

Mandatory Reference: 601
File Name: 601maa_021004_cd35
Revision: 02/10/2004
Effective Date: 02/10/2004

Cost of Doing Business

The following are examples 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 Annual Report.
- b. Preparation of the Bureau Program and Budget Submission (BPBS).
- c. Preparation of the Agency's budget submission to Office of Management and Budget (OMB).
- d. Preparation of input for the President's Budget.
- e. Preparation of input for the Congressional Budget Justification.
- f. Preparation of materials for use by Agency personnel in briefing members of Congress or Congressional staff on the Agency's budget.
- 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) must 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 determinations and communications of Agency management decisions to audit entities (USAID Inspector General (IG), General Accounting Office (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 Program.
7. Advising OE-funded personnel on interpretation or application of U.S. Government regulations and procedures for 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 Private Voluntary Organization (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).
5. Providing financial analysis input into program/activity design to

develop cost estimates and financial plans, prepare and analyze cash flows, assess the adequacy of potential implementing entities, and prepare overall assessments of the financial feasibility of design alternatives.

c. General guidance on funding source for specific financial positions typically found in overseas Missions follows:

1. Mission Controller: Always OE funded (usually as a U.S. Direct Hire). Duties fall within OE principles, such as management control of core accounting activities at post, approval of financing instruments, supervising accounting and disbursing operations, etc. Also duties typically include function of primary Authorized Certifying Officer to certify the disbursement of appropriated or non-appropriated cash.

2. Deputy Controller: Whether a U.S. Direct Hire or not, always OE funded. Alter ego and Acting responsibilities must provide management role and duties, including application of regulations for management of Mission operations, which indicates OE funding. Also duties typically include function of primary Authorized Certifying Officer to certify the disbursement of appropriated or non-appropriated cash.

3. Accountant: Duties are normally performed by Foreign Service National (FSN) staff and are directly related to Agency operational accounting, often including data entry, preparation of special financial reports, and directly extracting data from the Mission accounting system, and therefore are normally OE funded. American PSC Accountant can act as Authorized Certifying Officer to certify the disbursement of appropriated or non-appropriated cash. FSNs cannot perform the certifying function except in extreme emergencies and then only with special authorization. If the accountant is employed as an FSN Personal Service Contractor (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 for not longer than very brief periods, as the implementing entity should be the employer, not USAID.

4. 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 Accountant position noted above, duties performed on behalf of a program-funded implementing organization must be performed by employees of that organization.

5. Cashier (and any sub-cashiers): 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.

6. 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 on 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 the NOTE at the end of 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 managing such surveys and audits.
- c. Issuing Management Decisions against DCAA questioned cost findings.
- d. Evaluating procurement systems.
- e. Managing acquisition and assistance systems, including warrants, dispute resolution, extraordinary contractual relief, and similar functions.
- f. Developing acquisition and assistance policy.
- g. With respect to OE-funded contracts (please note that the functions indicated in **bold** are also inherently governmental):
 1. Pre-award functions: **Determining what supplies or services are to be acquired**; preparing specifications or statement of work; developing evaluation criteria; **approving any contractual documents, including documents defining requirements, incentive plans, and evaluation criteria**; preparing notice of solicitation; preparing solicitation; evaluating

contract proposals; cost/price analysis; negotiating contracts;
participating as a voting member on a source selection board;
preparing 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; developing budgets and other documentation that serve as the basis for the obligation of Agency funds; ensuring that obligations are consistent with Agency forward funding policies; developing quarterly accruals; reviewing the status of all obligated funds on an annual basis and requesting deobligation of unneeded or excess funds; administrative approval of vouchers, technical direction to contractors, acceptance/rejection of goods or services; **termination.**

4. Contract closeout and Contract Audit Management: Obtaining final reports; **determining whether costs are reasonable, allocable, and allowable.**

h. With respect to program-funded contracts, the functions in **bold** are inherently governmental:

1. Pre-award functions: **Approving for the Agency any contractual documents, 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; developing budgets and other documentation that serve as the basis for the obligation of Agency funds; determining the correct funding source; ensuring that obligations are consistent with Agency forward funding policies; developing quarterly accruals; reviewing the status of all obligated funds on an annual basis and requesting deobligation of unneeded or excess funds; administrative approval of vouchers; **termination.**

4. Contract closeout and Contract Audit Management: **Determining whether costs are reasonable, allocable, and allowable.**

NOTE: This listing does not necessarily mean that anyone other than direct-hire personnel or PSCs may perform these functions. Also, only direct-hire personnel and PSCs must perform inherently governmental functions.

IV. Overseas Executive Office

General guidance follows on the 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 the conditions provided in Section II.b. have been met.
- g. Transportation/Customs: Generally OE funded. However, may be program funded if the conditions provided in Section II.b. 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 the conditions provided in Section II.b. have been met.
- i. Procurement Specialist (up to Negotiator): Refer to guidelines provided under Acquisition and Assistance in Section III.
- 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 the conditions provided in Section II.b. have been met.
- m. Communications and Records, Switchboard and Receptionist: Always OE funded.