



Federal Accounting Standards Advisory Board

June 2, 2006

Memorandum

To: Chief Financial Officers and Inspectors General

From: Wendy M. Comes
Executive Director

Subject: Questionnaire Pertaining to the Full Implementation of Inter-Entity Costing

Statement of Federal Financial Accounting Standards (SFFAS) 30, Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts, requires full implementation of the inter-entity cost provision in SFFAS 4 for reporting periods beginning after September 30, 2008. By fully implementing the provisions in SFFAS 4 this standard will require the following for inter-entity cost:

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 (Text preceding paragraph 105 of SFFAS 4).

During its deliberations on the standard, the Federal Accounting Standards Advisory Board (FASAB or the Board) determined that there was a need for additional detailed, practical guidance on various issues related to the full implementation of inter-entity costing. Therefore, the Board requested the Accounting and Auditing Policy Committee (AAPC) Inter-Entity Task Force to continue its work in this area by developing one or more Technical Releases (TR) that will address implementation issues raised by respondents. The guidance plan from FASAB staff included four issue areas that should be addressed. These are: Broad and General Costs, directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.



Federal Accounting Standards Advisory Board

Therefore, the Inter-Entity Task Force has developed the attached questionnaire to obtain information about these four issue areas. We are requesting your responses be forwarded by June 30, 2006.

Please feel free to contact Monica Valentine on 202-512-7362 to discuss any questions you may have. Responses may be emailed to valentinem@fasab.gov or faxed to 202-512-7366. Thank you for your time and assistance.

Attachment

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

The following questions pertain to issue area no. 1, extensive evaluation of costs to determine which ones may be considered "broad and general" for all entities. If possible, a list of the costs that should be considered broad and general for all entities will be developed.

Per SFFAS 4, 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.

Paragraph 112 of SFFAS 4 describes this category as follows:

Broad, general support -- Some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance. The costs of such broad services should not be recognized as an expense (or asset) by the receiving entities when there is no reimbursement of costs. Thus the standard does not apply when support is of a general nature provided to all or most entities of the federal government.

An example of this situation can be found in the Office of Management and Budget which establishes policy and provides general guidance to all parts of the executive branch of government. The costs of OMB should not be spread over all reporting entities because the services provided are (1) general and broad in scope, (2) provided to almost all reporting entities in the executive branch, and (3) not specifically or directly tied to the receiving entity's outputs.

On the other hand, some services provided, under certain circumstances, should still be recognized even though they may be considered broad and general in nature if such services are integral to the operations of the receiving entity. Such services include check writing by the Department of Treasury or legal activities performed by the Department of Justice. For example, when the issuance of checks is integral to the operations of an entity (e.g., the Internal Revenue Service and the Social Security Administration), the receiving entity should include the full cost of issuing checks in the full cost of its outputs. However, if the issuance of checks is insignificant and incidental to the operations of an entity, the entity should not normally recognize that cost.

With the above FASAB description of broad and general costs in mind, please answer the following:

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.
2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.
3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

Below we have identified specific examples of potential broad and general support services. Please identify if you are a provider, receiver, both, or neither for each service listed. If you are a provider and/or receiver, please answer the questions pertaining to the example. We welcome comments from respondents that are neither providers nor receivers as well.

4. Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.
 - a) Indicate if you are a provider, receiver, neither, or both: _____
 - b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.
 - c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.
5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute

expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

- a) Indicate if you are a provider, receiver, neither, or both: _____
- b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.
- c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

6. Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

- a) Indicate if you are a provider, receiver, neither, or both: _____
- b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.
- c) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiably - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.
8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total cost, etc.
9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.
10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?
11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?
12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?
13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.
14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the *Performance and Accountability Reports, Management's Discussion and Analysis*? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?
15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?
16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.

INTER-ENTITY COSTS

Reporting Entity:
 Entity POC:
 Phone Number:
 E-mail Address:

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)

Examples of non-reimbursed or under-reimbursed expenses:
 Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

SUMMARY OF RESPONSES

Summary of Responses from the June 2006 Questionnaire Pertaining to the Full Implementation of Inter-Entity Costing sent by the AAPC-IEC Task Force

To date 16 out of 25 agencies responded to the survey (SBA responded with no comments). The survey was sent to both Federal CFO and IG offices. In several cases the responses were coordinated between the two offices. Responses were received from the following federal entities:

Agency Acronym	Agency Name
USDA	Department of Agriculture
DOEd	Department of Education
DOE	Department of Energy
EPA	Environmental Protection Agency
GSA	General Services Administration
DOI	Department of the Interior
DOL	Department of Labor
NASA	National Aeronautics and Space Administration
NSF	National Science Foundation
NRC	Nuclear Regulatory Commission
OPM	Office of Personnel Management
RRB	Railroad Retirement Board
SBA	Small Business Administration
SSA	Social Security Administration
Treasury	Department of Treasury
VA	Department of Veteran Affairs

The following agencies **did not** respond to the survey:

Agency Acronym	Agency Name
AID	United States Agency for International Development
Commerce	Department of Commerce
DOD	Department of Defense
HHS	Department of Health & Human Services
DHS	Department of Homeland Security
HUD	Department of Housing & Urban Development
DOJ	Department of Justice
State	Department of State
DOT	Department of Transportation

SUMMARY OF RESPONSES

Survey Questions

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

The following questions pertain to issue area no. 1, extensive evaluation of costs to determine which ones may be considered "broad and general" for all entities. If possible, a list of the costs that should be considered broad and general for all entities will be developed.

Per SFFAS 4, 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.

Paragraph 112 of SFFAS 4 describes this category as follows:

Broad, general support -- Some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance. The costs of such broad services should not be recognized as an expense (or asset) by the receiving entities when there is no reimbursement of costs. Thus the standard does not apply when support is of a general nature provided to all or most entities of the federal government.

An example of this situation can be found in the Office of Management and Budget which establishes policy and provides general guidance to all parts of the executive branch of government. The costs of OMB should not be spread over all reporting entities because the services provided are (1) general and broad in scope, (2) provided to almost all reporting entities in the executive branch, and (3) not specifically or directly tied to the receiving entity's outputs.

On the other hand, some services provided, under certain circumstances, should still be recognized even though they may be considered broad and general in nature if such services are integral to the operations of the receiving entity. Such services include check writing by the Department of Treasury or legal activities performed by the Department of Justice. For example, when the issuance of checks is integral to the operations of an entity (e.g., the Internal Revenue Service and the Social Security Administration), the receiving entity should include the full cost of issuing checks in the full cost of its outputs. However, if the issuance of checks is insignificant and incidental to the operations of an entity, the entity should not normally recognize that cost.

With the above FASAB description of broad and general costs in mind, please answer the following:

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

SUMMARY OF RESPONSES

Summary of Responses: 10 of the 15 respondents stated that they do not provide any broad and general support services to all or most federal entities. The other 5 responded as follows:

- GSA – real property and personal property disposal
- DOL – FECA/FEC
- OPM – Human capital oversight and guidance
- SSA – SSN maintenance
- Treasury – Government-wide accounting disbursements, collections, and judgment fund

2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

Summary of Responses: The majority of respondents noted that they receive broad and general support services from those entities mentioned in questions 4, 5 & 6 below. In addition, NRC mentioned GAO as a provider of broad and general support services and EPA named DFAS payroll as a provider.

3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

Summary of Responses: 12 of the 15 respondents stated that the services were not a vital and integral part of their operations or output. EPA noted that the service were vital to their mission but not integral to their operations. OPM stated that they could not operate its employee benefit programs without Treasury's payment processing services. SSA also noted that the services provided by Treasury are vital and integral and they recognize those expenses.

Below we have identified specific examples of potential broad and general support services. Please identify if you are a provider, receiver, both, or neither for each service listed. If you are a provider and/or receiver, please answer the questions pertaining to the example. We welcome comments from respondents that are neither providers nor receivers as well.

4. Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

a) Indicate if you are a provider, receiver, neither, or both: _____

Summary of Responses: All respondents answered that they were either receivers or both a receiver and provider.

- b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.

SUMMARY OF RESPONSES

Summary of Responses: The most common response was that these services were broad and general support services because they provide services to all agencies and the work is part of those agencies providing the services.

- c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

Summary of Responses: All respondents believe the services are broad and general and in most cases there were not any circumstances in which the administrative costs could be considered inter-entity services subject to full costing. In a few cases respondents stated that if the services were material to all receiving entities and directly tied to their operations the administrative costs could be considered inter-entity services subject to full costing.

5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

- a) Indicate if you are a provider, receiver, neither, or both: _____

Summary of Responses: All respondents answered that they were receivers.

- b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

Summary of Responses: The most common response was that these services were broad and general support services because they are provided to all agencies. DOI stated that these costs are FTE related and can be tied to specific GPRA goals and should be inter-entity services subject to full costing. EPA noted that DOJ services are considered to be inter-entity services because they are directly tied to the Agency's outputs.

- c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

Summary of Responses: About half of the respondents noted that the services are broad and general and there were not any circumstances in which the administrative costs

SUMMARY OF RESPONSES

could be considered inter-entity services subject to full costing. The other half believe the DOJ administrative costs could be considered inter-entity services subject to full costing if determined to be significant to the receiver and could be directly tied to the agency.

6. Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

a) Indicate if you are a provider, receiver, neither, or both: _____

Summary of Responses: All respondents answered that they were receivers; Treasury answered both receiver and provider.

- b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

Summary of Responses: The most common response was that these services were broad and general support services because they are provided to all agencies.

- c) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

Summary of Responses: About half of the respondents noted that the Treasury services are broad and general and there were not any circumstances in which the administrative costs could be considered inter-entity services subject to full costing. The other half believe the Treasury administrative costs could be considered inter-entity services subject to full costing if determined to be significant to the receiver and could be directly tied to the agency.

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiably - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities. **(See below tables for responses)**

SUMMARY OF RESPONSES

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
DOE	DOD – Air Force	Rent	Yes	Monthly
DOE	DOI	Oil	No	Monthly
Various Federal Agencies	DOE	Reimbursable Work Administrative Charges	No	Monthly
DOE	DOL	Administrative Costs Related to DOL's Administration of EEOICPA	Yes	Annually
Various	GSA	Reduced/Free Rent	Generally Not	Monthly
Forest Service	Bureau of Land Management	Labor costs for fee collection	Unable to determine at this time	Currently not reporting
Forest Service	Bureau of Land Management	Labor costs for law enforcement	Unable to determine at this time	Currently not reporting
Forest Service	National Park Service	Fire Assistance	Unable to determine at this time	Currently not reporting
Corps of Engineers	Bureau of Reclamation	Power generation costs	No	Annual
Western Area Power Authority	Bureau of Reclamation	Power generation costs	No	Annual
Treasury	Bureau of Reclamation	Interest for construction projects	No	Annual
DOE	DOL	RECA and EEOICPA benefit costs	Unknown	Annually
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Strategic Partnerships	Yes	
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Mutual Technology Interest	Yes	
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Strategic Partnerships	Yes	

SUMMARY OF RESPONSES

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Transactional,	Yes	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements -Strategic Partnerships	N/A	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements - Mutual Technology Interest	N/A	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements - Transactional,	N/A	
NOAA	NASA	Satellite Development and Construction	N/A	
Various Federal Agencies	NASA	Host Tennant Agreements (rental, maintenance and utilities costs)	N/A	Various Federal Agencies
	NASA	Reimbursable Research (labor, travel, materials, and procurement costs)	N/A	
NOAA	NASA	Design, Develop, Launch, and Test satellites	N/A	NOAA
Various Federal Agencies	NASA	Developing simulation, modeling, or engineering studies for space related activities	N/A	Various Federal Agencies
Various Federal Agencies	NASA	Perform simulations and tests in unique facilities such as wind tunnels	N/A	Various Federal Agencies
Various Federal Agencies	NASA	Test aircraft time	N/A	Various Federal Agencies

SUMMARY OF RESPONSES

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
Various Federal Agencies	NASA	Leasing of high-end computer facilities to perform research and science projects.	N/A	
Reimbursable Agreements, various agencies	NRC	Payroll – Imputed Financing	TBD, probably not	
NRC	Interagency Agreements, various agencies	Payroll – Imputed Financing	TBD, would need more information on other agency's imputed finance costs	

SUMMARY OF RESPONSES

8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total cost, etc.

Summary of Responses: About half of the respondents noted that materiality was determined based on costs as a percentage of revenue or expenditures, which was determined to be too low.

9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.

Summary of Responses: All respondents answered "none" or n/a.

10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?

Summary of Responses: The following responses were noted:

- the cost would not justify the benefits;
- would require a change in accounting system; and
- too many problems with allocating costs.

11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

Summary of Responses:

- 4 responded yes;
- 9 responded no; and
- 2 responded by noting that a costing model would need to be developed.

12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

Summary of Responses:

- 13 responded no;
- NASA responded yes; and
- GSA noted that a method of allocation would be needed.

SUMMARY OF RESPONSES

13. In accordance with Interpretation 6 Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

Summary of Responses: -- 14 responded none
-- USDA noted salary, rent and IT as intra-entity costs.

14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the *Performance and Accountability Reports, Management's Discussion and Analysis*? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

Summary of Responses: -- USDA: allocate to strategic goals
-- EPA: pro-rated to outputs
-- NRC: outcome-based performance measures
-- DOI & RRB: reimbursable activity
-- OPM: common service distribution methodology
-- Treasury-FMS: unit cost determination
-- VA: applied to total cost of product
-- 7 respondents: none

15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

Summary of Responses: Responses include the following methods:

- common service distribution methodology
- direct costing
- cause and effect
- reasonable allocation
- based on strategic goals
- based on budget allocation
- at the bureau level
- based on the type of cost
- none

SUMMARY OF RESPONSES

16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

Summary of Responses:

- 9 noted none
- See individual responses from:
 - Treasury
 - NASA
 - DOEd
 - DOE
 - EPA
 - GSA

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.

Summary of Responses:

- 10 noted none
- See individual responses from:
 - EPA
 - GSA
 - NASA
 - NSF
 - Treasury

#1 GSA

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

1
2
3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.

7
8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.

11
12 Paragraph 112 of SFFAS 4 describes this category as follows:

13
14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.

22
23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.

30
31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.

#1 GSA

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities.
7

8 There are two areas GSA provides broad and general support to other federal agencies;
9 real property disposal and personal property disposal. Real property disposal is
10 responsible for providing strategic direction and overseeing the development and
11 administration of programs related to the utilization and disposal of federal excess and
12 surplus real property government wide. Personal property disposal is responsible for the
13 same functions as real property but for personal items and in accordance with specific
14 legislation.

- 15
16 2. Please identify and provide a description of all broad and general support
17 services that your entity receives, and also identify the providing entity.
18

19 GSA receives litigation services from the Department of Justice. The costs associated
20 with managing the "benefits program" in the Office of Personnel Management and
21 Department of Labor are considered to be broad and general. Treasury payment and
22 collection services are also considered to be broad and general support services.
23

- 24 3. Describe those cases in which such services received form a vital and integral
25 part of the operations or output of your entity.
26

27 GSA does not believe these services would be considered vital or integral to our
28 operations. The Treasury services are a very important function performed for GSA but
29 we do not consider them to be vital or integral because they are something we could
30 perform internally. We do not do this because it is outside our scope of operations.
31

32 Below we have identified specific examples of potential broad and general support
33 services. Please identify if you are a provider, receiver, both, or neither for each
34 service listed. If you are a provider and/or receiver, please answer the questions
35 pertaining to the example. We welcome comments from respondents that are
36 neither providers nor receivers as well.
37

- 38 4. Administration of Federal employees' benefit programs – Although Federal
39 entities now recognize the costs of employees' pension and post retirement
40 benefits, they do not recognize the costs of administering those benefit
41 programs. The same is true with workmen's compensation and judgment funds.
42

43 a) Indicate if you are a provider, receiver, neither, or both: Receiver

- 44
45 b) Please provide your rationale for why you believe the cost of services
46 provided by OPM, the Labor Department, and the Treasury for administering

#1 GSA

1 the benefit programs and the judgment fund are either broad and general
2 support services or inter-entity services subject to full costing.

3
4 We believe these services are broad and general because they are provided government-
5 wide and are not vital or integral to our operations. We also believe that the cost of
6 performing these functions is not material to the federal government or individual agencies.

- 7
8 c) If you believe any of these administrative costs should be considered broad
9 and general, describe any circumstances in which the administrative costs
10 could be considered inter-entity services subject to full costing.

11
12 If these services were material to the Federal Government or to every agency affected we
13 would consider those to be inter-entity services and subject to full costing by the agency.
14 We also agree with the concept that the services need to be significant to the entity, have
15 a direct relationship to the entities operations and be somewhat easily identifiable.

- 16
17 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
18 and support to the President, the Cabinet, and the executive departments and
19 agencies.

20
21 DOJ offers the following for why they believe these services should be
22 considered broad and general: In most cases, non-reimbursed legal
23 support is broad and affects all executive branch agencies regardless
24 of what the "source agency" (i.e. the agency with respect to which the
25 matter arose) may be, thus it would not be reasonable to assign costs
26 of the case to any entity. Where litigation activities are "integral" to an
27 agency's operations, that fact typically is evidenced by a statute
28 expressly giving that agency litigation authority; otherwise all litigation
29 in the United States is reserved to the DOJ. Lastly, the DOJ may take
30 a position that may or may not support the agency receiving the
31 services. However, other entities responded to prior surveys that they
32 believe some DOJ legal services should be considered inter-entity
33 costs.

- 34
35 a) Indicate if you are a provider, receiver, neither, or both: Receiver
36
37 b) Please provide your rationale for why you believe these services are either
38 broad and general support services or inter-entity services subject to full
39 costing.

40
41 GSA believes these are broad and general because they are not specific to an agency but
42 for the government as a whole.

- 43
44 c) If you believe these services should be considered broad and general,
45 describe any circumstances in which the services could be considered inter-
46 entity services subject to full costing.

#1 GSA

1
2 If there is a case that is significant to a particular agency they should be provided amounts
3 to recognize costs on a case by case basis. Also, if a case is being litigated that will only
4 benefit a small number of agencies that too could be considered inter-entity services.
5

6 6. Payment and collection services provided by Department of the Treasury –
7 Treasury's payment function includes issuing and distributing check and
8 electronic payments on behalf of other agencies. The collection function includes
9 managing the collection of federal revenues such as individual and corporate
10 income tax deposits, customs duties, loan repayments, fines, and proceeds from
11 leases. FASAB has already stated that check writing services, at least, should
12 be considered broad and general in nature, but should still be recognized if
13 these services are integral to the operations of the receiving entity.
14

15 a) Indicate if you are a provider, receiver, neither, or both: Receiver

16
17 b) Please provide your rationale for why you believe these payment and
18 collection services provided are either broad and general support services or
19 inter-entity services subject to full costing.
20

21 GSA believes that these services are broad and general. We feel that the costs are
22 insufficient and Treasury would need to provide detail by agencies. If that cost breakout
23 turns out to be significant, each Agency would use their discretion to determine whether to
24 post to their financial statements.
25

26 c) If you believe these services should be considered broad and general,
27 describe specific circumstances in which these services should still be
28 recognized as an expense by the receiving entity.
29

30 If the costs are significant to the Federal Government then it should be allocated to
31 agencies. The agency would then determine, based on significance, if they will report the
32 costs.

#1 GSA

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiability - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

#1 GSA

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities. Attached below!

5
6 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
7 as not being material, please describe why they are not considered to be material. Please
8 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
9 x.x% of total cost, etc.

10
11 GSA provides reduced or free rent in accordance with congressional guidance or other
12 authorized policies. The budgeted amount of revenue in FY 05 was approximately \$74
13 million government-wide for reduced or free rent. GSA as a whole had revenue of \$18.5
14 billion in FY 05. This equates out to less than half of one percent of total GSA revenue.

15
16 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
17 identified but which your entity believes fails the qualification of having a direct relationship
18 to your entity's operations? If so, identify them and explain how these identified cost are
19 not directly related to your entities operations.

20
21 No, GSA does not believe it has any such costs.

22
23 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
24 reported to all receiving activities, would your entity have any impediments to implement
25 this policy? If so, what would they be?

26
27 Based on the different types of broad and general costs there would be different methods
28 of allocating those costs. We would want to be provided the basis for the cost allocation.
29 We believe this would need to be uniform across the government so every agency is
30 allocating the same way.

31
32 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
33 multiple other entities? And if so, can the cost be identified accurately to the proper entity?
34 For example, if you have multiple tenants in a building can the cost be identified to each
35 tenant?

36
37 Yes, GSA is providing reduced/free rent to multiple other entities. The majority of these
38 can be traced. Property disposal is also being provided to multiple agencies. Currently
39 this service can not be tracked. A costing model would need to be developed to allow an
40 allocation to other agencies.

41
42 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
43 should be further distributed to multiple responsibility segments of your organization? And
44 if so, can the cost be identified accurately to the proper responsibility segment? For
45 example, if you have multiple responsibility segments receiving free rent in a building can
46 the cost be identified to each segment?

#1 GSA

1
2 For items that are broad and general we would want to allocate those costs to the various
3 responsibility segments. We would need to know how to do this by being provided the
4 allocation basis.

5
6 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
7 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
8 reimbursed costs determined to be material.

9
10 GSA has no non-reimbursed or under-reimbursed costs that are material. We do report
11 imputed rent for Public Building Service (PBS) and imputed costs for our working capital
12 fund and operating expense fund. These are then eliminated for our consolidating financial
13 statements.

14
15 14. How has your entity used the analyses from question 13 above to determine the
16 impact on cost-per-output performance measures and other relevant data in the
17 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
18 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
19 entity costs in cost per output determinations?

20
21 These are included in our full cost reports used by GSA's management for performance
22 measures and benchmarking.

23
24 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
25 responsibility segment level?

26
27 Each inter entity cost needs to be analyzed to develop a cost driver or basis. This basis
28 would then be used to allocate the costs. The basis would presumably be different
29 depending upon the type of cost needing to be allocated. Some examples would be dollar
30 volume, FTE and transaction volume. We would expect guidance on what basis should be
31 used.

32
33 16. Please detail any other factors or questions specific to inter-entity non or under-
34 reimbursed costs that would inhibit you from capturing these costs in accordance with the
35 standards.

36
37 As a provider we would need to develop cost allocation tools to track costs to provide to
38 the receiver of the goods or services.

39
40 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
41 guidance is necessary before you can identify and capture the costs. Describe the issues
42 that need to be addressed and provide your input for the issues.

43
44 When an agency provides the value for the services provided for the other agencies it is
45 generally a total cost for the agency that then needs to be allocated to different segments
46 of that agency. Who is responsible for developing the basis for allocating those costs?

#1 GSA

- 1 We believe the provider of the good or service should provide the basis for the allocation of
- 2 costs. Whether it is based on FTE, dollar value, transaction volume or some other
- 3 allocation method.

INTER-ENTITY COSTS

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Reporting Entity: General Services Administration
Entity POC: Jared Leicht
Phone Number: 202-501-0235
E-mail Address: jared.leicht@gsa.gov
Secondary POC: Arland Luster
Phone Number: 202-501-0158
E-mail Address: arland.luster@gsa.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
Various	GSA	Reduced/Free Rent	Generally Not	Monthly

14
15
16
17
18
19
20
21

Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#2 VA

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

1
2
3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.
7

8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.
11

12 Paragraph 112 of SFFAS 4 describes this category as follows:
13

14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.
22

23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.
30

31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.
42
43
44
45
46

#2 VA

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
- 4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities. None.
7
 - 8 2. Please identify and provide a description of all broad and general support
9 services that your entity receives, and also identify the providing entity.
10 VA receives OMB, Treasury, OPM, DOL, DOJ, assistance with policy, debt
11 collection, personnel, employee compensation, and legal representation.
12
 - 13 3. Describe those cases in which such services received form a vital and integral
14 part of the operations or output of your entity.
15 None of these support activities play an integral role in any of our business lines.
16

17 Below we have identified specific examples of potential broad and general support
18 services. Please identify if you are a provider, receiver, both, or neither for each
19 service listed. If you are a provider and/or receiver, please answer the questions
20 pertaining to the example. We welcome comments from respondents that are
21 neither providers nor receivers as well.
22

- 23 4. Administration of Federal employees' benefit programs – Although Federal
24 entities now recognize the costs of employees' pension and post retirement
25 benefits, they do not recognize the costs of administering those benefit
26 programs. The same is true with workmen's compensation and judgment funds.
27
 - 28 a) Indicate if you are a provider, receiver, neither, or both: Receiver
29
 - 30 b) Please provide your rationale for why you believe the cost of services
31 provided by OPM, the Labor Department, and the Treasury for administering
32 the benefit programs and the judgment fund are either broad and general
33 support services or inter-entity services subject to full costing.
34 Generally broad and supporting. Done for the government as a whole, and
35 not performed specifically for the benefit of the Department of Veterans
36 Affairs.
37
 - 38 c) If you believe any of these administrative costs should be considered broad
39 and general, describe any circumstances in which the administrative costs
40 could be considered inter-entity services subject to full costing.
41 OPM does negotiate certain insurance plans where enrollment is restricted to
42 certain agencies or job classifications (e.g., Special Agents Mutual Benefits
43 Association Plan, the Association Benefit Plan, the Foreign Service Benefit
44 Plan, etc.) These charges would appear to be solely for the benefit of the
45 specific agencies involved and should not be chargeable to the government
46 as a whole.

#2 VA

- 1
2 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
3 and support to the President, the Cabinet, and the executive departments and
4 agencies.

5
6 DOJ offers the following for why they believe these services should be
7 considered broad and general: In most cases, non-reimbursed legal
8 support is broad and affects all executive branch agencies regardless
9 of what the "source agency" (i.e. the agency with respect to which the
10 matter arose) may be, thus it would not be reasonable to assign costs
11 of the case to any entity. Where litigation activities are "integral" to an
12 agency's operations, that fact typically is evidenced by a statute
13 expressly giving that agency litigation authority; otherwise all litigation
14 in the United States is reserved to the DOJ. Lastly, the DOJ may take
15 a position that may or may not support the agency receiving the
16 services. However, other entities responded to prior surveys that they
17 believe some DOJ legal services should be considered inter-entity
18 costs.

- 19
20 a) Indicate if you are a provider, receiver, neither, or both: Receiver
21
22 b) Please provide your rationale for why you believe these services are either
23 broad and general support services or inter-entity services subject to full
24 costing.
25 Generally broad and supporting. Done for the government as a whole and
26 not performed specifically for the benefit of the Department of Veterans
27 Affairs.
28
29 c) If you believe these services should be considered broad and general,
30 describe any circumstances in which the services could be considered inter-
31 entity services subject to full costing.
32 DoJ performs specific legal work on behalf of the Department of Veterans
33 Affairs. Resulting judgments and settlements are, and should be, costed to
34 this Department. Administrative cost, provided governmentwide, are not
35 costed to VA.
36

- 37 6. Payment and collection services provided by Department of the Treasury -
38 Treasury's payment function includes issuing and distributing check and
39 electronic payments on behalf of other agencies. The collection function includes
40 managing the collection of federal revenues such as individual and corporate
41 income tax deposits, customs duties, loan repayments, fines, and proceeds from
42 leases. FASAB has already stated that check writing services, at least, should
43 be considered broad and general in nature, but should still be recognized if
44 these services are integral to the operations of the receiving entity.
45

#2 VA

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- a) Indicate if you are a provider, receiver, neither, or both: Receiver
- b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.
These services are not a vital and integral part of the operations or output of VA and should be considered broad and general support services.
- d) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.
Collections are case specific and should be charged to an agency if this service supports its core mission or is a significant component of its output.

#2 VA

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiability - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

#2 VA

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities. Medical Care provided to DOD is limited to 90% of
5 the CHAMPUS maximum allowable charge (CMAC).
6

7 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
8 as not being material, please describe why they are not considered to be material. Please
9 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
10 x.x% of total cost, etc.

11 The dollar value is too small. At a generous estimate of \$50 million a year, this amounts to
12 only .0015% of the Department's expenditures for medical care.
13

14 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
15 identified but which your entity believes fails the qualification of having a direct relationship
16 to your entity's operations? If so, identify them and explain how these identified cost are
17 not directly related to your entities operations. NA
18

19 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
20 reported to all receiving activities, would your entity have any impediments to implement
21 this policy? If so, what would they be?

22 Identification of such costs – the impediment would be that we would be spending dollars
23 to chase pennies.
24

25 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
26 multiple other entities? And if so, can the cost be identified accurately to the proper entity?
27 For example, if you have multiple tenants in a building can the cost be identified to each
28 tenant? NA
29

30 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
31 should be further distributed to multiple responsibility segments of your organization? And
32 if so, can the cost be identified accurately to the proper responsibility segment? For
33 example, if you have multiple responsibility segments receiving free rent in a building can
34 the cost be identified to each segment? NA
35

36 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
37 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
38 reimbursed costs determined to be material. NA
39

40 14. How has your entity used the analyses from question 13 above to determine the
41 impact on cost-per-output performance measures and other relevant data in the
42 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
43 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
44 entity costs in cost per output determinations? Yes. These costs are applied to total cost
45 of product. For example, reasonable charges in MCCF are reviewed against total cost to
46 insure full cost recovery is attempted.

#2 VA

1

2 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
3 responsibility segment level? DOJ costs are distributed to components based on the type
4 of litigation; i.e., medical malpractice to medical care, research, education. Costs for
5 general litigation are distributed to all. Costs for contract litigation are distributed based on
6 the workload of the Department's Board of Contract Appeals.

7

8 16. Please detail any other factors or questions specific to inter-entity non or under-
9 reimbursed costs that would inhibit you from capturing these costs in accordance with the
10 standards. None.

11

12 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
13 guidance is necessary before you can identify and capture the costs. Describe the issues
14 that need to be addressed and provide your input for the issues. None.

#2 VA

INTER-ENTITY COSTS

Reporting Entity: Department of Veterans Affairs

Entity POC: William L. Gilfillan

Phone Number: (202) 273-5573

E-mail Address: William.Gilfillan@mail.va.gov

Receiving Entity	Providing Entity	Type of Goods or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
DoD	VA	Medical Care	No	Annual

Examples of non-reimbursed or under-reimbursed expenses:

Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#3 DOE

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

With the above FASAB description of broad and general costs in mind, please answer the following:

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

The Department of Energy does not provide any broad and general support services to any other entities.

2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

Other than the most common services, as described in questions 4, 5, 6, below, DOE does not receive any broad and general support services from other entities.

3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

Per our response to question 2, this is not applicable.

Below we have identified specific examples of potential broad and general support services. Please identify if you are a provider, receiver, both, or neither for each service listed. If you are a provider and/or receiver, please answer the questions pertaining to the example. We welcome comments from respondents that are neither providers nor receivers as well.

4. Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

- a) Indicate if you are a provider, receiver, neither, or both:

DOE is a receiver of these services.

- b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment

#3 DOE

fund are either broad and general support services or inter-entity services subject to full costing.

DOE believes the cost of these services to be broad and general support services because they are provided to all reporting entities and are not an integral part of DOE operations.

- c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

With respect to DOE, we do not know of any circumstances in which these services could be considered inter-entity services subject to full costing.

5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

- a) Indicate if you are a provider, receiver, neither, or both:

DOE is a receiver of these services.

- b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

DOE believes the cost of these services to be broad and general support services because they are provided to all agencies, DOJ on

#3 DOE

average provides no more or less of these services to DOE than to other agencies, and the services received are not an integral part of DOE's operations.

- c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

With respect to DOE, we do not know of any circumstances in which these services could be considered inter-entity services subject to full costing.

6. Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

- a) Indicate if you are a provider, receiver, neither, or both:

DOE is a receiver of these services.

- b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

DOE believes the cost of these services to be broad and general support services because they are provided to all reporting entities and are not an integral part of DOE operations.

- c) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

With respect to DOE, we do not know of any circumstances in which these services could be considered inter-entity services subject to full costing.

#3 DOE

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

An explanation of the material items listed on the form is as follows:

DOE's National Nuclear Security Administration (NNSA) Service Center and Sandia National Laboratories are located on Kirtland Air Force Base (AFB), Albuquerque, New Mexico. The majority of the NNSA facilities are owned by DOE. However, DOE does occupy Air Force land on which DOE has constructed some facilities. DOE does not pay rent for the Air Force land and buildings that NNSA and Sandia occupy, but does reimburse the Air Force for operating costs (e.g., utilities and fire protection) associated with DOE operations at Kirtland AFB.

At the Tonapah Test range in Nevada, DOE occupies 335,000 acres of Air Force land on which DOE has constructed some facilities. The land is provided at no cost to DOE.

The potential lease/rental cost for these properties would likely be significant.

The Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA) authorized compensation for certain illnesses suffered by employees of DOE, its predecessor agencies, and contractors who performed work for the nuclear weapons program. The law makes payments under this program the responsibility of DOL. DOE has recorded \$259 million of imputed costs which represents the estimate of DOL's administrative cost of the program over a 10 year period. Changes in the estimate will be recorded as imputed costs and imputed financing source in future years as applicable.

8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total cost, etc.

The Department of Interior's Minerals Management Service is providing the DOE's Strategic Petroleum Reserves (SPR) with the in-kind oil proceeds from oil leases in the Gulf of Mexico. In FY 2004 and 2005, the SPR received crude oil in excess of \$1 billion, which would be considered material. However, legislation passed in FY 2006 directed Interior to stop providing oil to SPR in the near term. As a result, in FY 2006 through May, only \$7.5 million worth of oil was deposited into the SPR, which is considered immaterial. Future legislation will determine the materiality of this non-reimbursed cost.

#3 DOE

DOE performs work for other Federal entities on a reimbursable work basis. The work is generally not related to DOE's direct mission, but part of the customer's mission. DOE's policy is to establish prices for goods and services provided to other Federal entities at full cost, which includes all direct and indirect costs incurred by DOE and its contractors, and a Federal administrative charge of 3% of the full cost. The 3% Federal administrative charge is the statutory limit established by the National Defense Authorization Act of FY 1999. In FY 2005, costs recorded attributed to generating intragovernmental reimbursable program revenue were \$2,882 million on revenues of \$2,719 million. The revenue shortfall is primarily due to actual overhead charges exceeding the 3% or waivers of the Federal administrative charge being granted by the Secretary of Energy. The revenue shortfall is considered immaterial.

9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.

There are no non-reimbursed or under-reimbursed Inter-Entity Costs which have been identified but fail the qualification of having a direct relationship to DOE's operations.

10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?

DOE provides goods and services to numerous Federal entities including the various components of the Department of Defense, the National Institutes of Health, the Department of Transportation, etc. The DOE accounting system records the costs incurred against our Reimbursable Work for Other Federal Agencies responsibility segment, but not against specific customers. Consequently, the non-reimbursed costs cannot be assigned to specific receiving customers without significant modifications to the Department's existing accounting system.

11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

The DOE facility performing the reimbursable work (laboratory, etc) could provide the receiving entity with the amount of the Federal administrative charge being waived on a particular reimbursable work order where an exception to full cost recovery has been approved. The allocation of Departmental overhead costs is not performed until fiscal year end so the actual full cost of the work could not be

#3 DOE

reported on a timely basis. An alternative would be to allocate the historic overhead rate to an individual work order and report that to the receiving entity as the full cost.

12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

As stated in question 7, DOE received non-reimbursed land/facilities from the Air Force. These costs can be identified accurately to the proper responsibility segment and would be allocated as are all other support costs.

13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

DOE does not have any intra entity non-reimbursed or under-reimbursed costs determined to be material.

14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the *Performance and Accountability Reports, Management's Discussion and Analysis*? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

Since costs in question 13 are not material, this would be non-applicable.

15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

At present, DOE has no inter-entity costs to apply. If we did, we would allocate these costs to the applicable benefiting responsibility segments.

16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

The ability of Kirtland AFB to provide reliable cost information for the rental of land and buildings is unknown. As DOE has never been charged for use of this property, there is no data available to make a reasonable estimate.

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the

#3 DOE

costs. Describe the issues that need to be addressed and provide your input for the issues.

We cannot identify any non-reimbursed/under-reimbursed costs where additional guidance is necessary

INTER-ENTITY COSTS

Reporting Entity: Department of Energy
Entity POC: Scott Chayette
Phone Number: (301) 903-9705
E-mail Address: scott.chayette@hq.doe.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
DOE	DOD – Air Force	Rent	Yes	Monthly
DOE	DOI	Oil	No	Monthly
Various Federal Agencies	DOE	Reimbursable Work Administrative Charge	No	Monthly
DOE	DOL	Administrative Costs Related to DOL's Administration of the EEOICPA	Yes	Annual

Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#4 RRB

-----Original Message-----

From: Guirguis, Samir

Sent: Wednesday, June 28, 2006 9:05 AM

To: 'ValentineM@fsab.gov'

Cc: Boehne, Kenneth; Walter, John; Fleming, Edmund

Subject: FW: AAPC Inter-Entity Cost Survey Request

The following are the Railroad Retirement Board's (RRB) answers to the questionnaire pertaining to the full Implementation of Inter – Entity Costing, in the same order it was presented.

If you have any questions, please call me.

Samir N. Guirguis
Senior Cost Accountant
Bureau of Fiscal Operations
(312) 751- 4670

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

1. None
2.
 - a) Approved apportionment requests and guidance from OMB.
 - b) Employees' benefit programs and guidance from OPM.
 - c) Broad and general legal support from DOJ.
3. None
4.
 - a) Receiver
 - b) The cost of provided services by Treasury, OPM, DOL, DOJ, and OMB are normally broad general support, and it is not cost-effective to allocate it among other Federal agencies.
 - c) None
5.
 - a) Receiver
 - b) The cost of provided services by Treasury, OPM, DOL, DOJ, and OMB are normally broad general support, and it is not cost-effective to allocate it among other Federal agencies.

#4 RRB

- c) None
- 6. a) Receiver
- b) Service costs are reimbursed to Treasury by the RRB.
- c) None

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

- 7. N/A
- 8. N/A
- 9. None
- 10. No
- 11. No
- 12. No
- 13. None
- 14. All transactions are reimbursed.
- 15. Reimbursed amounts are reflected in each responsibility segment's budget allotment.
- 16. None
- 17. None

#5 SSA

Questions on Broad and General Support Costs

Question # 1: Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

SSA Response: SSA's maintenance of Social Security Numbers (SSNs) is an activity that benefits other agencies and should be considered "broad and general" support services. As such, the cost does not require inter-entity recognition. It is not possible for SSA to estimate these costs.

Question # 2: Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

SSA Response: SSA receives broad and general support services from the following agencies:

Office of Personnel Management (OPM): Provides employee benefit program services.

General Services Administration (GSA): Provides building maintenance, management policies and acquisition support services.

Office of Management and Budget (OMB): Establishes policy and provides general guidance.

Department of Justice (DOJ): Provides broad non-reimbursed legal support.

Government Accountability Office (GAO): Provides accounting and auditing guidance.

Department of Treasury (DT): Performs payment and collection services, benefit check issuance, Trust Fund maintenance, and wage reporting.

Department of Labor (DOL): Administers the Federal Employees Compensation Act.

#5 SSA

Question # 3: Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

SSA Response: The services provided by the Department of Treasury, described above, are considered vital and integral. We recognize those expenses.

Question # 4: Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

a) Indicate if you are a provider, receiver, neither, or both: _____

SSA Response: SSA is a receiver of these services.

b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.

SSA Response: The cost of the services provided by OPM and other Federal entities for employee benefit services are provided to all agencies and the work is part of the mission of those agencies providing the services. We believe the cost of developing information to recognize the proportional shares of these expenses would exceed the benefits derived. We believe these services are broad and general, consistent with paragraph 112 of SFFAS 4, Managerial Cost Accounting Standards and Concepts. We agree with the standard.

c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

SSA Response: We do not believe that administrative costs considered broad and general should be considered inter-entity services subject to full costing. We agree that costs should be recognized if such services are integral to the operations of the receiving entity as stated in paragraph 112 of SFFAS 4.

#5 SSA

Question #5: Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

a) Indicate if you are a provider, receiver, neither, or both: _____

SSA Response: SSA is a receiver of these services.

b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

SSA Response: The costs of the services provided by DOJ for legal services are provided to all agencies and the work is part of the Agency's mission. We believe these services are broad and general, consistent with paragraph 112 of SFFAS 4, Managerial Cost Accounting Standards and Concepts. We agree with the standard.

c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

SSA Response: We do not believe that administrative costs considered broad and general should be considered inter-entity services subject to full costing. We agree that costs should be recognized if such services are integral to the operations of the receiving entity as stated in paragraph 112 of SFFAS 4.

Question #6: Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

a) Indicate if you are a provider, receiver, neither, or both: _____

SSA Response: SSA is a receiver of these services.

#5 SSA

b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

SSA Response: The cost of the services provided by the Department of the Treasury for payment and collection services are provided to all agencies and the work is part of the Agency's mission. We believe these services are broad and general, consistent with paragraph 112 of SFFAS 4, Managerial Cost Accounting Standards and Concepts. We agree with the standard.

c) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

SSA Response: Since most services are provided to all agencies, we feel that these administrative costs should be considered broad and general. However, issuing and distributing check and electronic payments is vital and integral to SSA, therefore we do recognize the expenses for this service.

Question # 7: Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

SSA Response: SSA receives full reimbursement for all costs and thus has no non-reimbursed or under-reimbursed costs.

Questions # 8-12: Not applicable to SSA.

Question # 13: In accordance with Interpretation 6 Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

SSA Response: SSA is a sole reporting entity that allocates costs by program and workload. Therefore, the Agency does not have costs that qualify as 'imputed intra-departmental'.

Questions 14 and 15: Not applicable to SSA.

#5 SSA

Question # 16: Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

SSA Response: There are no other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit SSA from capturing these costs in accordance with the standards.

6 NRC

The Accounting and Auditing Policy Questionnaire Full Implementation of Inter-Entity Costing

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

The following questions pertain to issue area no. 1, extensive evaluation of costs to determine which ones may be considered "broad and general" for all entities. If possible, a list of the costs that should be considered broad and general for all entities will be developed.

Per SFFAS 4, 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.

Paragraph 112 of SFFAS 4 describes this category as follows:

Broad, general support -- Some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance. The costs of such broad services should not be recognized as an expense (or asset) by the receiving entities when there is no reimbursement of costs. Thus the standard does not apply when support is of a general nature provided to all or most entities of the federal government.

An example of this situation can be found in the Office of Management and Budget which establishes policy and provides general guidance to all parts of the executive branch of government. The costs of OMB should not be spread over all reporting entities because the services provided are (1) general and broad in scope, (2) provided to almost all reporting entities in the executive branch, and (3) not specifically or directly tied to the receiving entity's outputs.

On the other hand, some services provided, under certain circumstances, should still be recognized even though they may be considered broad and general in nature if such services are integral to the operations of the receiving entity. Such services include check writing by the Department of Treasury or legal activities performed by the Department of Justice. For example, when the issuance of checks is integral to the operations of an entity (e.g., the Internal Revenue Service and the Social Security Administration), the receiving entity should include the full cost of issuing checks in the full cost of its outputs. However, if the issuance of checks is insignificant and incidental to the operations of an entity, the entity should not normally recognize that cost.

6 NRC

1
2
3
4 With the above FASAB description of broad and general costs in mind, please answer the
5 following:

- 6
7 1. Please identify and provide a description, including estimated costs where
8 possible, of all broad and general support services that your entity provides to all
9 or most other entities.

10
11 **The NRC provides no broad and general support services to all or most other**
12 **entities in the federal government.**

- 13
14 2. Please identify and provide a description of all broad and general support
15 services that your entity receives, and also identify the providing entity.

16
17 **Treasury**

18 **-Check writing/electronic payments**

19 **-Financial Management/Reporting Guidance**

20
21 **OMB**

22 **-Financial Management/Reporting Guidance**

23
24 **Department of Justice**

25 **-Non-reimbursed legal support**

26
27 **OPM**

28 **-Administration of Federal employees' benefit programs**

29
30 **Department of Labor**

31 **-Workmen's Compensation**

32 **-Unemployment Compensation**

33
34 **GAO**

35 **-Guidance**

- 36
37 3. Describe those cases in which such services received form a vital and integral
38 part of the operations or output of your entity.

39
40 **There are no circumstances where broad and general support services**
41 **received form a vital and integral part of the operations or output of your**
42 **entity.**

43
44 Below we have identified specific examples of potential broad and general support
45 services. Please identify if you are a provider, receiver, both, or neither for each
46 service listed. If you are a provider and/or receiver, please answer the questions

6 NRC

1 pertaining to the example. We welcome comments from respondents that are
2 neither providers nor receivers as well.

3
4 4. Administration of Federal employees' benefit programs – Although Federal
5 entities now recognize the costs of employees' pension and post retirement
6 benefits, they do not recognize the costs of administering those benefit
7 programs. The same is true with workmen's compensation and judgment funds.

8
9 a) Indicate if you are a provider, receiver, neither, or both: Receiver

10
11 b) Please provide your rationale for why you believe the cost of services
12 provided by OPM, the Labor Department, and the Treasury for administering
13 the benefit programs and the judgment fund are either broad and general
14 support services or inter-entity services subject to full costing.

15
16 **The NRC believes the services are broad and general support services**
17 **based on the description of broad and general support services contained**
18 **in Paragraph 112 of SFFAS 4 and because none of the services provided**
19 **form a vital and integral part of the operations or output of the NRC.**

20
21 c) If you believe any of these administrative costs should be considered broad
22 and general, describe any circumstances in which the administrative costs
23 could be considered inter-entity services subject to full costing.

24
25 **The NRC knows of no circumstance in which the services should be**
26 **considered inter-entity services subject to full costing.**

27
28 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
29 and support to the President, the Cabinet, and the executive departments and
30 agencies.

31
32 DOJ offers the following for why they believe these services should be
33 considered broad and general: In most cases, non-reimbursed legal
34 support is broad and affects all executive branch agencies regardless
35 of what the "source agency" (i.e. the agency with respect to which the
36 matter arose) may be, thus it would not be reasonable to assign costs
37 of the case to any entity. Where litigation activities are "integral" to an
38 agency's operations, that fact typically is evidenced by a statute
39 expressly giving that agency litigation authority; otherwise all litigation
40 in the United States is reserved to the DOJ. Lastly, the DOJ may take
41 a position that may or may not support the agency receiving the
42 services. However, other entities responded to prior surveys that they
43 believe some DOJ legal services should be considered inter-entity
44 costs.

45
46 a) Indicate if you are a provider, receiver, neither, or both: Receiver

6 NRC

- 1
2 b) Please provide your rationale for why you believe these services are either
3 broad and general support services or inter-entity services subject to full
4 costing.
5

6 **The NRC agrees with the DOJ's justification of why the services they**
7 **provide are broad and general support services.**
8

- 9 c) If you believe these services should be considered broad and general,
10 describe any circumstances in which the services could be considered inter-
11 entity services subject to full costing.
12

13 **The NRC knows of no circumstance in which the services should be**
14 **considered inter-entity services subject to full costing.**
15

- 16 6. Payment and collection services provided by Department of the Treasury –
17 Treasury's payment function includes issuing and distributing check and
18 electronic payments on behalf of other agencies. The collection function includes
19 managing the collection of federal revenues such as individual and corporate
20 income tax deposits, customs duties, loan repayments, fines, and proceeds from
21 leases. FASAB has already stated that check writing services, at least, should
22 be considered broad and general in nature, but should still be recognized if
23 these services are integral to the operations of the receiving entity.
24

- 25 a) Indicate if you are a provider, receiver, neither, or both: **Receiver**
26
27 b) Please provide your rationale for why you believe these payment and
28 collection services provided are either broad and general support services or
29 inter-entity services subject to full costing.
30

31 **The NRC believes the services are broad and general support services**
32 **based on the description of broad and general support services contained**
33 **in Paragraph 112 of SFFAS 4 and because none of the services provided**
34 **form a vital and integral part of the operations or output of the NRC.**
35

- 36 d) If you believe these services should be considered broad and general,
37 describe specific circumstances in which these services should still be
38 recognized as an expense by the receiving entity.
39

40 **The NRC knows of no circumstance in which the services should be**
41 **considered inter-entity services subject to full costing.**

6 NRC

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities.

5
6 **Reimbursable agreements are billed using NRC's Part 170 hourly rate. The rate is**
7 **calculated, as required by NRC's Fee Rule, based on total budget authority minus**
8 **excluded costs (approximately 10% of NRC's budget authority). Imputed Financing**
9 **(unfunded pension benefits) costs of approximately \$26 million are cost not funded**
10 **in NRC's budget and are therefore not part of the NRC's Part 170 hourly rate.**

11
12 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
13 as not being material, please describe why they are not considered to be material. Please
14 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
15 x.x% of total cost, etc.

16
17 **N/A**

18
19 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
20 identified but which your entity believes fails the qualification of having a direct relationship
21 to your entity's operations? If so, identify them and explain how these identified cost are
22 not directly related to your entities operations.

23
24 **No.**

25
26 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
27 reported to all receiving activities, would your entity have any impediments to implement
28 this policy? If so, what would they be?

29
30 **If imputed financing costs need to be reported to all receiving activities, an hourly**
31 **rate could be developed and applies to receiving activities.**

32
33 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
34 multiple other entities? And if so, can the cost be identified accurately to the proper entity?
35 For example, if you have multiple tenants in a building can the cost be identified to each
36 tenant?

37
38 **No.**

39
40 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
41 should be further distributed to multiple responsibility segments of your organization? And
42 if so, can the cost be identified accurately to the proper responsibility segment? For
43 example, if you have multiple responsibility segments receiving free rent in a building can
44 the cost be identified to each segment?

45
46 **No.**

6 NRC

1 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
2 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
3 reimbursed costs determined to be material.

4
5 **N/A**
6

7 14. How has your entity used the analyses from question 13 above to determine the
8 impact on cost-per-output performance measures and other relevant data in the
9 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
10 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
11 entity costs in cost per output determinations?
12

13 **The NRC's performance measures are not individually structured on a cost-per-**
14 **output basis. Rather, the NRC annually identifies which activities under the agency's**
15 **major program areas support the NRC's outcome-based performance measures,**
16 **and uses these as guides to formulate the budget. Specifically, the agency develops**
17 **key planning assumptions, which identify major program drivers that would**
18 **significantly influence the NRC's work activities and resource requirements. For**
19 **each major activity, the agency identifies the major program outputs and output-**
20 **based measures needed to achieve the outcome-based performance measures,**
21 **taking into consideration the key planning assumptions. The NRC also identifies**
22 **and prioritizes planned activities needed to achieve the outputs in each major**
23 **activity, and prioritizes them based on their contribution to goals. Lastly, the NRC**
24 **determines the resource requirements needed to achieve each planned activity,**
25 **forming the basis for developing the agency's budgetary requests for each program**
26 **area. Each of NRC's performance budget review levels takes into consideration**
27 **those factors described above in relating outcome-based and output-based**
28 **performance measures to resources in making budget recommendations and**
29 **decisions.**
30

31 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
32 responsibility segment level?
33

34 **Utilizing NRC's cost accounting methodology, inter-entity costs are either directly**
35 **changed to a specific responsibility segment or allocated to NRC direct programs.**
36

37 16. Please detail any other factors or questions specific to inter-entity non or under-
38 reimbursed costs that would inhibit you from capturing these costs in accordance with the
39 standards.
40

41 **Based on current guidance, the NRC has no questions specific to inter-entity non or**
42 **under-reimbursed costs that would inhibit the NRC from capturing these costs in**
43 **accordance with the standards.**
44

45 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
46 guidance is necessary before you can identify and capture the costs. Describe the issues

6 NRC

1 that need to be addressed and provide your input for the issues.

2

3 **Currently, the NRC needs no additional guidance.**

4

5

6

6 NRC

INTER-ENTITY COSTS

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Reporting Entity: Nuclear Regulatory Commission
Entity POC: Kathleen Brosky
Phone Number: 301.415.6076
E-mail Address: kxb1@nrc.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
Reimbursable Agreements, various agencies	NRC	Payroll-Imputed Financing	TBD, probably not	
NRC	Interagency Agreements, various agencies	Payroll-Imputed Financing	TBD, would need more information on other agency's imputed finance costs	

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Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

Questionnaire Pertaining to the Full Implementation of Inter-Entity Costing

Department of the Treasury Response

June 2006

The Treasury Department's Asset Forfeiture Fund provided this overall response.

"When the initial accounting standard, SFFAS 4, Managerial Cost Accounting Standards and Concepts, was published, the determination was made that the Treasury Forfeiture Fund would be a free-standing account, neither receiving nor providing services despite its large reimbursable position. The basis for this decision was that the Treasury Forfeiture Fund is a "special fund," now also known in the Federal accounting lexicon as an "earmarked" account, that supports the cost of asset forfeiture by its member bureaus. This "support" is done via reimbursement and/or direct funding but all sources and uses of funds with few exceptions are asset forfeiture-related. Bureaus receiving reimbursement from the Fund are not to consider our reimbursement part of their cost of doing business; rather, the Fund will consider all expenses and/or transfers (accrual accounting) to be costs of the Fund's asset forfeiture program."

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS	
1.	<p>Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.</p> <p>The Financial Management Service (FMS) has identified several programs that it considers are broad and general services provided to most or all other Federal entities.</p> <p>Government-wide Accounting – FMS provides central accounting functions that support the entire Federal government. We provide central accounting services for every Federal agency. These services include Cash Management, Transaction Reporting, Treasury Account maintenance, Appropriation Warrant Processing, Authority Transfers, Accounting Policy and Guidance, and Budgetary and Financial Reporting. These services do not directly contribute to any one agency, product, or service, but instead provide general accounting support for the Federal government.</p> <p>Payment Disbursement - FMS is also responsible for the disbursement of the vast majority of federal payments. In FY 2006, FMS expects to disburse an estimated 960 million payments. Of these 960 million payments, an estimated 211 million will be checks. FMS is currently partially reimbursed by several agencies, including SSI, IRS, DVA, OPM, NFC, RRB, and DOL. These agencies reimburse FMS for the full cost of postage incurred in mailing their agencies' checks.</p> <p>Collection Services – FMS processes the Federal Government's revenue collections for the Federal government through a variety of collection, deposit, and cash concentration systems used by all Federal agencies. Federal Finance designates and oversees the financial institutions that serve as depositories of public money and financial agents of the United States.</p> <p>Judgment Fund - FMS provides broad and general support services to many reporting entities in the federal government. FMS ensures the financial integrity of the Federal government's Judgment Fund by providing for and maintaining a centralized tracking system and the review and certification of expenditures from the fund. The judgment fund payments made on behalf of Federal agencies can be considered immaterial when compared to overall payments made Government-wide. In addition, Judgment Fund payments are not part of the mission the agencies requesting the payments.</p>
FMS	
Financial Crimes Enforcement Network	<p>FinCEN provides general and broad scope services to almost all reporting entities in the executive branch. These services are not specifically directed or tied to the receiving entity's outputs and provide value to our operations through these services.</p>

2.	Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.
FMS	FMS receives auditing services from the Government Accountability Office (GAO) for the audit of the Consolidated Financial Report (FR) of the U.S. Government. However, these services support FMS' Financial Reporting function, which is provided on behalf of the Federal Government as a whole.
Treasury Franchise Fund	The Treasury Franchise Fund receives broad and general support services as defined in items 4 through 6 below.
Treasury Inspector General for Tax Administration	<p>Intra – Treasury TIGTA receives some broad and general support services from the Internal Revenue Service (IRS). The IRS Restructuring and Reform Act of 1998 (RRA 98) created the Treasury Inspector General for Tax Administration (TIGTA) organization by transferring most of the former IRS Inspection Service duties and personnel to the newly created TIGTA. RRA98 required TIGTA to begin operations in January 1999. Although many hours were devoted to the establishment of TIGTA, the cost of some services attributable to the former IRS Inspection Service could not be determined prior to the establishment of TIGTA. Therefore, a memorandum of understanding was developed which identified the services which the IRS would continue to provide for TIGTA until the cost and the related appropriation/budgetary transfer could occur. TIGTA continues to work with the IRS to determine the cost of these services and make the related appropriation/budgetary transfers. In FY05, TIGTA assumed full responsibility for the Federal Employees Compensation Act (FECA) costs and the related budgetary transfer was processed. In FY07, TIGTA will assume full responsibility for costs related to the Treasury Working Capital Fund. Currently, the working capital fund and the Treasury Complaint Center (related to EEO) costs are imputed on TIGTA's financial statements.</p> <p>The following broad and general service continues to be provided to TIGTA by the IRS without reimbursement:</p> <ul style="list-style-type: none"> ➤ Public health service and fitness center use/support <ul style="list-style-type: none"> ○ TIGTA employees are personally responsible for payment of any usage fee related to the fitness centers

Bureau of Engraving and Printing	<p>Department of Justice - Legal services</p> <p>Department of Labor - FECA, workmen's compensation and other related services</p> <p>FMS - Banking services</p> <p>OPM - Personnel related services</p> <p>Federal Security Agencies - Security clearances and related activity</p>
Financial Crimes Enforcement Network	FinCEN receives cash disbursement services from FMS, retirement services from OPM, and BSA data processing services from the IRS. FinCEN records imputed costs on the financial statements for the services from OPM and the IRS.
Bureau of Public Debt	None, other than the broad & general support described below (4-6).
Office of the Comptroller of the Currency	<p>Investment processing-Bureau of Public Debt</p> <p>Payroll Processing-National Finance Center</p> <p>Personnel Processing-HR Connect (Treasury)</p> <p>Payment/Collection Service-Treasury Financial Management Service</p>
3.	Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.
FMS	Services received from Government Accountability Office (GAO) for the audit of the Consolidated Financial Report (FR) of the U.S. Government support FMS' Financial Reporting function, which is provided on behalf of the Federal Government as a whole. Services provided by GAO are similar in nature than those provided by OMB
Treasury Franchise Fund	These services are not a vital or integral part of our operations or output. These are administrative functions that should be provided at a 'corporate' level.
Treasury Inspector General for Tax Administration	Intra – Treasury The public health service and fitness center use/support is not vital or integral to TIGTA's operation or output.

Bureau of Engraving and Printing	BEP believes that none of these services forms a vital and integral part of the operations and/or output of the Bureau. While the loss of any of the services could cause an operational hardship, the mission of the Bureau would not be directly affected.
Financial Crimes Enforcement Network	FinCEN administrates the Bank Secrecy Act. Under a long standing agreement that predates the establishment of FinCEN, Internal Revenue Service has collected, processed, and disseminated Bank Secrecy Act data. The non-reimbursable costs of this function are reported as an imputed cost on our financial statements.
Office of the Comptroller of the Currency	See Number 2 – all services are vital to agency operations.
4.	Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.
a.	Indicate if you are a provider, receiver, neither, or both: _____
FMS	Receiver
Departmental Offices	Receiver
Treasury Franchise Fund	Receiver
Treasury Inspector General for Tax Administration	Receiver
Bureau of Engraving and Printing	Receiver
U.S. Mint	Receiver
Financial Crimes Enforcement Network	Receiver
Bureau of Public Debt	Receiver

Office of the Comptroller of the Currency	Receiver
b.	Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.
FMS	These costs should be considered broad and general because they are provided to all Federal entities and the services are not directly tied to the entities' operations or outputs.
Departmental Offices	We believe the cost of these services is broad and general support and should not be subject to full costing. The question boils down to: "Who has the mission to provide these services?" If the answer is OPM, Labor, and Treasury, then that's where the costs should be reflected. An entity runs a very real risk of distorting its cost of operations if it reports costs that should be correctly reported by others.
Treasury Franchise Fund	The services provided by OPM, DOL and Treasury are administrative functions that should be maintained at a 'corporate' level as a true general and administrative expense. Allocating these costs to individual entities would cost more than the benefit that would be received.
Treasury Inspector General for Tax Administration	<p>Inter-entity services subject to full costing. While each agency's management has the ability, to some extent, to control their agency's actions that result in FECA and judgment fund costs, the agency is unable to obtain these services from another provider (OPM and DOL have been given the responsibility for the employee benefit programs). Including the administrative costs would show the receiving entities 'full costs' of these programs; however, the cost allocation systems would probably cost far more than any benefit derived. Also, changes in the administrative cost necessitated by changes related to a single receiving entity could affect all receiving entities. For example, if a large increase in FECA claims for the IRS required DOL to hire additional employees, depending upon DOL's costing system, this increased labor cost might be distributed to all receiving entities rather than just the IRS.</p> <p>While these costs can be considered inter-entity subject to full costing, allocating the costs to the receiving entities would be impractical due to the cost of implementing a cost allocation system. Furthermore, the receiving agencies do not have the ability to obtain these services from other providers, so the information would not provide a substantial benefit to the receiving agency and could cause problems if funding decisions were made based on the 'full costs'.</p>

Bureau of Engraving and Printing	BEP believes that the named Departments were established and appropriated to carry out the administrative functions noted. Since the administrative costs affect all executive branch agencies, they would be impossible to assign on an equitable basis. No matter how the costs were assigned, a rational and valid argument could be made that the assignment was unfair. Under these circumstances, the administrative cost of the services should not be subject to full costing.
U.S. Mint	Broad and general, cost is not related to the Mint's output which is the production of coins for circulation and numismatic activity.
Financial Crimes Enforcement Network	FinCEN believes these costs are broad and general in nature as these services are provided for every federal entity and these services are the mission of the entity providing the service.
Bureau of Public Debt	Congress provided funding to OPM, Labor and Treasury to provide certain "broad and general services." The cost to "administer" these programs is fairly similar to OMB's policy responsibilities cited earlier as an example of "broad and general" services. Therefore, we feel they should not be subject to full costing.
Office of the Comptroller of the Currency	Broad and general because they are provided to all/most entities within the federal government.
c.	If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.
FMS	These costs should be considered broad and general.
Departmental Offices	We believe the only time in which inter-entity services should be subject to full costing is when it is fair to say the costs are within/associated with the mission of the receiving entity. For example, using the Treasury checks example, it is fair to state that the costs of check-writing are part of the mission of SSA and IRS. They are responsible for "delivering" money. On the other hand, it would be incorrect to impute this cost to Departmental Offices. The cost is not critical to (or part of) DO's mission and recognition could distort true mission costs.
Treasury Franchise Fund	We can think of no circumstance where the administrative costs could should be considered inter-entity services subject to full costing.
Bureau of Engraving and Printing	None, because BEP does not believe the services described are vital and integral to accomplishing the Bureau's mission.
U.S. Mint	None

Financial Crimes Enforcement Network	These costs could be considered inter-entity if the provider is providing services outside of the scope of those services that are provided government-wide.
Bureau of Public Debt	We can think of no circumstance where the administrative costs could or should be considered inter-entity services subject to full costing.
Office of the Comptroller of the Currency	When the services provided are an important to a specific agency's operations/output. In the OCC's situation, this is not the case.
	Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.
d.	Indicate if you are a provider, receiver, neither, or both: _____
FMS	Receiver
Departmental Offices	Receiver
Treasury Franchise Fund	Receiver
Treasury Inspector General for Tax Administration	Receiver
Bureau of Engraving and Printing	Receiver
U.S. Mint	Receiver
Financial Crimes Enforcement Network	Receiver
Bureau of Public Debt	Receiver
e.	Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

FMS	Services received by DOJ should be considered broad and general if these services do not directly represent the interests of the agencies, but instead represent the interest of the Federal government overall.
Departmental Offices	We agree with DOJ and the rationale is the same as above. In other words: "Who has the mission of providing these legal services?"
Treasury Franchise Fund	We agree with the DOJ position.
Bureau of Engraving and Printing	The Bureau concurs with the opinion provided by the DOJ that the services are broad and general.

	<p>Some services provided by DOJ are broad and general in nature and would have an impact on other agencies. For example, cases related to FOIA and EEO. These should not be subject to full costing.</p> <p>Other costs could be considered inter-entity services subject to full costing. As a Federal law enforcement agency, TIGTA's Investigative function develops cases for criminal prosecution which are referred to DOJ as mandated by legislation. The cases accepted by DOJ for prosecution benefit TIGTA, the IRS and the government in general by improving the integrity of tax administration and receipt of court ordered fines, penalties, and restitution. Assuming that DOJ can readily and easily determine the cost per hour and the number of hours per case, imputing these costs would show the 'full cost' on the receiving entities financial statements. However, making decisions based on the 'full cost' might have unintended consequences and not take other important factors into consideration. The receiving entities do not have the ability to obtain these services from another provider and do not make critical decisions which affect the cost (e.g. grade level of staff assigned to case, number of staff assigned to case, etc.).</p> <p>In addition, cost is not the only factor an entity considers when deciding whether or not to pursue an investigation and develop a case for criminal prosecution. Other factors such as the impact on the integrity of tax administration and the deterrent effect must be considered. Furthermore, the question arises 'who is the receiving bureau'? Both TIGTA and the IRS receive a benefit from the increased integrity in tax administration. Therefore, should the DOJ cost be allocated between TIGTA and the IRS? If so, how would the cost be allocated? If not, which bureau would record the imputed DOJ cost, TIGTA or the IRS?</p>
Treasury Inspector General for Tax Administration	While these costs can be considered inter-entity subject to full costing, allocating the costs to the receiving entities would be impractical due to the cost of implementing a cost allocation system. Furthermore, the receiving agencies do not have the ability to obtain these services from other providers, so the information would not provide a substantial benefit to the receiving agency and could cause problems if funding decisions were made based on the 'full cost'
U.S. Mint	Broad and general, cost is not related to the Mint's output which is the production of coins for circulation and numismatic activity.
Financial Crimes Enforcement Network	Although the cases in question may involve FinCEN as a party to the litigation, any penalties and moneys received from any judgment against a party are not available to FinCEN or any other federal agency but are deposited to the General Fund to benefit the entire federal government.
Bureau of Public Debt	We agree with DOJ's position.

f.	If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.
FMS	These costs should be considered broad and general if these services do not directly represent the interests the agencies, but the interest of the Federal government.
Departmental Offices	The Departmental Offices did not identify any circumstances.
Treasury Franchise Fund	We can think of no circumstance where DOJ's services could or should be considered inter-entity services subject to full costing.
Treasury Inspector General for Tax Administration	Having these costs recognized in only specific circumstances will affect the consistency of financial data across the various entities.
Bureau of Engraving and Printing	None, because BEP does not believe the services described are vital and integral to accomplishing the Bureau's mission.
U.S. Mint	None
Financial Crimes Enforcement Network	FinCEN cannot think of any circumstances in which these services would be inter-entity as FinCEN will never be able to keep any penalties or money associated with the case.
Bureau of Public Debt	We can think of no circumstance where DOJ's services could or should be considered inter-entity services subject to full costing.
6.	Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.
a.	Indicate if you are a provider, receiver, neither, or both: _____
FMS	Provider
Departmental Offices	Receiver

Treasury Franchise Fund	Receiver
Treasury Inspector General for Tax Administration	Receiver
Bureau of Engraving and Printing	Receiver
U.S. Mint	Receiver
Financial Crimes Enforcement Network	Receiver
Bureau of Public Debt	Receiver
Office of the Comptroller of the Currency	Receiver
b.	Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.
FMS	<p>Payments – FMS issues payments on behalf of the Federal government. The centralized disbursement of federal payments constitutes a broad and general support service, which allows the Federal government to achieve economy of scale, benefits from standardization, and protection of assets.</p> <p>Collections - FMS provides collection services that are generic and accommodate hundreds of Federal programs across the entire government. These collection services are organized by collection mechanism (e.g. internet collections, over-the-counter collections, mail collections, etc.) and are not unique to any particular agency.</p>
Departmental Offices	We agree with the current reading outlined above. These are broad and general support services except when they are “integral to the operations of an entity.”

Treasury Franchise Fund	These services provided by Treasury should be maintained at the 'corporate' level and not distributed to other agencies as well as the cost to provide this service to recognize the benefit of economies of scale inherent in consolidating these processes. The cost of trying to allocate the costs of providing these services would far out weigh the benefits received.
Treasury Inspector General for Tax Administration	<p>Inter-entity services subject to full costing. Payment and collection is a function that each entity must perform to operate. In the Federal government this function is typically performed by FMS within the Treasury department. The cost attributable to processing an EFT or manual check could probably be derived and each agency/bureau charged based on the total number of EFTs/manual checks processed each month. However, the cost of implementing a system capable of capturing the data needed might outweigh the benefit. In addition, unless an agency has disbursement authority, Treasury's payment system must be used. Making decisions based on the 'full cost' might have unintended consequences or be somewhat misleading since the receiving entities have no ability to control this expense. Also, changes in the administrative cost necessitated by changes in a single receiving entity could affect all receiving entities. For example, if SSA was suddenly required to disburse funds bi-weekly rather than monthly, this could require additional information technology equipment and additional employees within FMS. FMS' cost allocation system might not be able to directly charge these expenses to SSA. Instead these increased costs might be spread to all receiving entities.</p> <p>While these costs can be considered inter-entity subject to full costing, allocating the costs to the receiving entities might be impractical due to the cost of implementing a cost allocation system. Furthermore, the receiving agencies do not have the ability to obtain these services from other providers, so the information would not provide a substantial benefit to the receiving agency and could cause problems if funding decisions were made based on the 'full costs'.</p>
Bureau of Engraving and Printing	BEP believes that the FMS of the Department of Treasury was established and appropriated to carry out the administrative functions noted. Since the administrative costs affect all executive branch agencies, they would be impossible to assign on an equitable basis. No matter how the costs were assigned, a rational and valid argument could be made that the assignment was unfair. Under these circumstances, the administrative cost of services should not be subject to full costing.
U.S. Mint	Broad and general, cost is not related to the Mint's output which is the production of coins for circulation and numismatic activity.
Financial Crimes Enforcement Network	Using FASAB's reasoning, these costs are broad and general to FinCEN as they are not integral to our operations.

Bureau of Public Debt	BPD's use of Treasury's check and debt collection services is relatively small compared to the Social Security Administration or the Internal Revenue Service. We believe the services should be considered "broad and general support" in order to maximize the economies of scale inherent in consolidating payment and collection services.
Office of the Comptroller of the Currency	Broad and general because they are provided to many entities within the federal government.
c.	If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.
FMS	<p>Payments - FASAB has already stated that, at least, check-writing services should be recognized, even though they should be considered broad and general in nature, if these services are integral to the operations of the receiving entity. Therefore, FMS expects to recognize the cost of issuing EFT and check payments only to those agencies that determined payment issuance is integral to their operations.</p> <p>Collections – Based on guidance from FASAB, collection services for the IRS may need to be recognized as an expense by the receiving entity because those may be considered integral to their operations and because FMS builds and operates custom systems for the IRS. In the case of collection services provided to IRS, a number of factors may influence the decision to classify such services as recognizable as an expense to the receiving entity:</p> <ol style="list-style-type: none"> 1. FMS has tailored the collection systems to the needs of a single Bureau (IRS) – e.g., EFTPS 2. IRS services are separated from other agency services as a matter of policy <p style="padding-left: 40px;">IRS collections may represent the majority of the collections made by the Federal government</p>
Departmental Offices	Same as above. The examples of IRS and SSA provide good guidance on when services should be recognized as an expense.
Treasury Franchise Fund	We can think of no circumstance where Treasury's services could or should be considered inter-entity services subject to full costing.
Treasury Inspector General for Tax Administration	Having these costs recognized in only specific circumstances will affect the consistency of financial data across the various entities.
Bureau of Engraving and Printing	None, because BEP does not believe the services described are vital and integral to accomplishing the Bureau's mission.

U.S Mint	None
Financial Crimes Enforcement Network	These costs would always be broad and general to FinCEN.
Bureau of Public Debt	When special payments (tax credit checks for example) are mandated, those costs should be recognized as an expense by the receiving entity.
Office of the Comptroller of the Currency	When the services provided are an important to agency operations/output. In the OCC's situation, this is not the case OCC answered N/A or No to all remaining questions.
	INTER-ENTITY COSTS
7.	(See separate table at the end of this document)
8.	For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total cost, etc.
FMS	N/A
Treasury Franchise Fund	No costs were identified

Treasury Inspector General for Tax Administration	<p>Intra – Treasury The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98) created the Treasury Inspector General for Tax Administration (TIGTA) organization by transferring most of the former IRS Inspection Service duties and personnel to the newly created TIGTA. RRA98 required TIGTA to begin operations in January 1999. Although many hours were devoted to the establishment of TIGTA, the cost of some services attributable to the IRS Inspection Service could not be determined prior to the establishment of TIGTA. Therefore, a memorandum of understanding was developed which identified the services which the IRS would continue to provide for TIGTA until the cost and the related appropriation/budgetary transfer could occur. These items are listed in the table above and under the broad and general services provided section. TIGTA continues to work with the IRS to determine the cost of these services and make the related appropriation/budgetary transfers. In FY05, TIGTA assumed full responsibility for the Federal Employees Compensation Act (FECA) costs and the related budgetary transfer was processed. In FY07, TIGTA will assume full responsibility for costs related to the Treasury Working Capital Fund. Currently, the working capital fund and the Treasury Complaint Center (related to EEO) costs are imputed on TIGTA's financial statements.</p> <p>Without cost information from the IRS, TIGTA cannot determine whether the above costs are material. Based on the type and frequency of expenses, we believe most expenses would be immaterial to TIGTA's financial statements.</p>
Financial Crimes Enforcement Network	The costs identified are not material because they aren't significant to the receiving agency and they aren't an integral part of and necessary to the output of the receiving agency.
9.	Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.
FMS	N/A
Treasury Franchise Fund	No costs were identified

Treasury Inspector General for Tax Administration	<p>The following services are not considered to have a direct relationship on TIGTA's operations; discontinuing these services would not adversely impact TIGTA's ability to accomplish their mission.</p> <ul style="list-style-type: none"> ➤ PTSP funding and processing support. While this program increases employee satisfaction and retention, TIGTA would be able to hire and retain employees needed to accomplish their mission without these costs. <p>Public health services and fitness center use/support. While this program increases employee satisfaction and retention, TIGTA would be able to hire and retain employees needed to accomplish their mission without these costs. TIGTA employees are responsible for personally paying any dues related to use of the fitness centers.</p>
U.S. Mint	N/A – Mint responded No or N/A to all remaining questions.
Financial Crimes Enforcement Network	None
10.	Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?
Department	We believe this would violate the principal of cost benefit and would be a departure from the materiality criteria listed in SFFAS No. 4. That is, the provider would be burdened with providing cost information to recipients who might not even use it because it isn't material to them. It would also be extremely difficult if not impossible for auditors to determine completeness.
FMS	The collection and reporting of inter-entity cost to each agency serviced could be resource-intensive and time-consuming. This is especially true for payments where FMS may have to identify and report the cost of payments for each single Federal entity it services.
Departmental Offices	This would be a burdensome requirement since there are many immaterial items that are non-reimbursed. The effort involved in tracking and recording these items would far outweigh the benefit. In addition, in many cases, these costs are not "an integral part of and necessary to the output produced by the entity." Therefore, there is a risk financial information will be misleading.

Treasury Inspector General for Tax Administration	<p>Intra – Treasury We would be unable to report the costs because the entity (IRS) providing the service is unable to identify the costs associated with the service and TIGTA does not have a method of estimating the cost.</p> <p>For example, at post of duty (POD) where TIGTA and the IRS are co-located, TIGTA uses the IRS mail room services. Neither TIGTA nor the IRS has a method to determine the amount of postage/overnight mail processed by the IRS on TIGTA's behalf. Without a reasonable, cost effective method to determine the amount of postage/overnight used, neither TIGTA nor the IRS can identify the cost. Establishing a mailroom specifically for TIGTA at these locations would not be cost effective. TIGTA has 73 PODs; most (90%) have fewer than 20 employees.</p> <p>For other services, TIGTA could determine a reasonable estimate with additional information. For example, TIGTA has space in three buildings mostly occupied by the IRS. After measuring the square footage occupied at these locations, TIGTA could determine the current market rate for office space in these three locations or obtain from GSA lease rate information and record an estimated cost.</p>
Financial Crimes Enforcement Network	FinCEN would not have adequate resources to track 100% of the costs that are considered immaterial.
11.	Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?
Department	Same as 10.
FMS	Same as 10.
Treasury Inspector General for Tax Administration	No, TIGTA receives reimbursement for all goods/services provided to other entities.
Financial Crimes Enforcement Network	For those agencies identified in #7, where FinCEN has one FTE detailed, costs could be identified. However, the costs are immaterial to the gaining agency.

12.	Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?
FMS	N/A
Treasury Inspector General for Tax Administration	No
Financial Crimes Enforcement Network	None
13.	In accordance with Interpretation 6 <i>Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4</i>, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.
Department	See accompanying Departmental Policy for Interpretation 6 and results of FY 2005 reviews (separate documents)
FMS	Based on FASAB and Departmental guidance, FMS has determined that the cost issuing payments and making collections on behalf of the IRS is material and is currently reporting inter-entity cost as imputed intra-department cost to the IRS.
Treasury Franchise Fund	No costs were identified

Treasury Inspector General for Tax Administration	<p>Many hours have been devoted to determining the cost of services provided by the IRS and attributable to the TIGTA. In some instances, (FECA and Working Capital Fund), the costs have been determined. In others, TIGTA and the IRS continue to work together to identify the costs and request the appropriate budgetary transfer. The expense required to determine the costs would outweigh the benefit in some instance (e.g. tracking the amount of mail to determine the actual postage and overnight mail costs).</p> <p>Non-reimbursed services received from the IRS.</p> <ul style="list-style-type: none"> ➤ VMS and calling cards ➤ Data communications ➤ Regular and overnight postage and related mail room services ➤ PTSP funding and processing support ➤ Moving services when relocating with IRS to new building ➤ Public health services and fitness center use/support ➤ Record retention/shipping/document destruction ➤ Training ➤ Office space in Martinsburg, WV; Puerto Rico, and 1111 Constitution <p>Copies of software under IRS enterprise license</p>
Financial Crimes Enforcement Network	FinCEN has no intra entity non-reimbursed costs that are material.
14.	<p>How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the <i>Performance and Accountability Reports, Management's Discussion and Analysis</i>? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?</p>
Department	See accompanying Departmental Policy for Interpretation 6 and results of FY 2005 reviews (separate documents)
FMS	All costs (whether reimbursed, under reimbursed, or not reimbursed at all) are included in the unit cost determination for each of FMS' services/cost activities. It is our plan to utilize this unit cost to determine the inter-entity cost
Treasury Franchise Fund	The Treasury Franchise Fund does not have any non-reimbursed or under-reimbursed inter entity costs to consider

Treasury Inspector General for Tax Administration	In our role as Inspector General, TIGTA performs audits to promote the economy, efficiency, and effectiveness of tax administration and performs investigations to protect the integrity of tax administration. TIGTA does not use cost-per-output as a performance measure. Instead, TIGTA's performance measures are related to the impact on tax administration. The FY05 PAR included the following performance measures for TIGTA: percentage of positive results from investigative activities and number of total taxpayer accounts impacted as a result of audit activities. In addition, TIGTA's semi-annual report includes the following performance information: questioned costs, unsupported costs, funds be put to better use recommendations, amount of embezzlement/theft funds recovered and amount of court ordered fines, penalties, and restitution. Since the cost of an audit or investigation can vary greatly depending upon the scope of the audit or the facts of the investigation, performance measures focused on the outcome or results of the audits and investigations are more appropriate.
Financial Crimes Enforcement Network	Impact of question #13 was immaterial
Bureau of Public Debt	It is our intention to report the full costs of our cost per output measures
15.	How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?
Department	Treasury bureaus must implement SFFAS No.4 and Interpretations 6 within their own individual operating environments with consideration given to cost benefit and materiality.
FMS	Responsibility segments should not go below the bureau level. Agency bureaus should report inter-entity cost to other bureaus, the CFO or Finance/Accounting Office.
Departmental Offices	At the current time, we do not apply these costs at the responsibility segment level. These costs are recognized at a global level.
Treasury Franchise Fund	The Treasury Franchise Fund applies inter-entity costs to the responsible organizational component.
Treasury Inspector General for Tax Administration	TIGTA is considered a single entity with a single responsibility unit.

Financial Crimes Enforcement Network	FinCEN doesn't have responsibility segment levels.
Bureau of Public Debt	BPD applies inter-entity costs to the responsible organizational component
16.	Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.
Department	The implementation of SFFAS 6 was somewhat inhibited by the ability of providers to supply receivers with the needed cost information. We expect that this will be magnified in the implementation of SFFAS 30.
FMS	<p>The collection and reporting of inter-entity cost to each agency serviced could be resource-intensive and time-consuming. It is expected that implementation cost of this standard could make it difficult to capture and report these costs timely.</p> <p>In the case of FMS, we may have to calculate and report periodically the payment cost to many agencies. This requirement could require additional FTE(s) to manually collect and report this information or to develop an automated solution for reporting this cost periodically. Instead of collecting and reporting the cost for each agency, FMS would rather make enough information available to these agencies so that they can calculate the imputed inter-entity cost themselves. For example, FMS could publish the unit cost for check payments and the number of check payments issued for each agency. Agencies will then multiply the check payment unit cost times the number of check payments to calculate the imputed inter-entity cost.</p>
Departmental Offices	I think it is important to remember the audience when producing financial information. The financial statements and reports that reflect these items (associated with non or under-reimbursed costs) are not generally used to evaluate or manage an entity. In most cases, budgetary reporting is relied upon for managerial purposes and this is a critical difference between the Federal government and the private sector. When Federal agencies impute these costs, the result is financial statements and reports that are less useful and less meaningful to management (the exact opposite of the private sector). This lack of meaningfulness and connection to business operations is a significant inhibitor in the recognition of these costs.
Treasury Inspector General for Tax Administration	None

Financial Crimes Enforcement Network	None
Bureau of Public Debt	Lack of a fully automated cost accounting system would inhibit BPD from capturing non- or under reimbursed costs. Federal agencies have to weigh the costs and benefits of a fully automated cost accounting system or an acceptable and consistently applied cost allocation methodology to comply with the FASAB standard on managerial cost accounting. The need to identify non- or under-reimbursed inter-entity costs could influence the cost benefit analysis and steer Federal agencies in the direction of obtaining fully automated cost accounting systems that many do not currently operate.
17.	Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.
Department	<p>The Department has asked the AAPC to provide guidance with regard to including imputed costs in charges to the public and to other Federal agencies. This is an audit issue at the Bureau of Engraving and Printing. We believe it is a problem that faces many other entities. We have asked other agencies if they are including imputed costs in their charges, in conformity with SFFAS No. 4. The entities that we questioned responded that they do not include imputed costs in their charges.</p> <p>In addition, we find that while the concept of imputed costs may have merit in cost studies, it is of questionable value for financial statements. Imputed costs are not separately identified on the statement of net cost. So, it is not possible to determine which program costs are actual and which are imputed from the face of the statement. Only total imputed costs only appears on the statement of changes in net position (total imputed financing). In addition, we believe that including imputed costs confuses the true budgetary financing needs of our programs.</p> <p>We also believe that the concept of imputed costs, as demonstrated by this questionnaire, raises the uncertainty regarding completeness for management and auditors. Consistency of application within departments and between Federal agencies is also questionable. We are not convinced that it is possible to produce SFFAS 30 guidance that will alleviate those concerns. That is why we opposed implementation of SFFAS 30.</p>

FMS	<p>FMS could benefit from additional guidance regarding specific reporting requirements for providers. FMS may find it costly to collect and report inter-entity cost to each of the agencies for which FMS issues payments. Instead of collecting and reporting the cost for each agency, FMS will rather make information available to these agencies so that they can calculate the imputed inter-entity cost to be reported. For example, FMS could publish the unit cost for check payments and the number of check payments issued for each agencies. Agencies will then multiply the check payment unit cost times the number of check payments to calculate the imputed inter-entity cost.</p> <p>In addition, FMS would appreciate additional guidance on broad and general services that are integral to the operations of the receiving entity. FASAB singles out the issuance of checks by the Department of the Treasury in its guidance, but the Treasury also issues EFT/ACH payments. Based on the check-writing guidance provided by FASAB, Treasury, as a provider, expects that it will also be required to report inter-entity cost associated with EFT payments. However, the fact that check-writing services was singled out from EFT payments in FASAB's guidance makes us question this decision.</p>
Departmental Offices	<p>We would like to see much more clarity about recognition of costs in the area of broad managerial oversight. For example, Treasury's headquarters incurs significant costs associated with the oversight of Treasury programs and are administered by other Treasury bureaus. Should those bureaus recognize headquarters' costs? The same question applies in the reverse. If Treasury headquarters asks a Treasury bureau to provide information (critical to the Bureau's mission), should headquarters now recognize the cost?</p>
Treasury Inspector General for Tax Administration	None
Bureau of Public Debt	<p>When a portion of a full-time equivalent (FTE) is involved in the providing an inter-entity service, it would be helpful if FASAB would determine the minimum amount of time necessary to support full inter-entity costing. If an FTE only spends 20% of their time providing reimbursable services, do we want to allocate 20% of the space they occupy to the receiving agency? The value of such an effort, for a relatively small amount of time, is doubtful and may not be in the best interest of the government.</p>

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

INTER-ENTITY COSTS

Reporting Entity:
 Entity POC:
 Phone Number:
 E-mail Address:

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
All entities that receive appropriations	Department of the Treasury, Bureau of Public Debt	Interest on the Federal Debt. The true full cost of programs should include the interest accrued on debt incurred to finance them. Currently, the Federal Debt interest and administration cost is only recognized by the Bureau of Public Debt. It is displayed on the Department of the Treasury's statement of net cost (over \$350 billion).	Yes	Daily
Intra-IRS/Treasury Items cited by the Treasury Inspector General for Tax Administration				
TIGTA	IRS	Training Services	Unknown Doubtful	Sporadic
TIGTA	IRS	Office Space in Martinsburg, Puerto Rico, 1111 Constitution Ave	Unknown Doubtful	Monthly
TIGTA	IRS	Copies of software under IRS Enterprise	Unknown Doubtful	Annually
TIGTA	IRS	Voice messaging and phone calling cards	Unknown	Daily
TIGTA	IRS	Regular Postage and Overnight Mail	Unknown	Daily
TIGTA	IRS	PTSP Funding and processing support	Unknown Doubtful	Quarterly
TIGTA	IRS	Records Retention Shipping/Document Destruction	Unknown Doubtful	Sporadic

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
TIGTA	IRS	Moving Services where TIGTA and IRS located in same building	Unknown Doubtful	Sporadic
TIGTA	IRS	EEO Complaint Processing (Imputed costs are recorded on TIGTA's financial statements based on information from the Treasury Compliant Center (TCC) which is operated by the IRS)	No	
Main Treasury – General Counsel	FinCEN	Legal Assistance	No	Quarterly
Main Treasury-OIA	FinCEN	Analyst	No	Quarterly
FBI TFOS	FinCEN	Analyst	No	Quarterly
DEA Fusion Center	FinCEN	Analyst	No	Quarterly

Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

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1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities

Paragraph 112 of SFFAS 4 states "some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance." The Department of Education does not provide broad general policies and guidance to the majority of reporting entities within the federal government. Such guidance is provided to entities at other than the federal government level.

2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

Paragraph 112 of SFFAS 4 states "some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance." The Department of Education receives the standard broad and general support received by the majority of federal agencies. Examples of such broad and general support include general and financial management guidance from OMB, litigation guidance from DOJ, human resources guidance from OPM, financial management guidance from Treasury and check writing services from Treasury.

3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

The services received by the Department of Education, listed above, are 1) general and broad in scope, 2) provided to almost all reporting entities in the executive branch, and 3) not specifically or directly tied to the Department of Education's operations or outputs. Accordingly, the services received do not form a vital or integral part of the operations or output of the Department of Education.

4. Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

a. Indicate if you are a provider, receiver, neither, or both:

In terms of the recognition of the cost of administering Federal employees' benefit programs and the judgment fund, the Department of Education is a receiver of the administrative services.

b. Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit

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programs and the judgment funds are either broad and general support services or inter-entity services subject to full costing.

The cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are 1) general and broad in scope, 2) provided to almost all reporting entities in the executive branch, and 3) not specifically or directly tied to the receiving entity's operations or outputs. Accordingly, these administrative services should be classified as broad and general support services and not as inter-entity services subject to full costing.

- c. If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

The cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund could be considered inter-entity costs subject to full costing if they are specifically and directly tied to a receiving entity's operations or outputs.

5. Legal services provided by DOJ – DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

- a. Indicate if you are a provider, receiver, neither, or both:

In terms of the recognition of the cost of legal services provided by DOJ, the Department of Education is a receiver of the legal services.

- b. Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

We believe that legal services provided by DOJ should be classified as broad and general support services and not as inter-entity services subject to full costing. The rationale provided by DOJ is sound. That is, most non-reimbursed legal support is broad and affects all executive branch agencies regardless of which agency the matter arose in.

- c. If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

The costs of legal services provided by DOJ could be considered inter-entity costs subject to full costing if they are specifically and directly tied to a receiving entity's operations or outputs. Such a situation would be extremely rare. As DOJ mentions, "where litigation activities are integral to an agency's operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority, otherwise all litigation in the United States is reserved to the DOJ."

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6. Payment and collection services provided by the Department of the Treasury. – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases.

- a. Indicate if you are a provider, receiver, neither, or both:

In terms of the recognition of the cost of the payment and collection services provided by the Department of the Treasury, the Department of Education is a receiver of the payment and collection services.

- b. Please provide your rationale for why you believe these payment and collection services are either broad and general support services or inter-entity services subject to full costing.

We believe that payment and collection services provided by Treasury should be classified as broad and general support services and not as inter-entity services subject to full costing. The payment and collection services provided by Treasury are 1) general and broad in scope, 2) provided to almost all reporting entities in the executive branch, and 3) not specifically or directly tied to the receiving entity's operations or outputs.

- c. If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

The costs of payment and collection services provided by Treasury should be recognized as an expense by the receiving entity (considered inter-entity costs subject to full costing) if such costs are specifically and directly tied to a receiving entity's operations or outputs.

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or services and where your entity is the recipient of goods or services from other entities.

Other than the broad and general services discussed earlier, the Department of Education does not appear to have any non-reimbursed or under-reimbursed costs from other federal entities, either as a provider or as a recipient of goods or services.

8. For non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning, i.e. dollar value of \$x.xx is too small, the amount is only x.x% of total cost.

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Please see the response to question #7.

9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.

Please see the response to question #7.

10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving entities, would your entity have any impediments to implement this policy? If so, what would they be?

As discussed in question 7, above, non-reimbursed or under-reimbursed costs relating to other federal entities are not apparent at the Department of Education. Nevertheless, at the present time the Department does not have a Department-wide managerial cost accounting system (MCA). Approximately 61% of Education's administrative cost is subject to analysis using MCA methodologies. We are committed to the conduct of a feasibility/cost effectiveness study regarding Department-wide MCA policy and approaches in the FY 2007/2008 timeframe.

11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

As discussed in question 7, above, non-reimbursed or under-reimbursed costs relating to other federal entities are not apparent at the Department of Education.

12. Is your entity receiving non-reimbursed or under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

As discussed in question 7, above, non-reimbursed or under-reimbursed costs relating to other federal entities are not apparent at the Department of Education. Nevertheless, at the present time the Department does not have a Department-wide managerial cost accounting system (MCA). Approximately 61% of Education's administrative cost is subject to analysis using MCA methodologies. We are committed to the conduct of a feasibility/cost effectiveness study regarding Department-wide MCA policy and approaches in the FY 2007/2008 timeframe.

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13. In accordance with interpretation 6 Accounting for Imputed Intra-departmental costs: An interpretation of SFFAS 4, please describe all intra entity non-reimbursed and under reimbursed costs determined to be material

Please see the response to question #7.

14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the Performance and Accountability Reports, Management's Discussion and Analysis? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

Please see the response to question #7.

15. Has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

At the present time the Department does not have a Department-wide managerial cost accounting system (MCA) that would facilitate the application of inter-entity costs to the responsibility segment level. We are committed to the conduct of a feasibility/cost effectiveness study regarding Department-wide MCA policy and approaches in the FY 2007/2008 timeframe.

16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

As discussed in question 7, above, non-reimbursed or under-reimbursed costs relating to other federal entities are not apparent at the Department of Education. Nevertheless, at the present time the Department does not have a Department-wide managerial cost accounting system (MCA). Approximately 61% of Education's administrative cost is subject to analysis using MCA methodologies. We are committed to the conduct of a feasibility/cost effectiveness study regarding Department-wide MCA policy and approaches in the FY 2007/2008 timeframe.

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.

Please see the response to question #7.

1 **QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS**
2

3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.
7

8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.
11

12 Paragraph 112 of SFFAS 4 describes this category as follows:
13

14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.
22

23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.
30

31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.
42
43
44
45
46

#9 NSF

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities.

7
8 Not applicable

- 9
10 2. Please identify and provide a description of all broad and general support
11 services that your entity receives, and also identify the providing entity.

- 12
13 3. Describe those cases in which such services received form a vital and integral
14 part of the operations or output of your entity.

15
16 Below we have identified specific examples of potential broad and general support
17 services. Please identify if you are a provider, receiver, both, or neither for each
18 service listed. If you are a provider and/or receiver, please answer the questions
19 pertaining to the example. We welcome comments from respondents that are
20 neither providers nor receivers as well.

- 21
22 4. Administration of Federal employees' benefit programs – Although Federal
23 entities now recognize the costs of employees' pension and post retirement
24 benefits, they do not recognize the costs of administering those benefit
25 programs. The same is true with workmen's compensation and judgment funds.

26
27 a) Indicate if you are a provider, receiver, neither, or both: Receiver

- 28
29 b) Please provide your rationale for why you believe the cost of services
30 provided by OPM, the Labor Department, and the Treasury for administering
31 the benefit programs and the judgment fund are either broad and general
32 support services or inter-entity services subject to full costing.

33
34 These costs should be considered as broad general support services
35 because these agencies are usually the only ones that provide such services
36 to all the other agencies. In addition, their services/goods are not specifically
37 or directly tied to the receiving entity's outputs.

- 38
39 c) If you believe any of these administrative costs should be considered broad
40 and general, describe any circumstances in which the administrative costs
41 could be considered inter-entity services subject to full costing.

42
43 Not applicable

44

#9 NSF

- 1 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
2 and support to the President, the Cabinet, and the executive departments and
3 agencies.
4

5 DOJ offers the following for why they believe these services should be
6 considered broad and general: In most cases, non-reimbursed legal
7 support is broad and affects all executive branch agencies regardless
8 of what the "source agency" (i.e. the agency with respect to which the
9 matter arose) may be, thus it would not be reasonable to assign costs
10 of the case to any entity. Where litigation activities are "integral" to an
11 agency's operations, that fact typically is evidenced by a statute
12 expressly giving that agency litigation authority; otherwise all litigation
13 in the United States is reserved to the DOJ. Lastly, the DOJ may take
14 a position that may or may not support the agency receiving the
15 services. However, other entities responded to prior surveys that they
16 believe some DOJ legal services should be considered inter-entity
17 costs.
18

- 19 a) Indicate if you are a provider, receiver, neither, or both: Receiver
20
21 b) Please provide your rationale for why you believe these services are either
22 broad and general support services or inter-entity services subject to full
23 costing.
24

25 These costs should be considered as broad general support services
26 because the agency is usually the only one that provides such services to all
27 the other agencies. In addition, administrative fees are charged for the
28 services provided by DOJ.
29

- 30 c) If you believe these services should be considered broad and general,
31 describe any circumstances in which the services could be considered inter-
32 entity services subject to full costing.
33

34 If DOJ is litigating exclusively on the agency's behalf, then full costing could
35 be considered.
36
37

- 38 6. Payment and collection services provided by Department of the Treasury –
39 Treasury's payment function includes issuing and distributing check and
40 electronic payments on behalf of other agencies. The collection function includes
41 managing the collection of federal revenues such as individual and corporate
42 income tax deposits, customs duties, loan repayments, fines, and proceeds from
43 leases. FASAB has already stated that check writing services, at least, should
44 be considered broad and general in nature, but should still be recognized if
45 these services are integral to the operations of the receiving entity.
46

#9 NSF

1 a) Indicate if you are a provider, receiver, neither, or both: Receiver

2
3 b) Please provide your rationale for why you believe these payment and
4 collection services provided are either broad and general support services or
5 inter-entity services subject to full costing.

6
7 They should be considered broad and general support services.

8
9 c) If you believe these services should be considered broad and general,
10 describe specific circumstances in which these services should still be
11 recognized as an expense by the receiving entity.

12
13 None that can be thought of at the moment unless there is a materiality
14 threshold met for volume of such services. But again, what may be
15 considered as material to the receiving entity may not be material to
16 Treasury. Therefore, such threshold would have to be well defined.
17

#9 NSF

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities.

5
6 Not applicable
7

8 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
9 as not being material, please describe why they are not considered to be material. Please
10 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
11 x.x% of total cost, etc.

12
13 They are immaterial amounts because they constitute only a small percentage of the
14 overall overhead fees that are collected.
15

16 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
17 identified but which your entity believes fails the qualification of having a direct relationship
18 to your entity's operations? If so, identify them and explain how these identified cost are
19 not directly related to your entities operations.
20

21 Not applicable
22

23 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
24 reported to all receiving activities, would your entity have any impediments to implement
25 this policy? If so, what would they be?
26

27 Yes, it would not be cost beneficial to the providing entity to cost all the activities especially
28 if a formula driven administrative fee is already applied to the direct costs.
29

30 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
31 multiple other entities? And if so, can the cost be identified accurately to the proper entity?
32 For example, if you have multiple tenants in a building can the cost be identified to each
33 tenant?
34

35 Yes, we probably do provide under-reimbursed goods and services to a few entities. Such
36 costs cannot be identified accurately to the proper entity since it is prohibitive resource
37 wise to come up with the costs which may end up to be immaterial.
38

39 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
40 should be further distributed to multiple responsibility segments of your organization? And
41 if so, can the cost be identified accurately to the proper responsibility segment? For
42 example, if you have multiple responsibility segments receiving free rent in a building can
43 the cost be identified to each segment?
44

45 No

#9 NSF

1 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
2 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
3 reimbursed costs determined to be material.

4
5 Not applicable

6
7 14. How has your entity used the analyses from question 13 above to determine the
8 impact on cost-per-output performance measures and other relevant data in the
9 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
10 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
11 entity costs in cost per output determinations?

12
13 Not applicable

14
15 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
16 responsibility segment level?

17
18 Not applicable

19
20 16. Please detail any other factors or questions specific to inter-entity non or under-
21 reimbursed costs that would inhibit you from capturing these costs in accordance with the
22 standards.

23
24 None

25
26 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
27 guidance is necessary before you can identify and capture the costs. Describe the issues
28 that need to be addressed and provide your input for the issues.

29
30 Further guidance such as clear examples of services that may not be currently captured by
31 the providing entity is needed. Examples such as costs involving LOB and E-gov
32 initiatives. If some of these initiatives are implemented and proved beneficial to the overall
33 operations including inter-entity transactions, then should these costs be passed on to the
34 receiving entity?

INTER-ENTITY COSTS

Reporting Entity:
Entity POC:
Phone Number:
E-mail Address:

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)

Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#10 DOL

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

The following questions pertain to issue area no. 1, extensive evaluation of costs to determine which ones may be considered "broad and general" for all entities. If possible, a list of the costs that should be considered broad and general for all entities will be developed.

Per SFFAS 4, 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.

Paragraph 112 of SFFAS 4 describes this category as follows:

Broad, general support -- Some entities provide broad, general support to many, if not all, reporting entities in the federal government. Most often this type of support involves the establishment of policies and/or the provision of general guidance. The costs of such broad services should not be recognized as an expense (or asset) by the receiving entities when there is no reimbursement of costs. Thus the standard does not apply when support is of a general nature provided to all or most entities of the federal government.

An example of this situation can be found in the Office of Management and Budget which establishes policy and provides general guidance to all parts of the executive branch of government. The costs of OMB should not be spread over all reporting entities because the services provided are (1) general and broad in scope, (2) provided to almost all reporting entities in the executive branch, and (3) not specifically or directly tied to the receiving entity's outputs.

On the other hand, some services provided, under certain circumstances, should still be recognized even though they may be considered broad and general in nature if such services are integral to the operations of the receiving entity. Such services include check writing by the Department of Treasury or legal activities performed by the Department of Justice. For example, when the issuance of checks is integral to the operations of an entity (e.g., the Internal Revenue Service and the Social Security Administration), the receiving entity should include the full cost of issuing checks in the full cost of its outputs. However, if the issuance of checks is insignificant and incidental to the operations of an entity, the entity should not normally recognize that cost.

#10 DOL

With the above FASAB description of broad and general costs in mind, please answer the following:

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

Answer: The Federal Employees' Compensation Special Benefit Fund was established under the authority of the Federal Employees' Compensation Act (FECA). DOL provides support services to other entities managing FECA Program. The total budget for 2006 managing FECA program is \$88 Million. We believe that this administrative cost of FECA is insignificant and incidental to the operations of other entities and therefore should not be recognized by them but rather treated as broad and general support for purposes of this standard. DOL manages Unemployment Insurance (FEC) program, the costs are insignificant and incidental to DOL.

2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

Answer: Department of Labor receives the following broad and general services from Other entities:

1. Payment and collection services provided by Department of Treasury.
2. Department of Justice-Collection services.
3. Department of Justice-Legal Services.
4. Employees' pension and post retirement benefits received from OPM.

3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

Answer: None.

Below we have identified specific examples of potential broad and general support services. Please identify if you are a provider, receiver, both, or neither for each service listed. If you are a provider and/or receiver, please answer the questions pertaining to the example. We welcome comments from respondents that are neither providers nor receivers as well.

4. Administration of Federal employees' benefit programs – Although Federal entities now recognize the costs of employees' pension and post retirement

#10 DOL

benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

a) Indicate if you are a provider, receiver, neither, or both:

Answer: Both

b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefit programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.

Answer: Treat as Broad and general because the costs are insignificant and incidental to DOL.

c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

Answer: None.

5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

a) Indicate if you are a provider, receiver, neither, or both

Answer: Receiver.

b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

#10 DOL

Answer: Treat as Broad and general because the costs are insignificant and incidental to DOL.

- c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

Answer: If services become material in terms of financial burden.

6. Payment and collection services provided by Department of the Treasury – Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

- a) Indicate if you are a provider, receiver, neither, or both:

Answer: Receiver.

- b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

Answer: Treat as Broad and general because the costs are insignificant and incidental to DOL.

- d) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

Answer: If services become material in terms of financial burden.

#10 DOL

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiability - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

#10 DOL

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

Answer:

Department of Labor manages the Energy Employees Occupational Illness Compensation Fund (EEOICPA) and the Radiation Exposure Compensation Act (RECA) for Department of Energy (DOE). For FY 2005 the benefit payments were \$618 million. Also, DOE Imputed additional 3.5 Billion for change in actuarial liability for 2005. The administrative cost of \$120 million was not imputed by DOE.

8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total cost, etc.

Answer: None.

9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.

Answer: None

10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?

Answer: No, the Department of Labor will not have any impediments to implement this Policy.

11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

Answer: Yes. DOL can allocate administrative cost to other agencies.

#10 DOL

12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

Answer: None.

13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

Answer: None.

14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the *Performance and Accountability Reports, Management's Discussion and Analysis*? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

Answer: Not applicable

15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

Answer: Not applicable.

16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

Answer: None.

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.

Answer: No Comments.

INTER-ENTITY COSTS

Reporting Entity: Department of Labor
 Entity POC: Miguel A. Reyes
 Phone Number: (202) 693-6802
 E-mail Address: Reyes.miguel@dol.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
DOE	DOL	RECA and EEOICPA benefit costs	Unknown	Annually

Examples of non-reimbursed or under-reimbursed expenses:
 Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#11 EPA

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

1
2
3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.
7

8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.
11

12 Paragraph 112 of SFFAS 4 describes this category as follows:
13

14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.
22

23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.
30

31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.
42
43
44
45
46

#11 EPA

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities.

7
8 *Response: EPA does not provide broad and general support services to other federal*
9 *entities.*

- 10
11 2. Please identify and provide a description of all broad and general support
12 services that your entity receives, and also identify the providing entity.

13
14 *Response: EPA receives services from the following entities: 1) Department of the*
15 *Treasury, Financial Management Services: electronic funds transfer, disbursement and*
16 *collections services, debt collection, and management of Trust Fund and Agency account*
17 *balances, and 2) Department of Justice (DOJ): services for criminal and civil litigation*
18 *associated with environmental enforcement activities. 3) Defense Finance and Accounting*
19 *Service: payroll services.*

- 20
21 3. Describe those cases in which such services received form a vital and integral
22 part of the operations or output of your entity.

23
24 *Response: All services described under #2 above are vital to accomplish EPA's mission.*
25 *However, the services provided by the Department of the Treasury and the Defense Finance*
26 *and Accounting Service, while vital to Agency operations, are not integral to the Agency's*
27 *operations and output. Processing payments and payroll is vital to pay employees,*
28 *contractors and grantees. Debt collection and cash management are essential to the*
29 *Agency's financial management. Treasury currently charges a collection fee to offset costs*
30 *related to debts referred for collection by other federal entities. On the other hand, services*
31 *provided by the Department of Justice are both vital and integral to EPA's mission. The*
32 *Agency relies on litigation support provided by the Department of Justice for environmental*
33 *enforcement activities. DOJ's inter-agency agreement with EPA covers the full cost of*
34 *litigation services for the Superfund program. DOJ currently charges a 3% collection fee*
35 *for services related to other Agency environmental programs.*

36
37 Below we have identified specific examples of potential broad and general support
38 services. Please identify if you are a provider, receiver, both, or neither for each
39 service listed. If you are a provider and/or receiver, please answer the questions
40 pertaining to the example. We welcome comments from respondents that are
41 neither providers nor receivers as well.

- 42
43 4. Administration of Federal employees' benefit programs – Although Federal
44 entities now recognize the costs of employees' pension and post retirement
45 benefits, they do not recognize the costs of administering those benefit
46 programs. The same is true with workmen's compensation and judgment funds.

#11 EPA

- 1
2 a) Indicate if you are a provider, receiver, neither, or both: receiver
3
4 b) Please provide your rationale for why you believe the cost of services
5 provided by OPM, the Labor Department, and the Treasury for administering
6 the benefit programs and the judgment fund are either broad and general
7 support services or inter-entity services subject to full costing.
8

9 *Response: We believe these costs should be categorized as broad and general*
10 *support services per FASAB's definition. These services are: 1) provided across*
11 *the board to many, if not all, federal entities; 2) inherent to general government*
12 *operations; 3) generally not specifically tied to the entities' outputs; and 4)*
13 *immaterial for financial statement purposes.*
14

- 15 c) If you believe any of these administrative costs should be considered broad
16 and general, describe any circumstances in which the administrative costs
17 could be considered inter-entity services subject to full costing.
18

19 *Response: Again, per FASAB's definition, these costs could be considered inter-*
20 *entity services when they are integral to the receiving entity's output.*
21

- 22 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
23 and support to the President, the Cabinet, and the executive departments and
24 agencies.
25

26 DOJ offers the following for why they believe these services should be
27 considered broad and general: In most cases, non-reimbursed legal
28 support is broad and affects all executive branch agencies regardless
29 of what the "source agency" (i.e. the agency with respect to which the
30 matter arose) may be, thus it would not be reasonable to assign costs
31 of the case to any entity. Where litigation activities are "integral" to an
32 agency's operations, that fact typically is evidenced by a statute
33 expressly giving that agency litigation authority; otherwise all litigation
34 in the United States is reserved to the DOJ. Lastly, the DOJ may take
35 a position that may or may not support the agency receiving the
36 services. However, other entities responded to prior surveys that they
37 believe some DOJ legal services should be considered inter-entity
38 costs.
39

- 40 a) Indicate if you are a provider, receiver, neither, or both: receiver
41
42 b) Please provide your rationale for why you believe these services are either
43 broad and general support services or inter-entity services subject to full
44 costing.
45

#11 · EPA

1 *Response: In EPA's case, DOJ services are considered to be inter-entity services*
2 *because they are directly tied to the Agency's outputs. The portion of services*
3 *provided by DOJ that are not specifically tied to an entity's mission/outputs should*
4 *be considered broad and general support.*

- 5
6 c) If you believe these services should be considered broad and general,
7 describe any circumstances in which the services could be considered inter-
8 entity services subject to full costing.

9
10 *Response: see above.*

- 11
12 6. Payment and collection services provided by Department of the Treasury –
13 Treasury's payment function includes issuing and distributing check and
14 electronic payments on behalf of other agencies. The collection function includes
15 managing the collection of federal revenues such as individual and corporate
16 income tax deposits, customs duties, loan repayments, fines, and proceeds from
17 leases. FASAB has already stated that check writing services, at least, should
18 be considered broad and general in nature, but should still be recognized if
19 these services are integral to the operations of the receiving entity.

- 20
21 a) Indicate if you are a provider, receiver, neither, or both: receiver
22
23 b) Please provide your rationale for why you believe these payment and
24 collection services provided are either broad and general support services or
25 inter-entity services subject to full costing.

26
27 *Response: We believe that these services should be considered broad and general.*
28 *This was also the conclusion of the Accounting and Auditing Policy Committee Inter-*
29 *Entity Costs Task Force (May, 2003). These services are generally not integral to*
30 *federal entities' outputs nor are they material for financial statement purposes.*

- 31
32 c) If you believe these services should be considered broad and general,
33 describe specific circumstances in which these services should still be
34 recognized as an expense by the receiving entity.

35
36 *Response: These services may be recognized as an expense by the receiving entity*
37 *when they are integral to the entity's output and/or material for financial statement*
38 *purposes.*

#11 EPA

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiability - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

#11 EPA

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities.

5
6 Response: *The majority of EPA's inter-entity costs consist of reimbursable inter-agency*
7 *agreements (IAGs). In FY 2005, the Agency had over 2000 separate agreements with*
8 *approximately 28 entities in which the Agency received services and over 460 separate agreements*
9 *with approximately 40 entities in which the Agency provided services. Of the IAGs in which the*
10 *Agency received services, approximately 1400 agreements with six entities representing*
11 *approximately 84% of funds disbursed were fully costed. We do not know whether the remaining*
12 *approximately 600 are under-reimbursed. To obtain this data, the Agency would need to survey the*
13 *contracting officers involved and/or review each agreement to determine whether the agreements*
14 *include indirect costs. However, we consider any under-reimbursed costs associated with these*
15 *IAGs to be immaterial for financial statement purposes. The Agency has developed an indirect cost*
16 *rate to apply to IAGs in which we provide services. We currently apply this rate to our IAG with*
17 *the US Coast Guard. We intend to apply the indirect cost rate to all IAGs for which the Agency*
18 *provides services beginning calendar year 2007, well before the FY 2009 implementation date of*
19 *the inter-entity standard.*

20
21 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
22 as not being material, please describe why they are not considered to be material. Please
23 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
24 x.x% of total cost, etc.

25
26 Response: *As indicated above, the Agency considers any under-reimbursed costs associated with*
27 *the approximately 600 IAGs in which we receive services to be immaterial for financial reporting*
28 *purposes. These IAGs account for approximately 16% of total IAG disbursements for FY 2005.*
29 *Assuming that 10 percent of the dollar amount represents the actual un-reimbursed costs, these*
30 *costs would represent .1% of the total Agency budget or 1.6% of the total disbursements for IAGs*
31 *for which the Agency received services in FY 2005. We have no reason to believe that these*
32 *percentages would substantially change in future fiscal years.*

33
34 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
35 identified but which your entity believes fails the qualification of having a direct relationship
36 to your entity's operations? If so, identify them and explain how these identified cost are
37 not directly related to your entities operations.

38
39 Response: *No.*

40
41 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
42 reported to all receiving activities, would your entity have any impediments to implement
43 this policy? If so, what would they be?

44
45 Response: *As of calendar year 2007 EPA plans to apply an indirect cost rate to all inter-agency*
46 *agreements (IAGs) in which other entities receive services from EPA, thereby fully costing these*

#11 EPA

1 *agreements. The Agency currently applies this indirect cost rate to its inter-agency agreement with*
2 *Coast Guard. In the event that indirect cost rates are not applied to all IAGs, EPA can supply the*
3 *appropriate indirect rate to other entities. For IAGs in which EPA receives services, we do not*
4 *know of an efficient procedure by which the under-reimbursed costs could be obtained. The Agency*
5 *has agreements with literally dozens of federal entities. We would have to develop a process to*
6 *attempt to obtain full cost information for those agreements that we verify to be under-reimbursed.*
7 *However, as stated above, the Agency considers any such costs to be immaterial.*

8
9 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
10 multiple other entities? And if so, can the cost be identified accurately to the proper entity?
11 For example, if you have multiple tenants in a building can the cost be identified to each
12 tenant?

13
14 Response: *No.*

15
16 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
17 should be further distributed to multiple responsibility segments of your organization? And
18 if so, can the cost be identified accurately to the proper responsibility segment? For
19 example, if you have multiple responsibility segments receiving free rent in a building can
20 the cost be identified to each segment?

21
22 Response: *No, as we consider any potentially under-reimbursed costs to be immaterial. However,*
23 *if the costs were considered to be material, they can be identified and allocated to the appropriate*
24 *responsibility segments.*

25
26 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
27 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
28 reimbursed costs determined to be material.

29
30 Response: *EPA does not have intra-entity costs. The reporting entity for EPA is the Agency as a*
31 *whole. Interpretation 6 applies to those federal entities which have costs between reporting entities*
32 *that are part of the same department or larger reporting entity.*

33
34 14. How has your entity used the analyses from question 13 above to determine the
35 impact on cost-per-output performance measures and other relevant data in the
36 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
37 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
38 entity costs in cost per output determinations?

39
40 Response: *Imputed costs can be pro-rated to the outputs to which they are related in the same way*
41 *as other imputed costs such as OPM inter-entity costs.*

42
43 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
44 responsibility segment level?

45

#11 EPA

1 Response: For financial statement purposes the Agency's responsibility segments are its 5
2 Strategic Goals. Inter-entity costs are either associated with a single Goal or allocated among
3 Goals. For example, certain inter-entity costs (e.g., OPM inter-entity costs) applicable to all Goals
4 are allocated among the 5 Goals for Statement of Net Cost purposes. Individual inter-entity
5 agreements are either charged to a single Goal or allocated among Goals based on proportional
6 benefit. These costs are included in the Statement of Net Cost by Goal.

7
8 16. Please detail any other factors or questions specific to inter-entity non or under-
9 reimbursed costs that would inhibit you from capturing these costs in accordance with the
10 standards.

11
12 Response: The chief obstacle to capturing under-reimbursed inter-entity costs, assuming such costs
13 are material, is the lack of a procedure/protocol to obtain full cost information from entities that
14 provide goods or services to EPA. With over 600 individual inter-entity agreements spanning both
15 EPA headquarters and 10 regional offices and involving over 20 separate entities that may or may
16 not be fully costed, the Agency would need to invest a considerable amount of time to attempt to
17 procure information as to the full cost of these agreements. This assumes that the entities involved
18 have developed indirect cost rates or some other full costing factor applicable to the cost of the
19 goods/services that they provide to EPA. Further, the value of any information obtained by us from
20 these entities is questionable unless it has been audited or otherwise verified. To use unaudited or
21 unverified data as a basis on which to estimate imputed costs for financial statement purposes has
22 the potential to create financial statement issues unless adequate documentation is available to
23 auditors. Using data from other agencies that has not been audited or cannot be audited may result
24 in a qualified opinion or a disclaimer on our financial statements.

25
26 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
27 guidance is necessary before you can identify and capture the costs. Describe the issues
28 that need to be addressed and provide your input for the issues.

29
30 Response: FASAB should provide additional guidance and clarification on which broad and
31 general support costs must be recognized. If these costs must be recognized, FASAB should ensure
32 that the agencies involved (e.g., OPM, Labor, Treasury, DOJ) provide receiving entities with
33 verifiable data as to the amount of costs to recognize.

INTER-ENTITY COSTS

Reporting Entity:
 Entity POC:
 Phone Number:
 E-mail Address:

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)

Examples of non-reimbursed or under-reimbursed expenses:
 Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.

#12 DOI

United States Department of the Interior

**OFFICE OF THE ASSISTANT SECRETARY
POLICY, MANAGEMENT AND BUDGET
Washington, DC 20240**

JUL 16 2006

Memorandum

**To: Wendy M. Combs, Executive Director Federal
Accounting Standards Advisory Board**

**From: R. Thomas Weimer
Assistant Secretary**

Subject: Questionnaire Pertaining to the Full Implementation of Inter-Entity Costing

Please find attached response to your inter-entity questionnaire as requested in your June 2, 2006 memorandum. I have also attached an analysis that the Department of the Interior completed in fiscal year 2005 to address intra-departmental imputed costs.

Should you have any questions regarding our response, please contact Daniel Fletcher on (202) 208-5225.

Attachments

#12 DOI

1 QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

2
3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.

7
8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.

11
12 Paragraph 112 of SFFAS 4 describes this category as follows:

13
14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.

22
23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.

30
31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities. The Department of Interior does not provide broad and
7 general support services to other federal entities.
8
9 2. Please identify and provide a description of all broad and general support
10 services that your entity receives, and also identify the providing entity.
11
12 a) Free training seminars provided by Treasury.
13 b) Payment and collection services provided by Treasury.
14
15 3. Describe those cases in which such services received form a vital and integral
16 part of the operations or output of your entity. N/A
17

18 Below we have identified specific examples of potential broad and general support
19 services. Please identify if you are a provider, receiver, both, or neither for each
20 service listed. If you are a provider and/or receiver, please answer the questions
21 pertaining to the example. We welcome comments from respondents that are
22 neither providers nor receivers as well.
23

- 24 4. Administration of Federal employees' benefit programs - Although Federal
25 entities now recognize the costs of employees' pension and post retirement
26 benefits, they do not recognize the costs of administering those benefit
27 programs. The same is true with workmen's compensation and judgment funds.
28
29 a) Indicate if you are a provider, receiver, neither, or both: Receiver
30
31 b) Please provide your rationale for why you believe the cost of services
32 provided by OPM, the Labor Department, and the Treasury for administering
33 the benefit programs and the judgment fund are either broad and general
34 support services or inter-entity services subject to full costing. Since these
35 costs are FTE related and can be tied to specific GPRA goals, they should
36 be inter-entity services subject to full costing.
37
38 c) If you believe any of these administrative costs should be considered broad
39 and general, describe any circumstances in which the administrative costs
40 could be considered inter-entity services subject to full costing. N/A
41
42 5. Legal services provided by DOJ - DOJ provides legal representation, guidance,
43 and support to the President, the Cabinet, and the executive departments and
44 agencies.
45

1 DOJ offers the following for why they believe these services should be
2 considered broad and general: In most cases, non-reimbursed legal
3 support is broad and affects all executive branch agencies regardless
4 of what the "source agency" (i.e. the agency with respect to which the
5 matter arose) may be, thus it would not be reasonable to assign costs
6 of the case to any entity. Where litigation activities are "integral" to an
7 agency's operations, that fact typically is evidenced by a statute
8 expressly giving that agency litigation authority; otherwise all litigation
9 in the United States is reserved to the DOJ. Lastly, the DOJ may take
10 a position that may or may not support the agency receiving the
11 services. However, other entities responded to prior surveys that they
12 believe some DOJ legal services should be considered inter-entity
13 costs.

- 14
- 15 a) Indicate if you are a provider, receiver, neither, or both: Receiver
- 16
- 17 b) Please provide your rationale for why you believe these services are either
18 broad and general support services or inter-entity services subject to full
19 costing. Since these costs can be tied to specific GPRA goals, they should
20 be inter-entity services subject to full costing.
- 21
- 22 c) If you believe these services should be considered broad and general,
23 describe any circumstances in which the services could be considered inter-
24 entity services subject to full costing. N/A

- 25
- 26 6. Payment and collection services provided by Department of the Treasury -
27 Treasury's payment function includes issuing and distributing check and
28 electronic payments on behalf of other agencies. The collection function includes
29 managing the collection of federal revenues such as individual and corporate
30 income tax deposits, customs duties, loan repayments, fines, and proceeds from
31 leases. FASAB has already stated that check writing services, at least, should
32 be considered broad and general in nature, but should still be recognized if
33 these services are integral to the operations of the receiving entity.

- 34
- 35 a) Indicate if you are a provider, receiver, neither, or both: Receiver
- 36
- 37 b) Please provide your rationale for why you believe these payment and
38 collection services provided are either broad and general support services or
39 inter-entity services subject to full costing. Since these costs can't be easily
40 tied to GPRA goals, they should be considered broad and general support
41 services.
- 42
- 43 c) If you believe these services should be considered broad and general,
44 describe specific circumstances in which these services should still be
45 recognized as an expense by the receiving entity. No exception noted.

1 **QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS**

2
3 The following questions pertain to directness of relationship to the entity's operation,
4 identifiability, and individual inter-entity costs identified by preparers or auditors.

5
6 The Federal Accounting Standards Advisory Board, Statement of Federal Financial
7 Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts,"
8 contains requirements for full reporting of cost. The following extract is intended to provide
9 background information in preparation of completing this part of the survey.

10
11 SFFAS 4, Paragraph 112 states:

12 "However, the situation is often different with goods or services transferred
13 within the federal government that do not involve eventual sales to entities
14 outside the federal government. The federal government in its entirety is an
15 economic entity. Therefore, it is reasonable to expect some flow of goods or
16 services between reporting entities as those entities assist each other in
17 fulfilling their missions and operating objectives. There are some cases in
18 which the cost of non-reimbursed or under-reimbursed goods or services
19 from other entities need not be recognized as part of the cost of the receiving
20 entity. The following general criteria are provided to help in determining the
21 types of inter-entity costs that should or should not be recognized.

22
23 -Materiality - As with other accounting standards, the provisions of
24 this standard need not be applied to immaterial items. However, in
25 the context of deciding which inter-entity transactions are to be
26 recognized, materiality, as used here, is directed to be the individual
27 inter-entity transaction rather than to all inter-entity transactions as a
28 whole. Under this concept, a much more limited recognition is
29 intended than would be achieved by reference to the general
30 materiality concept.

31
32 In this context, then, materiality should be considered in terms of the
33 importance to the inter-entity transaction to the receiving entity. The
34 importance of the transactions, and thereby their recognition, should
35 be judged in light of the following factors:

- 36
37 • Significance to the entity - The cost of the goods or service is
38 large enough that management should be aware of the cost
39 when making decisions.
40 • Directness of relationship to the entity's operations - The goods
41 or service provided is an integral part of and necessary to the
42 output produced by the entity.
43 • Identifiability - The cost of the good or service provided to the
44 entity can be matched to the entity with reasonable precision."
45

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities. See attachment 2, we may have more non-
5 reimbursed costs as we analyze this more extensively.
6

8 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
9 as not being material, please describe why they are not considered to be material. Please
10 be specific in your reasoning, i.e., dollar value of \$x.xx is too small, the amount is only
11 x.x% of total cost, etc. The dollar amount ranged from \$3 to \$12 million annually

12 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
13 identified but which your entity believes fails the qualification of having a direct relationship
14 to your entity's operations? No. If so, identify them and explain how these identified cost
15 are not directly related to your entities operations.
16

17 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
18 reported to all receiving activities, would your entity have any impediments to implement
19 this policy? It might be difficult to separate out labor costs, for example the Bureau of and
20 Management collects grazing fees for jointly owned land with the Forest Service. There is
21 no distinct separation of the task. If so, what would they be?
22

23 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
24 multiple other entities? Yes. And if so, can the cost be identified accurately to the proper
25 entity? We believe so. For example, if you have multiple tenants in a building can the cost
26 be identified to each tenant?
27

28 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
29 should be further distributed to multiple responsibility segments of your organization? No
30 we believe that non-reimbursed services are already distributed to the responsibility
31 segment And if so, can the cost be identified accurately to the proper responsibility
32 segment? For example, if you have multiple responsibility segments receiving free rent in
33 a building can the cost be identified to each segment?
34

35 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
36 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
37 reimbursed costs determined to be material. Refer to attached file.
38

39 14. How has your entity used the analyses from question 13 above to determine the
40 impact on cost-per-output performance measures and other relevant data in the
41 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
42 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
43 entity costs in cost per output determinations? We record these costs as reimbursable
44 activity.
45

- 1 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
2 responsibility segment level? We currently allocate OPM and FECA imputed cost down
3 to the responsibility segments. Any future inter-entity costs that are not directly identified
4 to specific responsibility segments would likely be allocated in a similar manner.
5
- 6 16. Please detail any other factors or questions specific to inter-entity non or under-
7 reimbursed costs that would inhibit you from capturing these costs in accordance with the
8 standards. Unaware of any at this time.
9
- 10 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
11 guidance is necessary before you can identify and capture the costs. Describe the issues
12 that need to be addressed and provide your input for the issues. Unaware of any at this
13 time.

INTER-ENTITY COSTS

Reporting Entity: Department of the Interior
Entity POC: Patricia Halseth
Phone Number: (202) 208-4703
E-mail Address: patricia_halseth@ios.doi.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)
Forest Service	Bureau of Land Management	Labor costs for fee collection	Unable to determine at this time	Currently not reporting
Forest Service	Bureau of Land Management	Labor costs for law enforcement	Unable to determine at this time	Currently not reporting
Forest Service	National Park Service	Fire Assistance	Unable to determine at this time	Currently not reporting
Corps of Engineers	Bureau of Reclamation	Power generation costs	No	Annual
Western Area Power Authority	Bureau of Reclamation	Power generation costs	No	Annual
Treasury	Bureau of Reclamation	Interest for construction projects	No	Annual

Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

#12 DOI
Amts Posted

Identified Intra-DC Act				Conclusion		
Providing Bureau	Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	Estimated annual amount of the non-reimbursed goods or services	will imputed costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	Actual Amount(s) to be Recognized
DO-SOL	Solicitor (SL)	DO	\$1,645,000	Yes For	Need to address whether FBMS operating costs are significant and should be imputed by E-Grants bureaus. (B Rodriguez, D McKethan)	1,645,000
DO-SOL	Solicitor (SL)	BIA	\$7,624,000			7,624,000
DO-SOL	Solicitor (SL)	BLM	\$10,012,000			10,012,000
DO-SOL	Solicitor (SL)	BOR	\$4,336,000			4,336,000
DO-SOL	Solicitor (SL)	FWS	\$9,480,000			9,480,000
DO-SOL	Solicitor (SL)	MMS	\$1,171,000			1,171,000
DO-SOL	Solicitor (SL)	NPS	\$8,528,000			8,528,000
DO-SOL	Solicitor (SL)	OSM	\$1,959,000			1,959,000
DO-SOL	Solicitor (SL)	USGS	\$330,000			330,000
DO DO DO	FBMS Operations	BLM				
	FBMS Operations	FWS				
	FBMS Operations	OSM				
BLM	Reduced or waived indirect cost charges on reimbursable agreements	BIA	\$1,126,237.04 through 9/12/05	Yes		
BOR	On May 13, 2002, Congress enacted legislation that required the Secretary of the Interior to complete a study for providing adequate upstream and downstream passage for fish at Chiloquin Dam on the Sprague River, located in south central Oregon. BOR was	BIA	\$1.75 million	Yes Yes Yes - Training		
				portion only		
				Yes Yes		
DO	Data Cleanup - Assist BIA with their special deposit accounts (OST)	BIA	\$520,000			520,000
OST	Records - Provides records training and storage for trust and non-trust records (OST)	BIA	\$17,670,000			2,501,373
BLM	Reduced or waived indirect cost charges on reimbursable agreements	DO	\$391,273.17 through 9/12/05			349,539
BIA	Unbilled Overhead	DO	\$383,929			383,929

#12 DOI

Summary

Identified Providing Bureau	-DOI Activities Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	Estimated annual amount of the non- reimbursed goods or services	Conclusion		Actual Amount(s) to be Recognized
				Will Imputed Costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	
DO-SOL	Solicitor (SL)	DO	\$1,645,000	Yes		1,645,000
DO-SOL		BIA	\$7,624,000			7,624,000
DO-SOL		BLM	\$10,012,000			10,012,000
DO-SOL		BOR	\$4,336,000			4,336,000
DO-SOL		FWS	\$9,480,000			9,480,000
DO-SOL		MMS	\$1,171,000			1,171,000
DO-SOL		NPS	\$6,528,000			6,528,000
DO-SOL		OSM	\$1,959,000			1,959,000
DO-SOL		USGS	\$330,000			330,000
DO-SOL		Dept Support	\$8,541,000			No
DO	Departmental Management (DM)	All Bureaus	\$64,000,000	No	General Support Costs	
All Bureaus	Hurricane Katrina Support	DOI		No	Katrina Response is a Departmental Responsibility, not "belonging" to any one bureau. Each bureau will report its own costs incurred.	
DO	FBMS Implementation	BLM		No	Insignificant	
		FWS	\$20,000	No	Insignificant	
		MMS	\$20,000	No	Insignificant	
		OSM	\$20,000	No	Insignificant	
DO	FBMS Operations	BLM		For Resolution	Need to address whether FBMS operating costs are significant and should be imputed by E-Grants bureaus. (B Rodriguez, D McKethan)	
		FWS				
		OSM				
OSM	American Heritage Rivers - Fred Fox detail	DOI	\$88,476	No	This and other employee details need to be considered. However, this item is excluded due as Insignificant. Also, details intended primarily for the development of the individual employee rather than to respond to bureau needs will not be imputed, (all bureaus for consideration)	
BLM	BLM National Training Center (NTC). Video Editing Services to update the Department of Everything Else DOI overview video	All Bureaus	\$1,705	No	Insignificant	

#12 DOI

BLM	BLM National Training Center (NTC): C-band satellite simulcast of two DOI Ethics Training Courses for all DOI agencies	All Bureaus	\$1,705	No	Insignificant	
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Imputed Costs Worksheet
Conclusions as of 9/26/05

#12 DOI

Summary

Providing Bureau	Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	estimated annual amount of the non-reimbursed goods or services	with imputed costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	Actual Amount(s) to be Recognized
BLM	BLM National Training Center (NTC): The Cooperating Agency Rule telecast with DOI Assistant Secretary.		\$10,985	No	Insignificant	
BLM	BLM National Training Center (NTC): DOI-wide FMBS overview satellite telecast with DOI Assistant Secretary	All Bureaus	\$11,025	No	Insignificant	
BLM	BLM National Training Center (NTC): Downlink and distribution of Secretary of the Interior Gale Norton budget press conference	All Bureaus	\$850	No	Insignificant	
BLM	BLM National Training Center (NTC): Interagency Fire Program Management Standards Training Broadcast	All Bureaus		No	Insignificant	
	BLM collects small amounts grazing and BLM recreation fees on behalf of other DOI bureaus	Most Bureaus	\$9,875	No	Insignificant	
		Multiple bureaus (FWS, OSM, BOR)	\$5,000			
BLM	Reduced or waived indirect cost charges on reimbursable agreements BLM National Training Center (NTC): Indian Probate Reform Act Satellite Training and Informational Telecast	BIA	\$1,126,237.04 through 9/12/05	Yes		
BLM	Facility Use	BIA	\$8,525	No	Insignificant	
BLM	Course Training & Instruction	BIA	\$7,660	No	Insignificant	
BLM	BLM National Training Center (NTC): Media and Facility consulting construction specifications for DOI University/BIA Training Center in Albuquerque, New Mexico On May 13, 2002, Congress enacted legislation that required the Secretary of the Interior to complete a study for providing adequate upstream and downstream passage for fish at Chiloquin Dam on the Sprague River, located in south central Oregon. BOR was	BIA	\$41,400	No	Insignificant	
BOR	Data Cleanup - Assist BIA with their special deposit accounts (OST)	BIA	\$8,875 (total for DO & BIA)	Yes		
DO	Risk Management - Provide support services and RM-PLUS application (OST)	BIA	\$1.75 million	Yes		520,000
DO	IIT - Provides 318 Stratvision licenses (OST)	BIA	\$520,000	No	Insignificant	
DO	Records - Provides records training and storage for trust and non-trust records (OST)	BIA	\$91,250	No	Insignificant	
		BIA	\$47,500	No	Insignificant	
		BIA	\$17,670,000	Yes - Training portion only		2,501,373

#12 DOI

BIA Provide cubicle space and related utility cost for a
BLM employee, Roger Greene. He is a Cadastral
Surveyor. (Midwest region)

BLM

Imputed Costs Worksheet
Conclusions as of 9/26/05

No	Insignificant (BIA will confirm estimated value is insignificant)
----	---

#12 DOI

Summary

Providing Bureau	Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	Estimated annual amount of the non-reimbursed goods or services	Imputed costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	Actual Amount(s) to be Recognized
BIA	Title Status and Data Service; Technical Assistance and Guidance (Alaska Region)	BLM		No	Insignificant (BIA will confirm estimated value is insignificant) Note - personnel may submit EEO claims through another bureau if they prefer. The associated costs are small insignificant	
BIA	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost	BLM	\$4,500	No		
BIA (mostly)	EEO duties performed on behalf of BLM	BLM	\$7,500	No		
DO	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost.	BLM	\$4,500	No		
DO	Risk Management - Provide support services and RM-PLUS application (OST)	BLM	\$91,250	No		
DO-SOL	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost.	BLM	\$40,000	No		
FWS	Volunteer housing at Desert National Wildlife Refuge Complex	BLM	\$74,700	No		
FWS	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost	BLM	\$10,500	No		
MMS	National Petroleum Reserve Alaska (NPR A) Data Management	BLM	\$46,000	No		
MMS	NPR A Program Oversight	BLM	\$5,700	No		
MMS	IT Support for onsite BLM Staff	BLM	\$15,100	No		
MMS	Preparation of Coastal Zone Consistency Determination for NPR A lease sale	BLM	\$23,000	No		
MMS	Office space and utilities for onsite BLM staff	BLM	\$29,838	No		
NPS	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost	BLM	\$15,000	No		
OHA	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost	BLM	\$12,000	No		
USGS	Instructor Fee: BLM National Training Center uses instructors from other bureaus at no cost	BLM	\$9,000	No		
BLM	Reduced or waived indirect cost charges on reimbursable agreements	BOR	\$207,022.28 through 9/12/05	No	Insignificant	
BLM	Facility Use	BOR	\$5,450	No	Insignificant	
BLM	Course Training & Instruction	BOR	\$17,100	No	Insignificant	

#12 DOI

BLM	BLM rangers provide law enforcement services on BOR land in the Colorado River District, AZ	BOR	\$100,000	No	Insignificant	
BLM	NM special agents conducted a special investigation involving BOR	BOR	\$55,000	No	Insignificant	

Imputed Costs Worksheet
Conclusions as of 9/26/05

#12 DOI

Summary

Providing Bureau	Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	Estimated annual amount of the non-reimbursed goods or services	Will imputed costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	Actual Amount(s) to be Recognized
USGS	Reimbursable agreement - 01AA200028	BOR	\$15,500	No	Insignificant	
USGS	Reimbursable agreement - 50720X033852	BOR	\$26,500	No	Insignificant	
USGS	Reimbursable agreement - 04AA204016	BOR	\$18,800	No	Insignificant	
USGS	Reimbursable agreement - 02AA406750	BOR	\$6,000	No	Insignificant	
USGS	Reimbursable agreement - 01AA4046409394	BOR	\$171,300	No	Insignificant	
	Reduced or waived indirect cost charges on reimbursable agreements	DO				
BLM			\$391,273.17 through 9/12/05	Yes		349,539
BLM	BLM National Training Center (NTC): Take Pride in America PSAs and videos with Clint Eastwood.	DO	\$17,855	No	Insignificant	
BLM	Facility Use Course Training & Instruction	DO	\$52,520	No	Insignificant	
BLM		DO	\$900	No	Insignificant	
BLM	BLM National Training Center (NTC): Media and Facility consulting construction specifications for DOI University/BIA Training Center in Albuquerque, New Mexico	DO	\$8,875 (total for DO & BIA)	No	Insignificant	
BIA	Unbilled Overhead	DO	\$383,929	Yes		383,929
MMS	Work provided to SOL office on rulemaking and defense cases	DO	\$28,720	No	Insignificant	
NPS	Office space in the John Foster Williams Bldg. in Boston, MA (1,075 sq. ft @ \$55.63	DO	\$59,800	No	Insignificant	
USGS	Reimbursable agreement - RU370038	DO	\$8,600	No	Insignificant	
USGS	Reimbursable agreement - RU5W0114	DO	\$3,600	No	Insignificant	
BLM	Reduced or waived indirect cost charges on reimbursable agreements	FWS	\$89,882.52 through 9/12/05	No	Insignificant	
BLM	BLM National Training Center (NTC): C-band satellite simulcat of International Migration/ Bird Day environmental education telecast for school systems nationally	FWS	\$1,705	No	Insignificant	
BLM	BLM National Training Center (NTC): Wild Things C-band satellite simulcat of Wild Things 2005 environmental education telecast for school systems nationally	FWS	\$1,705	No	Insignificant	
BLM	Course Training & Instruction	FWS	\$49,500	No	Insignificant	
BLM	Reduced or waived indirect cost charges on reimbursable agreements	MMS	\$750.86 through 9/12/05	No	Insignificant	

#12 DOI

BLM	BLM collects first year rents and bonuses on behalf of MMS	MMS	\$20,000	No	Insignificant	
BLM	Sale 195 Fair Market Value Evaluation	MMS	\$21,000	No	Insignificant	

Imputed Costs Worksheet
Conclusions as of 9/26/05

#12 DOI

Summary

Providing Bureau	Brief description of goods or services provided to another DOI Bureau without full reimbursement from that Bureau	Bureau(s) receiving the goods or services	Estimated annual amount of the non-reimbursed goods or services	Will Imputed Costs (or assets) and Imputed Financing be Recognized?	If No, explain reason for non-recognition (e.g. materiality, broad general support, etc.)	Actual Amount(s) to be Recognized
BLM	Course Training & Instruction	MMS	\$3,600	No	Insignificant	
DO	Risk Management - Provide support services and RM-PLUS application (OST)	MMS	\$91,250	No	Insignificant	
USGS	Consulting service for gas hydrate research	MMS	\$30,160	No	Insignificant	
		NPS	\$68028.52 through 9/12/05			
BLM	Reduced or waived indirect cost charges on reimbursable agreements			No	Insignificant	
BLM	Facility Use	NPS	\$7,510	No	Insignificant	
BLM	Course Training & Instruction	NPS	\$180,900	No	Insignificant	
BLM	BLM rangers assist NPS in providing resource protection and law enforcement services at Craters of the Moon National Monument	NPS	\$30,000	No	Insignificant	
BLM	BLM assisted NPS with executive protection details	NPS	\$10,000	No	Insignificant	
BLM	Facility Use	OSM	\$5,600	No	Insignificant	
DO	Risk Management - Provide support services and RM-PLUS application (OST)	OSM	\$91,250	No	Insignificant	
BIA	Provide office space, utilities and janitoria services to OST (Northwest Region)	OST	\$10,000	No	Insignificant	
BLM	Reduced or waived indirect cost charges on reimbursable agreements	OST	\$58,433.82 through 9/12/05	No	Insignificant	
BLM	Course Training & Instruction	OST	\$3,600	No	Insignificant	
			\$33,209.56 through 9/12/05			
BLM	Reduced or waived indirect cost charges on reimbursable agreements	USGS		No	Insignificant	
BLM	Course Training & Instruction	USGS	\$34,200	No	Insignificant	

Officer of Personnel Management

Questionnaire Pertaining to the Full Implementation of Inter-Entity Costing

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

OPM provides oversight and guidance on Human Capital issues for all Federal agencies.

2. Please identify and provide a description of all broad and general support services that you entity receives, and also identify the providing entity.

Treasury issues payments for the benefit programs. GSA provides guidance and oversight for travel and facilities. OMB provides oversight and guidance.

3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

OPM could not operate the employee benefit programs without Treasury processing payments to the recipients.

4. Administration of Federal employees' benefits programs – Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefits programs. The same is true with workmen's compensation and judgment funds.

a) Indicate if you are a provider, receiver, neither, or both.

OPM both provides and receives benefit programs. OPM receives the benefit of workmen's compensation and judgment fund programs.

b) Please provide your rationale for why you believe the cost of services provided by OPM, the Labor Department, and the Treasury for administering the benefits programs and the judgment fund are either broad and general support services or inter-entity services subject to full costing.

All are broad and general as they are needed by every agency and are best coordinated centrally. The costs are not divisible among customers by any established criteria.

c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

None

5. Legal services provided by DOJ – DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the “source agency” (i.e. the agency with respect to which the matter rose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are “integral” to an agency’s operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-agency costs.

a) Indicate whether you are a provider, receiver, neither, or both: receiver.

b) Please provide you rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

These services are broad and general services for the reasons given by DOJ.

c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

None

6. Payment and collection services provided by Department of the Treasury – Treasury’s payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that check writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

a) Indicate if you are a provider, receiver, neither, or both: receiver

b) Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

Check writing services are broad and general as they are critical to every agency and must be centralized for efficiency, effectiveness and control.

c) If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

None

7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

None

8. For the non-reimbursed and under-reimbursed Inter-Entity Costs which have been identified in your table as being material, please described why they are not considered to be material. Please be specific in you reasoning. i.e., dollar value of \$x.xx is too small, the amount is only x.x% of total costs, etc.

None

9. Are there any non-reimbursed and under reimbursed Inter-Entity Costs which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified costs are not directly related to your entity's operations.

None

10. Assuming that 100% of all non-reimbursed and under-reimbursed costs must be reported to all receiving activities, would your entity have any impediments to implement this policy. If so, what would they be?

We do not have any such costs that are not broad and general support activities. We could not break out these costs by receiving entity due to the inadequacy of necessary information.

11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities? And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

All goods or services provided by OPM are broad and general support activities. OPM does not have the information needed to accurately identify the proper customer entity.

12. Is your entity receiving non-reimbursed or under reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization? And if so, can the cost be identified accurately to the proper responsibility segment? For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

No

13. In accordance with *Interpretation 6 Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

None

14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the *Performance and Accountability Reports, Management's Discussion and Analysis*? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

We allocate costs using a common services distribution methodology.

15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

We allocate costs using a common service distribution methodology.

16. Please detail any other factors or questions specific to inter-entity non or under reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

OPM does not have complete cost accounting.

17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs. Describe the issues that need to be addressed and provide your input for the issues.

None

#14 NASA

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001



August 25, 2006

Reply to Attn of: office of the Chief Financial Officer

Ms. Wendy Comes
Federal Accounting Standards Advisory Board
441 G Street NW, Suite 6814
Washington, DC 20548

Subject: Questionnaire Pertaining to Full Implementation of Inter-Entity Costing

Dear Ms. Comes:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to provide input into the development of additional guidance for the full implementation of inter-entity costing. NASA is fully engaged in full-cost budgeting, accounting, and reporting. Congress appropriates NASA's funding based on fully-costed programs. This Agency has gained substantial experience with the many issues that arise when an Agency prepares and executes a full-cost budget.

Enclosed you will find NASA's response to the Board's questionnaire. NASA welcomes the opportunity to provide additional assistance to the Board and to the Accounting and Auditing Policy Committee. I will provide a member of my staff to participate in the ongoing meetings or this individual may also serve as a member of a working group, if one is established, to develop detailed proposals for the Board's consideration.

If you have questions regarding NASA's enclosed responses, please contact Mr. Ron Brooks, Director for Policy and Business Integration, at (202) 358-4473 or by e-mail at ronald.s.brooks@nasa.gov.

A handwritten signature in black ink, appearing to read "Gwendolyn Sykes".

Gwendolyn Sykes

Enclosure

#14 NASA

#14 NASA

QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS

The following questions pertain to issue area number one, extensive evaluation of costs to determine which ones may be considered "broad and general" for all entities. If possible, a list of the costs that should be considered broad and general for all entities will be developed.

Per Accounting Standards Advisory Board (SFFAS 4), Statement of Federal Financial Accounting Standards (SFFAS) 4, 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.

Paragraph 112 of SFFAS 4 describes this category as follows:

Broad and general support: Some entities provide broad and general support to many, if not all, reporting entities in the Federal Government. Most often, this type of support involves the establishment of policies and/or the provision of general guidance. The costs of such broad services should not be recognized as an expense (or asset) by the receiving entities when there is no reimbursement of costs. Thus, the standard does not apply when support is of a general nature provided to all or most entities of the Federal Government.

An example of this situation can be found in the Office of Management and Budget (OMB), which establishes policy and provides general guidance to all parts of the executive branch of the Government. The costs of OMB should not be spread over all reporting entities because the services provided are (1) general and broad in scope, (2) provided to almost all reporting entities in the executive branch, and (3) not specifically or directly tied to the receiving entity's outputs.

On the other hand, some services provided, under certain circumstances, should still be recognized even though they may be considered broad and general in nature if such services are integral to the operations of the receiving entity. Such services include check writing by the Department of the Treasury (Treasury) or legal activities performed by the Department of Justice (DOJ). For example, when the issuance of checks is integral to the operations of an entity (e.g., the Internal Revenue Service (IRS) and the Social Security Administration (SSA)), the receiving entity should include the full cost of issuing checks in the full cost of its outputs. However, if the issuance of checks is insignificant and incidental to the operations of an entity, the entity should not normally recognize that cost.

Enclosure

#14 NASA

With the above Federal Accounting Standards Advisory Board (FASAB) description of broad and general costs in mind, please answer the following:

1. Please identify and provide a description, including estimated costs where possible, of all broad and general support services that your entity provides to all or most other entities.

NASA Response:

- NASA does not provide broad and general support services to all or most other Federal agencies.
2. Please identify and provide a description of all broad and general support services that your entity receives, and also identify the providing entity.

NASA Response:

- Retirement and post-retirement benefits administration services from Office of Personnel Management (OPM).
 - Check processing, disbursement processing, and collection processing services from Treasury.
3. Describe those cases in which such services received form a vital and integral part of the operations or output of your entity.

NASA Response:

- NASA considers all of the services listed in response to Question 2 above to be vital in the sense that NASA would have to perform these functions if they were not performed by the agencies listed.

Below we have identified specific examples of potential broad and general support services. Please identify if you are a provider, receiver, both, or neither for each service listed. If you are a provider and/or receiver, please answer the questions pertaining to the example. We welcome comments from respondents that are neither providers nor receivers as well.

#14 NASA

4. Administration of Federal employees' benefit programs - Although Federal entities now recognize the costs of employees' pension and post retirement benefits, they do not recognize the costs of administering those benefit programs. The same is true with workmen's compensation and judgment funds.

a. Indicate if you are a provider, receiver, neither, or both: _____

NASA Response:

- NASA is a receiver of the services listed in Question 4.
- b. Please provide your rationale for why you believe the cost of services provided by OPM, the Department of Labor (DOL), and the Treasury for administering the benefit programs and the judgment fund are either broad or general support services or inter-entity services subject to full costing.

NASA Response:

- NASA's position is that the items listed in Question 4.b. should be treated as broad and general support services. The costs of these services do not appear to be material to NASA operations. In addition, if these costs were recognized by NASA they would have to be treated as overhead costs and spread across all of NASA's programs. While this could be done, we do not believe that the increase in the full cost of our programs would impact the decisions made by NASA or others concerning NASA's programs. The recognition of these costs by NASA will not provide sufficient benefit to outweigh the cost to NASA, OPM, DOL, and Treasury.
- c. If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

NASA Response:

- NASA does not foresee such circumstances.
5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies. DOJ offers the following for why they believe these services should be considered broad and general. In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute expressly giving that

#14 NASA

agency litigation authority; otherwise, all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the Agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

- a. Indicate if you are a provider, receiver, neither, or both: _____

NASA Response:

- NASA is a receiver of legal representation, guidance, and support from the DOJ.
- b. Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

NASA Response:

- NASA agrees with the position taken by the DOJ.
- c. If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

NASA Response:

- If the DOJ incurred material incremental workload and costs above and beyond its normal operations and the cost could be specifically identified as being the result of action or inaction on the part of NASA, then the incremental costs should be reported to NASA as inter-entity cost.
6. Payment and collection services provided by Department of the Treasury - Treasury's payment function include issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of Federal revenues such as individual and corporate income tax deposits, customs duties, loan repayments, fines, and proceeds from leases. FASAB has already stated that checks writing services, at least, should be considered broad and general in nature, but should still be recognized if these services are integral to the operations of the receiving entity.

- a. Indicate if you are a provider, receiver, neither, or both: _____

NASA Response:

- NASA is a receiver of these services.

#14 NASA

- b. Please provide your rationale for why you believe these payment and collection services provided are either broad and general support services or inter-entity services subject to full costing.

NASA Response:

- NASA's position is that the items listed in Question 6 should be treated as broad and general support services. The cost of these services do not appear to be material to NASA operations. In addition, if these costs were recognized by NASA they would have to be treated as overhead costs and spread across all of NASA's programs. While this could be done, we do not believe that the increase in the full cost of our programs would impact the decisions made by NASA or others concerning NASA's programs. The recognition of these costs by NASA will not provide sufficient benefit to outweigh the cost to NASA and the Treasury.
- c. If you believe these services should be considered broad and general, describe specific circumstances in which these services should still be recognized as an expense by the receiving entity.

NASA Response:

- NASA does not foresee such circumstances.

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiably, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full-reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the Federal Government that do not involve eventual sales to entities outside the Federal Government. The Federal Government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be

#14 NASA

recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

- **Materiality** - As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition should be judged in light of the following factors:

- **Significance to the entity** - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
 - **Directness of relationship to the entity's operations.** The goods or service provided is an integral part of and necessary to the output produced by the entity.
 - **Identifiably** - "The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."
7. Without regard to materiality, complete the attached form identifying all non-reimbursed and under-reimbursed cost not identified previously as broad and general costs, where your entity is the provider of the goods or service and where your entity is the recipient of goods or services from other entities.

NASA Response:

- See table.
8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table as not being material, please describe why they are not considered to be material. Please be specific in your reasoning.. .i.e., dollar value of \$x.xx is too small; the amount is only xx percent of total cost, etc.

NASA Response:

- See Table

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9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been identified but which your entity believes fails the qualification of having a direct relationship to your entity's operations? If so, identify them and explain how these identified cost are not directly related to your entities operations.

NASA Response:

- NASA is not aware of any non-reimbursed or under reimbursed costs that are being reported to NASA that fail the qualification of having a direct relationship to NASA's operations.
10. Assuming that 100 percent of all non-reimbursed and under-reimbursed cost must be reported to all receiving activities, would your entity have any impediments to implement this policy? If so, what would they be?

NASA Response

- NASA's system could accommodate this change, but it would complicate the procedures and training for users to implement this requirement as NASA's full cost accounting is also performed by its SAP general ledger system.
11. Is your entity providing non-reimbursed and under-reimbursed goods or services to multiple other entities?

NASA Response:

- Yes, NASA's Space Act (42 U.S.C. §2451 et. seq.) authorizes NASA to collect less than the full cost of service it provides to other Agencies.
- a. And if so, can the cost be identified accurately to the proper entity? For example, if you have multiple tenants in a building can the cost be identified to each tenant?

NASA Response:

- NASA's financial system is not currently designed to capture actual non-reimbursed or under-reimbursed costs. However, NASA could provide estimates of non-reimbursed costs to receiving entities at the time the reimbursable agreement is signed.
12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that should be further distributed to multiple responsibility segments of your organization?

#14 NASA

NASA Response:

- Yes - NASA has the use of certain properties at no cost. These properties include land at the Kennedy Space Center withdrawn from the public domain and land/facilities at the Marshall Space Flight Center under no-cost 99-year lease with the Department of the Army.
- a. Moreover, if so, can the cost be identified accurately to the proper responsibility segment?

NASA Response:

- NASA is not currently capturing this information.
- b. For example, if you have multiple responsibility segments receiving free rent in a building can the cost be identified to each segment?

NASA Response:

- Currently these costs are not being separately identified in NASA's financial system.
13. In accordance with Interpretation 6 Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4, please describe all intra entity non-reimbursed and under-reimbursed costs determined to be material.

NASA Response:

- NASA receives its funding based on the full cost budgets developed for each of its major programs. The program funds are used to fund both the direct and indirect costs incurred to execute NASA's programs. All costs incurred, both direct and indirect, are assigned to the benefiting programs. For example, the institutional operations costs of the NASA Centers are allocated back to the Agency's programs. As a result, NASA does not have non-reimbursed or under-reimbursed intra-departmental costs.
14. How has your entity used the analyses from question 13 above to determine the impact on cost-per-output performance measures and other relevant data in the Performance and Accountability Reports, Management's Discussion and Analysis? How does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-entity costs in cost per output determinations?

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NASA Response:

- Not applicable
15. How has your entity applied, or how does it intend to apply, inter-entity costs to the responsibility segment level?

NASA Response:

- Inter-entity costs will be a component of the full cost of NASA programs, themes, and Missions. Depending on the specific type of cost, they may be charged directly to programs and projects or they may be included in the costs of one of
 - NASA's overhead functions and then distributed to the programs and projects as part of the overhead allocation process.
16. Please detail any other factors or questions specific to inter-entity non or under-reimbursed costs that would inhibit you from capturing these costs in accordance with the standards.

NASA Response:

- NASA's financial reporting system is not configured to identify and report costs as non reimbursed or under-reimbursed. NASA Centers estimate the under-reimbursed costs on a manual form used during the negotiation of each reimbursable agreement.
17. Identify any non-reimbursed and under-reimbursed costs where you feel additional guidance is necessary before you can identify and capture the costs.
- a. Describe the issues that need to be addressed and provide your input for the issues.

NASA Response:

- NASA has numerous formal cooperative agreements with other Federal Agencies under which NASA shares the cost of research, development, test and evaluation projects that are of mutual interest to the parties involved. In some cases funds may move between the parties and other cases each party executes its share of the work and there is no movement of funds between the parties. If the work performed under the agreement is considered a vital part of an output by one or more of the parties it is not clear if the standard requires all of the parties to report their costs to all of the other parties as non-reimbursed or under-reimbursed costs. Does the FASAB intend that the full cost of cooperative agreements should be reported by each of the parties to the agreement?

- Since the agency that incurs the cost cannot determine whether the costs are material to the benefiting Agency, NASA's position is that the FASAB should consider establishing a lower limit for reporting of non-reimbursed or under-reimbursed costs. Paragraph 112 of FASAB Standard No. 4 in discussing the materiality of inter-entity costs states.
"However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept."
- NASA prepares its budget on a full-cost basis and overhead costs are allocated to and included in the budgets for its Missions and Programs. Will all agencies be required to include all overhead costs up to and including all of the costs of the Agency Headquarters in their full cost calculation?

NON-REIMBURSED OR UNDER REIMBURSED INTER-ENTITY COSTS PROVIDED TO NASA BY ANOTHER FEDERAL AGENCY

Reporting Entity: NASA

Entity POC: Ronald Brooks

Phone Number: (202)358-4473

E-mail Address: Ronald.S.Brooks@NASA.GOV

Receiving Entity	Providing Entity	Type of Good or Service	Only the Receiving Agency Can make These Determinations				Period (Annual, Quarterly, Monthly)
			Material to Receiving Entity?	Reason Not Considered Material By Receiving Agency	Direct Relationship to Agency Operations? (Yes/No)	Reason Not Directly Related to Agency Operations	
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Strategic Partnerships	Yes		Yes		
NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Mutual Technology Interest	Yes		Yes		

NASA	DoD, Army, Navy, Air Force, Defense Agencies and other Federal Agencies	Cooperative Agreements - Transactional,	Yes		Yes		
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Strategic Partnerships are defined as cooperative arrangements through which each organization shares program goals at the highest level consistent with national policy.

Cooperation and collaboration in areas of *Mutual Technology Interest* encompass scenarios where the agencies share common technology interests, but not necessarily common programmatic end goals. *Mutual Technology Interest* activities are typically technology-advancement oriented.

The third means of cooperation is *Transactional*. Here, one organization "purchases" an expertise or resource from the other organization.

**NON-REIMBURSED OR UNDER REIMBURSED INTER-ENTITY COSTS
PROVIDED BY NASA TO ANOTHER FEDERAL AGENCY**

Receiving Entity	Providing Entity	Type of Good or Service	Only the Receiving Agency Can make These Determinations				Period (Annual, Quarterly, Monthly)
			Material to Receiving Entity? (Yes/No)	Reason Not Considered Material By Receiving Agency	Direct Relationship to Agency Operations? (Yes/No)	Reason Not Directly Related to Agency Operation	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements -Strategic Partnerships	N/A	N/A	N/A	N/A	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements - Mutual Technology Interest	N/A	N/A	N/A	N/A	
DoD, Army, Navy, Air Force, Defense Agencies	NASA	Cooperative Agreements - Transactional,	N/A	N/A	N/A	N/A	
NOAA	NASA	Satellite Development and Construction	N/A	N/A	N/A	N/A	

#14 NASA

Various Federal Agencies	NASA	Host Tennant Agreements (rental, maintenance and utilities costs)	N/A	N/A	N/A	N/A	
	NASA	Reimbursable Research (labor, travel, materials, and procurement costs)	N/A	N/A	N/A	N/A	
NOAA	NASA	Design, Develop, Launch, and Test satellites	N/A	N/A	N/A	N/A	
Various Federal Agencies	NASA	Developing simulation, modeling, or engineering studies for space related activities	N/A	N/A	N/A	N/A	
Various Federal Agencies	NASA	Perform simulations and tests in unique facilities such as wind tunnels	N/A	N/A	N/A	N/A	
Various Federal Agencies	NASA	Test aircraft time	N/A	N/A	N/A	N/A	
Various Federal Agencies	NASA	Building/land occupancy, utilities, and security subleases.	N/A	N/A	N/A	N/A	

#14 NASA

Various Federal Agencies	NASA	Leasing of high-end computer facilities to perform research and science projects.	N/A	N/A	N/A	N/A	
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Examples of non-reimbursed or under-reimbursed expenses:
Rent, Utilities, Labor Cost, Unemployment Taxes.

1 **QUESTIONS ON BROAD AND GENERAL SUPPORT COSTS**
2

3 The following questions pertain to issue area no. 1, extensive evaluation of costs to
4 determine which ones may be considered "broad and general" for all entities. If possible, a
5 list of the costs that should be considered broad and general for all entities will be
6 developed.
7

8 Per SFFAS 4, broad and general support services provided by an entity to all or most other
9 entities should not be recognized unless such services form a vital and integral part of the
10 operations or output of the receiving entity.
11

12 Paragraph 112 of SFFAS 4 describes this category as follows:
13

14 Broad, general support -- Some entities provide broad, general support to
15 many, if not all, reporting entities in the federal government. Most often this
16 type of support involves the establishment of policies and/or the provision of
17 general guidance. The costs of such broad services should not be
18 recognized as an expense (or asset) by the receiving entities when there is
19 no reimbursement of costs. Thus the standard does not apply when support
20 is of a general nature provided to all or most entities of the federal
21 government.
22

23 An example of this situation can be found in the Office of Management and
24 Budget which establishes policy and provides general guidance to all parts of
25 the executive branch of government. The costs of OMB should not be spread
26 over all reporting entities because the services provided are (1) general and
27 broad in scope, (2) provided to almost all reporting entities in the executive
28 branch, and (3) not specifically or directly tied to the receiving entity's
29 outputs.
30

31 On the other hand, some services provided, under certain circumstances,
32 should still be recognized even though they may be considered broad and
33 general in nature if such services are integral to the operations of the
34 receiving entity. Such services include check writing by the Department of
35 Treasury or legal activities performed by the Department of Justice. For
36 example, when the issuance of checks is integral to the operations of an
37 entity (e.g., the Internal Revenue Service and the Social Security
38 Administration), the receiving entity should include the full cost of issuing
39 checks in the full cost of its outputs. However, if the issuance of checks is
40 insignificant and incidental to the operations of an entity, the entity should not
41 normally recognize that cost.
42
43
44
45
46

#15 USDA

1 With the above FASAB description of broad and general costs in mind, please answer the
2 following:

- 3
4 1. Please identify and provide a description, including estimated costs where
5 possible, of all broad and general support services that your entity provides to all
6 or most other entities.

7
8 **No broad and general support services are provided.**

- 9
10 2. Please identify and provide a description of all broad and general support
11 services that your entity receives, and also identify the providing entity.

12
13 **Broad and general support services are received from the following:**

14
15 **OMB – policy and general guidance**

16 **OPM – personnel benefits**

17 **DOL – FECA and UI benefits**

18 **Treasury – financial services**

19 **DOJ – legal services**

- 20
21 3. Describe those cases in which such services received form a vital and integral
22 part of the operations or output of your entity.

23
24 **None of the services received form a vital and integral part of operations or output.**

25
26 Below we have identified specific examples of potential broad and general support
27 services. Please identify if you are a provider, receiver, both, or neither for each
28 service listed. If you are a provider and/or receiver, please answer the questions
29 pertaining to the example. We welcome comments from respondents that are
30 neither providers nor receivers as well.

- 31
32 4. Administration of Federal employees' benefit programs – Although Federal
33 entities now recognize the costs of employees' pension and post retirement
34 benefits, they do not recognize the costs of administering those benefit
35 programs. The same is true with workmen's compensation and judgment funds.

- 36
37 a) Indicate if you are a provider, receiver, neither, or both:

38 Receiver

- 39
40 b) Please provide your rationale for why you believe the cost of services
41 provided by OPM, the Labor Department, and the Treasury for administering
42 the benefit programs and the judgment fund are either broad and general
43 support services or inter-entity services subject to full costing.

44
45 **Services are broad and general support services that are integral to the mission of**
46 **the agency providing the service.**

#15 USDA

- c) If you believe any of these administrative costs should be considered broad and general, describe any circumstances in which the administrative costs could be considered inter-entity services subject to full costing.

Services provided are specifically or directly tied to the receiving entity's outputs.

- 5. Legal services provided by DOJ - DOJ provides legal representation, guidance, and support to the President, the Cabinet, and the executive departments and agencies.

DOJ offers the following for why they believe these services should be considered broad and general: In most cases, non-reimbursed legal support is broad and affects all executive branch agencies regardless of what the "source agency" (i.e. the agency with respect to which the matter arose) may be, thus it would not be reasonable to assign costs of the case to any entity. Where litigation activities are "integral" to an agency's operations, that fact typically is evidenced by a statute expressly giving that agency litigation authority; otherwise all litigation in the United States is reserved to the DOJ. Lastly, the DOJ may take a position that may or may not support the agency receiving the services. However, other entities responded to prior surveys that they believe some DOJ legal services should be considered inter-entity costs.

- a) Indicate if you are a provider, receiver, neither, or both:

Receiver

- b) Please provide your rationale for why you believe these services are either broad and general support services or inter-entity services subject to full costing.

Services are broad and general support services that are integral to the mission of the agency providing the service.

- c) If you believe these services should be considered broad and general, describe any circumstances in which the services could be considered inter-entity services subject to full costing.

Services provided are specifically or directly tied to the receiving entity's outputs.

- 6. Payment and collection services provided by Department of the Treasury - Treasury's payment function includes issuing and distributing check and electronic payments on behalf of other agencies. The collection function includes managing the collection of federal revenues such as individual and corporate

#15 USDA

1 income tax deposits, customs duties, loan repayments, fines, and proceeds from
2 leases. FASAB has already stated that check writing services, at least, should
3 be considered broad and general in nature, but should still be recognized if
4 these services are integral to the operations of the receiving entity.
5

6 a) Indicate if you are a provider, receiver, neither, or both:

7 Receiver
8

9 b) Please provide your rationale for why you believe these payment and
10 collection services provided are either broad and general support services or
11 inter-entity services subject to full costing.
12

13 **Services are broad and general support services that are integral to the**
14 **mission of the agency providing the service.**
15

16 d). If you believe these services should be considered broad and general,
17 describe specific circumstances in which these services should still be
18 recognized as an expense by the receiving entity.
19

20 **Services provided are specifically or directly tied to the receiving entity's outputs.**

QUESTIONS ON INDIVIDUAL INTER-ENTITY COSTS

The following questions pertain to directness of relationship to the entity's operation, identifiability, and individual inter-entity costs identified by preparers or auditors.

The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Standards and Concepts," contains requirements for full reporting of cost. The following extract is intended to provide background information in preparation of completing this part of the survey.

SFFAS 4, Paragraph 112 states:

"However, the situation is often different with goods or services transferred within the federal government that do not involve eventual sales to entities outside the federal government. The federal government in its entirety is an economic entity. Therefore, it is reasonable to expect some flow of goods or services between reporting entities as those entities assist each other in fulfilling their missions and operating objectives. There are some cases in which the cost of non-reimbursed or under-reimbursed goods or services from other entities need not be recognized as part of the cost of the receiving entity. The following general criteria are provided to help in determining the types of inter-entity costs that should or should not be recognized.

-Materiality – As with other accounting standards, the provisions of this standard need not be applied to immaterial items. However, in the context of deciding which inter-entity transactions are to be recognized, materiality, as used here, is directed to be the individual inter-entity transaction rather than to all inter-entity transactions as a whole. Under this concept, a much more limited recognition is intended than would be achieved by reference to the general materiality concept.

In this context, then, materiality should be considered in terms of the importance to the inter-entity transaction to the receiving entity. The importance of the transactions, and thereby their recognition, should be judged in light of the following factors:

- Significance to the entity - The cost of the goods or service is large enough that management should be aware of the cost when making decisions.
- Directness of relationship to the entity's operations - The goods or service provided is an integral part of and necessary to the output produced by the entity.
- Identifiably - The cost of the good or service provided to the entity can be matched to the entity with reasonable precision."

#15 USDA

1 7. Without regard to materiality, complete the attached form identifying all non-reimbursed
2 and under-reimbursed cost not identified previously as broad and general costs, where
3 your entity is the provider of the goods or service and where your entity is the recipient of
4 goods or services from other entities.

5
6 **No other non-reimbursed and under-reimbursed cost not previously identified.**

7
8 8. For the non-reimbursed and under-reimbursed Inter-Entity Cost identified in your table
9 as not being material, please describe why they are not considered to be material. Please
10 be specific in your reasoning. i.e., dollar value of \$x.xx is too small, the amount is only
11 x.x% of total cost, etc.

12
13 **N/A**

14
15 9. Are there any non-reimbursed and under-reimbursed Inter-Entity Cost which have been
16 identified but which your entity believes fails the qualification of having a direct relationship
17 to your entity's operations? If so, identify them and explain how these identified cost are
18 not directly related to your entities operations.

19
20 **N/A**

21
22 10. Assuming that 100% of all non-reimbursed and under-reimbursed cost must be
23 reported to all receiving activities, would your entity have any impediments to implement
24 this policy? If so, what would they be?

25
26 **No impediments identified.**

27
28 11. Is your entity providing non-reimbursed and under-reimbursed goods or services to
29 multiple other entities? And if so, can the cost be identified accurately to the
30 proper entity? For example, if you have multiple tenants in a building can the cost
31 be identified to each tenant?

32
33 **No.**

34
35 12. Is your entity receiving non-reimbursed and under-reimbursed goods or services that
36 should be further distributed to multiple responsibility segments of your organization? And
37 if so, can the cost be identified accurately to the proper responsibility segment? For
38 example, if you have multiple responsibility segments receiving free rent in a building can
39 the cost be identified to each segment?

40
41 **No.**

42
43 13. In accordance with Interpretation 6 *Accounting for Imputed Intra-departmental Costs:*
44 *An Interpretation of SFFAS 4*, please describe all intra entity non-reimbursed and under-
45 reimbursed costs determined to be material.

#15 USDA

1 **Material intra-entity costs include salaries and benefits, rent, and information**
2 **technology, systems, and services.**

3
4 14. How has your entity used the analyses from question 13 above to determine the
5 impact on cost-per-output performance measures and other relevant data in the
6 *Performance and Accountability Reports, Management's Discussion and Analysis*? How
7 does your entity currently use or plan to use non-reimbursed and under-reimbursed inter-
8 entity costs in cost per output determinations?
9

10 **Intra-entity costs are allocated to strategic goals in the PAR.**

11
12 15. How has your entity applied, or how does it intend to apply, inter-entity costs to the
13 responsibility segment level?
14

15 **Inter-entity costs will be applied directly, on a cause-and effect basis, or through**
16 **reasonable allocation.**

17
18 16. Please detail any other factors or questions specific to inter-entity non or under-
19 reimbursed costs that would inhibit you from capturing these costs in accordance with the
20 standards.
21

22 **None.**

23
24 17. Identify any non-reimbursed and under-reimbursed costs where you feel additional
25 guidance is necessary before you can identify and capture the costs. Describe the
26 issues that need to be addressed and provide your input for the issues.
27

28 **None.**

INTER-ENTITY COSTS

Reporting Entity: Department of Agriculture
 Entity POC: Kevin Close
 Phone Number: (202) 720-0990
 E-mail Address: Kevin.close@usda.gov

Receiving Entity	Providing Entity	Type of Good or Service	Material to Receiving Entity?	Period (Annual, Quarterly, Monthly)

Examples of non-reimbursed or under-reimbursed expenses:
 Rent, Utilities, Labor Cost, Unemployment Taxes.

****Please note: The instructions for this table are provided in question 7 of the attached questionnaire.