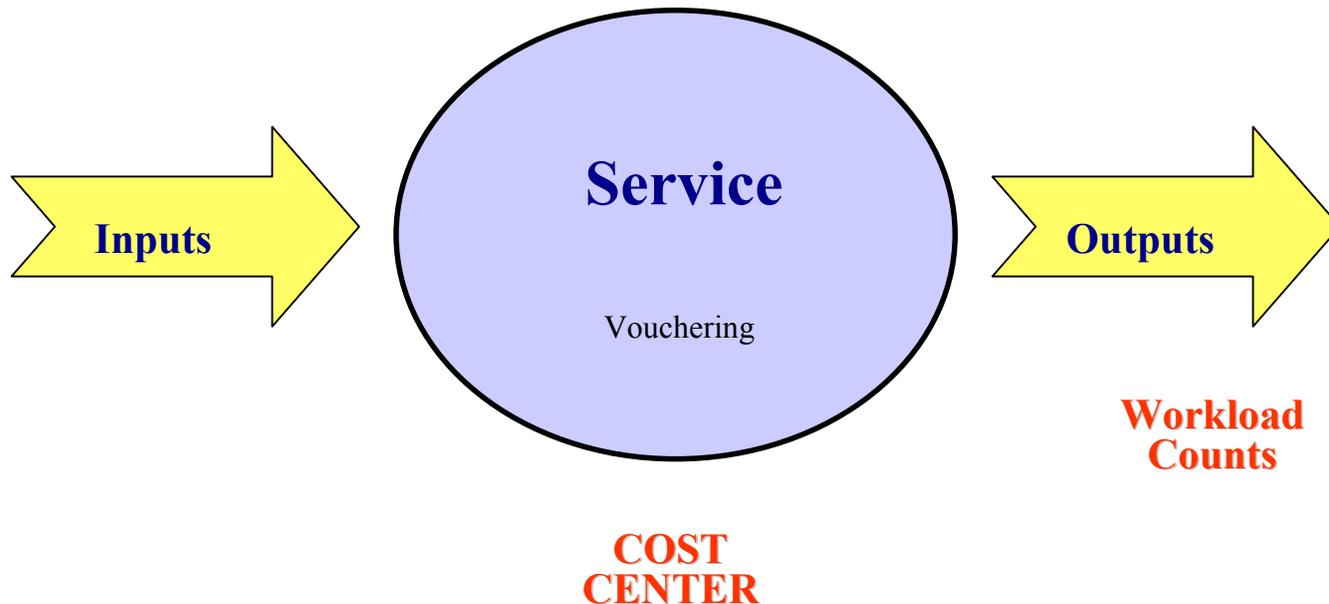


# ICASS BUDGET AND COST DISTRIBUTION METHODOLOGY

It is important that everyone at post understand the budgeting process for ICASS.  
This section walks you through the process of distributing both personnel and non-personnel costs to  
the individual agencies.

## ICASS BUDGET & COST DISTRIBUTION METHODOLOGY

1. The ICASS Budget & Cost Distribution software is used to create a budget, which estimates the cost of providing administrative support to the agencies at post. The budget is developed at the beginning of the fiscal year. Projected costs are then distributed to all agencies at post based on the services to which they subscribe and each agency's level of service consumption. Since all agencies must at least subscribe to the Basic Package and CLO services, all will to some degree share in the cost of ICASS.



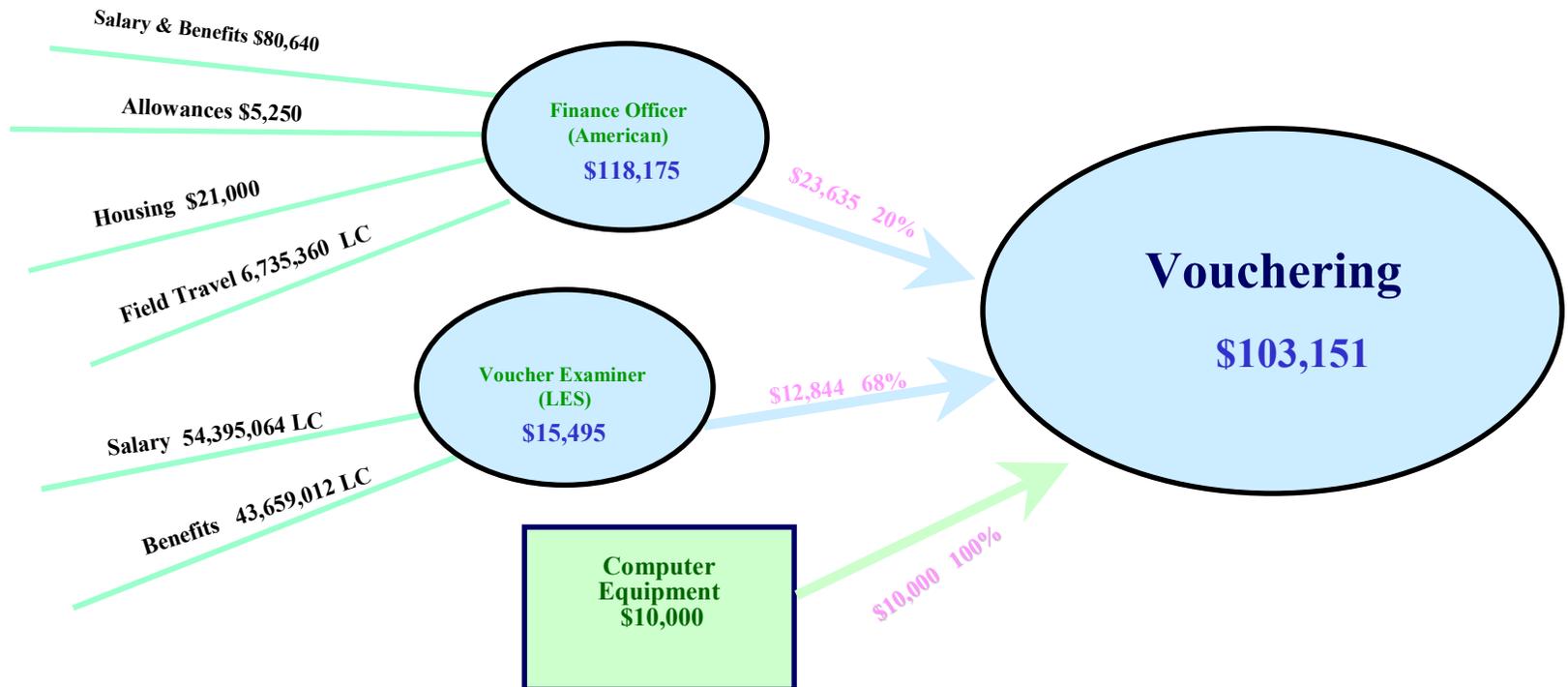
2. The first step in the budget development is to **enter the costs for inputs into the software**. This includes **personnel costs** directly related to Direct Hire American (DHA) and Locally Engaged Staff (LES), e.g., salaries & benefits. In addition for DHA the costs for post assignment travel, rent & utilities for an officer's residence, living quarters allowance (LQA), temporary quarters subsistence allowance (TQSA), education allowance for family members, R & R cost, conference travel and field travel, etc. all must be added. From this information the ICASS software develops a cost for each ICASS DHA and LES position.

In addition to Personnel costs, **non-personnel costs or Other Budget Item costs** are entered. These costs include furniture & equipment, depreciation, supplies, cash awards, building operating expenses (BOE) for shared non-residential buildings and telephone charges.

3. Once all personnel, non-personnel, and other budget item costs have been entered into the software they must be spread or allocated to cost centers. ICASS Standard has 32 cost centers while ICASS Lite has 16. The cost of each position is allocated to cost centers based on each employee's estimate of the percentage of time spent working in a particular cost center. **Each DHA and LES staff member's time is spread across the Cost Centers in which they provide service**. In the example below 68% of the Voucher Examiner's time is spent on Vouchering. (The other 32% might be spent on payroll in which case 32% of the voucher examiner's salary and benefits would be charged to the payroll cost center.)

A similar allocating of Other Budget Item costs is done based on an estimate of how the item will be used.

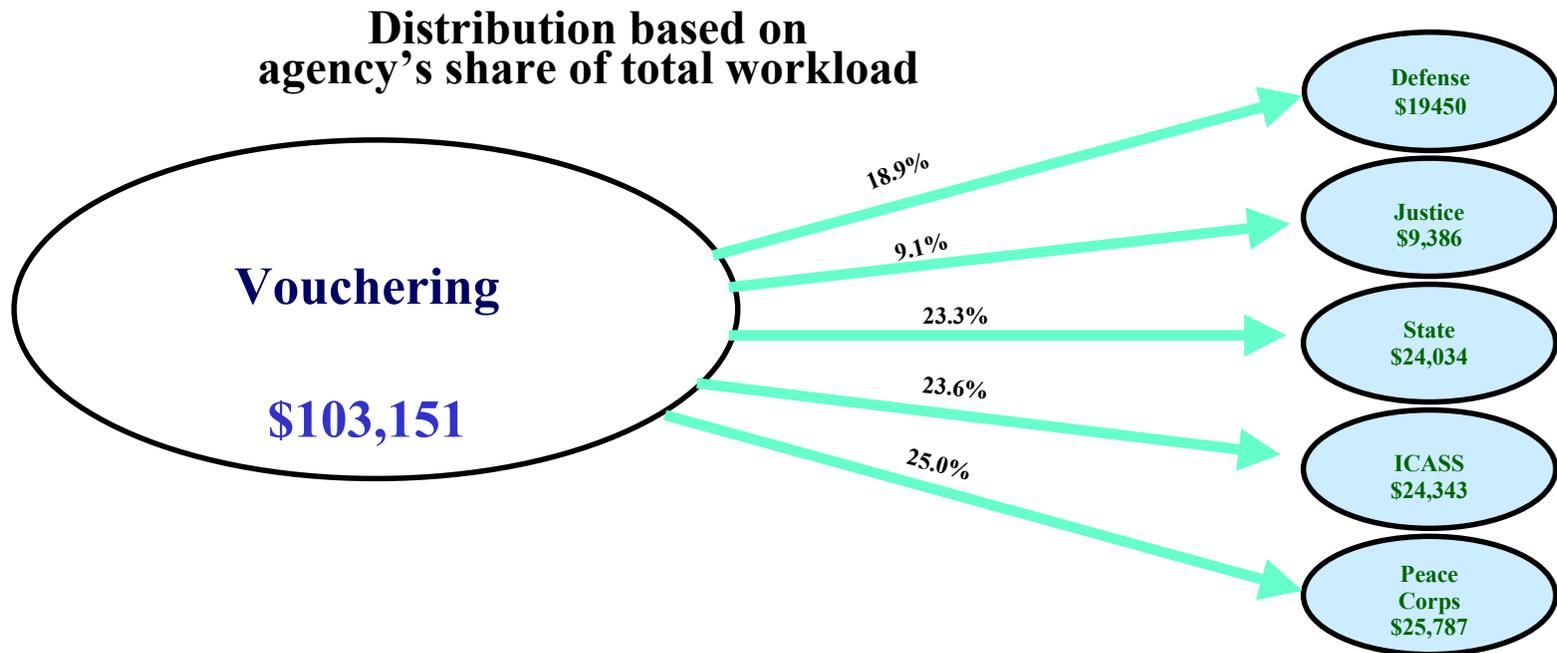
### INPUTS



3. The allocation of costs to the proper cost center enables the software to calculate a total cost for each cost center or activity, e.g., Vouchering or CLO Services. This total cost for each cost center is then distributed to the customers of that activity based on an estimated workload count for the customer. Workload counts, depending on the cost center, may be based on a head count (capitation) or actual workload e.g., # vouchers processed, # miles driven, etc. Some **workload counts may be modified if an agency does not utilize the full range of a service**. For example, if an Agency prepares vouchers itself and only turns them into the ICASS staff for the final signature, the Agency is not using the full vouchering service but only a fraction of it. They may modify the count, meaning that instead of counting each voucher as 1 in the workload count they are counted as 0.3 since only about 1/3 of the service is being used. Modifications can only be made downward by multiplying the estimated count by either .3 or .6. The ICASS Council must approve all modifications.

4. Agencies share in the cost of an activity based on their workload count as a percent of the total workload for the cost center for all customers. Costs are pro rated based upon the workload of each agency.

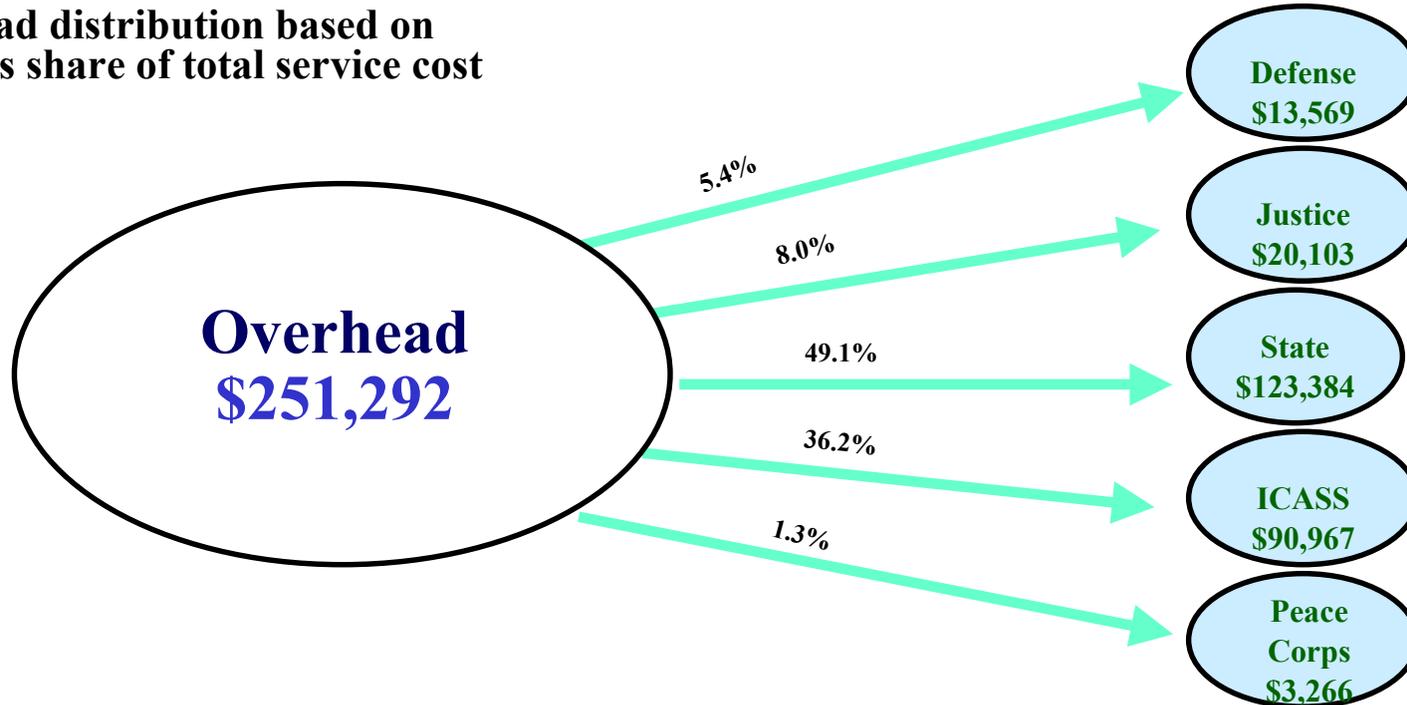
5. Once all cost center totals have been distributed to the subscribing agencies, **each agency's total service cost is determined by adding the agency's share of all cost centers in which it participates**. In addition to the agencies, a total service cost is determined for ICASS.



7. The next step is to **distribute the Overhead** cost center to all of the agencies and ICASS. The Overhead cost center is used when costs cannot be easily allocated to a specific cost center or are so small that the marginal benefit of trying to allocate them does not warrant the effort (ex. telephone bills). Overhead is distributed to agencies based on each agency's service cost as a percentage of the total service cost for all of the agencies (including ICASS).

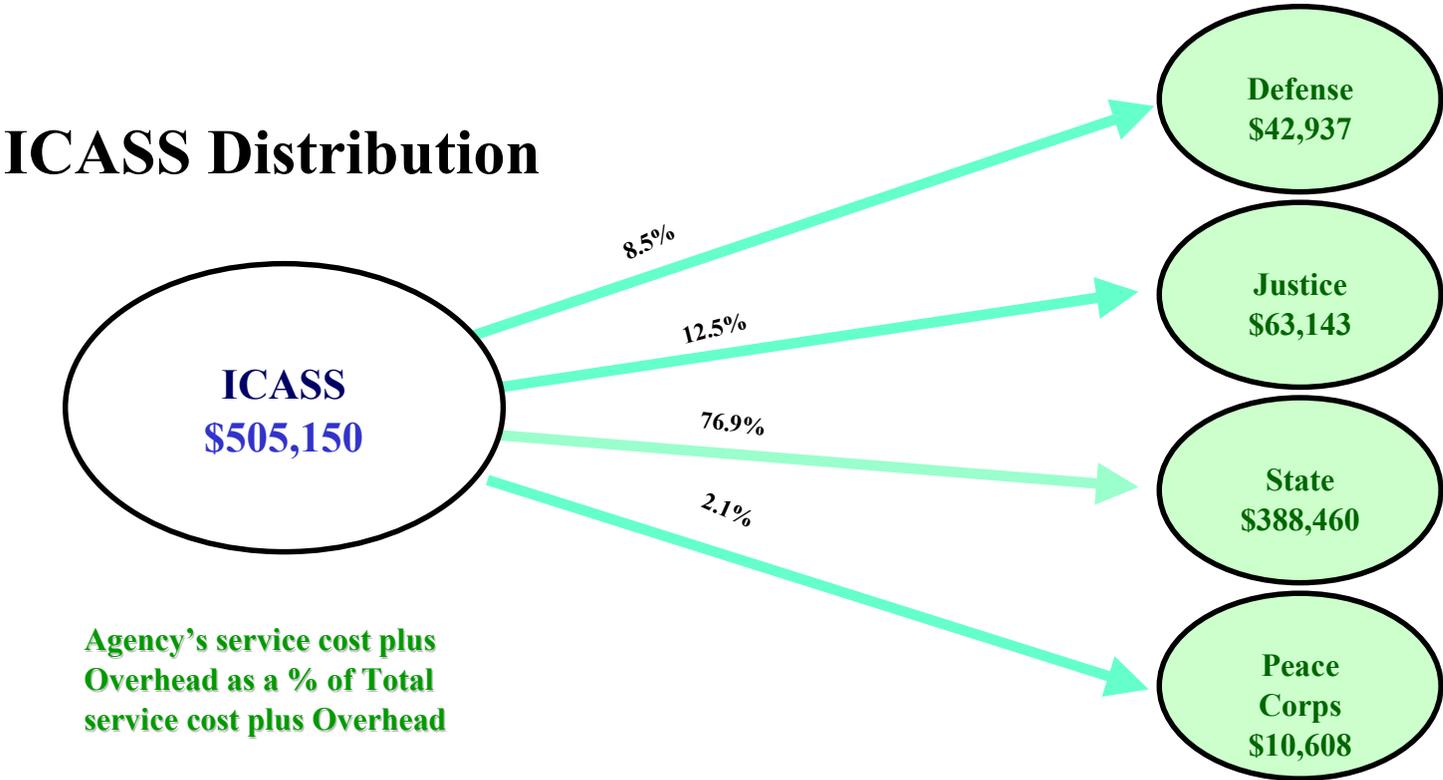
8. Before that is done, though, **Excluded items, are first subtracted from each agency's service cost** as well as the total service cost. *Excluded* items include rents & utilities for shared non-residential properties, rents & utilities for the residences of ICASS direct hire Americans, rents & utilities for shared residential complexes, DTS-PO IVG line charges, Furniture Pool costs and Security Supplemental costs. These items are excluded because they would result in agencies' distribution of Overhead (and later the ICASS cost) being disproportionately large in relation to the value added by the service provider for the excluded items. The items are therefore deducted or "excluded" from the Overhead distribution calculation. "Excluded" items include those under the following sub-object codes: 2361, 2363, 2364, 2365, 2366, 2372, 2377 and 2654.

### Overhead distribution based on agency's share of total service cost



9. At this point the software has calculated a service cost and Overhead cost for each agency including ICASS. ICASS has been treated like an agency in order that all subscribers can see the cost of the services consumed by the ICASS or the Admin section. ICASS, though, has no funding, and is funded by the agencies through the working capital fund. **The cost of ICASS must then be distributed to each of the agencies.** This is done based on each service cost plus Overhead cost (less the Excluded items) as a percentage of the total service cost and Overhead for all agencies.

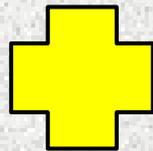
10. Once the ICASS cost has been distributed to the agencies, the **Excluded amount is added back** into each agency's total. This amount, i.e., service cost plus Overhead plus ICASS distribution plus Excluded, is the invoiced amount for each agency (see next page).





# Billing the Agencies in Washington

Post Invoices



Washington Costs

