

# Wildlife Services Directive

2.215

August 23, 2013

---

## FINANCIAL CONTROL AND RISK MANAGEMENT

### 1. PURPOSE

To provide broad guidance for the standardization and consistency of financial control, cost management, and risk management processes across all Wildlife Services (WS) program accounts.

### 2. REPLACEMENT HIGHLIGHTS

This is a new directive.

### 3. AUTHORITY

Authority to develop and administer interagency and cooperative service agreements is pursuant to the Animal and Plant Health Inspection Service (APHIS) Agreements Management Manual.

### 4. POLICY

It is WS policy to achieve a reasonable and appropriate methodology for the computation of full cost recovery. The intent is not to employ an approach that requires absolute accurate ascertainment because such a methodology imposes significant administrative burdens and considerable additional expense.

### 5. BACKGROUND

a. Due to the variety of work conducted by WS personnel, and the variety of expertise and resources available to WS offices across the nation, a standard rate or detailed financial plan template would be counterproductive, and would fail to capture the full costs anticipated for all project types. Consequently, flexibility is required where direct costs are concerned to allow for the potential for revised work emphasis and project plans. Oftentimes, subsequent innovations in technologies and methodologies result in a modification of the emphasis of the work to be performed.

b. WS redesigned its processes and procedures in order to standardize and more clearly define cost and risk management and align its practices with generally accepted accounting principles.

## 6. DEFINITIONS

- a. Actual Cost: Fee established by WS programs that is based upon the cost of rendering the service and that does not appear to be excessive; the sum of WS-established direct and indirect costs.
- b. Allowable Cost: A cost, as recorded on the Agreement's Financial Plan that meets the criteria for authorized expenditures. Generally, it is a cost the WS Program intends to charge.
- c. Cooperative Service Agreement: Agreement entered into by WS programs to establish arrangements with a non-Federal entity to provide technical assistance, goods, or services on a cost-recovery basis.
- d. Cooperator: An individual, organization, agency, unit of non-Federal government, or entity with which WS programs enter into a cooperative service agreement.
- e. Direct Cost: Any item of expense which can be computed and identified directly with a product, service, activity, or project.
- f. Indirect Cost (Overhead): Any item of expense incurred for a common objective that is not readily identifiable with a particular project or program, but is necessary to the general operation and conduct of program activities; costs distributed among multiple benefitting projects or activities.
- g. Interagency Agreement: Agreement entered into by WS programs to establish arrangements with a Federal entity to provide technical assistance, goods, or services on a cost-recovery basis.
- h. Over the Counter Balance: The accumulation of payments collected in advance for agreements that are equal to or less than \$7,500.
- i. Pooled Job Cost: Any item of expense that may not be directly identified with a particular project or program, and is distributed across all identifiable projects or programs to which it pertains.
- j. Projects: Products, assignments, or a group of similar outputs.
- k. Reasonable Cost: A cost, as recorded on the Agreement's Financial Plan that does not exceed an amount that a prudent person, under the circumstances prevailing at the time the decision is made, would incur.
- l. Serviced Agency: Federal agency with which WS programs enter into an interagency agreement.

## 7. IMPLEMENTATION

a. **Costs:** To the extent possible, cost management will be consistent across all WS program accounts. Every program at every level shall adhere to WS-approved processes for charging and managing reimbursable costs. Additionally, all WS program managers shall collect the full indirect rate as defined by agency policy, **unless a waiver is requested and approved in accordance with the process set forth herein.**

(1) Project Costing: Project costing accumulates and assigns costs to discrete projects. Each project shall have a work breakdown structure element in which to accumulate and account for costs. To the extent feasible, costs must be associated with individual projects. However, where costs cannot be directly associated to a project or group of projects, costs may be allocated or apportioned across projects, as appropriate. Cost estimates for project financial plans shall be determined by the office responsible for performance under the agreement.

A. WS program managers shall consider a cooperator's or serviced agency's availability of funds when determining the depth and breadth of the services provided.

B. WS program managers shall consider the availability of WS resources (e.g., available staff) when determining the type and level of service(s) provided to cooperators and other Federal agencies.

(2) Direct Costs: Direct costs are directly attributable to a project and shall not also be accounted for as either a direct or pooled cost. Examples of direct costs include employee salary and benefits; equipment acquired specifically for performance under the agreement; travel and supplies directly related to the project; and, hired services.

(3) Pooled Job Costs: Pooled job costs are directly related to a group of projects. Pooled job costs charged to a cooperator shall be collected and used to cover allowable pooled project costs that can be directly attributed to multiple projects. Examples of allowable pooled job costs include supervision; severance payments; accrued annual leave payments; employee relocation expenses; employee retirement expenses; hired services; and, vehicle usage and gasoline.

(4) Indirect Costs: Indirect costs are those costs associated to the general support provided to the reimbursable component of the program. Indirect costs charged to a cooperator shall be collected and used to cover allowable project costs that cannot be directly attributed to an individual project. Examples of allowable indirect costs include telecommunication and utilities expenses; costs associated with tort claims; and operating and maintenance expenses for facilities.

(5) Pooled Job Costs vs. Indirect Costs: Pooled job costs, as opposed to indirect costs, are directly related to a group of projects. Indirect costs are related to the general support of the reimbursable component of the program. Program managers must refer to Enclosure 1 to further differentiate between the two types of costs.

(6) Financial Plans: Each Agreement's Financial Plan shall reflect as much detail as necessary to support the resources required to provide the goods and services. Enclosure 2 contains a sample Financial Plan.

b. **Cost Waivers**: All WS program managers shall collect the full pooled job costs and indirect rate as defined by Agency policy, unless a waiver is requested and approved according to the process set forth herein. A cooperator's lack of funding shall **not** be used to justify waivers of either the APHIS or WS indirect costs. The following factors **may** be used to justify waivers of either the APHIS or WS indirect or pooled job costs: (1) Federal or State statutes that limit the cooperator's indirect liability; (2) USDA or APHIS policy or directive that requires waiver of the indirect costs; (3) project has insignificant indirect costs (e.g., because direct costs are on-hand supplies); (4) certain expenses are cost-shared by WS; and, (5) project only has direct costs.

(1) APHIS Waiver Process: The APHIS indirect costs shall only be waived on an exception basis by the Administrator (or his designee). All such waivers must be submitted to the Deputy Administrator (or his designee) prior to submission to the Administrator (or his designee). A sample memo to request waiver of the APHIS overhead costs is contained at Enclosure 3.

(2) WS Waiver Process: The WS indirect costs shall only be waived on an exception basis by the Regional or NWRC Directors, subject to the factors contained herein. A sample request for waiver of the WS indirect costs is contained at Enclosure 4.

c. **Billing**: All applicable direct, pooled and indirect costs shall be appropriately charged to the Agreement's account(s), and billed as stipulated in the Agreement. All financial transactions shall be recorded in the official financial management and accounting systems.

(1) Reasonable Costs: In addition to the amount, a reasonable cost takes into consideration factors such as: (1) whether the cost is of a type generally recognized as ordinary and necessary for the entity's operation or performance under the agreement; (2) prevailing market rates or industry standard costs for similar goods or services; or (3) historical, current replacement or production cost.

(2) Unallowable Costs: Any expenditure charged to a cooperator that has been determined to be unallowable costs shall be moved to another account (such as an appropriated account).

(3) Allowable Cost Methodologies: Cost allocations shall be based on the actual cost of goods or services provided and shall be attributable to the performance of a service or the furnishing of materials. Funds remaining at the expiration of an agreement shall be handled in accordance with either section (A) or (B) of this paragraph:

A. Any funds collected in advance and remaining in a cooperator's account after an agreement has expired shall be considered "excess" and returned to the cooperator within sixty (60) days of the expiration of the agreement; or,

B. Where a subsequent agreement is executed between WS and a cooperator, and there is no break between periods of performance, the "excess" funds may be credited to the cooperator's account and shall function as an advance to WS for service(s) to be performed/equipment to be purchased pursuant to the new agreement.

(4) Unallowable Cost Methodologies: Cost allocations methods (i.e., the amounts sought for reimbursement) shall be based on the actual cost of goods or services provided and shall be attributable to the performance of a service or the furnishing of materials. Any expenditures charged to a cooperator that have been determined as an unallowable cost shall be moved to another account (such as an appropriated account). Each of the following bases for costing shall be unallowable:

A. Availability of Funds from a Cooperator. A cost allocation method based solely on the availability of funds (i.e., based on the amount of funding available for obligations) is improper and prohibited because a cooperator's allocation is not directly attributable to actual costs.

B. Per Capita: A cost allocation method based solely on a per capita funding arrangement (i.e., number of personnel) is similarly improper and prohibited because such an allocation is not related to the goods or services actually received.

C. Excess Costs: A cost allocation method in which some customers are paying excessive amounts and effectively subsidizing others is improper and prohibited.

d. Financial Control Risk Management: The cost to parties to an agreement shall be reasonable for the performance expected under the agreement. Further, costs and expenses shall be adequately documented and recorded in the appropriate accounting system(s). All agreements shall be consistent with WS and the cooperators' internal policies, regulations and procedures, and state and local laws and regulations to the extent that those non-Federal laws and regulations do not directly and substantively conflict with or frustrate WS statutory authority.

(1) Program Consistency: All agreements shall include a Financial Plan that provides for direct, indirect, and pooled costs indicated in Enclosure 1. Except as expressly provided by the Deputy Administrator (or his designee), no deviations from this policy are permitted. Deviations requested by the Cooperator are similarly subject to the Deputy Administrator's (or his designee) express approval.

(2) Monitoring: All WS program offices shall review the status of funds (SOFs) for their programs at least monthly. The SOFs shall be reported to the Operational Support Staff (OSS) in accordance with procedures established and promulgated by the OSS.

(3) Accountability and Oversight: The OSS shall review the SOFs for all programs on a monthly basis. Where concerns are noted, the OSS shall notify the appropriate Regional Director or National Wildlife Research Center (NWRC) Director and provide a timeframe for resolving the concern.

(4) Indirect/Pooled Job Cost Category and Rate Review: Regional and National Program Offices shall conduct periodic reviews of the sufficiency of published indirect/pooled job cost categories and rates. At least annually, at a time and manner prescribed by the OSS, Regional and National Program Offices shall submit recommended changes to indirect and pooled job categories and rates. Where a category or rate change is requested, the Regional and National Program Offices shall make the request in accordance with procedures established and promulgated by the OSS. In no instance shall a change in indirect or pooled job categories or rates be effectuated without express approval.

e. Carryover Balances: “Carryover” balances represent those funds that are collected by WS as indirect costs, pooled job costs, and “Over the Counter” costs and deposited into accounts and remain available until expended for purposes authorized by law. Unexpended direct costs associated with multi-year agreements are not considered when calculating carryover balance upper and lower limits.

(1) Source of Carryover Balances: The source of carryover funds is the indirect costs levied against each agreement, as well as the pooled job cost account balance and “Over the Counter” account balances.

(2) Risk Mitigation: Carryover balances allow WS to mitigate risk by having resources available to address contingencies. Given the uniqueness of WS year-to-year funding variability within State or NWRC programs, adequate carryover balances are also essential for program continuity and maintenance. Additionally, carryover balances allow for unexpected loss of cooperator funding; damage to property; litigation due to accidents; and, unanticipated staffing shortages.

(3) Upper and Lower Limits: To ensure carryover balances are not unbounded, percentages of total annual funding are used to establish upper and lower limits for carryover balances. While the actual dollar amount represented by the limits are unique to each State or NWRC program, the upper limit is 33 percent and the lower limit is 25 percent, as determined by the calculation of a fraction of the sum of the State’s or NWRC’s total annual appropriation and cooperative funding. Enclosure 5 provides the formula for calculating upper and lower limits for carryover balances.

(4) General Operating and Personnel Costs: Carryover balances may be used to account for the value of program equipment. Carryover balances may also be used to liquidate accumulated balances for compensatory time, earned credit hours, annual leave, and sick leave. Specifically, it is permissible to use carryover balances to pay for the aforementioned benefits accumulated by temporary and term employees.

f. **Limitations:**

(1) Any agreements, associated costs, and financial transactions are prohibited to the extent they violate Federal, State, or local laws or regulations. However, WS programs are not bound by State or local laws or regulations where those non-Federal laws or regulations substantively conflict with or frustrate WS statutory authority.

(2) Any agreements, associated costs and financial transactions are prohibited to the extent they are not conducted using “arms-length” bargaining.

8. APPLICABILITY AND SCOPE

This Directive is applicable to all Wildlife Service programs.

9. REFERENCES

- a. 31 U.S.C. 1535 (Economy Act)
- b. 70 Comp. Gen. 592 (1991)
- c. 67 Comp. Gen. 254, 258 (1988)
- d. B-114821-O.M. (1958)
- e. 22 Comp. Gen. 74 (1942)

10. ENCLOSURES

- Enclosure 1: Table of Direct, Pooled Job, and Indirect Costs
- Enclosure 2: Sample Financial Plan
- Enclosure 3: Sample APHIS Indirect Cost Waiver Memo
- Enclosure 4: Sample WS Indirect/Pooled Job Cost Waiver Request
- Enclosure 5: Carryover Balance Supplemental Guidance

William H. Clay  
Deputy Administrator

**Enclosure 1**

**Table of Direct, Pooled Job, and Indirect Costs**

Categories	Direct		Pooled Job Costs (11%)		State/NWRC Office Indirect <sup>1</sup>		Agency Indirect <sup>2</sup>	
	YES	NO	YES	NO	YES	NO	YES	NO
Salary/benefits	x		x					
Volunteer Salary/benefits		x		x		x		x
Travel	x							
Volunteer Travel	x							
Vehicle Usage (gas and maintenance)	x		x					
Supplies	x		x					
Equipment used for project(s)	x		x					
Services (aerial operations, dog hire, horse hire)	x		x					
Accrued Annual Leave/Compensatory Time			x					
Accrued Sick Leave			x					
Severance Pay, Lump Sum Leave Payouts			x					
Buyouts /VSIPs			x					
Relocation			x					
Direct costs tied directly to appropriated functions, not related to reimbursable work or outside of the agreement dates		x		x		x		x
Utilities					x			
Telecommunication Costs					x			
Copier Maintenance					x			
General Office equipment					x			
General Administrative Salary/Benefits					x			
Facility Rent/Lease					x			
Facility equipment and maintenance, other related services					x			
State-wide NEPA					x			
Accidents (Tort)					x			
Security Systems					x			
General Training					x			
Agency Costs							x	
Indirect costs tied directly to appropriated functions, not related to reimbursable work		x		x		x		x

**1** For Interagency Agreements: State/NWRC Office indirect is 11% of direct costs; For Cooperative Service Agreements: State/NWRC Office indirect is 15.15% of direct costs in FY 2013, decreasing 1% a year to 11% in FY 2017.

**2** For Interagency Agreements: Agency indirect is 5.15% of direct costs; For Cooperative Service Agreements: Agency indirect is 1% of direct costs in FY2013, increasing to 1% per year to 5.15% in FY2017.

## Enclosure 1

Accidents (Tort): **As indirect cost**—Tort claim costs related to project work but not tied to any specific project, spread out among all projects (example, small tort claim charged to state/NWRC office for accident), costs charged to state/National Wildlife Research Center's (NWRC) indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Accrued Annual Leave/Compensatory Time: **As pooled job cost**—annual leave of staff working directly on more than one project/pooled to spread cost to many projects, at the field level (example, all annual leave taken during the year), costs charged to pooled job cost account

Accrued Sick Leave: **As pooled job cost**—sick leave of staff working directly on more than one project/pooled to spread cost to many projects, at the field level (example, all sick leave taken during the year), costs charged to pooled job cost account

Agency Costs: **As indirect cost**—Agency indirect costs mandated to be collected (example, 5.15% of direct costs on an interagency agreement), costs collected for the agency's indirect account

Buyouts /Voluntary Separation Incentive Program (VSIP): **As pooled job cost**—buy outs /VSIP costs of staff working directly on more than one project/pooled to spread cost to many projects, at the field level (example, all buy outs /VSIPs incurred during the year), costs charged to pooled job cost account

Copier Maintenance: **As indirect cost**—general copier maintenance costs related to project work but not tied to any specific project (example, copier maintenance contract), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Direct costs tied directly to appropriated functions, not related to reimbursable work or outside of the agreement dates: **Not allowed** to charge direct costs tied directly to appropriated functions, not related to reimbursable work or outside of the agreement dates

Equipment used for project(s): **As direct cost**—project equipment used directly and exclusively on the project, at the field level (example, ATV for only project conducted for the cooperator, ongoing relationship), costs charged to direct account; **as pooled job cost**—equipment used by one or more identifiable projects (example, a vehicle)

Facility Rent/Lease: **As indirect cost**—general office rent/lease costs related to project work but not tied to any specific project (example, District Office lease), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Facility equipment and maintenance, other related services: **As indirect cost**—general facility maintenance costs related to project work but not tied to any specific project (example, equipment lift for vehicles and equipment maintenance), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

## Enclosure 1

General Administrative Salary/Benefits: **As indirect cost**—general office administrative costs related to project work but not tied to any specific project (example, Clerk salary), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

General Office Equipment: **As indirect cost**—general office equipment costs related to project work but not tied to any specific project (example, furniture, computers, printers), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

General Training: **As indirect cost**—General training costs related to project work but not tied to any specific project, spread out among all projects (example, mandatory annual agency training), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Indirect costs tied directly to appropriated functions, not related to reimbursable work: **Not allowed** to charge indirect costs tied directly to appropriated functions, not related to reimbursable work

Relocation: **As pooled job cost**—Relocation of staff working directly on more than one project/pooled to spread cost to many projects, at the field level (example, all relocation costs incurred during the year), costs charged to pooled job cost account

Salary/Benefits: **As direct cost**—staff working directly and exclusively on the project, at the field level (example, wildlife technician), costs charged to direct account; **As pooled job cost**—staff working directly on more than one project, at the field level (example, district supervisor), costs charged to pooled job cost account

Security systems : **As indirect cost**—Security systems related to project work but not tied to any specific project, spread out among all projects (example, security system on firearms storage building), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Services (aerial operations, dog hire, horse hire): **As direct cost**—project services used directly and exclusively on the project, at the field level (example, dog hire conducted for the cooperator, ongoing relationship), costs charged to direct account; **As pooled job cost**— project services used on more than one project, at the field level (example, aerial operations), costs charged to pooled job cost account

Severance pay, lump sum leave payouts: **As pooled job cost**—lump sum leave/severance pay of staff working directly on more than one project/pooled to spread cost to many projects, at the field level (example, all lump sum leave/severance pay incurred during the year), costs charged to pooled job cost account

State-wide National Environmental Policy Act (NEPA): **As indirect cost**—State-wide NEPA costs related to project work but not tied to any specific project (example, NEPA training,

## Enclosure 1

document preparation), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Supplies: **As direct cost**—project supplies used directly and exclusively on the project, at the field level (example, bait for only project conducted for the state on the species), costs charged to direct account; **As pooled job cost**— project supplies used on more than one project, at the field level (example, trapping supplies), costs charged to pooled job cost account

Telecommunication costs: **As indirect cost**—general telecommunication costs related to project work but not tied to any specific project (example, cell phone charges), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Travel: **As direct cost**—staff travelling directly and exclusively for the project, at the field level (example, wildlife technician stays at hotel during wildlife assessment), costs charged to direct account

Utilities: **As indirect cost**—general utility costs related to project work but not tied to any specific project (example, electric bill), costs charged to state/NWRC's indirect account (costs can be split with an appropriated account if costs are also tied to appropriated work)

Vehicle usage (gas and maintenance): **As direct cost**—vehicle used directly and exclusively on the project, at the field level (example, wildlife technician), costs charged to direct account; **As pooled job cost**—staff working directly on more than one project, at the field level (example, District Supervisor), costs charged to pooled job cost account

Volunteer Salary/benefits: **Not allowed** to pay salary and/or wage benefits to volunteer (direct costs must come from other categories listed here)

Volunteer Travel: **As direct cost**—volunteer travelling directly and exclusively for the project, at the field level (example volunteer stays at hotel during wildlife assessment), costs charged to direct account

**Enclosure 2**

**Sample Financial Plan**

**Agreement Cooperator:** \_\_\_\_\_

**Project Description:** \_\_\_\_\_

**Period of Performance:** \_\_\_\_\_

Fill out cells highlighted in yellow	<b>Estimated</b>		
<b>Cost Element</b>	Price Charged to Cooperator	Cost Share (paid by Federal Appropriations)	Full Cost
Project Salary	\$100.00	\$10.00	\$110.00
Project Benefits	\$10.00	\$1.00	\$11.00
Project Travel	\$10.00	\$0.00	\$10.00
Project Vehicle/Transportation Costs	\$50.00	\$0.00	\$50.00
Project Supplies	\$5.00	\$0.00	\$5.00
Project Equipment	\$10.00	\$200.00	\$210.00
Other Direct Costs	\$2.00	\$0.00	\$2.00
Subtotal Direct Costs	\$187.00	\$211.00	\$398.00
Pooled Job Costs (11%)	\$21.00	\$0.00	\$21.00
Indirect Costs (16.15%)	\$30.00	\$0.00	\$30.00
Agreement Total	\$238.00	\$211.00	\$449.00

## Enclosure 3

### Sample APHIS Indirect Cost Waiver

#### DECISION MEMORANDUM FOR THE APHIS ADMINISTRATOR

**FROM:** William Clay  
Deputy Administrator  
Wildlife Services

**SUBJECT:** Indirect Cost Waiver on a Cooperative Service Agreement (or Interagency Agreement)

**ISSUE:** *(Document purpose of the request, e.g., waiver of Indirect, which portion, and purpose of the agreement.)*

For example, “Should Wildlife Services waive [X%] of the Agency Indirect Costs on a small interagency/cooperative service agreement?”

**SUMMARY:** *(Summarize the Indirect Costs to be considered for waiver and provide the rationale.)*

The [Federal Agency] is prohibited by statute to pay more than [X%] in Indirect costs for any interagency agreements. Consequently, APHIS cannot charge the Federal Agency [X%] for indirect costs associated with rendering the service.

**BACKGROUND:** *(Provide background on the project that includes the rationale for waiving the Agency Indirect Costs.)*

APHIS existing policy provides that Indirect Rate of [X%] of direct costs be assessed on all agreements where funds are provided to the agency. To comply with Agency policy, Wildlife Services must collect Indirect Costs on these types of agreements, unless a formal waiver is obtained.

The actual amount of funds in question is [\$X,XXX]. To facilitate meeting the total waiver amount sought, the Program Deputy Administrator has approved a waiver of [\$X,XXX], which is [X%] of the waived amount being sought. The remaining balance of [\$X,XXX] must be waived to comply with current law if Wildlife Services is to enter into an interagency agreement with [Federal Agency]. The project represents a high-priority core function for Wildlife Services. Specifically, the project involves.....

**Enclosure 3**

**OPTIONS:**

OPTION #1: Waive the Agency Indirect assessment for an amount equal to [**\$X,XXX**], which is [**X%**].

OPTION #2: Disapprove the request to waive the Agency assessment for an amount equal to [**\$X,XXX**], which is [**X%**], and require the Program to absorb the entire waiver amount.

OPTION #3: Disapprove the request to waive the Agency assessment for an amount equal to [**\$X,XXX**], which is [**X%**].

**RECOMMENDATION:**

Wildlife Services recommends the APHIS Administrator select OPTION #1 because.....

**DECISION BY THE APHIS ADMINISTRATOR**

Approved: OPTION # \_\_\_\_\_

Date: \_\_\_\_\_

Requires Additional Discussion: \_\_\_\_\_

Reviewed by: \_\_\_\_\_

Enclosure 4

Sample WS Indirect/Pooled Job Cost Waiver Request

Agreement Number:  
Cooperator:  
Agreement Amount:

Program Pooled Job Costs Waived: \$ \_\_\_\_\_ (X% of Direct Costs)

Justification:

- Program does not involve Pooled Job Costs (i.e., small project, all costs are directly charged)
- Pooled Job Costs are cost-shared by WS (i.e., staffing, in-kind, equipment usage)
- Department, Agency, Program strategic priority (*provide additional information below*)

\_\_\_\_\_  
\_\_\_\_\_  
 Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

WS Portion of Indirect Costs Waived: \$ \_\_\_\_\_ (X% of Direct Costs)

Justification:

- Project has insignificant indirect costs (i.e., direct costs are on-hand supplies)
- Required by statute or policy (*specify the statute or policy in the space below*)
- \_\_\_\_\_
- Indirect Costs are cost-shared by WS (i.e., rent, office space, utilities, telecom costs)
- Department, Agency, Program strategic priority (*provide additional information below*)

\_\_\_\_\_  
\_\_\_\_\_  
 Other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Regional Director/NWRC Director

\_\_\_\_\_  
Date

Concurrence:

\_\_\_\_\_  
Wildlife Services, Deputy Administrator

\_\_\_\_\_  
Date

## Enclosure 5

### Carryover Balance Supplemental Guidance

The sum of Program Indirect and Pooled Job Costs accounts, in addition to “over the counter” accounts for certain agreements, determine program carryover account balances. Unexpended direct costs associated with multi-year agreements are not considered when calculating carryover balances.

Allowable carryover balances are unique for each State and National Wildlife Research Center (NWRC) program, and shall reflect the differences in program size, funding and expenditures. Accumulating and expending carryover balances funded by overhead assessments is mandatory for all programs.

The actual amount of carryover funding must be specific to each individual WS State or NWRC program, based upon current funding, personnel and its capitalized inventory. Maintaining carryover balances funded by overhead (indirect) collections is required for all programs in order to manage risks, provide for personnel costs and invest in infrastructure. Thus, a carryover balance range that represents 90 – 120 days of costs, or a minimum of 25% or maximum of 33% of annual costs, respectively.

#### a. Carryover Account Upper and Lower Limits

To ensure carryover balances are not unbounded, percentages of total annual funding are used to establish upper and lower accounts limits, 33% and 25%, respectively. Excessive balances, or those balances below minimal requirements, are readily determined and alert program managers that their fiscal posture may require intervention (see Figure 1 below).

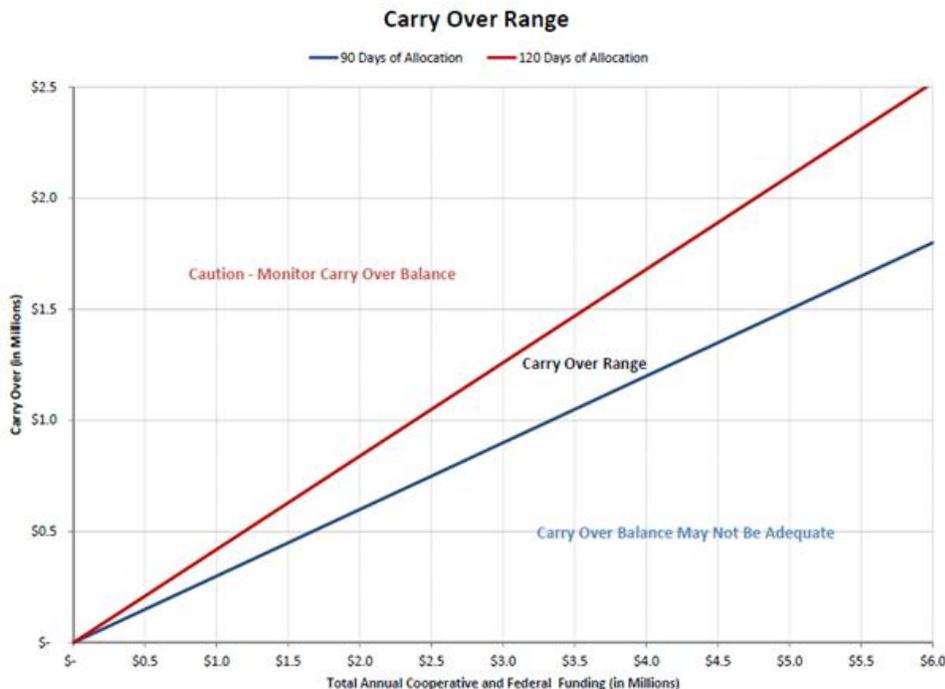


Figure 1.  
Graphic representation of upper and lower limits for carryover balances

## Enclosure 5

### b. Carryover Balance Calculation

Program managers shall use the following formula to calculate carryover balance upper and lower limits:  $X\{(A+C) + (TD) + (TL) + (PB) + V\}.65$

(1) The variables in the aforementioned formula represent:

- X: Either .35 to calculate the upper limit or .25 to calculate the lower limit
- A: Fiscal Year Appropriated Allocation
- C: Total Cooperative Funding Available in the Fiscal Year
- T: Number of term positions within a State or NWRC program
- D: Annual Salary/Benefits Cost of a GS-6, Step 5
- L: Cost of 240 hours leave (total lump sum payment) for a GS-6, Step 5
- P: Number of permanent positions within a State or NWRC program
- B = Average annual permanent personnel cost including benefits
- V: Sum of value of equipment inventory with a value greater than \$5,000 per item

The 0.65 is a factor that accounts for variability between ER & WR & NWRC carryover expenditures.

(2) The conceptual framework depicted in Figure 1 and the calculation yield similar results for carry over balances. For example: A WS state program funded at \$3.6M result in carryover balances as follows:

- A. The conceptual framework in Fig. 1 results in carryover balances between \$1M - \$1.3M.
- B. The formula calculation provides for carryover balances between \$1.1M - \$1.4M.

c. General Operating Expenses/Equipment Replacement: General expenses can be charged to the state or NWRC program carryover account.

Example for variable V: The value of sensitive equipment inventory for a \$3.6M WS program was determined to be \$1.0M. Thus, when calculating carryover balance limits, the sensitive inventory variable (V) can be estimated at between 25% - 30% of a state program's total funding.

d. Managing Risks: Unforeseen events, including the loss of funding and/or equipment, theft and/or damage to property, accidents, emergencies, litigation, unanticipated staffing changes and various other unforeseen events can negatively impact the financial status of a state or NWRC program. Furthermore, funding uncertainty and instability from year to year, coupled with being self-insured, contribute significantly to fiscal risks inherent in WS programs. Such risks are primarily managed and mitigated using each program's carryover account.

Example for variables T, P, D and B: A \$3.6M funded WS State program is estimated to have 36 employees of which 13 are Term Appointments (T) and 23 are Career Conditional (P). Annual costs of a GS-6/Step 5 Term (D) and Career Conditional (B) Appointments are

## Enclosure 5

estimated to be \$53,000 and \$61,000, respectively. When calculating carryover balance limits, variables T, P, D and B must be determined and are unique for each WS State program.

e. **Personnel Costs:** WS employees may earn compensatory time, credit time, annual leave and sick leave. Carryover balances may be used to liquidate lump sum leave balances where appropriate. Payment of lump sum leave balances primarily affects term employees whose employment is not extended, seasonal or short-term employees used to fulfill obligations under cooperative service agreements (CSAs), and employees who earn a significant amount of leave while working on a particular project.

**Example for variable L:** The cost of 240 hours of accrued annual leave (L) for a GS-6 is estimated at \$6,200. When calculating carryover balance limits, variable L can be conservatively estimated at \$6,200.

f. **Monitoring Carryover Balances:** The monthly review of status of funds (SOF) conducted by State Directors shall also include a review of carryover balances to ensure that the balances are approximately within the range between the upper and lower limits.

(1) Regional Directors and the NWRC Director shall conduct a review of their State and Field Station program carryover balances no less than twice in a fiscal year.

(2) Regional Directors and the NWRC Director will provide guidance when carryover balances are outside of the carryover ranges. Plans to address local (State level) overages or shortfalls will include action items as follows:

A. **Excessive Balances:**

- (a) Staffing - option to expand staffing levels
- (b) Infrastructure - options to increase purchases
- (c) Waivers - evaluate potential to waive indirect or pooled job costs
- (d) Cost Share - evaluate potential to cost share with high priority projects
- (e) Financial Plans - review (reduce) direct cost estimates

B. **Insufficient Balances:**

- (a) Staffing - consider reducing number and grade of Temp/Term positions
- (b) Infrastructure - delay procurements of nonessential equipment
- (c) Waivers - review waiver usage history and reduce usage as appropriate
- (d) Cost Share - consider reducing or eliminating as options
- (e) Financial Plans - review (increase) direct cost estimates

C. **Regional/National Overages and Shortfalls:**

- a) Document WS' total carryover balances over a multi-year time-frame
- b) Re-evaluate the pooled job cost rate and increase or decrease as appropriate