

Reimbursable Agreement Process ICASS ASP Working Capital Fund



Final Version 1.0

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List of Exhibits

Exhibit 2-1 Reimbursable Agreement Process**Error! Bookmark not defined.**

Revision Log

Date	Version No.	Description	Author	Reviewer	Review Date
2/6/17	0.1	Initial Draft	Amy Singleton/Jessica Ocampo	CGI	2/28/17
3/7/17	0.2	Amendments to Draft	Amy Singleton/Jessica Ocampo	CGI	3/9/17
4/14	1.0	Final Version	Amy Singleton	CGI	

Summary of Changes

No.	Version No.	Description	Sections Modified
1	0.1	New process guide	N/A
2	0.2	Amended agreement execution and billing roles	1,2
3	1.0	Updated collection process to include Program Element Code	1,2

1 Introduction

This document serves as a process narrative for the proposed use of the Project Cost Accounting System (PCAS) for the tracking and managing of Reimbursable Agreements funding under the International Cooperative Administrative Services Support Alternative Service Provider Working Capital Fund (ICASS ASP WCF) within the financial system, Phoenix, for United States Agency for International Development (USAID).

This document addresses the following topics:

- Overview of ICASS ASP
- Definition of Reimbursable Agreement
- Reimbursable Agreement Process and Responsibilities – ICASS ASP WCF
- Establishing and Maintaining a Program Element Notebook for the ICASS ASP WCF
- Creating Reimbursable Budget Authority within Phoenix
- Allocating spending from the ICASS ASP WCF to Reimbursable Agreements
- Generating Billing Documents for Reimbursable Activity in the ICASS ASP WCF
- Processing Cash Receipts Referencing the Program Element Notebook
- Batch Processes Used to Allocate Spending against Reimbursable Agreements
- Year-end Reimbursable Processes

1.1 Overview of ICASS ASP

The International Cooperative Administrative Support Services (ICASS) system is the principal means by which the U.S. Government provides and shares the cost of common administrative support at its more than 250 diplomatic and consular posts overseas. The Department of State (DoS) is the primary service provider and it offers administrative support services to other agencies under authorities contained in Title 22 Chapter 38 Sections 2695 and 2684 of the Code of Law of the United States. Under limited circumstances, in locations where USAID is not colocated within an embassy compound, and where it is cost-effective to do so, USAID may offer itself as an alternative service provider (ASP). Agencies select the services they would like to receive via the ICASS system from a list of cost centers (which are “bundles” of services). ICASS is, for the most part, a voluntary system. The level of participation varies from post to post, depending on need. However, it is mandatory for all Missions to subscribe to the Basic Package, Community Liaison Office, and Security Services Cost Centers. Agencies may obtain services from non-ICASS sources or self-provide services as long as there is no duplication of the ICASS platform.

1.2 What is a Reimbursable Agreement?

A reimbursable agreement is an agreement in which one entity pays or reimburses another entity in order to purchase its services or supplies and/or use its facilities or assets. The reimbursable agreements addressed in this process narrative are agreements for which USAID receives funding from other Federal agencies or internal USAID customers to provide administrative services. USAID is reimbursed at agreed upon rates for the selected services offered under USAID’s ICASS ASP WCF. The ICASS ASP WCF (Treasury Symbol 72X4513) is primarily managed by the USAID missions that act as Alternative Service Providers for ICASS services with support and oversight from the Bureau for Management, Office of Management Services, Overseas Management Division (M/MS/OMD).

USAID has authority to receive these agreements under the Section 632(b) of the Foreign Assistance Act of 1961 (FAA). For more information, please refer to the following related links:

<http://inside.usaid.gov/ADS/faa.pdf>

<https://www.usaid.gov/ads/policy/600/635>

<http://inside.usaid.gov/ADS/300/306.pdf>

<https://inside.usaid.gov/ads/policy/500/520.pdf>

1.3 Roles and Responsibilities for Reimbursable Agreements under the ICASS ASP Working Capital Fund

The following groups are involved in the Reimbursable Agreement process within the ICASS ASP WCF where USAID is the servicing agency:

- M/CFO
 - Develops, publishes, and announces financial management policy guidance and oversight for USAID’s activities and operations, including the Working Capital Fund.

- M/MS/OMD
 - Provides support and oversight for the entire USAID ICASS program operations worldwide and serves as the USAID ICASS coordinator in the ICASS Working Group Budget Committee (Budget Committee).
 - As the USAID ICASS coordinator in the Budget Committee, collects, reviews, and submits ICASS budgets submitted by ASP locations to the Budget Committee for approval and incorporation in annual budgets.
 - Reviews the ASP Memorandum of Understanding agreements executed with each customer agency and summarizes them by each Mission ASP location and customer agency.
 - Using budgets and documentation provided by Mission ASP locations and submitted and approved by the Budget Committee, submits annual budget estimations for each ASP to M/CFO for establishment of budget estimated reimbursement postings in Phoenix.
 - Assists the Bureau for Management, Office of Management Policy, Budget, and Performance (M/MPBP) in preparing the WCF request in the President’s budget by incorporating Mission data into the M/MPBP annual budget call.
 - Prepares and distributes consolidated reimbursable agreements to customer agency budget and finance offices.
 - Prepares summaries of customer billing data from each ASP Mission.
 - Notifies M/CFO of new reimbursable agreements and forwards proper documentation for apportionment and recordation of agreements in the financial system.
 - Coordinates with M/CFO/FS to execute periodic batch processes that automatically generate customer billing statements.
 - Distributes billing statements to customer agencies and manages the accounts receivable process, including coordinating with M/CFO/CAR and M/CFO/CMP to verify that IPAC

collections are received timely, posted in Phoenix, and appropriate billing documents are liquidated.

- M/CFO/CAR
 - Creates new fund codes and budgets, as needed.
 - Receives annual budget estimations for each ASP mission from M/MS/OMD to use as basis for estimated reimbursement budget entries in Phoenix.
 - Requests apportionment from Office of Management and Budget (OMB) of estimated reimbursements and distributes the funding to the apportionment level of the budget.
 - Receives signed copy of reimbursable agreements from M/MS/OMD and records agreement documents in Phoenix.
 - Notifies M/CFO/CMP of incoming IPAC.
 - Configures and maintains ICASS ASP Program Element Notebooks and coordinates batch processes with M/CFO/FS to distribute accumulated spending to customer agreements.
 - Coordinates with M/CFO/FS at fiscal year-end to facilitate close out of agreements and execution of carryover.

- M/MPBP
 - Issues allowances through the regional Bureaus.

- M/CFO/CMP
 - Processes cash receipts resulting from incoming Interagency Payment and Collections (IPAC) referencing the related unique customer agreement number and Program Element Code.

- M/CFO/FS
 - Executes Phoenix system batch processes to allocate spending to agreements based on Program Element Notebook configuration maintained by M/CFO/CAR.
 - Executes Phoenix system batch processes to generate billing and statements based on Agreement Specifications as entered in Phoenix by M/CFO/CAR and provide billing document information to M/MS/OMD to distribute to customer agencies for collection.
 - Executes Phoenix system annual close processes to close out agreements and carryover available funding to subsequent fiscal year.

- Mission Controllers and Executive Officers (EXOs)
 - Develop and submit the Mission’s proposed annual budget targets along with detailed budget narrative justification to M/MS/OMD prior to the start of each fiscal year.
 - Prepare the Memorandum of Understanding (MOU) agreements with the customer agencies.
 - Provide day-to-day management of the ICASS ASP operations, which includes maintaining customer relations for all services.

- ICASS Working Group Budget Committee (Budget Committee) and ICASS Service Center – Washington
 - Overseas the Budget formulation process, reviews, and approves ICASS ASP budgets submitted through M/MS/OMD, the Agency ICASS Coordinator.

2 Reimbursable Agreement Process

This section details the responsibilities of each office during the Reimbursable Agreement Process in the ICASS ASP WCF where USAID is the servicing agency. The process outlined here is specifically for the ICASS ASP WCF and does not apply to other USAID reimbursable agreements.

Exhibit 2-1 Reimbursable Agreement Process

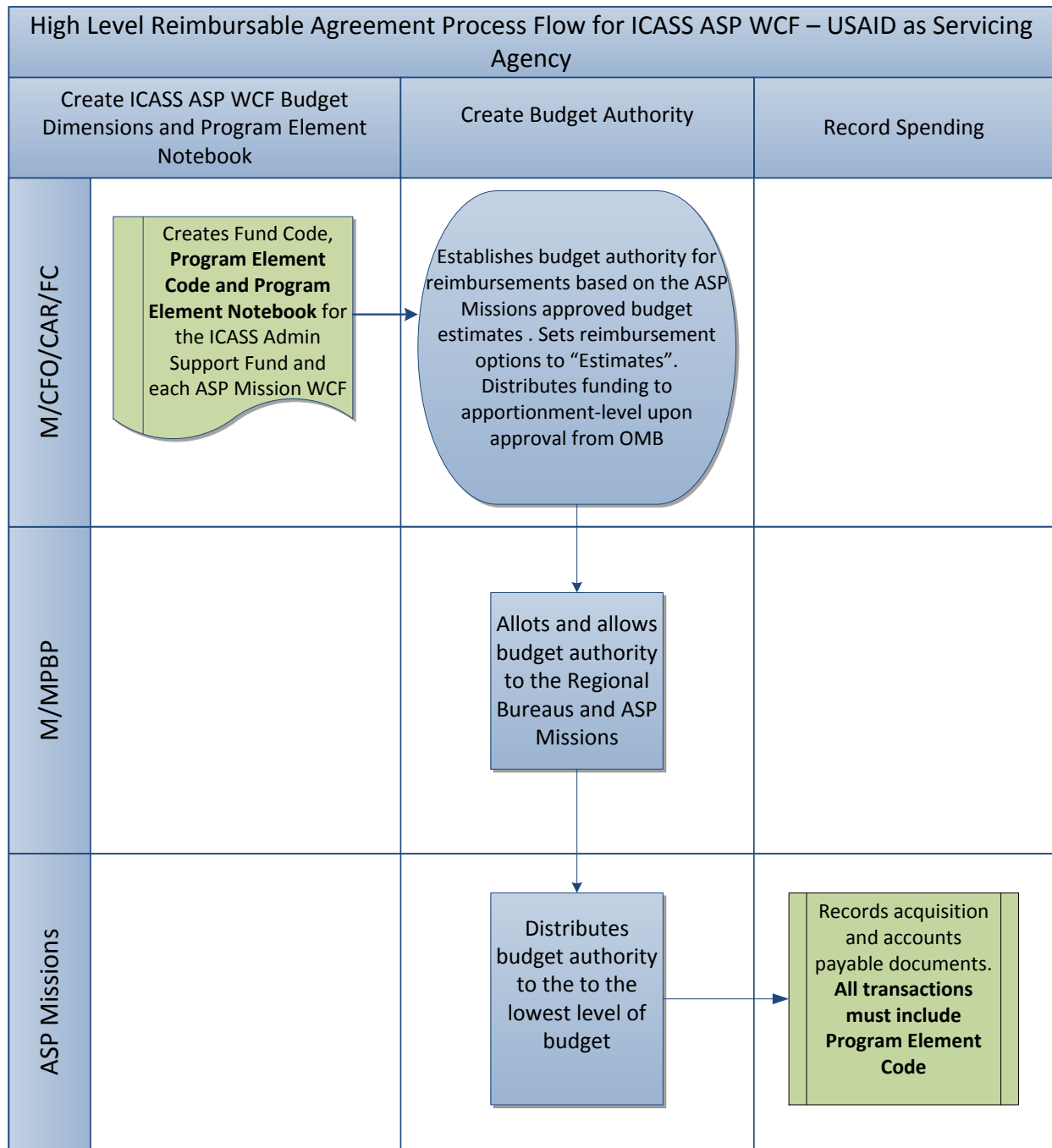
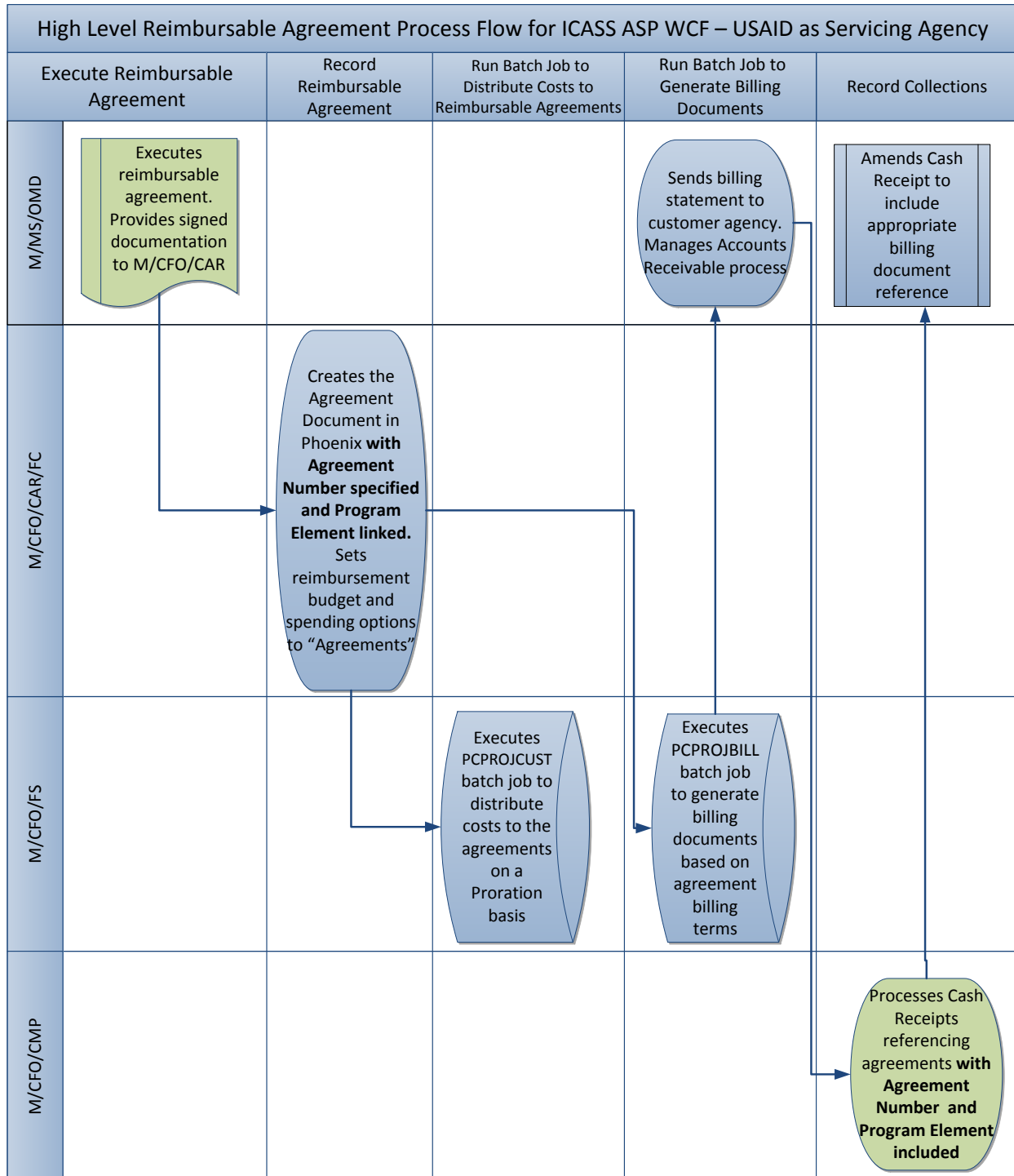


Exhibit 2-2 Reimbursable Agreement Process (Cont.)



2.1 Creating Reimbursable Funds Codes, Budgets and Program Element Notebooks in Phoenix

M/CFO/CAR/FC is responsible for creating new fund codes, budgets and Program Element Notebooks within Phoenix. Each Mission ASP requires its own working capital fund code in Phoenix. The naming convention of the ICASS ASP funds is “WC-X-*CountryCode*”. Additionally, a fund code is established for the ICASS administrative support services used by all ASP locations. This fund covers the American salary expenses of all Mission ASPs and has a naming convention of “WC-X-SPT” where SPT stands for “support”. All WC-X funds reference Treasury Symbol 72X4513, which is the ICASS working capital fund account symbol assigned by Treasury. Each fiscal year, M/CFO/CAR/FC establishes the new WCF fund codes with new Beginning Budget Fiscal Year (BBFY) equal to the current Fiscal Year (e.g., Fiscal Year 2018 for the ICASS ASP in Cairo, Egypt will have a BBFY and Fund code equal to 2018 WC-X-263 and the 2018 support fund will have a code equal to 2018 WC-X-SPT). At the start of each fiscal year, M/CFO/CAR/FC sets the reimbursable spending options on the new ICASS ASP WCF funds to “Estimated Reimbursements.” This allows the ASP locations to begin spending prior to the execution of the reimbursable agreements.

M/CFO/CAR/FC also creates and maintains a new Program Element Code and Program Element Notebooks for each ICASS ASP location for each fiscal year. USAID uses the indirect model of the Project Cost Accounting System (PCAS) in Phoenix. Under this model, all reimbursable activity for an ASP provider location is linked to a Program Element Notebook for that specific ASP location. There are two basic activities required to create a Program Element Notebook in PCAS. First, a new Program Element Code must be established on the Program Element dimensions table in Phoenix. The Program Element Code, name, effective dates, and any accounting dimension roll-ups (project type, project category, etc.) are defined in this table. The Program Element Code for the ICASS ASP WCF is formatted as follows: “*ASP_Location-fiscalyear*”. This Program Element Code represents the geographical location of the ASP’s post and the current Fiscal Year (e.g., Fiscal Year 2018 for the ICASS ASP in Cairo, Egypt will have a Program Element Code of CE-2018).

Once the Program Element Codes are established, M/CFO/CAR/FC creates a new Program Element Notebook for each code. The notebook records basic information regarding the ICASS ASP project’s general setup, status, funding and spending controls. The notebook for the ICASS ASP WCF is configured to use an Agreement-Funded model to manage funding. As the reimbursable agreements are established in Phoenix, they must reference an appropriate ICASS ASP Program Element Code. This links the agreements to the Program Element Notebook for which they provide funding. Any spending using working capital funding in the various ASP locations must reference an appropriate ICASS ASP Program Element Code. This reference links the spending to the Program Element Notebook for the ASP location. On a periodic basis, the spending linked to the notebook is distributed across the associated reimbursable agreements through proration. To enable this distribution, the notebook’s cost distribution setting is set to “Proration”. This setting proportionally distributes the Mission ASP’s current-year spending to the Mission ASP’s current-year customer agreements based on the agreement amount. If the Mission ASP’s current-year spending exceeds the total amount of agreements, carryover funding from previous fiscal years will be available to cover the overage. To facilitate the use of carryover funding in cases where there is insufficient agreement funding, the spending controls for the ICASS ASP funds are restricted by the budget availability and not the Program Element Notebooks. There are additional settings on the notebook which are discussed in further detail in the following sections.

2.2 Annual ASP Budgets, Estimated Reimbursements and Distributing Funding in the Budget

Mission Controllers and EXOs at ASP Missions develop budget targets in accordance with the annual guidelines issued by M/MS/OMD. ASP Missions generally begin developing their budget requirements each July for the coming fiscal year. Missions must compile workload counts based on DoS service provider standards for each customer subscribing to their services. Workload counts include the number of personnel served, the space occupied, and the procurements processed. Workload counts are used to distribute costs to customers.

Missions are also responsible for the following:

- Identification of all costs associated with the ASP program by using the prescribed budget spreadsheet and narrative justification format distributed by M/MS/OMD in accordance with M/MS/OMD guidelines and within the required deadlines.
- Preparation of the baseline budget in the initial budget request. This budget is based on:
 - The designated level of service being offered at post,
 - Prior year levels,
 - Non-recurrence of one-time expenses,
 - Annualization of prior year increases,
 - Additional capital requirements, and
 - Resource increases
- At the start of each fiscal year, coordination with customer agencies to sign Memoranda of Understanding (MOUs). This document confirms their subscription of service, billing terms and commit to paying for the contracted services.
 - The signed MOUs along with the budgets form the basis for the missions annual budget and ultimately reflects anticipated or estimated reimbursements expected during the year from customer agencies.
- Transmission of the proposed budget along with budget narrative justification to M/MS/OMD for technical review and submission to the Budget Committee for final approval.

For more information on the budget formation and approval process in the ICASS WCF funds see ADS 635 - <https://www.usaid.gov/ads/policy/600/635>

Upon approval of an ASP location's annual budget, M/MS/OMD informs M/CFO/CAR/FC of approved budgets and requests the establishment of Estimated Reimbursements in Phoenix and the submission of an OMB apportionment request.

M/CFO/CAR/FC submits an OMB apportionment request for the the estimated reimbursements. Upon approval of the apportionment request, M/CFO/CAR/FC records estimated reimbursements in the applicable ICASS ASP funds based on the distribution outlined in the approved budget documentation received from M/MS/OMD. M/CFO/CAR/FC distributes the funding to the apportionment level of the budget in Phoenix. M/CFO/CAR/FC then notifies M/MPBP that the funding is available for further distribution.

M/MPBP allots the funding and then notifies the appropriate Bureaus whom distributes the funding to the lowest level of the budget making it available for new spending. The budget documents used for the distribution process do not require Program Element Codes or Agreement Numbers and follow the typical funding distribution flow used agency-wide.

2.3 Execute a Reimbursable Agreement for the ICASS ASP Working Capital Fund

At the start of each fiscal year, customer agencies sign Memoranda of Understanding (MOUs). These documents confirm their subscription of service, billing terms and commitment to paying for the contracted services; however, they do not outline the specific cost of services. Once the annual budget is approved by the Budget Committee (as outlined above), M/MS/OMD informs the ASP Mission Controllers and EXOs. At that time, the ASP Mission uses the ICASS software to formulate a more detailed, line-item budget based on the approved budget target. This information is documented by the ICASS Service Center (ISC). Using both the USAID ASP and the DoS ICASS budgets, the ISC prepares a summary of charges by customer agency. M/MS/OMD utilizes this information to prepare the reimbursable agreements for the customer agencies. Upon receipt of the signed reimbursable agreements from the customer agencies, M/MS/OMD transmits this documentation to M/CFO/CAR/FC.

2.4 Recording the Reimbursable Agreement in Phoenix

Upon receipt of the signed reimbursable agreements from M/MS/OMD, M/CFO/CAR/FC records each customer reimbursable agreement in Phoenix. The agreements are from both external federal agencies and internal USAID customers (namely the mission itself). M/CFO/CAR/FC records these agreements in Phoenix as External Indirect Agreement (EA) document for the external customers or Internal Indirect Agreements (IA) documents for the internal customers (ie. The local mission for the services it will receive from ICASS ASP WCF). Each agreement document recorded in Phoenix has one line for each ASP location where the customer will receive ICASS services, as well as a line for the ICASS WCF administrative support fund (WC-X-SPT). M/CFO/CAR/FC includes the applicable Program Element Code on each line of the agreement document in Phoenix. Use of the ASP location's Program Element Code enables the reimbursable agreement to be linked to the ASP location's Program Element Notebook. Additionally, the internal agreements lines must include the funding cites for both the buyer (the mission) and seller (the ICASS ASP WCF) side of the transaction.

Once all of the executed reimbursable agreements are recorded in Phoenix M/CFO/CAR/FC updates the reimbursable budget and spending settings on the ICASS ASP WCF funds from "Estimated Reimbursements" to "Agreements." This change limits reimbursable funding in the budget to the amounts in the executed reimbursable agreements.

2.5 Recording Spending in the ICASS WCF

Once budget authority has been distributed to the lowest budget level, the mission creates commitment documents in Phoenix to commit funds for future purchases. These documents must include the Program Element Code "*ASP_Location-fiscalyear.*" Documents further down in the spending chain such as obligations and expenditure documents recorded in the ICASS ASP WCF must use the same Program Element Code. Consistent use of the Program Element Code enables all activity related to the ICASS ASP WCF to be linked to the ASP location's Program Element Notebook. The activity is allocated to the reimbursable agreement via automated functions in PCAS (discussed in more detail in Section 2.6). Use of the "copy forward" functionality is encouraged to facilitate the consistent entry of the Program Element Code on all spending transactions in Phoenix. Additionally, users entering activity against the ICASS ASP WCF funds are required to enter the Program Element field via system edits.

2.6 Distributing Spending to the Reimbursable Agreement

As outlined above, under the indirect agreement model, spending activity related to each ICASS ASP location is linked to a Program Element Notebook for each ASP location through the common use of the related Program Element Code. Additionally all of the customer reimbursable agreements for each ASP location are linked to the the Program Element Notebook by the same Program Element Code. Through the automated batch process Project-to-Customer Distribution (PCPROJCUST), spending that is accumulated in the notebook is distributed to customer reimbursable agreements. M/CFO/FS is responsible for executing this batch process.

The PCPROJCUST batch process distributes spending allocated to the ICASS ASP locations Program Element Notebooks to the ICASS ASP location’s customer agreements. The notebook’s distribution settings determine the distribution scope and method. The distribution setting provides the option to perform either an incremental or cumulative distribution. The incremental distribution allocates only those notebook’s accumulated spending since the last distribution. The cumulative distribution is retroactive and will redistribute all spending each time that the process runs. Under the ICASS ASP WCF project, spending will be distributed to reimbursable agreements through proration. This distribution model allocates spending to agreement lines based on the relative share of funding specified on the reimbursable agreement.

2.7 Generate Customer Billing Documents

As stated in Section 2.2, the MOUs signed by the customer agencies outline the terms of billing for each customer agency. The standard billing terms outlined in the MOUs specify a minimum of two billings per year. Typically the initial bill equals 60 percent of the agreement amount; while the final bill equals the total agreement amount due less any collections received from the customer agency. As a result of this arrangement, the billing documents recorded in Phoenix against the customer agency is based on the agreement terms instead of accumulated spending. The Project Bill Generation PCPROJBILL automatically generates billing documents for customer agencies. M/CFO/FS executes this batch process in coordination with M/MS/OMD, once or twice a year, based on the terms of the customer agreements. Due to the nature of the external agreement documents recorded in Phoenix for the ICASS ASP WCF, one billing document is generated for each Mission ASP and customer agency cost center. M/CFO/FS executes a subsequent batch process, Bill Generation Process (ARBILLGEN), in coordination with M/MS/OMD in order to generate the actual invoices to be submitted to the customer agencies. This batch process can also group these invoices together to create a singular PDF statement by customer agency for all ICASS ASP charges. The invoice and /or statement is then submitted to the customer agency by M/MS/OMD for payment.

M/MS/OMD notifies M/CFO/CMP of an incoming IPAC from the customer agencies and provides M/CFO/CMP with completed SF-1081 documents which outline how these collections are recorded, including which billing documents are liquidated by the incoming IPAC collections.

For those internal indirect agreements where USAID is the customer agency, the PCPROJBILL generates an Internal Voucher (NV) document using funding information pulled from the agreement line. This NV document records an expenditure for the USAID customer agency (buyer) and a revenue transaction for the ASP Mission (seller). PCPROJBILL has the flexibility to generate these NVs in either a “Held” or “Processed” status. The USAID customer agency is responsible for processing held NV forms.

2.8 Collections for Reimbursement Agreement

M/CFO/CMP is responsible for recording collections in the ICASS ASP WCF from external customer agencies. These cash receipts (CRs) are received as an intra-governmental transfers through IPAC. The collection documents recorded to post the IPAC collections in Phoenix should be posted based on the instructions received via the completed SF-1081 and should liquidate the billing documents outlined in this documentation. Like the agreement documents and the billing documents, the collection documents are recorded at the appropriation level of the budget with revenue source code “REIM-IND.”

Additionally, these collections must include the agreement number and Program Element Code from the agreement document to properly designate the collection to the corresponding agreement. Use of the “copy forward” functionality is encouraged to facilitate the proper posting of these collection documents in Phoenix. CR document lines should be copied forward from the related billing documents cited in the SF-1081. This method will ease data entry and help verify that the billing documents are properly liquidated and the appropriate agreements are updated with the collection amounts.

2.9 Annual Close: Carryover (CARRYOVER)

The activities in the previous sections will be performed at various times throughout the year as part of normal fiscal year activities.

The ICASS ASP WCF is a no-year intergovernmental revolving fund. No-year funds are available until expended; however, unobligated balances must be reapportioned to the fund by OMB for the amounts to be carried over to the next fiscal year. This movement of funds at the appropriation level is performed by the CARRYOVER batch process executed by M/CFO/FS at year-end. Under ICASS rules, the carried over availability should return to the ASP Mission to support operations in the current fiscal year; the carryover applied reduces the year’s invoice amount. Customer agencies of the USAID ASP are aware of this policy. M/CFO/FS will execute the CARRYOVER process in accordance with M/CFO/CAR/FC during the standard Annual Close procedure.