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ADS Chapter 635

Working Capital Fund

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**Functional Series 600 – Budget and Finance
ADS 635 – Working Capital Fund**

This chapter has been modified in its entirety.

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ADS 635 - Working Capital Fund

635.1 OVERVIEW

Effective Date: 05/08/2008

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

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

The WCF is a no-year fund that permits unobligated balances to be available until spent and carried over from one year to the next. This advantage provides fiscal flexibility and a better opportunity to coordinate multi-year planning. The WCF also enables managers to make long-term decisions without the constraints of the annual fiscal year cycle.

635.2 PRIMARY RESPONSIBILITIES

Effective Date: 05/08/2008

- a. **The Bureau for Management, Office of the Chief Financial Officer (M/CFO)** develops and publishes and/or announces financial management policy guidance and oversight for USAID's activities and operations, including the Working Capital Fund (WCF).
- b. **The Bureau for Management, Overseas Management Support (M/OMS)** reviews Missions' Alternative Service Provider (ASP) budgets and invoices and summarizes the Memorandum of Understanding (MOU) agreements by Mission, Bureau, and funding source. M/OMS 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 Missions' data in the M/MPBP annual budget call.
- c. **Bureau for Management, Office of Management Policy, Budget and Performance (M/MPBP)** prepares summaries of customer billing data from each of the ASP Missions and prepares and distributes consolidated reimbursable agreements with customer agencies budget and finance offices.

M/MPBP coordinates with the various offices within the Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting (**M/CFO/CAR**) to

apportion the Missions' unobligated funds, post collections in the Phoenix Financial System, and issue allowances via the Regional Bureaus.

d. 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 Interagency Payment and Collection Treasury Department system.

e. The Bureau for Management, Office of the Chief Financial Officer, Washington Financial Services (M/CFO/WFS) transfers the reimbursable funds recorded in Phoenix to the Missions' specific WCF and Operating Expense (OE) accounts.

f. The Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (M/CFO/CAR) makes apportionment requests to the Office of Management and Budget (OMB) and records in Phoenix approved apportionments prior to distribution to the Missions.

g. Regional Bureau Controllers issue WCF budget allowances to the Missions for ASPs WCF expenses.

h. Mission Controllers ensure that sufficient OE and program funds are available to pay International Cooperative Administrative Support Services (ICASS) ASP WCF expenses and record financial transactions for ICASS ASP WCF promptly in the official accounting system. The Mission Controller records and maintains files for those types of obligations under which the Mission Controller has been delegated authority to record. The Mission Controller also reviews the ASP budgets prepared by the Executive Officer (EXO) and submits the Mission ICASS ASP budget for services to be provided to M/OMS.

i. Mission Executive Officers (EXOs) develop the Mission's detailed budget narrative justification to defend proposed budget targets in coordination with the Mission Controller. The EXO prepares the **MOU** agreements with the customer agencies. The EXOs provide day-to-day management of the ASP WCF operations, which includes maintaining customer interface for all ICASS services.

635.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 05/08/2008

International Cooperative Administrative Support Services (ICASS) Alternative Service Providers (ASPs) administering Working Capital Funds (WCF) must follow the applicable budget and finance, and financial management policy directives and required procedures described in the **ADS 600** Series chapters; including, but not limited to [ADS 631, Accrued Expenditures](#), and [ADS 621 Obligations](#) (See especially ADS 621.3.17, Review of Unexpended Obligated Balances; ADS 621.3.18, Annual Certification of Validity of Obligations; and ADS 621.3.19, Annual Certification of Unexpended Obligated Balances).

Valid unliquidated obligations must remain in the obligation record to ensure proper accountability of carry over funding. Carry over funding is subject to review and reapportionment by the Office of Management and Budget (OMB). Recorded unliquidated obligations must demonstrate a legitimate, continuing bona fide need. If a need does not exist, amounts must be deobligated. Valid obligations must remain on the books and not be deobligated at the close of the fiscal year. Excess balances must be deobligated and made available for other priorities. Alternative 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 Accountability and Control](#).

635.3.1 Financial Documentation Responsibilities

Effective Date: 05/08/2008

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 any source material causing or resulting in a financial transaction. Cognizant Technical Officers (CTOs), Loans/Grants Officers, and Strategic Objective teams (SOT) are responsible for retaining financial documentation and ensuring it's available for audit by either the Office of Inspector General (**OIG**) or another responsible audit organization.

Note: Because of the USAID reorganization and the implementation of the Foreign Assistance Framework, the references to strategic objectives in this document can also be interpreted to mean program areas.

The CTO and SOT 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 OIG or a responsible audit entity.
- Financial documents should be retained for seven years. However, because retention times may vary, please refer to retention by document type in [ADS 502, The USAID Records Management Program](#). The specific financial Records Disposition Schedules are located in the Mandatory Reference Section of ADS 502 under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records. See also the National Archives and Records Administration (NARA) General Records Schedules, GRS 6, Accountable Officers' Account Records and GRS 7, Expenditure Accounting Records.

635.3.2 **Cost Recovery** Effective Date: 05/08/2008

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

Missions must charge their customers for the total cost of doing business in order to fully recover the funds they spend providing ICASS ASP goods and services ([Foreign Assistance Act, Section 632\(g\)](#)). This means that ICASS ASP costs financed through the WCF must be managed on a full-cost recovery basis so that Missions can capture and be reimbursed for direct and indirect costs. This will ensure a 100 percent cost reimbursement to the USAID ASP Mission. Recoverable costs can be categorized into three distinct categories: direct costs, indirect costs, and overhead.

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

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

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

Allocation of costs for staff that directly provide ASP service may be based on an allocation of costs on a proportionate basis of square meters occupied for rent and utilities, or other basis that distributes costs of shared space on a proportionate basis. Direct costs also include expenses that are identifiable with a service, but not tied to a specific individual, such as motor fuel for vehicle operations, lease costs for a warehouse, and purchase of equipment.

b. Indirect costs. Indirect costs are those costs paid from funds that are related to personnel who provide support to USAID ASP staff **only**. Some examples of indirect cost are

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

Salary, benefits, and support costs for staff that indirectly support ASP operations must be incorporated into the ASP budget that is constructed within the ASP ICASS 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 cost exceeds \$50,000, the amounts must be allocated to the appropriate ICASS cost center, and all of 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 these costs only to agencies that receive the ASP services. These costs must also be factored into the resource justification submitted to the Bureau for Management, Overseas Management Support (M/OMS) on an annual basis. USAID will recover costs through the invoicing of all customer agencies serviced at post and any USAID program accounts that are properly chargeable.

c. Overhead costs. Certain overhead costs – postage, toll calls, post office box rentals, and office machine repairs – that cannot be associated directly or indirectly with a discrete set of ASP activities must be identified and incorporated in the ICASS overhead cost center (8790).

635.3.3 Rebates, Government Sponsored Travel, and Purchase Card

Effective Date: 05/08/2008

[FAA 635\(m\)](#) authorizes the use of rebates from the Agency sponsored travel card and purchase card to fund the USAID WCF. Card rebates are received centrally in USAID/W and deposited in the appropriation account with the Treasury Account Symbol (TAS) 72X4513, Working Capital Fund – No Year. Available receipts are apportioned by OMB as part of the overall WCF. After OMB apportions the funds to the Agency, M/CFO/CAR apportions the funds in Phoenix. M/MPBP then allots and allows the funds to bureaus per the direction of M/OMS.

WCF funds derived from credit card rebates, as opposed to funds collected for reimbursement for Mission ASP services, may be used for ASP support activities at the discretion of M/OMS. Examples of support services include incidental expenses for ASP conferences, temporary duty (TDY) travel costs to assist new ASP missions, and personnel costs for contract staff hired to assist ASP missions. M/OMS determines the distribution of available funds based on requirements that broadly support the ASP

program. Current and prospective ASP missions and/or Washington Bureaus may request funds from M/OMS if they can demonstrate a clear relationship between their requirements and the ASP program.

635.3.4 ICASS WCF Budget Procedures for Alternative Service Provider

Effective Date: 05/08/2008

The following topics are discussed in 635.3.4:

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

635.3.4.1 Missions

Effective Date: 05/08/2008

ASP Missions require that the EXO develop budget targets in accordance with the annual Washington guidelines issued by M/OMS. ASP Missions generally begin developing budget requirements in July for the next fiscal year. 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 (DOS) service provider standards for each customer subscribing to their services. Workload counts—number of personnel served, space occupied, and procurements processed—are used to distribute costs to customers. These workload statistics must be approved by the local ICASS Council.

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 OMS in accordance with OMS guidelines and within the required deadlines.
- b.** Preparation of the baseline budgets 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.** When Missions prepare their budget targets, the estimated amount of the carry over will be applied primarily to one-time new requirements to minimize current year budget impacts. This will present a better picture of what ongoing resource requirements are necessary to perform ASP services.
- d.** Examples of increases in Mission's budget may include:
- Additional core staff who are devoted to the 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; purchase of replacement non-expendable property (NXP), leasing of additional warehouse space, or office facilities and utilities), and
 - Exchange rate adjustments.
- e.** Transmitting the budget requests to M/OMS.
- f.** Preparation of budgets in the ICASS software that conform to target levels approved by the Interagency Working Group Budget Committee.
- g.** Preparing reports from the ICASS software to distribute to local ICASS Councils containing explanations of its proposals for using the resources in its approved budget target.
- h.** Submission of the ICASS software budgets to M/OMS for technical review.
- i.** Submission of ASP invoices to customer agencies at post either (a) after the budget has been submitted or (b) in the case of most ASP posts, where ASP and State ICASS providers cross service each other, after recomputed invoices have been received from the ICASS Service Center. (**See 635.3.7 e. for an explanation of cross service arrangements**).
- j.** Reporting to the ICASS Service Center the number of agencies that have signed their invoices within 10 days after the budgets were submitted to OMS, including recomputed invoices from cross serviced posts **635.3.7e** that were received from the Service Center.

635.3.4.2 ICASS Inter-Agency Working Group - Washington

Effective Date: 05/08/2008

The ICASS Inter-Agency Working Group (IWG) is representative of the various inter-agency ICASS agencies serviced and servicing agencies at post.

635.3.4.3 ICASS Working Group Budget Committee - Washington

Effective Date: 05/08/2008

The ICASS Working Group Budget Committee is the IWG designated to review all ICASS budgets submitted to ensure conformance to nominal budget elements and narrative justifications.

The IWG, Budget Committee is responsible for

- Reviewing and approving ICASS budgets submitted by ASP posts and presented by the OMS ICASS coordinator or
- Approving ICASS budgets with conditions.

635.3.4.4 ICASS Service Center - Washington

Effective Date: 05/08/2008

The ICASS Service Center acts in a secretariat role to document that the ICASS Budget Committee has approved an Agency's current year budget targets as submitted or with specific conditions.

The ISC performs the following functions:

- Serves as the initial point of contact for the Missions budget submission,
- Distributes ICASS invoices to ASP Mission at posts,
- Coordinates activities and services among the various ICASS posts,
- Coordinates development of the ASP software by contract staff for use in preparing ICASS budget targets,
- Facilitates testing and training of the ASP budget software,
- Oversees the budget formulation process, and
- Issues cable advice for approved budgets.

635.3.4.5 ICASS Council (at post)

Effective Date: 05/08/2008

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

635.3.4.6 Customer Serviced Agencies

Effective Date: 05/08/2008

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

635.3.5 USAID Budgetary Process and Controls

Effective Date: 05/08/2008

After the IWG Budget Committee approves targets submitted by the ASP missions, the ICASS Service Center will issue formal notification to USAID. This notice serves as the official Agency notification that budgetary resources are available. The commitment of funds by other agencies serviced by USAID at post is evidenced by the formal bill for collection approval of current year budget targets. Budgetary resources made available through the ICASS process are subject to USAID funds control process in the same manner and with the same restrictions as any appropriated amount made available to the Agency ([See ADS 634, Administrative Control of Funds](#)). Funds committed by other agencies will become budgetary resources for USAID, but must first be apportioned by the OMB before any obligation is established.

OMB apportions 100 percent of the approved ICASS budget targets as presented in the M/CFO/CAR apportionment request at the beginning of the fiscal year. The WCF budgets and the apportionment requests are based on anticipated reimbursements. This apportionment constitutes formal budget authority for the Agency. Reimbursements are recognized as USAID bills and collect from serviced agencies. ASP operating units are limited to the level of services and cost that may be incurred, first by the level of apportionments by OMB and then by amounts made available in Phoenix at the operating unit's allowance level.

The WCF is a no-year intergovernmental revolving fund. No-year funds are available until expended; however, unobligated balances must be reapportioned by OMB for the amounts to be carried to the next fiscal year. Apportionments are allotted to Regional Bureaus and allowed to field operating units. Allowances must be in place before they become available to field ASP operating units to carry out the service provider functions.

Estimated carry over funds, consisting of the unobligated WCF account balances at September 30 each year are submitted to OMB in August for advance approval of reapportionments. This allows a continuity of budgetary resources at the start of the new fiscal year.

635.3.6 Funds Control Process for Mission Working Capital Funds

Effective Date: 05/08/2008

At the beginning of the fiscal year, M/OMS coordinates with M/CFO/CAR to make working capital funds available to finance ASP operations during the year. In October, M/MPBP allows approximately 50 percent of the funding to Regional Bureaus, which in turn allows the funds to the ASP mission. The remaining balance is usually distributed to Missions during the first or second quarter of the fiscal year after the final ICASS budget is prepared and approved by the local ICASS council.

Upon receipt of budget approval from the ICASS Service center, M/CFO/CAR will record the appropriate Phoenix transaction for the approved budgetary amounts. The ICASS Service Center communicates advice concerning the approval via DOS cable. M/CFO/WFS will prepare an External Document (ED) transaction in Phoenix to record the budgetary amounts that become available upon receipt of advice of approved budget levels. The ED transaction establishes the WCF budget allowance at the Mission Level. Each Mission operating as an ASP has a unique Phoenix fund code. The numbering convention of the Phoenix fund code contains information to identify the Mission and funding type.

M/CFO/CAR has established a separate WCF account in Phoenix for the Missions operating as ASPs. As additional ASP posts are approved for the WCF, an account will be created for those specific posts. These Phoenix Budget Fund codes will be identified as follows:

FY-WC-X-Country Code

For example, the account code for USAID/Bolivia Fiscal Year 2008 is 08-WC-X-511.

635.3.7 Mission's ASP Budgets and Invoice Distribution

Effective Date: 05/08/2008

This subsection provides the guidance for Missions participating as ASPs to prepare an annual budget for approval by their local ICASS Council and invoice distribution for customer agencies serviced at post.

a. Initial Budget. During the month of July, Mission EXOs, in coordination with the Controllers Office, develop initial budget requirements based on instructional guidance from M/OMS. Next, the initial budget is sent to M/OMS for review. M/OMS reviews the initial budget and prepares justifications to the ICASS Working Group Budget Committee. At the same time, 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 cost (**635.3.2 Cost Recovery**).

The initial budget sent to M/OMS for review will be summarized and submitted by M/OMS to the ICASS Working Group Budget Committee in Washington (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.

b. 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 time spent on non-ICASS functions 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. These reports must be provided to the ICASS Council at post to assist in the review of the ASP budget.

c. ICASS Council. During the previous fiscal year, the Post Council Budget Committee reviews workload counts and staff time allocations prepared by the ASP provider. Those workload counts form the basis for distributing the cost of the approved budget target among customer agencies. Staff time allocations affect the distribution of costs among cost centers that are subscribed to by customer agencies.

Upon receipt of proposed budgets from USAID, the Post Council Budget Committee evaluates cost and staffing alternatives and approves the local ASP budget for the Mission based on customer priorities and funds available. The local council has the discretion to approve or modify the Missions proposed ASP budget.

d. WCF Availability. At the beginning of the fiscal year, M/OMS coordinates with M/CFO/CAR Funds Control to make WCFs available for financing ASP operations during the year. In October, M/MPBP allows approximately 50 percent of the funding to Regional Bureaus, which in turn issues allowances to the ASP Missions.

e. Cross Serviced Posts. During November, the Mission EXO or the Controllers Office submits the initial ICASS budget, based on approved targets, to the ICASS Service Center. If necessary, during December, the ICASS Service Center redistributes the invoices for cross serviced posts and returns them to the ASP mission.

At posts where an ASP provides services to and receives services from The DOS ICASS, the ICASS software generates invoices to each provider. Because the providers only receive funding from the customers they service, the invoices must be redistributed to those customers. The ICASS Service Center is the entity that performs the redistribution. It calculates the distribution and electronically transmits invoices back to the ASP and State ICASS service provider for circulation and signature. Agencies are allowed 10 business days to review and authorize the invoices or to initiate the dispute process.

During the second quarter of the fiscal year, Missions must evaluate the initial budgets to determine whether they remain 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. Requests for adjustments to initial targets are submitted to M/OMS for review and presented to the ICASS Working Group Budget Committee.

In February or March, M/OMS presents the final budget to the ICASS Working Group Budget Committee for approval of adjusted budget levels.

635.3.8 USAID/W Preparation of Reimbursable Agreements and Billing and Collection of ASP Funding

Effective Date: 05/08/2008

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.

- a.** When the local ICASS Council approves the ASP budgets at post, those budgets are forwarded to the ICASS 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/MPBP.
- b.** M/MPBP prepares reimbursable agreements for approval by the customer agency. The customer agency is responsible for returning the signed agreements with appropriate fiscal data to M/MPBP. M/MPBP coordinates with M/CFO/CMP on billings and collections.
- c.** M/MPBP prepares the reimbursable agreement for the customer agency's finance office at headquarters. The agreement contains billing data, 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/MPBP 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.
- d.** M/MPBP coordinates with M/CFO/CMP and M/CFO/WFS to collect funds from the ASP's customer agencies via IPAC based on 70 percent of the initial ICASS invoices. Upon collection of funding, M/CFO/WFS must ensure that the proper WCF accounts are credited. M/MPBP submits revised reimbursable agreements to the ASP's customer agencies once it receives the revisions from the Missions. By June 1, M/CFO/CMP bills the ASP's customer agencies for the balance, including any changes, upon request by M/MPBP. M/MPBP 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 **(635.3.6)**.

e. 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 ASP Missions

Effective Date: 05/08/2008

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

a. Closeout Procedures

Missions planning to close out their ASP in the current fiscal year should make every attempt to utilize existing funding and deobligate unnecessary funds before the fiscal year in which they will close out the ASP ends.

When a Mission ceases to be an ASP at post and the subscriber service is transferred to a successor ICASS Service Provider, provisions must be made to forward all assets, including carry over residual funding over the de minimis amount of \$1,000, to the successor ICASS service provider. [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, any subsequent net recoveries (deobligations minus upward adjustments within the same month) will no longer be available for that ASP. These recoveries become subject to transfer to the successor ICASS service provider for amounts over the de minimis amount of \$1,000. Transfers will be completed quarterly, and amounts under \$1,000 will be returned to USAID/W for posting to the central WCF budget allotment code WC-X.

The local ASP service provider at post must notify the current customer agencies that USAID will no longer perform the service after a certain date. Any two-party reimbursable agreements, whereby USAID and the customer agency have agreed to provide ASP services, are null and void. Further, USAID must notify the customer agency that unexpended balances of funding provided by the customer agency will be transferred to the named successor ICASS provider.

The ICASS council must take into consideration any amounts transferred from the USAID WCF/ASP in approving current year ICASS spending plans of successor ICASS

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.

Examples of possible excess funding are:

- Excess funds exist for which no bona fide need remains,
- Over estimation in the annual Budget Targets for closeout Missions, and
- There is no successor ICASS provider at post when a bona fide need continues to exist for which the funds were made available.

Note: Budget targets are adjusted annually for on-going ICASS operations. Budget targets that are over-estimated in one year and continue as bona fide need into the next year are adjusted during the next year annual budget cycle and do not represent excess funding.

When the ICASS ASP activities are assumed by another agency at post, the agency will begin to charge USAID for its services and all other subscriber agencies at post. Therefore, because USAID will no longer be the ASP at post, it is important that USAID transfer working capital residual unobligated budget allowances at post.

b. Closeout ASP Missions, Prior Year Recoveries

Recoveries from prior year deobligations and current year deobligated amounts will not be available for new obligations in closeout ASP Missions. Amounts will be accumulated and transferred separately to the successor ICASS service provider at post on a quarterly basis by the transfer process described in [635.3.9\(a\)](#) when recoveries reach the de minimis amount of \$1,000.

Maintaining an open status of the local WCF account will facilitate recording transactions when in the rare cases upward adjustments are required, amounts are deobligated, or prior-year recoveries are posted.

Upward adjustments of obligations that are required over and above the available net recoveries in the ASP budget allowance at post will be paid from the central Working Capital Fund account (72X4513) by using the standard M/CFO/CAR upward adjustment process. The process requires sending an e-mail to the Funds Control Upward Adjustment (USAID) account requesting the specified amount from the central WC-X fund account. The ASP, in conjunction with M/OMS, will authorize a bill for collection for amounts over the \$1,000 de minimis amount.

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 property and equipment, the NXP property will be depreciated over the useful life of the equipment and used in the ICASS/ASP operations. The annual ICASS/ASP budget targets will include the initial acquisition cost; delivery cost of placing servicing equipment in place, including transportation and delivery; and any other start up cost related to the activity in the year of acquisition. Newly hired or transferred employees salary and benefits and support cost will be included in the annual budget targets.

635.3.11 Obligation and Forward Funding Guidelines for ICASS/ASP WCF

Effective Date: 05/08/2008

The financial guidelines for obligation management and special forward funding guidelines for the WCF are presented below.

a. Obligation Management. Obligation of funding under the WCF 72X4513 TAS must conform to the stated purpose indicated in the Mission approved ASP Budget. Obligations must also conform to the proper management of obligations (See [ADS 621, Obligation Management](#)).

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. The obligation is recorded 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 cited in [FAR 32.700, Scope of Subpart](#).

Obligations for severable (services) contracts, including PSC contracts, are limited to the Agency forward funding policy guidelines contained in [ADS 602, Forward Funding of Program Funds](#), specifically the maximum length of forward funding permissible. This means that Program Managers must not forward fund obligations for more than twelve months beyond the end of the fiscal year ([ADS 602.3.2](#)).

Annual ASP Budget targets must take into consideration any known variables where funding is available from 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 end of the fiscal year. Usually, this will not have an effect on the current year ASP budget targets. One must pay close attention when developing the budget targets for known variables that exist, 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, Obligation Management and Additional Help 621](#)).

635.3.12 Unobligated WCF Balance

Effective Date: 05/08/2008

Unobligated ICASS WCF funds remaining in a Mission ASP's operating allowance at year-end must be reapportioned and allowed to the Mission for commitment and obligation for the next year. To arrive at the total operating allowance available for obligation in the next fiscal year, the unobligated amount for the current year carry over is added to the amount of the Mission's ASP approved budget for the next fiscal year.

Unobligated WCF balances from the previous year are not immediately available to the Missions. These amounts must be reapportioned for the next fiscal year along with the approved budgeted amount. For this reason, Missions are directed to provide M/MPBP with their best estimate of the unobligated balance remaining in their WCF account each year by August 1 of the current fiscal year. This timeframe allows M/CFO/CAR to submit an estimated carry over apportionment schedule to OMB of both the approved ICASS budget and the remaining unobligated amounts by August 21.

635.3.13 Deobligated WCF Amounts

Effective Date: 05/08/2008

Because each Mission designated as an ASP has a separate WCF fund account in M/MPBP, all deobligations automatically roll back into the Mission specific WCF account for future costs. The deobligations against the current year obligations flow back to the current year allowance. However, deobligations of prior year obligations must be apportioned and made available to Missions in the following year. In the event of emergency funding, it is possible to access prior year deobligations, but this is on a case-by-case basis and must be coordinated with M/MPBP and M/CFO. Missions can increase their costs of providing ICASS service as long as the serviced customers agree with the increases.

635.3.14 Allocating ICASS Costs, Operating Expenses, 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](#), would not apply to the WCF.

However, USDH personnel, their office space, warehouse space, and any other properly allocable cost must be charged to OE in the workload count allocation in the same manner as they are distinguished in ICASS invoices prepared by DOS service providers. Because the central OE budget pays for all USDH salaries and benefits, the total amount identified as American salaries on the combined agency invoices will be credited to the OE account upon collection of funds from all customers, including collections from the Mission.

Salary and support cost allocated to the WCF requires special attention to ensure that adequate internal control over the allocation process is in place. Safeguards must be in place and documented to ensure charges are properly accounted.

635.3.15 Disposal of WCF Assets

Effective Date: 05/08/2008

Each year USAID sells personal property abroad because it is at the end of its useful life, damaged beyond economical repair, or no longer needed. Therefore, all WCF personal property furniture, equipment, supplies, appliances, machinery, and vehicles may be disposed of at the Mission. The proceeds from the sale must be deposited into the Mission's WCF account. Guidance on allocating proceeds of sale for non-WCF personal property is covered in [ADS 629, Accounting for USAID-Owned Property and Internal Use Software](#).

635.4 MANDATORY REFERENCES

Effective Date: 05/08/2008

635.4.1 External Mandatory References

Effective Date: 05/08/2008

- a. [Department of State, Foreign Affairs Handbook, ICASS International Cooperative Administrative Support Services](#)
- b. [FAR 32.700, Scope of Subpart](#)
- c. [Section 632\(b\) of the Foreign Assistance Act of 1961 \(22 U.S.C. 2395\), as amended](#)
- d. [Section 632\(g\) of the Foreign Assistance Act of 1961 \(22 U.S.C. 2395\), as amended](#)
- e. [Section 635\(m\) of the Foreign Assistance Act of 1961 \(22 U.S.C. 2395\), as amended](#)
- 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: 05/08/2008

- a. [ADS 502, The USAID Records Management Program](#)
- b. [ADS 520, International Cooperative Administrative Support Services \(ICASS\)](#)
- c. [ADS 596, Management Accountability and Control](#)
- d. [ADS 601, Funding Source Policy](#)
- e. [ADS 602, Forward Funding of Program Funds](#)
- f. [ADS 621, Obligations](#)
- g. [ADS 629, Accounting for USAID-Owned Property and Internal Use Software.](#)
- h. [ADS 631, Accrued Expenditures](#)
- i. [ADS 634, Administrative Control of Funds](#)

635.5 ADDITIONAL HELP

Effective Date: 05/08/2008

- a. [ADS 603, Forward Funding, Non-Program Funds](#)
- b. [ADS 630, Payables Management](#)

635.6 DEFINITIONS

Effective Date: 05/08/2008

The definitions listed below have been included into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

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. (Source: JFMIP, OMB A-11)

Category a Apportionments

Apportionments that are made on a quarterly basis.

Category b Apportionments

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

Charge Card Rebates

Cash received back from Citibank under GSA's SmartPay2 contract for fleet, purchase, and travel charge cards on a quarterly basis based on various contractual factors such as cash volume use or timely bill payment (ADS 331)

<http://www.usaid.gov/policy/ads/300/updates/iu3-0709.pdf>.

deobligations

The process of removing unneeded funds from an obligating instrument. This step is typically done upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for the original purpose. Deobligations are also referred to as the cancellation or downward adjustment of a previously recorded obligation. (Chapters 200-203, 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 any source material causing or resulting in a financial transaction. Cognizant Technical Officers (CTOs), Loans/Grants Officers, and Strategic Objective Teams (SOT) are responsible for retaining financial documentation and ensuring it's available for audit by either the Office of Inspector General (**OIG**) or another responsible audit organization.(ADS Chapters 600 Finance)

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.](#)).

International Cooperative Administrative Support Service (ICASS)

ICASS is a customer-driven voluntary interagency system for managing and funding administrative support services abroad. ICASS gives posts the authority to determine how services are delivered at what cost and by whom. ICASS has customer service standards established by the post with the service provider formally accountable to the customer and incorporates a full cost recovery system through a no-year working capital fund ([Chapters 520](#)) ([6 FAH-5 ICASS Handbook](#)).

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)

reapportionment

A revision by OMB of a previous apportionment of budgetary resources for an appropriation or fund account. A reapportionment would ordinarily cover the same period, project, or activity covered in the original apportionment. (Source: JFMIP, OMB A-11) (Chapter 635)

unobligated balance

The portion of obligational authority that has not yet been obligated. Unobligated balances whose period of availability has expired are not available for new obligation. (OMB A-11) (Chapters 621, 635)

Working Capital Fund

A type of intra-governmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of business-like activities. These funds function entirely from the fees charged for the services they provide consistent with their statutory authority. (source: GAO A Glossary of Terms used in the Federal Budget Process, September 2005)

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