	-	-	22	84
Less: Earned Revenue	-	-	-	-	6	2
Net Costs	-	-	-	-	16	82
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	1,223	5,487	562	2,615	58	227
Less: Earned Revenue	250	616	74	73	15	7
Net Costs	973	4,871	488	2,542	43	220
Total Gross Costs	1,223	5,487	562	2,615	282	1,099
Less: Total Earned Revenue	250	616	74	73	74	33
Net Cost of Operations	\$ 973	\$ 4,871	\$ 488	\$ 2,542	\$ 208	\$ 1,066

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

	CSREES		ERS		NASS	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
FY 2008						
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs						
Less: Earned Revenue	-	\$ -	5	\$ -	10	\$ -
Net Costs	-	-	5	-	10	-
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	13	306	16	20	46	91
Less: Earned Revenue	16	-	1	-	9	2
Net Costs	(3)	306	15	20	37	89
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	6	142	3	4	22	44
Less: Earned Revenue	7	-	-	-	5	1
Net Costs	(1)	142	3	4	17	43
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	7	163	2	2	-	-
Less: Earned Revenue	9	-	-	-	-	-
Net Costs	(2)	163	2	2	-	-
Improve the Nation's Nutrition and Health:						
Gross Costs	5	108	9	12	-	-
Less: Earned Revenue	6	-	-	-	-	-
Net Costs	(1)	108	9	12	-	-
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	6	140	4	6	-	1
Less: Earned Revenue	7	-	-	-	-	-
Net Costs	(1)	140	4	6	-	1
Total Gross Costs	37	864	42	54	88	136
Less: Total Earned Revenue	45	-	1	-	14	3
Net Cost of Operations	(8)	\$ 864	41	\$ 54	54	\$ 133

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results in Performing Its Many Vital Public Functions

	RD		DO		TOTAL	
	Intragovernmental	With the Public	Intragovernmental	With the Public	Intragovernmental	With the Public
FY 2008						
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:						
Gross Costs	-	\$ -	12	\$ -	304	\$ 2,274
Less: Earned Revenue	-	-	18	-	188	387
Net Costs	-	-	(6)	20	116	1,907
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:						
Gross Costs	-	-	125	210	2,787	19,814
Less: Earned Revenue	-	-	187	2	476	3,687
Net Costs	-	-	(62)	208	2,311	16,147
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:						
Gross Costs	3,888	4,358	67	111	3,956	4,859
Less: Earned Revenue	360	4,183	99	1	471	4,185
Net Costs	3,498	175	(32)	110	3,485	474
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:						
Gross Costs	-	-	107	179	917	2,692
Less: Earned Revenue	-	-	180	2	227	878
Net Costs	-	-	(53)	177	690	1,814
Improve the Nation's Nutrition and Health:						
Gross Costs	-	-	61	103	912	60,042
Less: Earned Revenue	-	-	92	1	105	30
Net Costs	-	-	(31)	102	807	60,012
Protect and Enhance the Nation's Natural Resource Base and Environment:						
Gross Costs	-	-	111	184	2,200	10,549
Less: Earned Revenue	-	-	165	2	511	700
Net Costs	-	-	(54)	182	1,689	9,849
Total Gross Costs	3,888	4,358	483	807	11,076	100,030
Less: Total Earned Revenue	360	4,183	721	8	1,978	9,827
Net Cost of Operations	\$ 3,498	\$ 175	\$ (238)	\$ 799	\$ 9,098	\$ 90,203

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

FY 2008	Intrdepartmental Eliminations	GRAND TOTAL
Enhance International Competitiveness and the Sustainability of Rural and Farm Economies:		
Gross Costs	\$ (94)	\$ 2,484
Less: Earned Revenue	(100)	455
Net Costs	6	2,029
Enhance the Competitiveness and Sustainability of Rural and Farm Economies:		
Gross Costs	(1,806)	20,895
Less: Earned Revenue	(307)	3,836
Net Costs	(1,299)	17,159
Support Increased Economic Opportunities and Improved Quality of Life in Rural America:		
Gross Costs	(189)	8,426
Less: Earned Revenue	(109)	4,947
Net Costs	(80)	3,879
Enhance Protection and Safety of the Nation's Agriculture and Food Supply:		
Gross Costs	(235)	3,374
Less: Earned Revenue	(170)	935
Net Costs	(65)	2,439
Improve the Nation's Nutrition and Health:		
Gross Costs	(773)	60,181
Less: Earned Revenue	(86)	49
Net Costs	(687)	60,132
Protect and Enhance the Nation's Natural Resource Base and Environment:		
Gross Costs	(644)	12,105
Less: Earned Revenue	(201)	1,010
Net Costs	(443)	11,095
Total Gross Costs	(3,541)	107,865
Less: Total Earned Revenue	(873)	10,832
Net Cost of Operations	\$ (2,568)	\$ 96,733

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FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Tab F – Subtab 4: Agency Statements of Net Cost and Related Disclosures

Source: U.S. Department of Agriculture
Performance and Accountability Report Fiscal Year 2009

USDA (APHIS/FSA/OCFO/OCIO)

USDA: Managing for Results In Performing Its Many Vital Public Functions

AS OF SEPTEMBER 30, 2009 AND 2008 (IN MILLIONS)

Total Assets

Total assets increased \$10.3 billion in FY 2009. This increase is primarily due to an increase in Fund Balance with Treasury of \$7.7 billion; an increase in Direct Loan and Loan Guarantees, Net of \$3.9 billion, offset by a decrease in accounts receivable for the Tobacco Transition Payment Program at CCC of \$597 million and premiums from Approved Insurance Providers at RMA of \$777 million.

Direct Loan and Loan Guarantees, Net is the single largest asset on the USDA Balance Sheet. RD offers both direct and guaranteed loan products for rural housing and rural business infrastructure. These represent 86 percent of the total USDA loan programs. Loan programs administered by the FSA represent 8 percent of the total. FSA provides support to farmers who are temporarily unable to obtain private, commercial credit. The remaining 6 percent represents commodity loans and credit programs administered by CCC. CCC's loans are used to improve economic stability and provide an adequate supply of agricultural commodities. CCC credit programs provide foreign food assistance, expand foreign markets and provide domestic low-cost financing to protect farm income and prices.

Total Liabilities

Total liabilities increased \$4.8 billion in FY 2009. This increase is primarily due to a \$6.5 billion increase in Debt, offset by a decrease in other liabilities for repayments to Treasury of \$941 million and \$490 million at FSA and CCC, respectively.

Debt represents amounts owed primarily to Treasury by CCC and RD. For CCC, the debt primarily represents financing to support Direct and Counter Cyclical, Crop Disaster and Loan Deficiency programs. For RD, the debt primarily represents financing to support Electric and Housing loan programs.

Total Net Position

Total net position increased \$5.5 billion in FY 2009. This increase is due to an increase in unexpended appropriations of \$7.5 billion less \$2 billion in cumulative results of operations.

NET COST OF OPERATIONS

Condensed Statement of Net Cost

For the Years Ended September 30, 2009 and 2008
(in million)

	FY 2009	FY 2008	% CHANGE
Goal 1: Enhance International Competitiveness of American Agriculture	\$1,362	\$2,029	-33%
Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies	22,116	17,159	29%
Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America	3,233	3,879	-17%
Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply	2,612	2,439	7%
Goal 5: Improve the Nation's Nutrition and Health	78,757	60,132	31%
Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment	10,988	11,095	-1%
Net Cost of Operations	\$119,068	\$96,733	23%