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ADS Chapter 635

Working Capital Fund

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 ADS 635 – Working Capital Fund
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ADS 635 –Working Capital Fund

635.1 OVERVIEW

Effective Date: 11/02/2018

This chapter describes the policy directives and required procedures for using the Foreign Assistance Act of 1961, Department of State International Cooperative Administrative Support Services (ICAAS) Alternate Service Provider (ASP) Working Capital Fund (WCF) Treasury Account 72X4315.

[Section 635\(m\) of the Foreign Assistance Act \(FAA\) of 1961](#), as amended, authorized the United States Agency for International Development's (USAID) Working Capital Fund (WCF). The WCF finances the costs incurred by USAID Missions when providing administrative support to other agencies under the International Cooperative Administrative Support Services (ICASS) program (see [ADS 520, International Cooperative Administrative Support Services \(ICASS\)](#) for specific information on becoming an ICASS Alternative Service Provider (ASP)).

The FAA also authorizes USAID to deposit the rebates it earns from the use of U.S. Government credit cards into the WCF, which can then be used to capitalize the fund or other uses deemed appropriate (see **635.3.3**).

The WCF is a no-year fund. No-year funds are available until expended; however, unobligated balances must be reappropriated to the fund by the Office of Management and Budget (OMB) for the amounts to be carried over to the next fiscal year. This advantage provides fiscal flexibility and helps to coordinate multi-year planning by enabling managers to make long-term decisions without the constraints of the fiscal year cycle.

635.2 PRIMARY RESPONSIBILITIES

Effective Date: 11/02/2018

- a. The **Bureau for Management, Office of the Chief Financial Officer (M/CFO)** develops, publishes, and announces financial management policy guidance and oversight for USAID's activities and operations, including the WCF.
- b. **Mission Executive Officers (EXOs)**, in coordination with the Mission Controllers, develop the Mission's detailed budget narrative justification, which defends the proposed budget targets. The EXO, **in coordination with the Mission Controllers**, also prepare the Memorandum of Understanding (MOU) agreements with the customer agencies. The EXO provides day-to-day management of the ICASS ASP operations, which includes maintaining customer relations for all services.
- c. The **Bureau for Management, Office of Management Services, Overseas Management Division (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).

d. The **Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (M/CFO/CAR)** manages the funds control process from the Washington level, requesting apportionments from the Office of Management and Budget (OMB), and distributing funds to individual Mission ASPs based on budgets established by M/MS/OMD.

e. The **Bureau for Management, Office of Management Policy, Budget, and Performance, Budget Division (M/MPBP/BUD)** issues allotments in Phoenix to the Regional Bureaus after M/CFO/CAR apportions funds in Phoenix.

f. **Regional Bureaus** issue WCF budget allowances to the Missions for ASP expenses after M/MPBP/BUD allots funds.

g. **Mission Controllers** ensure that sufficient appropriated funds are available to pay USAID's portion of ASP expenses and record financial transactions for the ICASS ASP WCF promptly in the official accounting system. The Mission Controller also ensures that all spending transactions (i.e. pre-commitments, commitments, obligations, and expenditures) reference the appropriate ICASS ASP Program Element code. The Mission Controller is responsible for recording and maintaining files on delegated obligations. The Mission Controller also reviews the ASP budget prepared by the Mission Executive Officer and submits it to M/MS/OMD.

h. The Bureau for Management, Office of the Chief Financial Officer, Financial Systems Division (M/CFO/FS):

- Executes Phoenix system batch processes to allocate spending to agreements based on Program Element Notebook configuration;
- Executes Phoenix system batch processes to generate billing and statements based on Agreement Specifications;
- Provide billing document information to M/MS/OMD to distribute to customer agencies for collection; and
- Executes batch processes to close-out agreements and carryover available funding to the subsequent fiscal year as part of annual close.

i. The **Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payments Division (M/CFO/CMP)** collects invoiced ASP funds from customer agencies through the Department of the Treasury's Interagency Payment and Collection (IPAC) system. M/CFO/CMP also processes cash receipts resulting from incoming Interagency Payment and Collections (referencing the related unique customer agreement number and Program Element Code).

635.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 11/02/2018

International Cooperative Administrative Support Services (ICASS) Alternative Service Providers (ASPs) administering Working Capital Funds (WCF) must follow the applicable budget, finance, and financial management policy directives and required procedures. The policy directives and required procedures related to the WCF are described in this ADS chapter and ADS chapters [520](#), [621](#), [630](#), and [631](#).

635.3.1 Financial Documentation Responsibilities

Effective Date: 11/02/2018

Financial documentation is any material or data that impacts, or results in, financial activity. It includes any source material causing or resulting in a financial transaction. Contracting Officer's Technical Representatives (CORs) and Agreement Officer's Technical Representatives (AORs) are responsible for retaining financial documentation.

CORs and AORs use the following basic financial documentation retention rules:

- If an action will result in a financial transaction, it must be documented.
- Source documentation must be readily available for audit by either the Office of Inspector General or another responsible audit entity.
- Financial documents should be retained for a specified period of time as referenced in [ADS 502, The USAID Records Management Program](#). The financial Records Disposition Schedules are located in [ADS 502 section 502.4, under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records, and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records](#) (Also, see the [National Archives and Records Administration \(NARA\) General Records Schedules \(GRS\) 6 and 7](#), Accountable Officers' Account Records and Expenditure Accounting Records, respectively).

635.3.2 Cost Recovery

Effective Date: 11/02/2018

[FAA 635\(m\)\(3\)](#) states, "The fund shall be reimbursed or credited with advance payments for services, equipment, or supplies provided ...at rates that will recover total expenses of operation, including accrual of annual leave and depreciation. Receipts from the disposal of or payments for the loss or damage to, property held in the fund, rebates, reimbursements, refunds, and other credits applicable to the operation of the fund may be deposited in the fund."

Missions must ensure that all WCF costs are accounted for in a manner that complies with the Federal Accounting Standards Advisory Board's [Statement of Federal Financial Accounting Standards No. 4, Managerial Cost Accounting Standards for the Federal Government](#) (SFFAS).

Missions must charge their customers for the total cost of doing business in order to fully recover the funds they spend providing ICASS ASPs goods and services ([Foreign Assistance Act, Section 632\(g\)](#)). In other words, you must manage the ICASS ASP WCF on a full-cost recovery basis so that the Missions capture all direct and indirect costs for a 100 percent cost reimbursement. Recoverable costs can be categorized into three distinct categories: direct costs, indirect costs, and overhead costs.

All recoverable costs must be factored into the resource justification submitted to the M/MS/OMD on an annual basis. Adjustments for underestimated costs may be included in the following year's budget.

FAA 635(g) states that any appropriation or account available to carry out provisions of Part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under Part I: Provided, that as of the end of such fiscal year such expenses must be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes.

a. Direct costs. This category contains salary and benefits, including American and Foreign Service National (FSN) staff support that directly provide ASP services to customer agencies and expenses that are readily identifiable with the service. Direct costs for staff support include:

- Office and residential rent,
- Utility costs,
- Training and travel expenses,
- Rest and relaxation and home leave travel,
- Post assignment travel,
- Education allowances,
- Post-paid cost of living allowance (COLA),
- *Accrued annual leave, and
- *Depreciation.

Missions may base allocation of any shared costs for staff that directly provide ASP service on a proportionate basis of square meters occupied for rent and utilities, which means you may distribute the costs of shared space on a proportionate basis. Direct costs also include expenses that are identifiable with a service, but not always tied to a specific individual, such as motor fuel for vehicle operations, lease costs for a warehouse, and purchases for equipment.

b. Indirect costs. Indirect costs are those costs for personnel who provide support only to USAID ASP staff. Some examples of indirect costs are:

- Proportional shares of salary and benefit expenses for administrative functions, such as procurement staff time devoted to Non-Expendable Property (NXP) acquisition of ASP equipment and supplies.
- Human resources staff who administer defined benefit programs for employees working in the ASP program.

Missions must incorporate salaries, benefits, and support costs for staff that indirectly support ASP operations into the budget that is constructed within the ICASS ASP software. If the sum of all such costs is less than \$50,000, the costs may be allocated to the non-ASP administrative services cost center (0009). If the salary and support costs exceed \$50,000, **ASP Missions** must allocate the amounts to the appropriate ICASS cost center, and the workload for those cost centers must be charged to Agency code 7203.3, Alternate Service Provider. This allocation will result in a distribution of those costs only to agencies that receive ASP services. These costs must also be factored into the resource justification submitted to the M/MS/OMD on an annual basis. USAID will recover its costs through the invoicing of customer agencies serviced at Missions and through any other USAID program accounts that are properly chargeable.

c. Overhead costs. Overhead costs are those costs that cannot be associated directly or indirectly with a discrete set of ASP activities. Some examples of overhead costs are:

- Postage,
- Toll calls,
- Post office box rentals, and
- Office machine repairs.

Missions must identify and incorporate overhead costs into the ICASS overhead cost center (8790).

635.3.3 Rebates from Government-Sponsored Travel and Purchase Cards
Effective Date: 11/02/2018

Under the GSA Smartpay contract, USAID earns rebates from the vendor for the use of travel and purchase cards (see [ADS 331, USAID Worldwide Purchase Card Program](#)). The vendor issues a consolidated quarterly rebate check to USAID which is processed by M/CFO/CAR for deposit and posting to the USAID Working Capital Fund (WCF).

[FAA 635\(m\)](#) authorizes the use of rebates from the Agency sponsored travel and purchase cards to fund the USAID WCF. USAID/W centrally receives the card rebates and deposits them in the Treasury Account Symbol (TAS) 72X4513, Working Capital Fund – No Year account, [Phoenix Fund Code WC-X](#).

OMB apportions available receipts as part of the overall WCF. After OMB apportions the funds to USAID, the Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting (M/CFO/CAR) in turn apportions the funds in Phoenix. The Bureau for Management, Office of Management Policy, Budget, and Performance [Budget Division](#) (M/MPBP/BUD) then allots the funds to [Regional](#) Bureaus for [them to allow funds in Phoenix](#) to the Missions.

WCFs derived from credit card rebates, as opposed to reimbursements for Mission ASP services, must be made available for either the support or expansion of the card programs or ASP support activities. Examples of ASP support services include those costs not directly reimbursable by clients, such as incidental expenses for ASP conferences, temporary duty travel to assist new ASP Missions, and contract staff who assist ASP Missions. M/MPBP/BUD determines the distribution of available funds based on requirements that broadly support the Agency. Current and prospective ASP Missions and Washington Bureaus may request non-reimbursable WCF funding through the Bureau for Management, Management Service, Overseas Management Division (M/MS/OMD) from M/MPBP/BUD if they can demonstrate a clear relationship between their funding requirements and the ASP program.

635.3.4 ICASS WCF Budget Procedures for the ASP

Effective Date: 05/08/2008

The following topics are discussed in **635.3.4**:

- Activities required for developing annual budget targets;
- Submission of the budget for the approval process; and
- Execution of approved budgetary resources for the USAID ICASS ASP.

635.3.4.1 Washington Funds Control

Effective Date: 11/02/2018

[M/CFO/CAR Funds Control](#) records available funds in Phoenix based on budgets established by M/MS/OMD and approved by ICASS. Funds Control sends annual

apportionment requests to the Office of Management and Budget (OMB) for new fiscal year availability at the beginning of the year and for unspent carryover funds at the end of the year. Upon apportionment by OMB, Funds Control distributes funds to individual Mission ASP fund codes in Phoenix. Funds Control configures and maintains individual Mission ASP Program Element Notebooks in Phoenix. Program Element Notebooks are used to track all reimbursable costs incurred by each Mission in relation to the customer agreements recorded in Phoenix. Funds Control coordinates batch processes with the CFO financial systems team to distribute accumulated spending to customer agreements in Phoenix. At fiscal year end, Funds Control coordinates with the CFO financial systems team to facilitate the close-out of agreements and execution of carryover of unspent funds into the new fiscal year.

The USAID ICASS coordinator (M/MS/OMD) represents USAID in the interagency ICASS Budget Committee. The coordinator

- 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, Budget Division (M/MPBP/BUD) 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.

635.3.4.2 Missions

Effective Date: 11/02/2018

ASP Missions require that the Executive Officers (EXOs), in coordination with Controllers, develop budget targets in accordance with the annual guidelines issued by M/MS/OMD and in conjunction with their OE and program support cost budgets (see [ADS 527, Functions of the Mission Executive Officer](#)). ASP Missions generally begin developing their budget requirements each July for the coming fiscal year. However, the ICASS Service Center's guidance and timetables may affect the timing of the budget process.

Missions must compile workload counts based on Department of State ICASS 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. The local ICASS Council must approve these statistics.

Missions are also responsible for the following:

- a. 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.
- b. 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.
- c. Primary application of estimated carryover in the budget targets to one-time new requirements. This will minimize impacts on the current year budget and present a better picture of what ongoing resource requirements are necessary to perform ASP services.

d. Reasons for increases in a Mission's budget may include:

- Additional staff devoted to ASP activity;
- Increases to the local compensation plan for staff devoted to ASP activity;
- Annualized cost increments for services introduced in a prior fiscal year (for example, replacement of non-expendable property, leasing of additional warehouse space, or office facilities and utilities);
- Exchange rate adjustments; and
- **New services are added.**

e. Transmission of the budget requests to M/MS/OMD.

f. Preparation of budgets in the ICASS software that conform to target levels approved by the Interagency Budget Committee.

g. Preparation of reports from the ICASS software for local ICASS Councils containing explanations of its proposals for using the resources in its approved budget target.

h. Submission of the ICASS software-developed budgets to M/MS/OMD for technical review.

i. Submission of ASP invoices to customer agencies either (a) after the budget has been submitted or (b) after the ICASS Service Center sends recomputed invoices when ASP and State ICASS providers cross service each other (see **635.3.7.e** for an explanation of cross service arrangements).

j. Reporting to the ICASS Service Center the number of agencies that signed its invoices within 10 days after M/MS/OMD received the budgets, including recalculated invoices from cross-serviced posts that the Service Center sent out.

635.3.4.3 ICASS Inter-Agency Working Group (IWG)

Effective Date: 05/08/2008

An ICASS IWG is a committee that represents the various inter-agency ICASS agencies receiving services and providing services to other agencies at Post.

635.3.4.4 ICASS Working Group Budget Committee (Budget Committee) – Washington

Effective Date: 05/08/2008

The ICASS Budget Committee is the IWG designated to review all ICASS budgets submitted for conformance to budget guidance as well as narrative justifications.

The IWG, Budget Committee is responsible for:

- Reviewing and approving ICASS budgets submitted by ASP posts through the M/MS/OMD ICASS coordinator, and
- Approving ICASS budgets that have conditions.

635.3.4.5 ICASS Service Center – Washington

Effective Date: 11/02/2018

The ICASS Service Center documents ICASS Budget Committee approvals of agencies' current year budget targets as submitted or with specific conditions.

The ICASS Service Center performs these other functions:

- Serves as the initial point of contact for the Mission's budget submission;
- Distributes ICASS invoices to ASP Missions;
- Coordinates activities and services among the various ICASS posts;
- Coordinates development of the ICASS ASP software by contract staff for use in preparing ICASS budget targets;
- Facilitates testing of the ICASS ASP budget software;
- Facilitates training of staff in the use of the ICASS ASP budget software;
- Oversees the budget formulation process;
- Issues cable advice for approved budgets; and
- Computes and issues invoices to customer agencies based on each customer's share of ICASS redistribution charges for those Missions that have State ICASS as a customer agency (see 635.7 d).

635.3.4.6 ICASS Council (At Post)

Effective Date: 05/08/2008

ICASS Council at post evaluates cost and staffing alternatives and approves the local Mission's ASP budget.

635.3.4.7 Customer Agencies

Effective Date: 05/08/2008

Customer agencies at post are responsible for reviewing and signing the ICASS invoice and returning it to the USAID Mission ASP's designated representative within 10 business days of receipt. ASP customers who wish to contest and do not sign their invoice must follow the ICASS dispute resolution procedure listed at [6 FAH-5 H-440](#). The ICASS Council at post is the initial point of contact for the process. [6 FAH-5 H-443](#) describes the resolution process in detail.

635.3.5 USAID Budgetary Process and Controls

Effective Date: 11/02/2018

After the IWG Budget Committee approves the ASP Missions' budget targets, the ICASS Service Center will formally notify USAID. This serves as the official notification to the Agency that the budgetary resources are available. The commitment of the funds by the agencies for which USAID will provide services at post is evidenced by the approval of the current year budget targets.

Budgetary resources made available through the ICASS-ASP Working Capital Fund process are subject to USAID budget and funds control processes in the same manner and with the same restrictions as any other appropriated amount made available to the Agency (see [ADS 601](#), [602](#), [603](#), and [634](#)). Funds received from other agencies are recognized in Phoenix as budget availability and must be apportioned by OMB before any obligation is established in the WCF account.

OMB will apportion the full amount of the approved ICASS budget targets as presented in the M/CFO/CAR apportionment request at the beginning of the fiscal year. The apportionment constitutes the formal budget authority for the WCF. The WCF budget and the accompanying apportionment request are based on anticipated reimbursements. M/CFO/CAR Funds Control (FC) posts apportionment amounts in Phoenix in fund codes designated by ASP location (i.e., WC-X-263 for Egypt) and allows the funds to the applicable Bureau. The Bureau suballows the funds to the Missions.

The WCF is a no-year intragovernmental revolving fund. No-year funds are available until expended; however, at the beginning of each year prior year unobligated balances and deobligations must be reapportioned by OMB. Each August, the M/CFO/CAR Funds Control submits to OMB the estimated funds to be carried over as of September 30th of the current year for the following fiscal year. Advance reapportionment allows for a continuity of budgetary resources at the start of the new fiscal year.

Valid unliquidated obligations must remain in the obligation to ensure proper accountability of carryover funding. Unliquidated obligations must demonstrate a legitimate, continuing bona fide need. If a need does not exist, the amounts must be de-obligated. Additional forward funding guidelines for ASP activities are presented in **635.3.11**. In addition, ASP management must establish adequate and reasonable

management controls in accordance with [ADS 596, Management's Responsibility for Internal Control](#).

635.3.6 Mission WCF Control Process

Effective Date: 11/02/2018

At the beginning of the fiscal year, M/MS/OMD coordinates with M/CFO/CAR to make WCFs available to finance ASP operations during the year. M/CFO/CAR Funds Control records budget execution documents to the individual Mission fund code to establish budget authority based on the estimated budget targets of each ASP. In addition, the Mission's ICASS ASP Phoenix Program Element code is used to track all reimbursable agreement activity for the Mission and indirectly links it to customer agreements recorded in Phoenix.

In October, M/MPBP allows approximately 50 percent of the funding to Regional Bureaus, which in turn allows the funds to the ASP Missions. M/MPBP distributes the remaining balance to the ASP Missions incrementally with the final distribution being made after the local ICASS council approves the final budget.

Once the ICASS Budget Committee approves the final budget, the ICASS Service Center will communicate advice concerning the approval via Department of State cable. M/CFO/CAR will prepare External and Internal Agreement Documents (ES and IS, respectively) in Phoenix to record the Committee's approved reimbursable agreement between the ASP Missions and customer agency. M/CFO/CAR will update the WCF budget authority based on the approved agreements recorded in Phoenix. M/CFO/CAR has established a Phoenix WCF account for the Missions operating as ASPs. Each of these Missions has a unique Phoenix fund code, which identifies the Mission and the funding type.

635.3.7 Missions' ASP Budgets and Invoice Distribution

Effective Date: 11/02/2018

This subsection provides the guidance for ASP Missions in the preparation of the annual budget for approval by the local ICASS Council and the distribution of invoices for customer agencies serviced at Post.

- a. **Initial Budget.** During the month of July, EXOs, in coordination with their Controller's Office, develop initial budget requirements based on instructional guidance from the M/MS/OMD. The EXO sends the initial budget to M/MS/OMD for review. M/MS/OMD reviews the initial budget and prepares justifications for the ICASS Budget Committee (BC). Subsequent to BC approval, Mission EXOs must prepare and submit their proposed ASP budget to their local ICASS Council indicating projected costs for the fiscal year. It is important to capture and include in the ASP budget and invoices all direct, indirect, and overhead costs (see **635.3.2, Cost Recovery**).

During November, through the ICASS Service Center, M/MS/OMD will summarize and submit the initial budget to the Budget Committee. The Budget Committee can approve the budget as provided or approve it with conditions. Once approved, the Budget Committee issues a cable showing the authorized ASP budget.

During the second quarter of the fiscal year, Missions must evaluate the initial budget to determine whether it remains reasonable. Budgets can only be adjusted for valid reasons, such as unanticipated emergencies, compensating for changes in foreign exchange rates, or reducing estimates that were set too high. Submit requests for adjustments to M/MS/OMD for review and presentation to the Budget Committee.

In March **or April**, M/MS/OMD presents the final budget to the Budget Committee for approval of any adjusted budget levels.

- b. ICASS Council.** During the previous fiscal year, the post ICASS Council Budget Committees review workload counts and staff time allocations prepared by their respective ASP Mission. The workload counts form the basis for distributing the budget amounts among the customer agencies.

Upon receipt of the proposed budgets from M/MS/OMD, the Budget Committees evaluate cost and staffing alternatives for the Mission based on customer priorities and funds available. The Council has the discretion to modify the Mission's proposed ASP budget.

- c. ICASS Software.** EXOs are required to use the post's ICASS software ASP node to prepare their ASP budgets. Missions that use ICASS software to prepare invoices must allocate any time spent using the software on non-ICASS tasks to the non-ICASS administrative cost center. The software produces standard reports showing the ASP budget by object class code, the total cost of each service, the distribution of costs to all customers, and the unit cost for each service. The EXO must provide these reports to the ICASS Council at post to assist in the review of the ASP budget.
- d. Cross Serviced Posts.** If necessary, during December, the ICASS Service Center redistributes the invoices for cross serviced posts. **These are known as service provider redistribution invoices.**

Where an ASP provides services to or receives services from the Department of State ICASS, the ICASS software will generate invoices to the provider. Because the providers receive funding only from the end-users, the providers must redistribute the invoices to those customers. The ICASS Service Center electronically transmits these invoices to the ASP and State ICASS service provider for appropriate circulation and signature. Agencies have 10 business days to review and authorize the invoices or to initiate the dispute process.

635.3.8 **USAID/W Preparation of Reimbursable Agreements and Billing and Collection of ASP Funding**
Effective Date: 11/02/2018

This subsection provides the mandatory guidance for preparation of reimbursable agreements with customer agencies at post and the billing and collection of funding for ASP operations.

When the local ICASS Council approves the ASP budgets at post, those budgets are forwarded to the ICASS Service Center (SC) in Washington. The ICASS Service Center summarizes the budget data by customer agency and forwards the summary data, with back up documentation, to **M/MS/OMD**.

M/MS/OMD prepares reimbursable agreements for approval by the customer agency. **M/MS/OMD** performs this once per year after final Mission budgets have been approved. **M/MS/OMD** provides estimated reimbursable amounts to customer agencies after initial budgets have been approved; however, reimbursable agreements are not initiated at that time. **M/MS/OMD** provides the reimbursable agreement documentation to **M/CFO/CAR** to record in Phoenix. The customer agency is responsible for returning the signed agreement with all necessary fiscal data required to complete an IPAC transaction within 30 days of receipt of the document. **M/MS/OMD** coordinates with **M/CFO/FS** and **M/CFO/CMP** on billings and collections.

Once **M/CFO/CAR** records the final reimbursable agreements in Phoenix, **M/MS/OMD** and **M/CFO/FS** will collaborate to run batch processes to record accounts receivables in the financial system and generate a summarized billing statement (or invoice) for each customer agency. **M/MS/OMD** will provide these invoices to the customer agency's headquarters. After the customer agency acknowledges receipt of both the reimbursable agreement and invoice, it signs and returns the agreement. The signed agreement contains billing data added by the customer agency, including the customer agency's Agency Location Code (ALC), obligation number, Treasury Account symbol (TAS), Business Event Transaction Code (BETC), and billing agency point of contact. **M/MS/OMD** sends the signed reimbursable agreement to **M/CFO/CMP** for billing through the Interagency Payment and Collection (IPAC) system to collect the funds from customer agencies.

M/MS/OMD coordinates with **M/CFO/CMP** to collect funds from the ASP's customer agencies via IPAC. Upon collection of funding, **M/CFO/CMP** must ensure that the proper WCF accounts are credited. **M/MS/OMD** submits reimbursable agreements to the ASP's customer agencies once it is notified the customer agencies have signed their final ICASS invoices. The amount collected is equal to 100 percent of the final invoices to include service provider redistribution amounts calculated by the ICASS Service Center. Billing is done approximately in the fourth quarter of each fiscal year. **M/MS/OMD** also coordinates collections from the Missions based on invoices to the operating expenses (OE) and program accounts generated from the ICASS ASP software. Budget authority is established independently of the collection process (see **635.3.6**).

M/MPBP coordinates with M/CFO/WFS to ensure that funds collected are credited either to a Mission's WCF account or to the central OE reimbursable account. With the exception of U.S. Direct-Hire (USDH) salaries, funds collected from all customer agencies, including USAID, are recorded into the Mission's specific WCF account. The amounts collected for USDH salaries, which were originally charged to the USAID central OE account and that are not obligated by the Mission, must be credited into the central OE reimbursable account. M/CFO/CAR apportions the remaining funds in Phoenix to the Mission's specific WCF account. M/MPBP must allot the funds and issue allowances to the Missions through their Regional Bureau.

635.3.9 Closeout of ASP Missions

Effective Date: 11/02/2018

Missions that have ceased operations as an ICASS ASP must conduct an orderly and timely close out of operations, including the disposition of residual funding.

Closeout Procedures

Missions planning to close out their ASP in the current fiscal year should make every attempt to utilize existing funding and de-obligate unnecessary funds before the fiscal year ends.

When a Mission ceases to be an ASP at post and a successor ICASS service provider takes over the subscriber service, USAID's M/CFO/CAR will transfer all assets, including carryover residual funding (over the de minimis amount of \$1,000), to the successor. [FAA Section 632\(b\)](#) gives USAID the authority for this transfer. The transfer process must include careful reviews of all unexpended WCF ASP balances, USAID ASP contract commitments, and any contingent liability associated with the ASP program at post prior to the transfer.

After the closeout date, net recoveries (de-obligations minus upward adjustments within the same month) will no longer be available for the closed ASP. Any recoveries of amounts over the de minimis amount of \$1,000 become subject to transfer to the successor provider. M/CFO/CAR Funds Control will conduct transfers to State annually. Once the SF-132 Apportionment for transfer is approved by OMB for both USAID and State, Funds Control processes the transfer out in Treasury's GWA system and simultaneously forwards the transfer information to the State Accountant in the Charleston Financial Services Center (CFSC) so they can transfer the funds down in their budget system to the applicable country for use by ICASS.

The ASP at Post must notify its current customer agencies that USAID will no longer perform the subscriber services after the closeout date. This notification should occur as soon as possible after the closing decision is made. Any two-party reimbursable agreements, whereby USAID and a customer agency have agreed to the ASP services, will be null and void at closeout. Further, USAID must notify the customer agency that USAID will transfer unexpended balances of funding provided by the customer agency to the successor ICASS provider.

The local ICASS Council must take into consideration any amounts transferred from the previous WCF/ASP when approving current year spending plans for successor providers. [FAA 635\(m\)\(4\)](#) requires USAID to return excess funds as miscellaneous receipts to the general fund of the U.S. Treasury when the Administrator determines excess funding exists (see **635.3.13, De-obligated WCF Amounts**, for additional guidance on excess funds).

635.3.10 Expansion of ICASS/ASP Services

Effective Date: 05/08/2008

When a Mission agrees to expand the level of services provided at Post and the expansion requires the purchase of capitalized NXP, the NXP will be depreciated over its useful life. The annual ICASS/ASP budget targets will include the initial acquisition cost; cost of putting the equipment in place, including transportation and delivery; and, any other start-up cost related to the activity in the year of acquisition (see [ADS 629.3.2.4 Valuation and Recording of PP&E](#) for additional information).

Include newly hired or transferred employees' salaries and benefits and support costs in the annual budget targets.

635.3.11 Obligation and Forward Funding Guidelines for ICASS/ASP WCF

Effective Date: 11/02/2018

The following are guidelines for WCF obligation management and special forward funding.

- a. **Obligation Management.** Obligation of funding under the WCF [Treasury Account 72X4513 \(Phoenix Fund Code WC-X\)](#) must conform to the stated purpose in the approved ASP budget. Obligations must also conform to the proper management of obligations (see [ADS 621, Obligations](#)).

Obligations for non-severable type contracts, either fixed price or cost reimbursement, must be placed in the fiscal year period in which the bona fide need arises. Record the obligation in the period in which the contract is signed, even if the goods or services may not be delivered until the next fiscal year (for example, vehicle fleet purchases).

- b. **Forward Funding.** Forward funding may occur within the USAID ICASS ASP WCF for non-severable contracts subject to the limitations [outlined in ADS 602 and ADS 603](#).

The Agency limits forward funding obligations for severable (services) contracts, including personal service contractor (PSC) contracts, to those meeting the guidelines contained in [ADS 602, Forward Funding of Program Funds](#), specifically the maximum length of forward funding permissible. This means that

program managers may not forward fund obligations for more than 12 months beyond the end of the fiscal year ([ADS 602.3.2](#)).

Annual ASP budget targets must take into consideration obligations forward funded from the prior fiscal year. Generally, amounts forward funded in one year will likewise be forward funded in subsequent years as the contract financing may not coincide with the fiscal year. Usually, this will not have an effect on the current year ASP budget targets.

One must pay close attention when developing budget targets involving known variables, such as early termination of contracts that may have been funded in a prior fiscal year and result in residual or excess funding (see [ADS 621, Obligations](#)).

635.3.12 Unobligated WCF Balance

Effective Date: 08/27/2010

Unobligated balances at year end will carry forward into the following fiscal year and are not immediately available to Missions for obligation. In the following fiscal year, M/CFO/CAR submits an apportionment request to OMB for approval. Once M/CFO/CAR makes the approved apportionment available in Phoenix, M/MS/OMD will submit a request that M/MPBP allow funds to the respective ASP Mission. In an effort to expedite this process, Missions are directed to provide M/MPBP with estimates of their expected unobligated balances in their WCF accounts by August 1 of each fiscal year. This will allow M/MPBP and M/CFO/CAR to submit an estimated carryover apportionment schedule to OMB for approval.

635.3.13 De-obligated WCF Amounts

Effective Date: 08/27/2010

Because each Mission designated as an ASP has a separate WCF fund account in Phoenix, all de-obligations remain in the Mission-specific WCF fund account for future costs. De-obligations against current-year obligations flow back to the current-year allowance and remain available until year end. However, de-obligations of prior-year obligations must be apportioned and are made available along with the unobligated carryover in the following fiscal year. In the event of an emergency, it is possible to access prior-year de-obligations in the year they are de-obligated. This is done on a case-by-case basis and must be coordinated with M/MPBP, M/CFO, and M/MS/OMD.

[FAA 635\(m\)\(4\)](#) requires USAID to de-obligate and return excess funds as miscellaneous receipts to the general fund of the U.S. Treasury when the Administrator determines excess funding exists.

Examples of excess funding are:

- Funds for which no bona fide need remains;

- Overestimation in closeout Missions' annual budget targets; and
- There is no successor ICASS provider at Post for which the funds could be made available.

635.3.14 Allocating ICASS Costs, OE, and Program Funds

Effective Date: 05/08/2008

[FAA 635\(m\)](#) authorizes the Administrator to reimburse the WCF from all applicable Agency appropriations. Therefore, [ADS 601, Funding Source Policy](#), does not apply to the WCF.

Salary and support costs allocated to the WCF require special attention to ensure that the involved charges are properly authorized and supported.

The Agency must charge direct and indirect salary expenses for U.S. Direct-Hire (USDH) personnel, their office space, warehouse space, and any other ICASS costs in accordance with [6 FAH-5 ICASS Handbook](#).

635.3.15 Disposal of WCF Assets

Effective Date: 11/02/2018

Each year USAID sells property because those items are at the end of their useful lives, damaged beyond economical repair, or no longer needed. WCF furniture, equipment, supplies, appliances, machinery, and vehicles may be disposed of at the Mission. The Mission must deposit the proceeds from the sale into the WCF account, fund code WC-X, properly coding each collection for the applicable country within the collection document number. Collections must be apportioned by OMB and will be done during the fiscal year end carryover apportionment, at which time M/CFO/CAR Funds Control will distribute them to the applicable country fund code.

635.4 MANDATORY REFERENCES

635.4.1 External Mandatory References

Effective Date: 07/15/2016

- [Department of State, Foreign Affairs Handbook, ICASS International Cooperative Administrative Support Services](#)
- [Section 632\(b\) of the Foreign Assistance Act of 1961 \(22 USC 2395\), as amended](#)
- [Section 632\(g\) of the Foreign Assistance Act of 1961 \(22 USC 2395\), as amended](#)
- [Section 635\(m\) of the Foreign Assistance Act of 1961 \(22 USC 2395\), as amended](#)

- e. [OMB Circular A-11, Appendices A and B](#)
- f. [OMB Circular A-11, Part 4, Instructions on Budget Execution](#)
- g. [Statement of Federal Financial Accounting Standards No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government](#)

635.4.2 Internal Mandatory References

Effective Date: 11/02/2018

- a. [ADS 101, Agency Programs and Functions](#)
- b. [ADS 103, Delegations of Authority](#)
- c. [ADS 331, USAID Worldwide Purchase Card Program](#)
- d. [ADS 502, The USAID Records Management Program](#)
- e. [ADS 520, International Cooperative Administrative Support Services \(ICASS\)](#)
- f. [ADS 527, Functions of the Mission Executive Officer](#)
- g. [ADS 596, Management's Responsibility for Internal Control](#)
- h. [ADS 601, Funding Source Policy](#)
- i. [ADS 602, Forward Funding, Program Funds](#)
- j. [ADS 603, Forward Funding, Non-Program Funds](#)
- k. [ADS 621, Obligations](#)
- l. [ADS 629, Accounting for USAID-Owned Property and Internal Use Software](#)
- m. [ADS 630, Payables Management](#)
- n. [ADS 631, Accrued Expenditures](#)
- o. [ADS 634, Administrative Control of Funds](#)

635.5 ADDITIONAL HELP

Effective Date: 11/02/2018

- a. [ADS 635saa, Reimbursable Agreement Process ICASS ASP Working Capital Fund](#)

635.6 **DEFINITIONS**
Effective Date: 11/02/2018

See the [ADS Glossary](#) for all ADS terms and definitions.

Allotment

The authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount, pursuant to Office of Management and Budget (OMB) apportionment or reapportionment action or other statutory authority making funds available for obligation. ([OMB A-34](#)) (**Chapter 634** and **635**)

Allowance

The authority delegated to organizational units to incur obligations within a specified amount in accordance with an allotment of funds. (**Chapter 634** and **635**)

Alternate Service Provider (ASP)

See Service Provider

Apportionment

The distribution made by the Office of Management and Budget (OMB) to agencies of amounts of budgetary resources available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, projects, objectives, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred by the agencies. ([OMB Circular A-11](#)) (**Chapter 634** and **635**)

Category B Apportionments

Apportionments made on time periods other than a quarterly basis. They are made by time periods other than quarterly (by activities, projects, objects, or a combination of activity and time period). (**Chapter 634**, and **635**)

Charge Card Rebates

Cash received back quarterly from the use of government purchase and travel charge cards based on various contractual factors such as cash volume use or timely bill payment. (**Chapter 635**)

Contracting Officer's Representative (COR)/Agreement Officer's Representative (AOR)

The individual who performs functions that are designated by the Contracting or Agreement Officer, or are specifically designated by policy or regulation as part of contract or assistance administration. (**Chapter 635**)

De-obligation

The process of removing unneeded funds from an obligating instrument. This is typically done during the annual review process for certification of unliquidated balances and the separate certification of the validity of recorded obligations and upon completion of

activities when unliquidated obligations might have become excessive or might no longer be needed for their original purpose. ([Chapter 201](#), [621](#), [635](#))

Financial Documentation

Financial documentation is any documentation that impacts on or results in financial activity. It is not limited to documentation within the Controllers' or Chief Financial Office (CFO) operations, but includes documentation from any source material. Contracting Officer's Technical Representatives (CORs), and Agreement Officer's Technical Representatives (AOR) are responsible for retaining financial documentation and ensuring its availability for audit by either the Office of Inspector General (OIG) or another responsible audit organization. (**Chapter 635**)

Full Cost Recovery/Funding

Full cost recovery (full cost funding) to the Federal Government for providing goods, resources, and services, including both direct and indirect costs (market price) ([OMB Circular A-11](#)), ([OMB Circular A-25 6.d.](#)). (**Chapter 635**)

International Cooperative Administrative Support Services (ICASS)

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 is the primary service provider and it offers these administrative support services to other agencies under its non-Economy Act authorities contained in 22 USC 2695 and 2684. ICASS is, for the most part, a voluntary system. Agencies select from a list of cost centers (which are "bundles" of services) which services they would like to receive via the ICASS system. Agencies may obtain services from non-ICASS sources or self-provide services as long as there is no duplication of the ICASS platform. (Chapters [520](#), [635](#))

Intra-Governmental Payment and Collection System (IPAC)

An Internet application that enables Federal agencies to transmit transactions in a real-time environment on a government-owned platform by the Federal Reserve Bank (FRB) of Richmond. (**Chapter 635**)

Phoenix Program Element Code

A code used in the agency accounting system to track all inter- and intra-agency reimbursable agreement activity in relation to the customer agreement. (**Chapter 635**)

Phoenix Program Element Notebook

A notebook found in the agency accounting system to keep record of transactions referencing the program element code used to track all inter- and intra-agency reimbursable agreement activity in relation to the customer agreement. (**Chapter 635**)

Reapportionment

A revision of a previous apportionment of budgetary resources for an appropriation or fund account. The Office of Management and Budget (OMB) reapportions just as it

apportions. Agencies usually submit requests for reapportionment to OMB as soon as a change becomes necessary due to changes in amounts available, program requirements, or cost factors. ([OMB Circular A-11](#)) ([Chapter 634](#) and [635](#))

Service Provider

The service provider organizations are those entities that actually deliver the service to customer agencies and service recipients. The State Department management section and regional security office are service providers at almost every embassy. Embassies are turning increasingly to commercial entities to “contract out” for some administrative support. For quite some time, certain administrative support activities have been delivered regionally—a cost-effective service delivery approach that will continue to grow. Occasionally, another U.S. Government agency will have a sufficiently large administrative support capability at a location that it will step forward and agree to provide services as the Alternate Service Provider (ASP) (see [6 FAH-5 H-012.9](#)). ([Chapter 635](#))

Treasury Account Symbol (TAS)

An identification code assigned by Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. All financial transactions of the Federal government are classified by TAS for reporting to Treasury and OMB. The Agency Identifier for USAID is “72.” The USAID Working Capital Fund Account is 72X4513. The Department of State ICASS Account is 19X4513. USAID’s TAX mirrors State’s TAX 19X4513 given that the legal authority is derived from State’s legal authority. See [Federal Account Symbols and Titles: The FAST Book](#). ([Chapter 635](#))

Unobligated Balance

The portion of budget authority that has not yet been obligated. The unobligated balance for unexpired accounts is still available for new obligations. The unobligated balance for expired accounts is not available for new obligations. However, valid obligations may be adjusted, unrecorded obligations may be added, and payments may be made from expired accounts. ([Chapter 621](#) and [635](#))

Working Capital Fund

A revolving fund that operates as an accounting entity. In these funds, the assets are capitalized and all income is in the form of offsetting collections derived from the funds’ operations and available in their entirety to finance the funds’ continuing cycle operations without fiscal limitation. A working capital fund is a type of intragovernmental revolving fund. (Source: GAO Glossary of Budget Terms) ([Chapter 629](#) and [635](#))

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