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## **COST OF DOING BUSINESS**

Following are examples and/or further information to assist in determining whether a particular position must be Operating Expense (OE) or program funded based on whether it is associated with the cost of doing business.

### **I. Budget**

Non-direct hire personnel who are predominately involved in one or more of the following activities are required to be OE funded:

- A. Preparation of the R4 submission;
- B. Preparation of the BBS;
- C. Preparation of the Agency's budget submission to OMB;
- D. Preparation of input for the President's Budget;
- E. Preparation of input for the Congressional Presentation;
- F. Preparation of materials for use by Agency personnel in briefing members of Congress or Congressional staff on the Agency's budget; and
- G. Preparation of material requested by members of Congress or Congressional staff related to the Budget Request.

Personnel predominately involved in preparing implementation budgets for individual Strategic Objectives (SOs) shall be charged to the program account used to fund the SO.

### **II. Financial Management**

- A. Non-direct hire personnel who are predominately involved in one or more of the following activities are required to be OE funded:
  - 1. Managing the core accounting system, including data entry roles, managing security functions/assigning access roles, managing system tables, and directly extracting data from the system;
  - 2. Managing federal cash, including exercising fiduciary

responsibilities over cash accepted in trust (trust funds);

3. Approving, or issuing, financing instruments (Implementation Letters, Direct Letters Of Commitment, and Bank Letters of Commitment);
4. Approving and issuing financial statements, fund account reports, program or activity financial reports in the name of USAID;
5. Making final decisions and communications of Agency management decisions to audit entities (AID/IG, GAO, contracted CPA firms etc.), and other concerned organizations in the audit process;
6. Approving USAID audit plans, and audit plans prepared by implementing organizations under the Audit Management and Resolution Program; and
7. Advising OE funded personnel on interpretation or application of U.S. Government regulations and procedures to managing the Agency.

B. Personnel predominately involved in the following must be program funded:

1. Providing financial management technical assistance to implementing organizations;
2. Performing external assessments of implementing entities financial and internal control systems, either prior to receiving program funding as part of activity design or local PVO registration or during implementation;
3. Training implementing entities in financial management or internal control standards or procedures;
4. Facilitating specific program audit implementation at field missions including assisting in the development of the fund accountability statement of the program entity to be audited, assisting the auditor in obtaining background documentation related to the audit, facilitating auditor entrance conferences, performing post audit analyses or technical assistance related to addressing audit recommendations (but not including management decision making on audit findings of unsupported or questioned costs, compliance, or internal controls); and

5. Providing financial analysis inputs into program/activity design to develop cost estimates and financial plans, prepare and analyze cash flows, assess adequacy of potential implementing entities and prepare overall assessments of financial feasibility of design alternatives.
- C. General guidance on funding source of specific financial positions typically found in overseas Missions follows:
1. Mission Controller: Always OE funded (usually as a U.S. Direct Hire) and with duties that fall within OE principles, such as management control of core accounting activities at post, approval of financing instruments, etc.
  2. Deputy Controller: Whether or not USDH, always OE funded. Alter-ego and Acting responsibilities must provide management role and duties, including application of regulations to management of Mission operations, which indicates OE funding.
  3. Budget and Accounting Officer: Duties typically include daily operational management of core accounting functions, supervising accounting and disbursing operations. Also duties typically include function of primary Authorized Certifying Officer to certify disbursement of appropriated or non-appropriated cash. These positions are to be OE funded.
  4. Accountant: Duties are normally performed by Foreign Service National (FSN) staff and directly related to Agency operational accounting, often including data entry, preparation of special financial reports, directly extracting data from the Mission accounting system and therefore are normally OE funded. However, where the accountant is employed as an FSN Personal Service Contract (PSC) but the duties performed relate not to USAID's accounting system but to that of a program funded entity, the position is appropriate for program funding. The latter circumstance should not occur, and certainly not longer than very brief periods, as the implementing entity should be the employer, not USAID.
  5. Voucher Examiner: Duties are normally performed by FSN staff and relate to reviewing the propriety of effecting cash disbursements of appropriated or non-appropriated funds, before certification by the Authorized Certifying Officer (ACO). Duties typically include direct data entry to the Mission accounting system, and must be OE funded. As in the Accounting position noted above, duties performed on behalf of a program funded implementing

organization must be by employees of that organization.

6. Cashier: Duties normally performed by FSN staff (where the function is established as part of the Mission), and with direct control over federal cash, must be OE funded (as well as any sub-cashiers).
7. Financial Analyst: Within the range of financial positions, this is the category that most often requires analysis to determine the correct funding source, and several of the principles presented above can be reflected in positions with this title, and at times within a single position. Where this occurs, a helpful technique is to review the duties in the position description and for each duty determine, based on the principles outlined above, whether the duty is OE or program related. Then estimate the percentage of time that each duty requires within the position. This then identifies the total OE versus program level of effort of the position. The single funding source must be selected based the majority of the estimated level of effort.

### III. Acquisition and Assistance

Non-direct hire personnel who perform one or more of the following activities as a majority of their work are required to be OE funded (See NOTE at the end of this section III):

- A. Negotiating overhead rates.
- B. Conducting pre-award surveys, audits for the purpose of negotiating overhead rates, or closeout audits of organizations receiving contract and assistance awards, or the management of such surveys and audits.
- C. Evaluating procurement systems.
- D. Managing acquisition and assistance systems including: warrants, dispute resolution, extraordinary contractual relief, and similar functions.
- E. Developing acquisition and assistance policy.
- F. With respect to OE-funded contracts: PLEASE NOTE THAT THE FUNCTIONS IN ALL CAPITAL LETTERS ARE ALSO INHERENTLY GOVERNMENTAL.
  1. Pre-award functions: DETERMINING WHAT SUPPLIES OR SERVICES ARE TO BE ACQUIRED; preparation of specifications or statement of work; development of evaluation criteria;

APPROVAL OF ANY CONTRACTUAL DOCUMENTS INCLUDING DOCUMENTS DEFINING REQUIREMENTS, INCENTIVE PLANS, AND EVALUATION CRITERIA; preparation of notice of solicitation; preparation of solicitation; evaluation of contract proposals; cost/price analysis; negotiation of contracts; PARTICIPATING AS A VOTING MEMBER ON A SOURCE SELECTION BOARD; preparation of contract documents.

2. AWARDING CONTRACTS.
3. Post-award functions: ADMINISTERING CONTRACTS (INCLUDING ORDERING CHANGES, TAKING ACTION BASED ON EVALUATIONS OF PERFORMANCE, AND ACCEPTING OR REJECTING PRODUCTS OR SERVICES); approvals required under the contract, monitoring contractor performance; administrative approval of vouchers, technical direction to contractors, acceptance/rejection of goods or services; TERMINATION.
4. Contract closeout: obtain final reports; DETERMINING WHETHER COSTS ARE REASONABLE, ALLOCABLE, AND ALLOWABLE.

G. With respect to program-funded contracts, the functions in all capital letters are inherently governmental:

1. Pre-award functions: APPROVAL FOR THE AGENCY OF ANY CONTRACTUAL DOUCMENTS INCLUDING DOCUMENTS DEFINING REQUIREMENTS, INCENTIVE PLANS, AND EVALUATION CRITERIA; PARTICIPATING AS A VOTING MEMBER ON A SOURCE SELECTION BOARD;
2. AWARDING CONTRACTS.
3. Post-award functions: ADMINISTERING CONTRACTS (INCLUDING ORDERING CHANGES, TAKING ACTION BASED ON EVALUATIONS OF PERFORMANCE, AND ACCEPTING OR REJECTING PRODUCTS OR SERVICES ON BEHALF OF USAID); approvals required under the contract; administrative approval of vouchers; TERMINATION.
4. Contract closeout: DETERMINING WHETHER COSTS ARE REASONABLE, ALLOCABLE, AND ALLOWABLE.

NOTE: This listing does not necessarily mean that anyone other than direct-hire personnel or Personal Services Contractors may perform these functions. Also, only direct-hire personnel and Personal Services Contractors shall perform inherently

governmental functions.

#### IV. Overseas Executive Office

General guidance follows on funding source of specific Executive Office positions typically found in overseas missions:

- A. Executive Officer: Always OE funded
- B. Deputy Executive Officer: Always OE funded
- C. Manager of Information Technology: Always OE funded
- D. General Services Officer: Always OE funded
- E. Motorpool Dispatcher and or supervisor: Always OE funded
- F. Drivers: Generally OE funded, however, may be program funded, if conditions provided earlier in the guidance above have been met.
- G. Transportation/Customs: Generally OE funded, however, may be program funded, if conditions provided earlier in the guidance have been met.
- H. Property Management (Real and Personal): Generally OE funded when responsible for the management of predominantly OE funded property, however, may be program funded, if conditions provided earlier in the guidance have been met.
- I. Procurement Specialist (up to Negotiator): Refer to guidelines provided under Acquisition and Assistance.
- J. Facility Management: OE funded for all staff required to keep basic infrastructure operating. Staff that is required to maintain additional space occupied by collocated program staff may be program funded.
- K. Personnel Specialist: Always OE funded
- L. Travel Specialist: Generally OE funded, however, may be program funded, if conditions provided earlier in the guidance have been met.
- M. Communications and Records, Switchboard and Receptionist: Always OE funded.