# IV. WCF BILLING AND PAYMENT

## ACCOUNTING

In FY 2002, the Working Capital Fund moved from accrual-based to obligation-based budgeting and billing. This change, part of improved financial management in the WCF, provided consistency with obligation-based operations throughout the Federal Government. WCF accounts provide for the recording and control of assets, liabilities, income, and expenses. The WCF still applies the principles of accrual accounting required when preparing financial statements. Accrual accounting is used to record the receipt of assets and income. The status of WCF's financial affairs may be accurately determined from the accounting records maintained by the National Institute of Standards and Technology's Financial Operations Division (NIST/FOD). They provide accounting services for the WCF and prepare statements to reflect financial conditions, income and expense, and sources and application of funds.

## DESCRIPTION AND BASIS OF CHARGE

The WCF is used as a mechanism to account for the costs of a broad range of services such as Security, Human Resources, and Legal Counsel that can be most efficiently provided by a centrally managed and funded organization. Algorithms are used to allocate the costs of common goods or services to the bureaus. Some costs, such as costs for security services that are required by the central organizations for the benefit of only one bureau, are also financed through the WCF. However, such costs are charged solely to the organization receiving the services. See discussion that follows on billing algorithms.

## BILLING ALGORITHMS

All billing algorithms are reviewed for consistency and accuracy at least annually when operating budgets and bureau billing estimates are prepared. They are also reviewed when a change in procedure is proposed. Every other year an algorithm Review Group is formed with Bureau Representatives. The Office of Executive Budgeting leads the group and over a month period the service providers each present their services, benefits to the bureaus and method of billing. Changes in algorithm are recommended & implemented when agreed upon. The WCF billing algorithms fall into several categories. The four (4) major billing methods include but are not limited to:

(1) Billings prorated on the basis of various population or Full-time Equivalent (FTE) ceilings. These include Department-wide, Nationwide, Washington Metropolitan area, and Herbert Clark Hoover Building population levels.

(2) Billings prorated on the basis of workload. These include projects where staff members track time spent on bureau work to determine billings.

(3) Billings based on an actual workload with amount billed identified to a specific item or service. These include billings such as management training courses and building alterations.

(4) Billings based on other methodologies, including direct charges to users such as reimbursable work authorizations and legal information retrieval services.

It is the WCF's policy that any changes in project descriptions or costing methods be distributed to the bureaus affected, as they occur, by the office initiating changes. OEB will update project descriptions and basis of charges in the *Working Capital Fund and Advances & Reimbursement Handbook* annually.

## AUTOMATIC BILLING AND PAYMENT SYSTEM

To ensure prompt payment, billings are made using the Department of the Treasury's *Intra-governmental Payment and Collection (IPAC)* system. To ensure that costs are properly allocated and billed, on-going reviews are conducted on billing rates and algorithms, with appropriate adjustments made when needed. WCF charges are tracked by the NIST/FOD using the *Commerce Business System (CBS). The CBS Core Financial System (CFS)* was implemented in October 2000. Monthly statements on line & on the OEB shared drive for all DOC offices access. After billing, FOD posts all charges and credits on the *Statement of Transactions (SF-224)*, as net disbursements against the authorized bureau appropriations. It simultaneously posts these transactions as receipts to the WCF. All transactions prepared after the 26th of the month appear on the following month's report. At the end of the fiscal year, an end-of-year billing estimate is prepared.

All DoC bureaus are advance billed quarterly based on an estimate provided by the Office of Executive Budgeting. These estimates are based on the quarter's anticipated obligations for all project billings, other than those billed manually. PTO costs are also billed quarterly once the Memorandum of Agreement is signed between PTO and the Office of the Secretary. If DoC appropriations are under a continuing resolution, this advance procedure is adjusted for the first quarter of the fiscal year, or as needed until appropriations are passed.

QUESTIONS?

If billing questions arise, NIST Financial Operations Division should be contacted for back-up documentation. If additional information is required, the office providing the product or service should be contacted to resolve the issue. For further assistance, an OEB budget analyst should be contacted. A list of OEB analysts available to assist you can be found on page 80.