FASAB Managerial Cost Accounting and Reporting Questionnaires

As of May 24, 2010, the following 18 responses to the detailed questionnaire have been received:

Abbreviation	Full Name
DOC/NIST	Department of Commerce / National Institute of Standards and Technology
DOC/NOAA	Department of Commerce / National Oceanic and Atmospheric Administration
DOC/USPTO	Department of Commerce / U.S. Patent and Trademark Office
DOD/USACE	Department of Defense / U.S. Army Corp of Engineers
DOD/NAVY	Department of Defense / Navy
ED/FSA	Department of Education / Federal Student Aid
DOI/USBR	Department of Interior / Bureau of Reclamation
DOT/FAA	Department of Transportation / Federal Aviation Administration
DOT/FHWA	Department of Transportation / Federal Highway Administration
EPA	Environmental Protection Agency
GSA/FPSD	General Services Administration / Financial and Payroll Services Division
GSA/OFPO	General Services Administration / Office of Financial Policy & Operations
HUD	Department of Housing and Urban Development
SBA	Small Business Administration
USDA/APHIS	U.S. Department of Agriculture / Animal Plant Health Inspection Service
USDA/FSA	U.S. Department of Agriculture / Farm Service Agency
USDA/OCFO	U.S. Department of Agriculture / Office of Chief Financial Officer
USDA/OCIO	U.S. Department of Agriculture / Office of Chief Information Officer

It is important to note that responses were received from individuals from each of the above agencies at varying staff and managerial levels and do not necessarily represent the views of the agency as a whole.

If there are any questions about the questionnaires that follow, please contact Julia Ranagan at 202.512.7377 or ranaganj@fasab.gov.

Federal Accounting Standards Advisory Board

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Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Kim Darling
          Financial Policy and Reports Manager
          National Institute of Standards and Technology
          Department of Commerce

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by the Department of Commerce Office of the Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
   (Please click on one box)

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
   (Please click on the grey shading in the box below to begin typing your response)

NIST Working Capital Fund (WCF) - established in 1956

3. Which entity(ies) within your agency are you answering this questionnaire for?
   (Please click on the grey shading in the box below to begin typing your response)

Department of Commerce - NIST

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☒ **Revolving funds**
   ☐ Non-revolving funds
   ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
    ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
    ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

At this time it is unecessary

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

It is used for financial reporting.

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

In addition it is management decision making

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

It is used to determine our profit and loss within the WCF

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

It is done on a continual basis.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

The analysis is used to determine fees, surcharges, and reimbursement rates.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

1) It has allowed us to calculate and charge true costs more accurately 2) It provides a more accurate basis for cost analysis. 3) it provides a more accurate cost benefit analysis of program performance.

    b. Your three greatest challenges in making MCA information useful to managers.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> 1) The need for a continual review of fees, surcharges, and reimbursement rates.
> 2) Educating the customers and management in understanding the concept of indirect cost and matching cost to revenues within the same reporting period.
> 3) In addition to performing the review process, it is difficult to determine the actual rates to be charged.

   c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.

(Please click on the grey shading in the box below to begin typing your response)

> 1) Educate your customers
> 2) Establish a basis for calculating rates
> 3) Review your calculation/analysis methods and update when organizational changes occur.

19. What other type of cost information would you like to have that you currently do not generate?

(Please click on the grey shading in the box below to begin typing your response)

> It would be beneficial to have accounts payable reports but our current system has limitations.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?

(Please click on the grey shading in the box below to begin typing your response)

> To determine the "best practices" by using the most cost effective process.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?

(Please click on the grey shading in the box below to begin typing your response)

> The establishment of a standardized methodly of cost accounting across Government Agencies. Most agencies are accustomed to budgetary accounting and not cost accounting.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
    (Please click on one box)

   ☒ Yes (go to question 23)
   ☐ No (go to question 25)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

- ☐ **Standard costing**
- ☒ **Activity-based costing**
- ☐ **Job order costing**
- ☐ **Process costing**
- ☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> We use a relational database and reporting tools. The Finance Offices has the ability to update the system and both the Finance and Budget Offices monitor accuarcy.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

- ☐ Yes (go to question 27)
- ☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> Operating Units, Budget Programs/Projects

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FASAB Managerial Cost Accounting and Reporting Questionnaire

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> Various programs and projects far to numerous to list. We are a scientific community with very detailed projects.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☒ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

> Yes - based on Congressional direction.

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

>

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
    (Please click on the grey shading in the box below to begin typing your response)

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

A majority is based on total administrative and overhead costs applied as a rate against direct labor costs by program.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
    (Please click on the grey shading in the box below to begin typing your response)

Direct costs are charged to programs, and indirect costs are charges based on total administrative and overhead costs applied as a rate against direct labor costs by program.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☒ Yes
    ☐ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☐ Yes
☒ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> The biggest challenge is that there are varing levels of understanding the process as a whole.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

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52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

Annually and on an as needed basis.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☐ Yes (go to question 59)
☒ No (go to question 60)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☐ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Because NIST is primarily a scientific community, the culture is more of a business practice rather than a Governmental.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

FASAB Managerial Cost Accounting and Reporting Questionnaire

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

> Deputy CFO

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☒ Budgeting and cost control
☒ Performance measurement
☒ Determining reimbursements and setting fees and prices
☒ Program evaluations
☒ Making economic choice decisions
☒ Improving service delivery
☐ Other (explain other in the box below)

> *(Please click on the grey shading in the box below to begin typing your response)*

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

> It is unknown to us as the establishment occurred in 1956.

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

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FASAB Managerial Cost Accounting and Reporting Questionnaire

<div style="border: 2px solid black; padding: 20px;">

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Kim Darling and Julia Umberger

Agency Name: DoC/NIST

Office Name: Finance Division

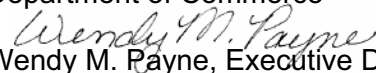**Position Title:**   Financial Policy & Reports Mgr/Data Control Group Leader

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Federal Accounting Standards Advisory Board

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Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Mark Miller
          Chief, Financial Statements Branch
          National Oceanic and Atmospheric Administration
          Department of Commerce

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

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You were specified by the Department of Commerce Office of the Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

DOC/NOAA

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For more information on FASAB, please visit our website: **www.fasab.gov**.

Complete Responses in their Original Form   Page 19

FASAB Managerial Cost Accounting and Reporting Questionnaire

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(Please click on one box)

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
(Please click on the grey shading in the box below to begin typing your response)

NOAA

3. Which entity(ies) within your agency are you answering this questionnaire for?
(Please click on the grey shading in the box below to begin typing your response)

NOAA

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☐ **Revolving funds**
   ☐ Non-revolving funds
   ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
(Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    - ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    - ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
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    - ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

This has been implemented for NOAA overall

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

Financial Statement Preparation and Performance Reporting

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Net costs of operations can be found in the Statement of Net Costs. These are broken down by Strategic Goal. Full costs are also captured in Property, Plant, and Equipment on the Balance Sheet. We use full costing when bringing an asset into operation.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    - ☒ Yes (go to question 12)
    - ☐ No (go to question 13)

2

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

    NOAA conducts constant monitoring of its business rules with input from our user community.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

    We believe program managers rely more on budgetary information with regards to making decisions than using cost information.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

       The DoCs financial system allows data to be reviewed at various levels.

3

FASAB Managerial Cost Accounting and Reporting Questionnaire

> This should prove helpful in allowing managers to make effective decidions.

    b. Your three greatest challenges in making MCA information useful to managers.
(Please click on the grey shading in the box below to begin typing your response)

> Standardization of data across our reporting segments are been a challenge.

    c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> Ensure data consistency and standardization exists. This would definitely help in ensuring the best data is available.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

>

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Comparing cost data with other agencies would be a good tool to leverage successes and lessons learned from those agencies. Implementing those successes could assist in driving down administrative and operational costs.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> Establishing points of contact could pose a problem. The formatting of how the data is presented could also be a challenge.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

    ☒ Yes (go to question 23)
    ☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☐ **Activity-based costing**
☒ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> Various NOAA staff members are responsible for data being put into the system as verifying its accuracy and/or reliability. Changes to the system are authorized by the Department of Commerce.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> NOAA's responsibility segments include the following:
> - Office of Marine and Aviation Operations
> - National Ocean Service
> - Office of Oceanic and Atmospheric Research
> - National Weather Service
> - National Environmental Satellite, Data, and Information Service

5

FASAB Managerial Cost Accounting and Reporting Questionnaire

> - Program Planning and Integration

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

> NOAA uses projects and tasks as its cost object.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

    ☐ Yes (go to question 31)
    ☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☒ Yes (go to question 33)
    ☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
    (Please click on one box)

    ☒ Yes
    ☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
    (Please click on one box)

    ☐ Yes (go to question 35)
    ☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
    (Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

> NOAA Buoy Center - NOAA has an agreement with the Coast Guard whereby the Coast Guard does maintenance work on NOAA's buoy system and does not charge NOAA for this service.

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> There is a small percentage of items that are paid for centrally and are then distributed out based on labor dollars.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> NOAA uses both direct tracing and allocation on a reasonable and consistent basis

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☒ Yes
☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

FASAB Managerial Cost Accounting and Reporting Questionnaire

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☒ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    ☒ Yes
    ☐ No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)

    ☒ Yes
    ☐ No

46. Was one person common to all teams or committees?
    (Please click on one box)

    ☐ Yes
    ☒ No

47. Did the team or committee include user level staff like project managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

48. Did the team or committee have clearly defined objectives or a charter?
    (Please click on one box)

    ☒ Yes
    ☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
    (Please click on the grey shading in the box below to begin typing your response)

    [   ]

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
    (Please click on one box)

    ☐ Yes (go to question 51)
    ☒ No (go to question 53)

FASAB Managerial Cost Accounting and Reporting Questionnaire

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

Training was conducted prior to "go live"

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on one box)

☒ Yes (go to question 59)
☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☒ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

Management fosters and enviornment whereby all costs should be captured.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes (go to question 66)
☒ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

FASAB Managerial Cost Accounting and Reporting Questionnaire

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☒ No
☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

<div style="border:1px solid black; padding:10px;">

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Mark Miller

Agency Name: Department of Commerce/NOAA

Office Name: Office of Finance and Administration/Finance Office
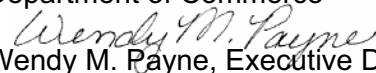
Position Title: Supervisory Accountant

</div>

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Steve Porter
           Director, Activity Based Information Division
           U.S. Patent and Trademark Office
           Department of Commerce

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by the Department of Commerce Office of the Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> **Disclaimer:** In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > We have implemented MCA for 100% of USPTO expenses for all organizations including all support orgs. MCA was implemented in 1997 USPTO-wide.

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > We are answering this questionnaire for USPTO as an entire entity.

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☒ Non-revolving funds
    ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☐ Yes (go to question 6)
    ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

N/A

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

We have already implemented MCS in all USPTO organizations. We are constantly improving and producing new reports and functionality.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

The primary use of cost information is for financial reporting (SNC & footnotes).

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

USPTO uses cost information for fee setting, budget formulation, performance reporting, business decisions, and process improvement.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Costs are incorporated into performance reporting through the Efficiency Measures (EM) and cost management measures. EMs are calculated by taking total expenses for Patents and Trademarks, including associated portions of support organizations, and dividing by production volume. Cost management measures are used for general reporting but also for organizational assessments.

FASAB Managerial Cost Accounting and Reporting Questionnaire

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
(Please click on one box)

☒ Yes (go to question 12)
☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> We change portions of our MCS every year. In 2009, we overhauled our Patent model, Trademark model and OCIO model. We began using the new Patent and Trademark models in first quarter 2010 and will begin using the revised OCIO model in second quarter 2010.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> Program managers use cost information for fee costing and setting, budgetary uses, performance measures such as efficiency and cost management measures, and for business decisions such as choosing which portion of the Patent process to improve and automate.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

> I answered Yes to #13, but here is what you need to do: embed the MCA expense data in the fundamental processes such as financial reporting, budgeting and performance reporting. Business usage evolves from that.

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☒ Yes (go to question 17)
☐ No (go to question 18)

FASAB Managerial Cost Accounting and Reporting Questionnaire

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

> This is the fundamental problem with MCA today. There is no guideline for linkage between MCA and budget. At PTO, the prior year organizational expense percentages, translated to obligations, becomes the starting point for budget formulation. More guidance from FASAB is required to bring about a government version of the CAM-I (Consortium of Advanced Management International) closed loop to guide federal budget formulation.

18. Please describe:

  a. Your three greatest success stories related to the use of MCA for effective decision-making.
  (Please click on the grey shading in the box below to begin typing your response)

  > Our three greatest successes in implementing MCA are: 1. Ongoing Patent and Trademark Fee Studies, 2. Continued use of the ABC data for financial reporting (SNC & Footnotes), 3. Use of ABC data in the budget formulation process since 1998.

  b. Your three greatest challenges in making MCA information useful to managers.
  (Please click on the grey shading in the box below to begin typing your response)

  > Our three greatest challenges in making MCA useful are: 1. Getting the managers to understand what ABC is and how the USPTO ABI system is designed to capture full costs, 2. Getting the right people to look at the data and actually use it (it often did not get to the operations managers but rather only to the finance and budget representatives within those program areas), 3. Push-back saying the data is wrong and arguing over drivers instead of using the data.

  c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
  (Please click on the grey shading in the box below to begin typing your response)

  > Our three most important lessons learned are: 1. The data must be useful to operations folks and the project must have executive-level buy-in and a champion; 2. The expense information must be integrated into the mandated reporting requirements so that it will never fade away; 3. An executive level steering committee to approve and record decisions is necessary.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> We produce an abundance of cost information and apply it differently depending on which organization it originates in. It would be helpful to use the costing

FASAB Managerial Cost Accounting and Reporting Questionnaire

> information for internal and external benchmarking on a more regular basis to help identify process efficiency improvements. It might also be useful to run expenditures and perhaps even obligations through the ABC expense models.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Benchmarking would be beneficial as long as we compare apples to apples. Benchmarking would be very difficult with different quality MCAs between agencies. Process improvements could be made in less efficient areas by studying more efficient organizations.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> In order to do any type of meaningful comparison, costs must be captured in a similar fashion and defined very, very specifically. For example, if you just say, "include IT costs", some people will provide an individual's share of the entire IT structure across the whole organization, and some will only include the person's PC.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☒ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> The software used for ABC at PTO is SAP Profitability and Cost Management (called ABIS at USPTO). The ABC contractor is responsible for the data extraction from the Enterprise Data Warehouse and integration with the ABIS. Only the ABI Division of the Office of Finance, with support from the Financial Systems Division, is permitted to change the system. The ABI division is responsible for the reliability and accuracy of the data in the system.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

> N/A

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

> N/A

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> The primary responsibility segments at USPTO are Patents, Trademarks and Intellectual Property Protection (IPP).

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> We have an ABC cost model for each USPTO organization. Each model has cost objects. There are approximately 150 cost objects in total consisting of products, services or customers as appropriate. We would be happy to supply a complete list if you are interested.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

> The responsibility segments changed as the strategic plan changed.

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

> N/A

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

> The DOC Working Capital Fund charges.

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?

7

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
    (Please click on the grey shading in the box below to begin typing your response)

> We use a mature ABC system with approximately 300 drivers used as appropriate for the resource or activity. We use all of the examples cited above in addition to many, many more. We would be happy to provide a complete list of drivers if you are interested.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
       (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☒ Yes
    ☐ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☒ Yes
    ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☒ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> The teams must consist of high quality staff who undertand the functional processes of their organization well and can learn ABC.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

> One of the business lines (Trademarks) was the scope of the pilot ABC model.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

No, it was useless.

Communication

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☒ Yes (go to question 54)
    ☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☒ Yes
    ☒ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

We do training all the time. We have been doing it at various times for 12 years.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☒ Yes (go to question 59)
    ☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☒ Yes
    ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☒ Yes (go to question 61)
    ☐ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

    > IG auditors were present (along with union representatives) during the requirements gathering portion of the initial ABC model implementation. In addition, USPTO sent IG auditors to software training to become familiar with the selected ABC software (HyperABC). Finally, the IG conducted an early review of the cost accounting model to make sure it complied with accounting requirements prior to an agency-wide full blown implementation.

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

    > There was significant benefit to having the auditors (IG) involved in the initial implementation of the ABC project (considered a best practice). By involving the IG early and allowing them to gain an understanding of the model structure and software, this allowed auditor 'sign-off' on the model and provided momentum for moving forward with the ABC initiative.

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

    > Executives and high level managers are very aware of the expense data and are leveraging it more frequently in recent years, particularly for fee analyses.

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☒ Yes
    ☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

11

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

> The Chief Financial Officer is the USPTO champion for MCA.

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☒ Budgeting and cost control
☒ Performance measurement
☒ Determining reimbursements and setting fees and prices
☐ Program evaluations
☒ Making economic choice decisions
☒ Improving service delivery
☐ Other (explain other in the box below)

> *(Please click on the grey shading in the box below to begin typing your response)*

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

> N/A

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

> Communications was maintained through use of a Steering Committee, training, presentations to various groups and executives, bulletins, PTO "What's New", booth at Community Day, and whatever else we could think of.

Other

FASAB Managerial Cost Accounting and Reporting Questionnaire

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

> MCA will never be fully accepted and used effectively unless there is a strong link to the budget process directed by clear guidance.

FASAB Managerial Cost Accounting and Reporting Questionnaire

14

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Stephen Porter

Agency Name: US Patent & Trademark Office

Office Name: Office of Finance, Activity-Based Information Division

Position Title: Director, ABI

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Ellen Gibsons
            Accountant
            U.S. Army Corp of Engineers
            Department of Defense

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, _Managerial Cost Accounting Standards and Concepts_, as amended and supplemented.

You were specified as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one</u>
    entity within your organization (responses are not limited to an MCA process developed
    using a formal cost accounting system for the purpose of preparing the statement of net
    cost; responses may also include MCA used for internal decision-making or budgeting and
    be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

     Yes (go to question 0)
     No (go to question 0)

2. If you answered yes to question 0, please list and describe the entity or entities for which
    you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > MCA is accomplished through the Corps of Engineers Financial Management
    > System. It was fully deployed in USACE in 1998 and has been operational
    > since.

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > All components of USACE use CEFMS which provides MCA.

4. What type of funds are being accounted for within the entity(ies) from question 0 using
    MCA?

    Revolving funds
    Non-revolving funds
    Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report,
    management letter, Notice of Finding and Recommendation, or elsewhere within the last
    five years?
    (Please click on one box)

     Yes (go to question 0)
     No (go to question 0)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

6. If you answered yes to question 0, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your
    organization?
    (Please click on one box)

1

FASAB Managerial Cost Accounting and Reporting Questionnaire

We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 0)

We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 0)

We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 0)

We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 0)

Why or why not?
(Please click on the grey shading in the box below to begin typing your response)

> We have implemented MCA in all USACE entities.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

> Delivering projects within the budgeted amount.

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

> Reporting, budget development, cost estimating, asset usage rate development.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

> USACE districts are not funded, therefore 100% of their costs are allocated to projects.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    Yes (go to question 0)
    No (go to question 0)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

> Reviews are on-going. Customers enter change requests and as regulatory requirements change the system is updated accordingly.

FASAB Managerial Cost Accounting and Reporting Questionnaire

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

   Yes (go to question 0)
   No (go to question 0)

14. If you answered yes to question 0, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

MCA allows us to determine the proportion of our workload that can be done with in-house resources or contractors.

15. If you answered no to question 0, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

   Yes (go to question 0)
   No (go to question 0)

17. If you answered yes to question 0, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

   a. Your three greatest success stories related to the use of MCA for effective decision-making.
   (Please click on the grey shading in the box below to begin typing your response)

1. Our MCA system has cost data available in real-time. 2. Our upward reports are available immediately at the end of the month. 3. Our fiscal year rollover process takes approximately 24 hours.

   b. Your three greatest challenges in making MCA information useful to managers.
   (Please click on the grey shading in the box below to begin typing your response)

3

FASAB Managerial Cost Accounting and Reporting Questionnaire

> 1. Educating USACE project managers about USACE costing policies. 2. Developing meaningful local reports. 3. Developing meaningful enterprise reports.

   c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> 1. An MCA should operate in real-time. 2. All levels of the organization must be trained in using the MCA. 3. Auditors should be involved in system design.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

>

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Comparing costs across agency lines would help us remain competitive, however the accounting systems would have to be similar to make comparions fair.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> USACE charges current workload for the cost of accrued retirement benefits.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

    Yes (go to question 0)
    No (go to question 0)

23. If you answered yes to question 0, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

    Standard costing
    Activity-based costing
    Job order costing
    Process costing

4

FASAB Managerial Cost Accounting and Reporting Questionnaire

Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

> Direct Project Costing

24. If you answered yes to question 0, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> The Corps of Engineers Financial Management System (CEFMS). It is used by all USACE activities and user roles are assigned based on function at the activity level.

25. If you answered no to question 0, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

>

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

   Yes (go to question 0)
   No (go to question 0)

27. If you answered yes to question 0, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

>

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> USACE major business lines are Civil Works, Military Programs, IIS, and R&D. All use the same MCA.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> Project Codes, Appropriation Codes, Army Management Structure Codes (AMSCO), Account Period, Resource Codes, Standard Elements of Resource, and Object Class

5

FASAB Managerial Cost Accounting and Reporting Questionnaire

30. Have you revised your responsibility segments or cost objects since the first year you reported?

     Yes (go to question 0)
     No (go to question 0)

31. If you answered yes to question 0, please describe how you revised the responsibility segments and/or cost objects.
     (Please click on the grey shading in the box below to begin typing your response)

     > As appropriation requirements or management initiatives change, appropriate changes are made to the accounting system to track and report requirements, i.e. ARRA.

32. Have you implemented full costing as defined by SFFAS 4?
     (Please click on one box)

     Yes (go to question 0)
     No (go to question 0)

33. If you answered yes to question 0, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
     (Please click on one box)

     Yes
     No

34. If you answered yes to question 0, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
     (Please click on one box)

     Yes (go to question 0)
     No (go to question 0)

35. If you answered yes to question 0, please describe your agency's costs not assigned to programs.
     (Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
     (Please click on one box)

     Yes (go to question 0)
     No (go to question 0)

37. If you answered yes to question 0, please list the additional inter-entity costs you identified, including a brief description.

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

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38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> USACE allocates two types of overhead, Departmental and G&A (General & Administrative), and has published guidance on what types of indirect costs are allowable for each type of overhead.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> Contract and direct labor costs are charged to project funds directly, direct labor funds are burdened with Departmental overhead and G&A overhead as described above.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
Periodic estimates of time spent on multiple program activities completed by employee
Periodic evaluations completed by someone other than the employee
Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

> Labor-costing and payroll functions are integrated in our MCA (same data input for both purposes).

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

Yes
No
Did not use teams or committees for anything MCA-related (go to question 0)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

Yes

7

FASAB Managerial Cost Accounting and Reporting Questionnaire

No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    Yes
    No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    Yes
    No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)

    Yes
    No

46. Was one person common to all teams or committees?
    (Please click on one box)

    Yes
    No

47. Did the team or committee include user level staff like project managers?
    (Please click on one box)

    Yes
    No

48. Did the team or committee have clearly defined objectives or a charter?
    (Please click on one box)

    Yes
    No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
    (Please click on the grey shading in the box below to begin typing your response)

    When fielding our MCA, CEFMS, in the 1990s, a training team composed of all USACE organizational elements was formed, this was critical to success.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
    (Please click on one box)

    Yes (go to question 0)
    No (go to question 0)

51. If you answered yes to question 0, please briefly describe the pilot testing process you used.
    (Please click on the grey shading in the box below to begin typing your response)

> Deployment of our MCA, CEFMS, took place over several years and functionality was developed and added in response to operational experience.

52. If you answered yes to question 0, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

> Yes, the MCA system was greatly improved by the time fielding was completed in 1998.

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

   Yes (go to question 0)
   No (go to question 0)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

   Yes
   No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

   Yes
   No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

   Yes (go to question 0)
   No (go to question 0)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

> Initial training was done when our MCA was fielded, since then we have performed refresher/new employee training on a regular basis, now we have web-based training also. USACE utilized a train-the-trainer concept where trainers went through a five week training period to prepare them to teach in their respective command.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

9

FASAB Managerial Cost Accounting and Reporting Questionnaire

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    Yes (go to question 0)
    No (go to question 0)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    Yes
    No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    Yes (go to question 0)
    No (go to question 0)

61. If you answered yes to question 0, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Auditors are a key part of the process to keeping our MCA, CEFMS, in compliance with published guidance and identifying potential weaknesses.

62. If you answered yes to question 0, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

USACE has received an unqualified audit opinion the last three years, 2007, 2008 and 2009.

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

Since USACE primarily is a design and construction management entity, and we must charge all District costs to our projects, cost accounting is central to what we do.

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

10

FASAB Managerial Cost Accounting and Reporting Questionnaire

Yes
No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

Yes (go to question 0)
No (go to question 0)

66. If you answered yes to question 0, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

Wesley Miller, USACE Director Resource Management

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

Yes (go to question 0)
No (go to question 0)

68. If you answered yes to question 0, does the statement or policy include the following objectives and uses?
(Please click all that apply)

Budgeting and cost control
Performance measurement
Determining reimbursements and setting fees and prices
Program evaluations
Making economic choice decisions
Improving service delivery
Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 0 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

Yes (go to question 0)
No (go to question 0)

71. If you answered yes to question 0, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

11

FASAB Managerial Cost Accounting and Reporting Questionnaire

> The key to adoption of CEFMS, our MCA, was command involvement from HQUSACE down to the district (field) level.

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

   Yes
   No
   Maybe

73. Do you have any other comments?
   (Please click on the grey shading in the box below to begin typing your response)

> It is extremely important to USACE to maintain an unqualified audit opinion.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name:	Walter Garman III
Agency Name:	U.S. Army Corps of Engineers
Office Name:	Finance and Accounting Policy Division
Position Title:	Systems Accountant

13

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Kyle Fugate
           Navy
           Department of Defense

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
   (Please click on one box)

   ☐ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
   (Please click on the grey shading in the box below to begin typing your response)

   > NAVAIR 2008, NAVSUP, SPAWAR

3. Which entity(ies) within your agency are you answering this questionnaire for?
   (Please click on the grey shading in the box below to begin typing your response)

   > Entities on Navy ERP

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☐ **Revolving funds**
   ☐ Non-revolving funds
   ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)

   ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)

   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)

   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

Required for Navy ERP solution

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Managerial Reports

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Rate setting

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Direct costs plus overhead

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

Continuous monitoring of customer issues

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

external reports, set customer rates, organizational realignment

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☒ Yes (go to question 17)
    ☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

Department of Navy Industrial Budgeting Information System (DONIBIS)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

Rates, surcharges, reports

    b. Your three greatest challenges in making MCA information useful to managers.
       (Please click on the grey shading in the box below to begin typing your response)

Command interpretation, lack of standardization

3

FASAB Managerial Cost Accounting and Reporting Questionnaire

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> Normalization of business processes, standardization of data definitions

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

>

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Ability to understand cost structure, compatability of data

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> Unwillingness to change processes

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☒ **Standard costing**
☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

>

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> Navy ERP is the system. Field Business Financial Managers and Comptrollers are responsible for the data. Navy ERP is permitted to make changes.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

   ☐ Yes (go to question 27)
   ☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

30. Have you revised your responsibility segments or cost objects since the first year you reported?

   ☐ Yes (go to question 31)
   ☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☐ Yes
☒ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☒ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

> Comptroller shops, Commanding Officers

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)
☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

>

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Labor Hours

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> Direct tracing for direct costs, Pro-rated share of direct labor hours for overhead

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)
☒ Yes
☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)
☐ Yes
☒ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)
☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)
☒ Yes
☒ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)
☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)
☐ Yes

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FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> Have the right people at the meeting, limited attendance, designate sessions as working workshops

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

> SIGMA, CABRILLO, SMART, NEMAIS

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

> Both. Helped reduced developmental time, but problems when there were different processes between the pilots

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ No

55. Did you ask for feedback to help identify potential needs of managers?
   (Please click on one box)

   ☒ Yes
   ☐ No

56. Did you have training sessions to educate as many personnel as possible?
   (Please click on one box)

   ☒ Yes (go to question 57)
   ☐ No (go to question 58)

57. When did you do the training?

   (Please click on the grey shading in the box below to begin typing your response)

6 months before implementation

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
   (Please click on one box)

   ☒ Yes (go to question 59)
   ☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
   (Please click on one box)

   ☒ Yes
   ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
   (Please click on one box)

   ☐ Yes (go to question 61)
   ☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
   (Please click on the grey shading in the box below to begin typing your response)

9

FASAB Managerial Cost Accounting and Reporting Questionnaire

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

>

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Cost accounting was not a high priority except for external reporting and rate setting

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☐ Yes (go to question 66)
☒ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

>

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☒ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Improving service delivery
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name:

Agency Name:

Office Name:

Position Title:

Phone Number:

Email Address:

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Jay Hurt
            Chief Financial Officer
            Federal Student Aid
            Department of Education

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

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You were specified as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

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   (Please click on one box)

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
   (Please click on the grey shading in the box below to begin typing your response)

   > Federal Student Aid (FSA) in 2002

3. Which entity(ies) within your agency are you answering this questionnaire for?
   (Please click on the grey shading in the box below to begin typing your response)

   > FSA

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☐ **Revolving funds**
   ☒ Non-revolving funds
   ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
    ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
    ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

MCA was implemented for the entire FSA organization.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

Performance reporting

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

Contract negotiations, cost reduction, budget formulation, process improvement.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Our model calculates direct, partially-loaded, and fully-loaded unit costs. We only report on direct costs in our Annual Report.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

2

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> We perform a continuous review of our system and make any necessary adjustments.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> Cost information has been used in contract negotiations and budget formulation.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

>

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☒ Yes (go to question 17)
☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

> Our MCA system is built on assignments, tracing, and allocations of expenditures to outputs.

18. Please describe:

   a. Your three greatest success stories related to the use of MCA for effective decision-making.
   (Please click on the grey shading in the box below to begin typing your response)

   > Establishing cost targets and reporting on FSA's performance annually.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> Predicting budgets based on volumes, supporting budget requests.
>
> Contract negotiation. We were able to challenge a contractor's bid to increase their capacity to originate more loans and were able to save $4M.

b. Your three greatest challenges in making MCA information useful to managers.
   (Please click on the grey shading in the box below to begin typing your response)

> Having enough personnel resources to fully move to activity-based management.
>
> Applying overhead costs.
>
> Working with business unit staff to implement new uses for the model's results and the quarterly models.

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
   (Please click on the grey shading in the box below to begin typing your response)

> Senior Management commitment and buy-in are extremely important to the success of the project.
>
> Start the ABC/M initiative as a pilot, in a specific area, before taking on the entire organization. Begin with an objective before designing the model.
>
> Keep information flowing to management and users. In addition, give users 'direct' access to the information.
>
> Have enough resources to develop and sustain the project.

19. What other type of cost information would you like to have that you currently do not generate?
    (Please click on the grey shading in the box below to begin typing your response)

> Benchmark data from other agencies and private sectors.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

> Strengthened budget justifications, more informed contract negotiations, process improvements and cost of providing services/functions at different FSA locations.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
    (Please click on the grey shading in the box below to begin typing your response)

4

FASAB Managerial Cost Accounting and Reporting Questionnaire

> Internal/External: Willingness to share information (more external), differing ways of calculating costs, differing ways of performing/providing a service, differing ideas on what should constituent the costs.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
    (Please click on one box)

    ☒ Yes (go to question 23)
    ☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
    (Please click all that apply)

    ☐ **Standard costing**
    ☒ **Activity-based costing**
    ☐ **Job order costing**
    ☐ **Process costing**
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

    [   ]

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
    (Please click on the grey shading in the box below to begin typing your response)

    > FSA's ABC system is CostPerform. The ABC Team, within the FSA CFO office, is responsible for entering and editing data in the system. The team is also responsible for the accuracy and reliability of the data.

25. If you answered no to question 22, please describe the system or process you use.
    (Please click on the grey shading in the box below to begin typing your response)

    [   ]

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
    (Please click on one box)

    ☐ Yes (go to question 27)
    ☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
    (Please click on the grey shading in the box below to begin typing your response)

5

FASAB Managerial Cost Accounting and Reporting Questionnaire

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

> Chief Financial Office, Chief Information Office, Program Compliance, Business Operations, Student Aid Awareness and Application Service, Business Transformation and Administrative Services, Enterprise Performance Management Services, Communication and Outreach Staff, Policy Liaison and Implementation, Ombudsman.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

> Electronic/Paper FAFSA Application, Pell Disbursements, ACG Disbursements, SMART Disbursements, TEACH Disbursements, Direct Loan Origination and Disbursements, Direct Loan PLUS Origination and Disbursements, FSEOG Disbursements, Perkins Loan Program Disbursements, Federal Work Study Program Disbursements, LEAP/SLEAP Program Disbursements, Direct Loan Consolidation, Loan Servicing, Default Collections, Conditional Disability Discharge, FFELP Monitoring of Financial Partners, FFEL Reviews, Compliance Audits, School Reviews (Audit Reviews, Eligibility Reviews, Financial Reviews, Program Reviews, Management & Other Reviews), Monitoring and Oversight of Schools (Public, Private, Proprietary, Foreign).

30. Have you revised your responsibility segments or cost objects since the first year you reported?

    ☒ Yes (go to question 31)
    ☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

> Cost objects are added to the model based on changes in the organization and data provided by the program managers.

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☒ Yes (go to question 33)
    ☐ No (go to question 36)

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33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

Department of Education

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

Overhead Surcharge Rule. The overhead costs for FSA's Outputs are calculated based on a rate, which is the total overhead costs divided by the total direct cost. This rate is then applied to the Direct Cost for each Output.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

Direct tracing (majority of costs) and allocation.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?

(Please click all that apply)

☐ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☒ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

> Labor data surveys completed by managers.

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
   (Please click on one box)

   ☒ Yes
   ☐ No
   ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
   (Please click on one box)

   ☒ Yes
   ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
   (Please click on one box)

   ☒ Yes
   ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
   (Please click on one box)

   ☒ Yes
   ☐ No

45. Did the teams or committees include different levels of staff?
   (Please click on one box)

   ☒ Yes
   ☐ No

46. Was one person common to all teams or committees?
   (Please click on one box)

   ☒ Yes
   ☐ No

47. Did the team or committee include user level staff like project managers?
   (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> Size of the group (too large, too many competing priorities). Working with smaller groups to explain the goals, developing the unit costs, etc helped tremendously in implementing our program.
>
> Education about goals of the project took away the fear of having being evaluated solely on whether a target was met.
>
> Having a different view of the costs associated with a unit costs other than the normal budgetary object classes helped the managers understand what areas they can effect and those they can't.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

> Rebuilt previous FY model (2002) to test methodology/model structure.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

> Our problem was caused by having made many assumptions in our first model (the level of detail was not accurate) and when we tried to fit that the old model data into the new model, the results were not as expected.

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☐ Yes (go to question 54)

9

☒ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☐ Yes
    ☒ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    > We limited the training to those who would be providing information and data and the effected managers. As we stated earlier, we found that working with small groups was an important lesson learned. We also limited the number of users who can access our software.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☒ Yes (go to question 59)
    ☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☒ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

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62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

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Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Some managers have more interest in the cost information than others. Some managers have little knowledge of the cost information. The new Chief Operating Officer of FSA has a high level of interest, which will result in more interest and more dissemination of cost information.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

> Chief Operating Officer and the Chief Financial Officer

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

- ☒ Budgeting and cost control
- ☒ Performance measurement
- ☐ Determining reimbursements and setting fees and prices
- ☐ Program evaluations
- ☒ Making economic choice decisions
- ☐ Improving service delivery
- ☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

> Determining reimbursements and setting fees and prices is not applicable because we don't have prices or fees. Program evaluations is not applicable because the cost is not the right measure to evaluate our programs. Improving service delivery is not applicable because we measure that surveying our customers.

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

- ☐ Yes (go to question 71)
- ☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

- ☒ Yes
- ☐ No
- ☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

Not at this time.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Jay Hurt

Agency Name: Department of Education

Office Name: Federal Student Aid

Position Title: Chief Financial Officer

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Elizabeth Cordova-Harrison
              Director, Management Services Office
              Bureau of Reclamation
              Department of the Interior

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented*.*

You were specified as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

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ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > For all Project Construction Costs and Working Capital Funds

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > All of Reclamation

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☐ Yes (go to question 6)
    ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Reporting on Working Capital Fund Activities

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Budget Formulation and Asset Management

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Costs are incorporated throught the Statement of Net Cost

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

2

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> In the last two years, Reclamation conducted several reviews under the Management for Excellence Initiative which resulted in new Directive and Standards and new business management practices in the Working Capital Fund.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> Reclamation created the SPCCR to capture cost and repayment data by project to facilitate better management of existing infrastrucure, increase knowledge and understanding of the repayment status of thise facilities, to increase transparancy of construction costs of our customers.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

>

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☒ Yes (go to question 17)
☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

> Reclamation formulates budget in much more detail.

18. Please describe:

   a. Your three greatest success stories related to the use of MCA for effective decision-making.
   (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> 1) Consistency in a decentralized organization through Standard Process of Costsing. 2) Flexibility and transparency of our indirect costs in the Working Capital Fund. 3) Facilitate better management of contacts

    b. Your three greatest challenges in making MCA information useful to managers.
(Please click on the grey shading in the box below to begin typing your response)

> Understanding their customer needs, not overwhelming them and training

    c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> Consistency is hard to obtain, know your customers and know your data.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> Depends on the situation that you are analyzing. The information is readily available, however, it has to be pulled from multiple systems.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Business Process efficiencies and/or cost savings

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> Comparitive analysis is difficult because data is not consistent.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

    ☐ Yes (go to question 23)
    ☒ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

    ☐ **Standard costing**

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

Access databases and spreadsheets

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

Too many to list in this survey

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

Too many to list in this survey

30. Have you revised your responsibility segments or cost objects since the first year you reported?

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes (go to question 31)
☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☒ Yes (go to question 33)
    ☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
    (Please click on one box)

    ☐ Yes
    ☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
    (Please click on one box)

    ☒ Yes (go to question 35)
    ☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
    (Please click on the grey shading in the box below to begin typing your response)

General management for Policy and Administration of non-reimbursable activities.

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
    (Please click on one box)

    ☐ Yes (go to question 37)
    ☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

    > It varies by region, our indirect costs are directly related to our labor. A separate components is identified for leave, benefits, office and regional indirect costs.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
    (Please click on the grey shading in the box below to begin typing your response)

    > We do all of the above.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☒ Yes
    ☐ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☒ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> Headquarters was omitted from these teams which should have been included.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

8

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☒ Yes (go to question 54)
    ☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☒ Yes
    ☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    | In the year implementation began |

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☐ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

Reclamation functions like a utility company in that many of our costs are reimbursable from our customers, because of this, our employees are quite familiar with cost accounting.

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☒ Yes
    ☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

    ☒ Yes (go to question 66)
    ☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
    (Please click on the grey shading in the box below to begin typing your response)

Director of Management Services, Working Capital Fund Manager, Chief of the Contracting Activity and Deputy Chief Finance Officer; Operation and Policy

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☒ Determining reimbursements and setting fees and prices
☐ Program evaluations
☒ Making economic choice decisions
☒ Improving service delivery
☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

Addressed in other Policy

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Formal and informal communication to Leadership and Functional Teams and staff

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☒ Yes
☐ No
☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Elizabeth Cordova-Harrison

Agency Name: Reclamation

Office Name: Management Services

Position Title: Director

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Ramesh Punwani
            Chief Financial Officer
            Federal Aviation Administration
            Department of Transportation

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by the Department of Transportation Office of the Secretary as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques). *(Please click on one box)*

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented. *(Please click on the grey shading in the box below to begin typing your response)*

   > MCA is currently implemented for the Federal Aviation Administration (FAA) which is one of the modal bureaus for the Department of Transportation (DOT). The FAA oversees the safety of civil aviation. FAA's safety mission includes the issuance and enforcement of regulations and standards related to the manufacture, operation, certification and maintenance of civil aircraft and commercial space vehicles. The agency is also responsible for the rating and certification of airmen, the certification of airports serving air carriers, and the development and operation of an air traffic control and navigation system for aircrafts. FAA began developing its enterprise Cost Accounting System (CAS) in 1996, as directed by the Federal Aviation Reauthorization Act of 1996, or AIR-21 and it started the implementation in 1998 with the Air Traffic Organization line of business.

3. Which entity(ies) within your agency are you answering this questionnaire for? *(Please click on the grey shading in the box below to begin typing your response)*

   > All Lines of Business (LOBs) within the Federal Aviation Administration: These lines of business include the Air Traffic Organization, Airports, Aviation Safety and Commercial Space Transportation. The cost accounting business rules for Commercial Space Transporation require an update.

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

Complete Responses in their Original Form

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ **Revolving funds**
☐ Non-revolving funds
☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
(Please click on one box)

☒ Yes (go to question 6)
☐ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

6. If you answered yes to question 5, please describe the audit finding(s).
(Please click on the grey shading in the box below to begin typing your response)

> Since FY 1999, the DOT Office of Inspector General has routinely audited FAA's Cost Accounting System and made recommendations for improvement. Some of the OIG findings include: improve overhead allocations, ensure system methodology and documentation complies with Federal accounting standards, link the labor distribution system to cost accounting, and ensure proper project coding. FAA has concurred with all OIG findings and has implemented corrective action.

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
(Please click on one box)

☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

Why or why not?
(Please click on the grey shading in the box below to begin typing your response)

> FAA has implemented MCA for all lines of business. Any changes to the Cost Accounting System going forward will be to further refine the LOB business rules and/or reporting requirements.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
(Please click on the grey shading in the box below to begin typing your response)

2

FASAB Managerial Cost Accounting and Reporting Questionnaire

> FAA's primary use of cost accounting information is to establish Overflight fees/rates.

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

> FAA has used the Cost Accounting System to:
>
> -Establish overhead rates to be used in reimbursable costing
>
> -Produce the general purpose Statement of Net Cost by Program and by Strategic Goal
>
> -Develop model for billing DOD for long range radar program in support of the National Defense Program
>
> -Performance measurement

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

> As part of the Agency's Business Strategic Plan, FAA organizations are attempting to develop, track and report performance metrics using full cost on a quarterly basis. Examples from the Strategic Plan are: cost per flight controlled, grant administration efficiency measure, direct labor costs of certification of foreign and domestic repair stations.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

> We are currently (February 2010-June 2010) conducting a cost management assessment study. The objective of this study is to characterize how cost management and cost information is currently being used in FAA and tie agency uses to the following areas mentioned in SFFAS #4: Budgeting and Cost Control, Performance Measurement, Determining Reimbursements, Setting Fees and Prices, Program Evaluations, and Economic Choice Decisions. This effort is not only a review of agency cost requirements, but also an opportunity for cost accounting outreach.

FASAB Managerial Cost Accounting and Reporting Questionnaire

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☒ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> An example was the strategic decision to outsource the Agency's flight service stations in October 2005 to realize cost savings. The Cost Accounting System provided the data to support the A-76 analysis that resulted in the outsourcing of FAA's flight service stations.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

> It has been difficult to get the LOBs to fully embrace MCA. The culture is based on managing by "obligations" rather than "expense" data. We contiually struggle with ways to make the data more useful to our program managers. Perhaps more training on MCA and its uses can give the LOBs more understanding on how to manage with cost.

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☒ Yes (go to question 17)
☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

> Our Cost Accounting System reports the costs associated with programs that "roll up" to services that are provided by each line of business. In contrast, the Budget is focused on reporting by program that roll up to the Agency's goals.

18. Please describe:

  a. Your three greatest success stories related to the use of MCA for effective decision-making.
  (Please click on the grey shading in the box below to begin typing your response)

  > -Outsourcing of the flight service stations

FASAB Managerial Cost Accounting and Reporting Questionnaire

> - Collecting overflight fees, and
>
> -Improved reimbursable cost recovery

b. Your three greatest challenges in making MCA information useful to managers.
(Please click on the grey shading in the box below to begin typing your response)

> -System complexity
>
> -Cultural change to complement managing by using budgetary data with cost accounting data
>
> -Training managers on usefulness of cost data
> -Ownership of managerial cost data

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> The following three factors are essential for a successful MCA implementation:
>
> -Executive management leadership/support
>
> -User involvement
>
> -Clear statement of requirements
> -Avoid building a system or methodology that is overly complex

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> Generating MCA reports for the Agency's franchise fund.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> -Compare costs of similar activities and find causes for cost differences
>
> -Managers can respond to inquiries about the costs of the activities they manage
>
> -Compare cost changes over time and identify their causes

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> Making sure costs being compared are homogeneous enough to draw the right conclusions.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☒ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

> FAA uses a methodology that is most similar to Activity Based and Job Order costing. Most costs are accumulated in and/or directly traced to defined projects and activities (outputs).

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> The FAA's Cost Accounting System (CAS) consists of three major components:
>
> Front End Control System (FECS) – Processes financial and statistical (operational) data and formats it for use in PeopleSoft
>
> PeopleSoft Projects Application (an Oracle, commercial off-the-shelf application) – Maintains the financial and operational data residing in the database; performs cost allocations; and provides application security
>
> Report, Analysis, and Distribution System (RADS) – FAA's online tool for accessing CAS reports
>
> A weekly file is imported to CAS from the Agency's Oracle-based core financial system (called "DELPHI"). This file contains revenues, expenses, gains and losses for labor and non labor transactions. Operational data from several systems throughout the Agency is also imported. Memorandums of Understandings are in place with system owners to define roles and responsibilities.
>
> Any requested changes to CAS are submitted to a Configuration Control Board (CCB) that meets weekly. The CCB approves, scopes and prioritizes all system changes.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> The accuracy and reliability of the CAS data is dependent on the accuracy and reliability of the extracts CAS gets from the core financial system and other operational systems. Also, our Cost Accounting Branch has quality control processes in place to check for the accuracy and completeness of the data.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> The mission of the FAA is to provide the safest, most efficient aerospace system in the world. CAS responsibility segments are the four lines of business that have a direct role to accomplish this goal: Air Traffic Organization (ATO), Aviation Safety (AVS), Airports (ARP) and Commercial Space Transportation (AST). These lines of business (LOBs) work together to create, operate, and maintain the National Airspace System.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> Each major FAA Line of Business defined the products and services provided to its users. These services represent the final cost objects in CAS where cost is accumulated in projects and tasks.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☐ Yes (go to question 31)
☒ No (go to question 32)

FASAB Managerial Cost Accounting and Reporting Questionnaire

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

    > There have been revisions within the responsibility segments. For example, the Air Traffic Organization line of business has reorganized twice since FAA implemented this segment in the Cost Accounting System.

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☒ Yes (go to question 33)
    ☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
    (Please click on one box)

    ☒ Yes
    ☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
    (Please click on one box)

    ☒ Yes (go to question 35)
    ☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
    (Please click on the grey shading in the box below to begin typing your response)

    > At the end of an accounting cycle, there are certain general ledger adjustments that are required to prepare the financial statements. Some of these adjustments are coded at a "high level" (e.g. corporate level), but the level of detail required for cost accounting data is not available. Examples of this kind of entry are: audit adjustments, reclassified accounts, intra-agency eliminations, and entries related to appropriations that are cancelling. Usually the amount is nominal and is "spread" prorata for the final year-end Statement of Net Cost.

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
    (Please click on one box)

    ☐ Yes (go to question 37)
    ☒ No (go to question 38)

FASAB Managerial Cost Accounting and Reporting Questionnaire

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
    (Please click on the grey shading in the box below to begin typing your response)

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

    > FAA allocates corporate overhead costs using a "top-down" method, known as a "waterfall" approach. Using a waterfall approach, all indirect costs, starting at the "top" of the organization, are assigned to the direct projects and services that are provided by the "bottom" organizational units. FAA's corporate indirect cost pools are typically made up of staff offices (administrative functions such as human resources and accounting) which provide support to all lines of business. CAS allocates these costs to all of the lines of business (LOB).

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
    (Please click on the grey shading in the box below to begin typing your response)

    > Overhead is assigned by allocating on a reasonable and consistent basis. Specifically, the total direct cost (labor and non-labor) directly traced to each LOB generally determines the proportion of indirect costs allocated to each LOB total cost by organization.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
       (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☒ Yes
    ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☒ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    ☒ Yes
    ☐ No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)

    ☒ Yes
    ☐ No

46. Was one person common to all teams or committees?
    (Please click on one box)

    ☒ Yes
    ☐ No

47. Did the team or committee include user level staff like project managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

48. Did the team or committee have clearly defined objectives or a charter?
    (Please click on one box)

    ☒ Yes
    ☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
    (Please click on the grey shading in the box below to begin typing your response)

    > -assure that all levels of the organzation are represented
    >
    > -meet on a regular basis to verify that all team members are clear on the objectives and decisions are not made in a vacuum
    >
    > -have an independent committee with executive power to help in making expedient decisions when the team cannot reach consensus.

Use of Pilot Tests

10

FASAB Managerial Cost Accounting and Reporting Questionnaire

50. Did you start with a pilot to test the concept?
    (Please click on one box)

    ☐ Yes (go to question 51)
    ☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
    (Please click on the grey shading in the box below to begin typing your response)

    > FAA did not have a pilot but it had an incremental approach to implementation.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
    (Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☒ Yes (go to question 54)
    ☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☒ Yes
    ☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    > Once reports were established in CAS we used a "train the trainer" approach for the lines of business. As the Labor Distribution Reporting system (LDR) was being deployed in the various organizations, the user community was trained on charging practices.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☐ Yes (go to question 59)
☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☐ Yes
☒ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☒ Yes (go to question 61)
☐ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

> The DOT OIG performed several audits on CAS from 1999-2008. All recommendations were implemented.

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

> The benefit of the OIG involvement was that when recommendations were implemented, the integrity of of the managerial reports was improved. The drawback is that some Lines of Business may not have agreed with the recommendation and may not have wanted to report at a low level of detail.

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> There is a basic understanding of cost accounting and its benefits but additional training and outreach can certainly enhance the knowledge.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

Ramesh Punwani, FAA's Chief Financial Officer

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☒ Performance measurement
☒ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

> -Lines of Business driven internal communications strategy was developed to convey CAS vision and implications.
>
> -CAS awareness and feedback campaigns included customized messages from Executive management to staff
>
> -Weekly Status meetings were conducted during implementation phase

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

15

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Lourdes Rexach and Dori Delph

Agency Name: DOT/Federal Aviation Administration

Office Name: Cost Accounting Branch
Financial Operations Division
Office of Financial Operations

Position Title: Systems Accountant

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Margo Sheridan
             Deputy Chief Financial Officer
             Federal Highway Administration
             Department of Transportation

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by the Department of Transportation Office of the Secretary as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > FY 2006 agency-wide at Federal Highway Administration

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > Federal Highway Administration agency-wide

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☐ Yes (go to question 6)
    ☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

MCA model was too difficult and costly to support, provided little actionable information for leaders. We intend to incorporate MCA in our Departmental accounting system upgrade.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Project cost distribrution for reimbursable work

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Limited: agency overhead for our direct major programs is < 1% of funding

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

N/A

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☐ Yes (go to question 12)
    ☒ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

N/A

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☐ Yes (go to question 14)
    ☒ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

If data were timely and in a format relevant to decision makers

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

none

    b. Your three greatest challenges in making MCA information useful to managers.
       (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> timeliness of data, accuracy of self-reported data, ability to influence budgets and/or resource allocation

   c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> Leadership commitment is essential; integrate seamlessly with time & attendance and accounting systems; make it easy and transparent to self-report

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> comparison with like agencies and across similar business units

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> look for efficiencies

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> focusing on the differences/uniquenesses of agencies rather than their similarities

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

   ☒ Yes (go to question 23)
   ☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

   ☒ **Standard costing**
   ☐ **Activity-based costing**
   ☐ **Job order costing**
   ☐ **Process costing**
   ☐ Other (explain other in the box below)
      (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> when the system was operational, the CFO staff coordinated input from payroll and accounting. Deputy CFO was system owner.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☒ Yes (go to question 27)
☐ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

> on hold until MCA "next steps" are finalized

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> program office (headquarters), field office locations - similar to Assessible Unit for OMB Circular A-123 reporting

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> organization, task, service

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☐ Yes (go to question 31)
☒ No (go to question 32)

FASAB Managerial Cost Accounting and Reporting Questionnaire

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☐ Yes (go to question 33)
☒ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

External system service providers, Department headquarters, common facilities

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> principally labor hours--varies with cost type

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> Direct (principally),allocation based on strategic goals supported

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☒ Yes
☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☐ Yes
☒ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

Multi-disciplined, multi-level work groups ensured that needs of entire organization were fully addressed

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☐ Yes (go to question 54)

☒ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☐ Yes
☒ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

> Immediately before system implementation and during implementation and routine usage

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☒ Yes (go to question 59)
☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☒ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

Apathetic

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☐ Yes
    ☒ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

    ☒ Yes (go to question 66)
    ☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
    (Please click on the grey shading in the box below to begin typing your response)

Deputy CFO

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
    (Please click on one box)

    ☒ Yes (go to question 68)
    ☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
    (Please click all that apply)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Budgeting and cost control
☒ Performance measurement
☒ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

Program managers do not see the relevance of MCA data for direct programs.

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12

<div style="border: 2px solid black; padding: 20px;">

<u>Requested Information Regarding Person Completing Survey:</u>

(Please click on each grey box below to input requested information)

First and Last Name: Margo D. Sheridan

Agency Name: Federal Highway Administration

Office Name: Office of the Chief Financial Officer

Position Title: Deputy Chief Financial Officer

</div>

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Iantha Y. Gilmore
         Director, Program Costing
         OCFO Office of Financial Management
         Environmental Protection Agency

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented*.*

You were specified by the Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > Agency-wide implementation beginning FY 2000.

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > Answering for the Agency as a whole.

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☒ Yes (go to question 6)
    ☐ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

Compliance issue regarding full cost output reporting. (SFFAS 4)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Reporting.

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Cost recovery, user fees, working capital fund pricing, shared services pricing.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Full cost is reported in the Agency's Performance Accountability Report and in the Financial Statements.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> The Agency periodically develops a Strategic Plan which is aligned to the budget via the account code structure captured in the Agency's financial system. The latest Strategic Plan is for 2009-2014 and was developed in FY 2008.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> Managers use this information to track the cost of program outputs, for cost recovery, to measure performance and to set fees.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

>

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☐ Yes (go to question 17)
☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

>

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
    (Please click on the grey shading in the box below to begin typing your response)

> 1) working capital fund; 2) integration of financial accounting and other

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> data systems (e.g., contracts, grants, programs); 3) cost recovery.

b. Your three greatest challenges in making MCA information useful to managers.
(Please click on the grey shading in the box below to begin typing your response)

> 1) Managers are focused on their budgets (i.e., how much was spent and how much is available for spending) more than on costs; 2) Lack of integration of financial and programmatic data systems; 3) Developing reports to meet manager's specific needs.

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> 1) Develop a flexible account code structure at a sufficient level of detail to meet managers' needs; 2) Integrate financial and other data systems to the extent possible; 3) Include all stakeholders in decision-making processes.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> None for now.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> These comparisons would influence decision-making about where a particular type of service should be performed, e.g., in house versus by another federal entity. Likewise, our Agency may be able to provide services to other agencies on a lower cost basis.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> Cost versus price issues might arise. An agency might want to perform a certain function on a federal-wide level. The full cost of performing that service might exceed what the agency could reasonably expect to price its service at and be competitive. One agency's organizational structure may include more administrative type function's/costs than another's putting that agency at a competitive disadvantage when pricing its services.

Cost Accounting System

FASAB Managerial Cost Accounting and Reporting Questionnaire

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☐ Yes (go to question 23)
☒ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

Managerial cost accounting data resides in the Agency's financial system.

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

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> The Agency's responsibility segments are its five Stratetgic Plan Goals: 1)Clean Air and Global Climate Change; 2) Clean and Safe Water; 3)Land Preservation and Restoration; 4) Healthy Communities and Ecosystems and 5) Compliance and Environmental Stewardship.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> The Agency has over a hundred environmental and support cost objects (i.e. outputs) which are defined as program/projects. Program/projects are part of the account code structure which is used to capture the cost of outputs of the various Agency programs.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

⊠ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

> See answer to question 12. Revisions to responsibility segments may occur as a part of the Strategic Plan development process. Cost objects (i.e., outputs) may be revised as part of the annual planning/budget process.

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

⊠ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

⊠ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
⊠ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

Under-reimbursed Interagency Agreement costs with other federal entities.

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

Overhead costs such as rent, utilities, etc. are captured in the accounting system. The costs are then allocated depending on the purpose of the allocation.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

All three methods are used to assign costs to outputs depending on cost accounting needs. Direct tracing of costs to outputs is done in the Agency's financial management system via the account code. Agency support costs are allocated to programmatic outputs based on a predetermined allocation methodology. To determine working capital fund service rates, costs are assigned to intermediary organizations and then to the final cost output (service). For cost recovery, both direct tracing and allocation are used. Direct costs are identified to the output via fields in the account code. Indirect costs are determined by a series of cost allocations that results in rates assessed on direct costs to determine the full cost of the output.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

[   ]

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☒ Yes
☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☐ Yes
☒ No

46. Was one person common to all teams or committees?
(Please click on one box)

☐ Yes
☒ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

> Involve all stakeholders in the process; disseminate information about decisions made as early as possible.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    | FY 2000. |

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☒ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☒ Yes (go to question 61)
    ☐ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

    | The OIG was briefed regarding how the Agency planned to implement MCA. |

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

    | The Agency obtained the understanding and buy-in of the OIG prior to implementing the system. |

Agency Culture, Management Attitudes, and Communication

FASAB Managerial Cost Accounting and Reporting Questionnaire

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Depends on the organization. Those affiliated with the Working Capital Fund or with programs in which cost recovery is required have a greater understanding/competency than those in other areas.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☐ Yes (go to question 66)
☒ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☒ No
☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

I have no further comments.

FASAB Managerial Cost Accounting and Reporting Questionnaire

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Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Iantha Gilmore

Agency Name: Environmental Protection Agency

Office Name: Office of the Chief Financial Officer/Office of Financial Management

Position Title: Director, Program Costing Staff

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Laura Feipel, Asst. Div. Chief,
            Financial and Payroll Services Division
            General Services Administration

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> **Disclaimer:** In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques). *(Please click on one box)*

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented. *(Please click on the grey shading in the box below to begin typing your response)*

   > We implemented a form of MCA in the GSA OCFO Financial & Payroll Services Division in January 2010. This Division is made up of four branches: Financial Information Control Branch, Financial Operations & Disbursement Branch, National Payroll Branch and the External Services Branch.

3. Which entity(ies) within your agency are you answering this questionnaire for? *(Please click on the grey shading in the box below to begin typing your response)*

   > GSA OCFO Financial & Payroll Services Division

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☒ **Revolving funds**
   ☐ Non-revolving funds
   ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years? *(Please click on one box)*

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

FASAB Managerial Cost Accounting and Reporting Questionnaire

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
    ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
    ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

We have implemented this in all branches of the Financial & Payroll Services Division.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

We originally started this project to help us identify the cost of providing payroll and accounting services to each of our client agencies so we could more accurately price our services. This data will also assist us in responding to numerous data calls throughout the year showing the amount of time and funding we utilize in order to provide accounting services to our clients within GSA.

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

N/A

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

N/A

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FASAB Managerial Cost Accounting and Reporting Questionnaire

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☐ Yes (go to question 12)
    ☒ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

    > We have not completed a system review as we just started the project in the last two months.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

    > Internal users are not yet receiving the data as we just starting gathering costs within the last two months.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
    (Please click on the grey shading in the box below to begin typing your response)

> N/A - we just implemented program within last two months.

    b. Your three greatest challenges in making MCA information useful to managers.
    (Please click on the grey shading in the box below to begin typing your response)

> N/A - we just implemented program within last two months

    c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
    (Please click on the grey shading in the box below to begin typing your response)

> N/A - we just implemented program within last two months

19. What other type of cost information would you like to have that you currently do not generate?
    (Please click on the grey shading in the box below to begin typing your response)

> n/a

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

> We expect to obtain the actual costs to perform particular services as well as costs to provide services to client agencies. The data will also be useful to managers in assessing where their branch resources are being utilized and will be helpful in looking for areas to focus on to improve efficiency.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
    (Please click on the grey shading in the box below to begin typing your response)

>

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
    (Please click on one box)

☐ Yes (go to question 23)
☒ No (go to question 25)

4

FASAB Managerial Cost Accounting and Reporting Questionnaire

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☐ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

> Personnel costs are tracked utilizing our timekeeping system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs. The distribution of other costs such as supplies, rent, utilities, travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc we can easily identify a specific task and/or client to attribute the cost to. In other cases, such as general supplies, rent,etc, the costs will be allocated based on the percentages dervied from our personnel costs. All of these calculations will be done manually at this time.

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

FASAB Managerial Cost Accounting and Reporting Questionnaire

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> We are tracking our costs separately between our internal work done for GSA (T1) and the work done for external client agencies (B3)

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> We have developed a list of over 250 specific tasks that are performed by the various branches of the Financial & Payroll Services Division. The tasks are grouped by major categories such as Administrative Work, Supervisory Duties, Customer Service, Process Cash, Process Entries & Payments, Reconciliations & Analysis, Reporting, Program Management, Fixed Assets, Peform AR Functions, Client Relations, Process Biweekly Payroll, Account/Systems Reconciliations, Systems Support and Management

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☐ Yes (go to question 31)
☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☐ Yes (go to question 33)
☒ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)

☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

>

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)
☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

>

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> See question 39 for explanation of how we are distributing our overhead costs.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> On costs other than personnel or contract labor costs, we plan to use a couple of different methods to allocate these costs. There are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services. We plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

[ ]

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☐ Yes
☐ No
☒ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☐ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☐ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☐ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☐ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☐ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☐ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☐ Yes
☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☐ Yes (go to question 54)
☒ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☐ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☐ Yes (go to question 57)
☒ No (go to question 58)

FASAB Managerial Cost Accounting and Reporting Questionnaire

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☐ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☐ Yes (go to question 61)
    ☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

FASAB Managerial Cost Accounting and Reporting Questionnaire

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Management in the Financial & Payroll Services Division was receptive to implementing a cost accounting program. There was some resistance among the staff when the requirement to start tracking their time by task/client was introduced to them, but for the most part, that resistance has been eliminated

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

> Vickie Jones, Director, Financial & Payroll Services Division

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

> *(Please click on the grey shading in the box below to begin typing your response)*

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

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70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

   ☐ Yes (go to question 71)
   ☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

   ☐ Yes
   ☐ No
   ☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

12

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Laura Feipel

Agency Name: General Services Administration

Office Name: OCFO Financial & Payroll Services Division (BCE)

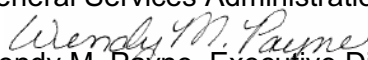**Position Title:**   Accounting Program Manager

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![FASAB logo]

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Alexis Stowe, Executive Officer
           Office of Financial Policy and Operations
           General Services Administration

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, _Managerial Cost Accounting Standards and Concepts_, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> ***Disclaimer:*** In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
   (Please click on one box)

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
   (Please click on the grey shading in the box below to begin typing your response)

3. Which entity(ies) within your agency are you answering this questionnaire for?
   (Please click on the grey shading in the box below to begin typing your response)

GSA, OCFO, Office of Financial Policy and Operations (comprised of 6 divisions and a DCFO office)

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☒ **Revolving funds**
   ☐ Non-revolving funds
   ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)

   ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)

   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)

   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

We have implemented MCA in all of the Office of Financial Policy and Operations (the entity on which I am reporting). However, we do plan to implement MCA in all of the OCFO offices at a later.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Our primary use of cost information is to accurately charge customers (GSA Services and other federal agencies) for the cost of our services.

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Our office and the OCFO are currently using the information to identify areas for potential process improvements and efficiencies.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Performance reporting is done by another office in the OCFO using budget and actual data.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 12)
☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

    > We just reviewed the needs of the OCFO in the past year, and, as a result, we implemented a new MCA in January 2010.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

    > We just started using activity-based cost accounting to track labor costs by activity and customer in our electronic time and attendance management system (ETAMS) by activities and customers. Previously, we did periodic tracking outside of the ETAMS system. We used this information to identify areas of process improvements.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

    >

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

    >

18. Please describe:

FASAB Managerial Cost Accounting and Reporting Questionnaire

a. Your three greatest success stories related to the use of MCA for effective decision-making.
(Please click on the grey shading in the box below to begin typing your response)

> New to doing it, but we can see exactly where the time/ resources are going, which is useful for managing those resources.

b. Your three greatest challenges in making MCA information useful to managers.
(Please click on the grey shading in the box below to begin typing your response)

> We expect to have useful reports as we have data in ETAMS.

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

> Use a pilot first. We used one, then a second division as pilots before using the ABC MCA across all 6 divisions of the Office of Financial Policy and Operations. And this Office will serve as a pilot for all of OCFO.

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

> We plan to allocate the indirect costs based on the direct labor costs we are currently tracking since January 2010 (or later for some divisions.)

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> We expect to have more precise data on the actual cost to perform particular services (activities) and to provide services to specific customers (GSA Services or other federal agencies). This will allow more precise pricing to each customer. We expect to be able to compare divisions/ branches where appropriate and to leverage this information to drive process improvement.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> We believe there are barriers to comparing across agencies where the risk is comparing "apples and oranges".

Cost Accounting System

FASAB Managerial Cost Accounting and Reporting Questionnaire

22. Have you developed an automated MCA system that produces cost information for managers?
    (Please click on one box)

    ☒ Yes (go to question 23)
    ☒ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
    (Please click all that apply)

    ☐ **Standard costing**
    ☐ **Activity-based costing**
    ☐ **Job order costing**
    ☐ **Process costing**
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
    (Please click on the grey shading in the box below to begin typing your response)

25. If you answered no to question 22, please describe the system or process you use.
    (Please click on the grey shading in the box below to begin typing your response)

    We are using the previously described ETAMS. Employees or their branch chiefs input the data. The OCFO is responsible for the system (a different office in the OCFO from our office.) We are responsible (employees, supervisors, management) for the accuracy of our own data in the ETAMS system. Labor costs are tracked using the ETAMS system. Reports are manually pulled from a data warehouse on a biweekly basis and pulled into Excel where the data is summarized using pivot tables. This data is reconciled back to Payroll reports to ensure we are capturing all personnel costs. The distribution of other costs such as supples, rent, utilities, travel will be captured in Excel spreadsheets. The basis of the distribution of these costs will vary depending upon the type of expense. In some cases, such as for travel or printing costs, etc. we can easily identify a specifi task and/or client to attribute the cost to. In other cases, such as general supplies, rent, etc. the costs will be allocated based on the percentages derived from our personnel costs. All of these calculaitons will be done manually at this time.

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
    (Please click on one box)

    ☒ Yes (go to question 27)
    ☐ No (go to question 28)

FASAB Managerial Cost Accounting and Reporting Questionnaire

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
    (Please click on the grey shading in the box below to begin typing your response)

    > We considered XBRL in our overall approach to cost accounting for all of GSA. We will consider its use at a later date after we use MCA throughout all of OCFO and are expanding its use across GSA.

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

    > Responsibility segments are each of the 6 divisions, the DCFO office heading the Office of Financial Policy and Operations, and where appropriate segmenting the divisions' work into internal work for GSA and work done for external customer agencies.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

    > The cost objects are the over 250 activities identified, defined, and assigned a labor tracking code. We also identified and assigned a labor tracking code for customer agencies to be used with the activity code where applicable.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

    ☐ Yes (go to question 31)
    ☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

    >

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☐ Yes (go to question 33)
    ☒ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on one box)

☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

> | |
> | --- |

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)
☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

> | |
> | --- |

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> We plan to use various methods depending on the type of costs. See my response to question 39.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> On costs other than personnel or contract labor costs (which we are directly tracing), we plan to use a couple of different methods to allocate these costs. There are some costs that can be attributed to one task and one client/service. Others we already have a way to distribute based on cause and effect (i.e. W-2 costs would be distributed across clients/services by headcount). However, most of the other costs would need to be divided across many functions and many clients/services by allocating on a reasonable and consistent basis. We

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> plan to develop a percentage from the labor hours/contract labor hours being charged to functions/clients and apply that percentage across all other costs

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☐ Yes
    ☐ No
    ☒ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☐ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☐ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    ☐ Yes
    ☐ No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)

    ☐ Yes
    ☐ No

46. Was one person common to all teams or committees?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☐ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☐ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

We implemented the ABC MCA using ETAMS first in one division, then a second, then the remaining divisions and head of the office.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☐ Yes (go to question 54)
☒ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☐ Yes

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FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☐ Yes (go to question 57)
☒ No (go to question 58)

57. When did you do the training?

(Please click on the grey shading in the box below to begin typing your response)

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☐ Yes (go to question 59)
☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☐ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

The culture of our office is customer-service oriented, and the management attitude was that this would help our customer-service (by accurate cost tracking). Our competencies relating to this is that we are accountants and technicians who have the competencies to do the time/cost tracking.

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☒ Yes
    ☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

    ☒ Yes (go to question 66)
    ☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
    (Please click on the grey shading in the box below to begin typing your response)

Douglas Glenn, DCFO, Office of Financial Policy and Operations

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
    (Please click on one box)

    ☒ Yes (go to question 68)
    ☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
    (Please click all that apply)

    ☒ Budgeting and cost control
    ☒ Performance measurement
    ☒ Determining reimbursements and setting fees and prices

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Program evaluations
☒ Making economic choice decisions
☒ Improving service delivery
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Alexis Stowe

Agency Name: GSA

Office Name: OCFO, Office of Financial Policy and Operations

Position Title: Executive Officer

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Keith Donzell
            Director, Financial Reporting Division
            Office of Chief Financial Officer
            Department of Housing and Urban Development

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
   (Please click on one box)

   ☒ Yes (go to question 2)
   ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
   (Please click on the grey shading in the box below to begin typing your response)

S&E Appropriations based on responsibilitiy centers- FY 2002

3. Which entity(ies) within your agency are you answering this questionnaire for?
   (Please click on the grey shading in the box below to begin typing your response)

Department of Housing and Urban Development

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

   ☐ **Revolving funds**
   ☐ Non-revolving funds
   ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☐ Yes (go to question 6)
   ☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

HUD's funding process does not warrant further cost allocation procedures

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Workflow analysis and identificaiton of administrative costs to program accounts

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

N/A

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

HUD's PAR discussess outputs and results related to its stragtegic goals

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

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12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> HUD CFO Budget Office reviews and updates TEAM for cost allocation purposes

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> Allows HUD to track employees' time based on specific tasks for major programs

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

> None at this time

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☐ Yes (go to question 17)
☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

>

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
    (Please click on the grey shading in the box below to begin typing your response)

> N/A

    b. Your three greatest challenges in making MCA information useful to managers.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

N/A

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
(Please click on the grey shading in the box below to begin typing your response)

N/A

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

N/A

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

N/A

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

Comparing similar programs administrered by different agencies

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☒ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> The TEAM system is administered by the CFO Office of Budget based on individual submission of identified tasks

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

> The FTE percentages derived from TEAM is used to allocate administrative costs to responsibility centers defined in HUD's consolidated financial statements.

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

>

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> FHA, GNMA, Section 8 Rental Assistance, Community Development Block Grants, HOME, Operating Subsidies, Public and Indain Housing Loans and Grants, Housing for the Elderly and Disabled and All Other Programs.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> BOCs used by HUD to record personnel compensation costs (BOC 1100) and other indirect costs such as travel (BOC 2100, 2300, 2400)

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☐ Yes (go to question 31)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☒ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

They represent administrative costs not attribable to specific responibility centers

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

A portion of HUD's administrative costs relate to OMB, OPM and the Department of Labor. These costs are defined as governmental expenses and allocated to the responsibility centers in HUD's financial statements.

FASAB Managerial Cost Accounting and Reporting Questionnaire

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

    > FTE percentages recorded in the TEAM data base.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
    (Please click on the grey shading in the box below to begin typing your response)

    > HUD allocates based on a resonable and consistent basis.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

    >

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☐ Yes
    ☒ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☐ Yes
    ☒ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☐ Yes
    ☒ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    ☐ Yes

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☐ Yes
☒ No

46. Was one person common to all teams or committees?
(Please click on one box)

☐ Yes
☒ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☐ Yes
☒ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☐ Yes
☒ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

---

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

FASAB Managerial Cost Accounting and Reporting Questionnaire

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☐ Yes (go to question 54)
    ☒ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☐ Yes
    ☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☐ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☐ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    [   ]

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☐ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 61)
☐ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

> The OIG reviews the results of the cost allocation study as part of the HUD consolidated audit.

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

> As a result of OIG's reviews, no major changes have been made in the cost allocation process.

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> Limited

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☐ Yes
☒ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☐ Yes (go to question 66)
☒ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

>

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

- ☒ Budgeting and cost control
- ☒ Performance measurement
- ☐ Determining reimbursements and setting fees and prices
- ☐ Program evaluations
- ☐ Making economic choice decisions
- ☐ Improving service delivery
- ☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

> HUD's policy regarding the implementaiton of a cost allocation systems and its intended benefits have not been finalized by senior staff.

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

- ☐ Yes (go to question 71)
- ☒ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

- ☐ Yes
- ☒ No
- ☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

> None

FASAB Managerial Cost Accounting and Reporting Questionnaire

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Keith Donzell

Agency Name: HUD

Office Name: Office of the Chief Financial Officer, Financial Reporting Division

Position Title: Director, Financial Reporting Division

12

Federal Accounting Standards Advisory Board

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Responses Requested by April 7, 2010

March 22, 2010

Memorandum

To: Tong Qin
             Deputy CFO
             Small Business Administration

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > 73000001 Small Business Administration (Agency wide)

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > 73000001 Small Business Administration (Agency wide)

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☐ Yes (go to question 6)
    ☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    ☐ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    ☒ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
    ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
    ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

All organizations with the SBA are included in the implementation.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

Financial Statement reporting - Net Cost report, PAR

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

Used in the past for decision making on program and operational decisions. We plan to use cost information for performance measure next year.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

Full costs are developed by program for performance reporting.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
(Please click on the grey shading in the box below to begin typing your response)

> FY 2009. We realized that besides financial statement preparation we currently is not using the cost information for our organization's needs. We plan to improve our cost system so it can responde to the Agency's needs.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
(Please click on one box)

☒ Yes (go to question 14)
☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
(Please click on the grey shading in the box below to begin typing your response)

> At times cost information has been used for decision making.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
(Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
(Please click on one box)

☐ Yes (go to question 17)
☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
(Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

   a. Your three greatest success stories related to the use of MCA for effective decision-making.
(Please click on the grey shading in the box below to begin typing your response)

   b. Your three greatest challenges in making MCA information useful to managers.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> Obligation costs versus expenses; Overhead allocation; Allocation method.

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.

(Please click on the grey shading in the box below to begin typing your response)

> Choose a good cost method and system. Implemention must include top management support. Train program managers on the difference between cost information and budget costs.

19. What other type of cost information would you like to have that you currently do not generate?

(Please click on the grey shading in the box below to begin typing your response)

> NA

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?

(Please click on the grey shading in the box below to begin typing your response)

> Could inform budget decisions by management. Could link performance with cost .

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?

(Please click on the grey shading in the box below to begin typing your response)

> Non comparable economies of scale, different organizations and program operations.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
   (Please click on one box)

   ☒ Yes (go to question 23)
   ☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
   (Please click all that apply)

   ☐ **Standard costing**
   ☒ **Activity-based costing**
   ☐ **Job order costing**

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

Oros cost accounting system.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

Costs are reported for SBA's strategic goal categories. Costs are reported on both obligation and expense basis.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

Program activities are the cost objects.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

> Model adjusted for changes in organization, programs and annual plan intitiatives.

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☒ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

> Inspector general and Congressionally mandated grants.

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)
☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

>

FASAB Managerial Cost Accounting and Reporting Questionnaire

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Overhead allocated based on $ of direct costs.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> Costs are assigned based on $ of direct costs.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☐ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☒ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

>

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☒ Yes
☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☐ Yes
☒ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☐ Yes

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

Include members from major program and support areas.

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☐ Yes
☒ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☐ Yes
☒ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

Prior to system implementation.

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☐ Yes (go to question 59)
☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☒ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

Has flucuated over the years.

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☒ Yes
    ☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

    ☒ Yes (go to question 66)
    ☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
    (Please click on the grey shading in the box below to begin typing your response)

CFO

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
    (Please click on one box)

    ☐ Yes (go to question 68)
    ☒ No (go to question 72)

FASAB Managerial Cost Accounting and Reporting Questionnaire

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: John Kushman

Agency Name: Small Business Administration

Office Name: OCFO

Position Title: Director Financial Administration

![FASAB logo]

Federal Accounting Standards Advisory Board
_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Laura MacKenzie
              Chief Financial Officer
              Animal Plant Health Inspection Service
              USDA

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

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You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

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FASAB Managerial Cost Accounting and Reporting Questionnaire

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    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation module in FFIS to distribute indirect program and agency costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years.

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > All MRP entities.

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

FASAB Managerial Cost Accounting and Reporting Questionnaire

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
   (Please click on one box)

   ☒ Yes (go to question 6)
   ☐ No (go to question 7)

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6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

   > APHIS received the following finding: GAO Report on Managerial Cost Accounting (GAO-06-1002R recommended that APHIS use its APHIS Cost Management System data fields for MCA as a step toward better informed managerial decision-making.

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
   ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

   > The current USDA accounting system, FFIS, does not provide MCA. USDA is implementing SAP (known as FMMI in USDA), which has a more robust cost management module than FFIS. APHIS, AMS, and GIPSA will implement FMMI in the spring of 2011. All three agencies will examine their current cost accounting methodologies and consider changes as they configure FMMI for implementation.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

   > APHIS, AMS and GIPSA use cost information to track current year spending, to build budget requests for future years and to develop emergency and contingency fund requests. The agencies also provide the cost information to

FASAB Managerial Cost Accounting and Reporting Questionnaire

> program managers to track costs for their user fee programs and make program funding decisions.

9. What other uses of cost information does your organization currently have?
    (Please click on the grey shading in the box below to begin typing your response)

> The entitiies use cost information to develop reimbursable rates and user fees for services provided to the public.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

> APHIS uses its core financial system (Foundation Financial Information System -- FFIS) and program systems to obtain data for the Full Cost budget exhibits, and that data is used for reporting on the PAR objectives and performance measures. APHIS is unable to provide full accounting costs of supporting the goal, objectives or performance measures because APHIS does not have a system designed for this function. APHIS captures cost information at a high level for financial statement purposes. AMS and GIPSA obtain data from FFIS and program systems to provide full accounting costs of supporting the goals, objectives, and performance measures.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

> All three components are in the process of reviewing their current system as part of the effort to implement FMMI in spring of 2011.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> AMS has developed a Statement of Operations analysis which is a profit and loss statement derived from the ledger within FFIS. This analysis shows managers their activity by month to support informed manager analysis and decision making. AMS managers regularly review these reports and use them to manage cost.
>
> Cost information is available for APHIS managers for decision-making purposes and is used on an as–needed basis. The responsibility lies with those managers to determine the best data to make decisions and the appropriate level of data use.
>
> GIPSA currently uses operational performance information to report financial performance to management and demonstrate alignment with strategic plans. GIPSA makes economic decisions on a case-by-case basis using the best cost or financial data available.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

    b. Your three greatest challenges in making MCA information useful to managers.
       (Please click on the grey shading in the box below to begin typing your response)

       > There are several challenges in making MCA information useful to

4

FASAB Managerial Cost Accounting and Reporting Questionnaire

> managers. Collecting accurate data requires extensive training, outreach, and support from management. Collecting accurate data requires staff resources. Many of our field and mission employees are scientists, inspectors, graders, veterinarians, entomologists, etc.; it is challenging to gather cost information from this level.

   c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.

(Please click on the grey shading in the box below to begin typing your response)

19. What other type of cost information would you like to have that you currently do not generate?

(Please click on the grey shading in the box below to begin typing your response)

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?

(Please click on the grey shading in the box below to begin typing your response)

> There are many variables that might make it difficult to compare administrative and/or operational costs in such a way. The comparison may highlight or uncover efficiencies that one agency or organization has implemented, that might be transferrable to another agency.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?

(Please click on the grey shading in the box below to begin typing your response)

> The barriers or obstacles would be those variables among agencies. Some agencies are regulatory in nature, and may incur more administrative or operational costs that another agency would not.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

   ☒ Yes (go to question 23)
   ☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

   ☐ **Standard costing**

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ **Activity-based costing**
☐ **Job order costing**
☒ **Process costing**
☒ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

> In some cases, costs may be distributed based on manual calcuations that take a variety of factors into account.

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> APHIS, AMS and GIPSA collect costs for all of their program areas. This is accomplished using the Department's FFIS accounting system to collect costs by accounting and transactions codes that roll up to the GL. AMS and GIPSA use the Cost Allocation module in FFIS to distribute costs automatically based on pre-determined percentages. APHIS uses standard vouchers to manually distribute costs within FFIS to the proper programs or activities. APHIS also developed a system, the APHIS Cost Management System (ACMS), which is used to track and reconcile spending back to cost centers. ACMS may be used in the future to include non-financial data that could be used to provide MCA information. APHIS also used ABC costing techniques to manage about 10 percent of its budget in prior years. All of these systems have established security that limits input to trained users who have the proper access.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> The responsibility segments for APHIS, AMS, and GIPSA are the major programs within the entities.

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

> Cost objects vary and include items such as inspections, certificates issues, volume of product graded, etc.

30. Have you revised your responsibility segments or cost objects since the first year you reported?

    ☐ Yes (go to question 31)
    ☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

32. Have you implemented full costing as defined by SFFAS 4?
    (Please click on one box)

    ☒ Yes (go to question 33)
    ☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
    (Please click on one box)

    ☒ Yes
    ☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
    (Please click on one box)

    ☐ Yes (go to question 35)
    ☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
   (Please click on one box)

   ☐ Yes (go to question 37)
   ☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
   (Please click on the grey shading in the box below to begin typing your response)

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
   (Please click on the grey shading in the box below to begin typing your response)

We use a variety of methods, but primarily number of employees and direct program dollars.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
   (Please click on the grey shading in the box below to begin typing your response)

We use a variety of methods: direct tracing, cause and effect, and allocation.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
   (Please click all that apply)

   ☐ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
   ☐ Periodic estimates of time spent on multiple program activities completed by employee
   ☒ Periodic evaluations completed by someone other than the employee
   ☐ Other (explain other in the box below)
   (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
   (Please click on one box)

   ☒ Yes
   ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

[ ]

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

FASAB Managerial Cost Accounting and Reporting Questionnaire

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

> APHIS implemented OROS (Organizational Reporting Online System) to track Activity Based Costing for several administrative functions/organizations in the late 1990's. This was only implemented for a small organization, to use as a pilot to test the concept of using ABC. APHIS also pilot tested ACMS.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

> Pilot testing helped identify enhancements and corrections that needed to be made to the system before rolling it out to the entire entity.

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
(Please click on one box)

☒ Yes
☐ No

56. Did you have training sessions to educate as many personnel as possible?
(Please click on one box)

☒ Yes (go to question 57)
☐ No (go to question 58)

57. When did you do the training?
(Please click on the grey shading in the box below to begin typing your response)

> Training was conducted just prior to implemenation, with followup and refresher training developed post-implementation.

Pre-Implementation Period

FASAB Managerial Cost Accounting and Reporting Questionnaire

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☒ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☐ Yes (go to question 61)
    ☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

Management in the MRP entities (APHIS, AMS, and GIPSA) is generally supportive of cost accounting and believes cost data to be meaningful. The current (and future) core accounting system cannot and will not meet the agencies full cost accounting needs. MRP entities do not have the resources or core competencies to develop a rigorous cost accounting system or

> methodology for accumulating full costs for numerous activities or programs.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☐ Yes (go to question 66)
☒ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☐ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
    (Please click on the grey shading in the box below to begin typing your response)

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

    ☐ Yes
    ☒ No
    ☐ Maybe

73. Do you have any other comments?
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Barbara Thompson

Agency Name: Animal and Plant Health Inspection Service
Agricultural Marketing Services
Grain Inspection Packers and Stockyards Administration
Office Name: Financial Management Division

Position Title: Associate Director for Financial Systems and Reporting

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Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Bob McGrath
               BPMS Project Manager
               Farm Service Agency
               USDA

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

> **Disclaimer:** In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
(Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
(Please click on the grey shading in the box below to begin typing your response)

    > Farm Service Agency (FSA) 2008,

3. Which entity(ies) within your agency are you answering this questionnaire for?
(Please click on the grey shading in the box below to begin typing your response)

    > FSA

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
(Please click on one box)

    ☐ Yes (go to question 6)
    ☒ No (go to question 7)

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[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

FASAB Managerial Cost Accounting and Reporting Questionnaire

6. If you answered yes to question 5, please describe the audit finding(s).
   (Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
   (Please click on one box)

   ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)

   ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)

   ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)

   ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

   Why or why not?
   (Please click on the grey shading in the box below to begin typing your response)

BPMS will be used throughout FSA and are working with multiple agencies within the Department of Agriculture to develop an integrated MCA system

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
   (Please click on the grey shading in the box below to begin typing your response)

Budgeting

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

Determing program needs, analyzing performance and managerial decision making

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

We are working towards doing full cost reporting using automated systems but are not currently reporting via these automated systems. Any full cost reporting is done on a manual basis.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

FASAB Managerial Cost Accounting and Reporting Questionnaire

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

    > Reviews are on-going. Some adaptations are incorprated during each review process to better show the true cost of doing busness

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

    > The standards serve as an excellent starting point; currently we utilize various manual systems for input into decisions. We believe the BPMS system will provide the basis for decisions in the future.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

    >

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☒ Yes (go to question 17)
    ☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

    > Data for budget formulation is computed manually.

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

3

FASAB Managerial Cost Accounting and Reporting Questionnaire

> 1. Automated budget formulation/execution to track costs and get closer to a full costing environment.
>
> 2. Develop a pilot cost model to begin per unit costing
>
> 3. Began an Activity Reporting System to track employee activities for MCA purposes

b. Your three greatest challenges in making MCA information useful to managers.
   (Please click on the grey shading in the box below to begin typing your response)

> 1. Getting appropriate systems purchased
>
> 2. Getting data from feeder systems to use MCA
>
> 3. Getting cooperation from all components to develop system

c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
   (Please click on the grey shading in the box below to begin typing your response)

> 1. Get buy in from high level stakeholders
>
> 2. Get a good integrator
>
> 3. Keep stakeholders apprised of project status

19. What other type of cost information would you like to have that you currently do not generate?
   (Please click on the grey shading in the box below to begin typing your response)

> We are not yet fully utilizing MCA to provide a response

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
   (Please click on the grey shading in the box below to begin typing your response)

> If comparisions among offices prove to be methodologically valid, regional cost and output analysis will be helpful to analyze efficiencies.

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
   (Please click on the grey shading in the box below to begin typing your response)

> There may be a sense of data owership and an unwillingness to share information. Should some areas prove to be substantially less efficient than others, this may well cause additional difficulties

Cost Accounting System

FASAB Managerial Cost Accounting and Reporting Questionnaire

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☒ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> Staff are assigned duties through designation of roles and responsibilities. All employees will enter ABC data and all managers will review for accuracy

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
(Please click on one box)

☐ Yes (go to question 27)
☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
(Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.

5

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> Field offices go to the county office level; headquarters offices go to the division level

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
(Please click on the grey shading in the box below to begin typing your response)

> Cost objects are driven by outputs at the county office level, such as contracts approved or contracts maintained

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☒ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

> Focus groups review annually

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☐ Yes (go to question 33)
☒ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

> Leasing, Human Resource work, work with USAID Rural development

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

> Multiple agency leases costs are computed through a combination of square footage used and the number of employees. An estimate is used in some instances.

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

> Direct tracing, and allocating on a reasonable and consistent basis.

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☒ Periodic estimates of time spent on multiple program activities completed by employee
☒ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

>

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
(Please click on one box)

☒ Yes

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ No
☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
(Please click on one box)

☒ Yes
☐ No

43. Did you use a team or committee for developing the details of the MCA process?
(Please click on one box)

☒ Yes
☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
(Please click on one box)

☒ Yes
☐ No

45. Did the teams or committees include different levels of staff?
(Please click on one box)

☒ Yes
☐ No

46. Was one person common to all teams or committees?
(Please click on one box)

☒ Yes
☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.

(Please click on the grey shading in the box below to begin typing your response)

☐

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☒ Yes (go to question 51)
☐ No (go to question 53)

8

FASAB Managerial Cost Accounting and Reporting Questionnaire

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
    (Please click on the grey shading in the box below to begin typing your response)

> An activity reporting system (ARS) was piloted in 2008 with 1000+ employees. A pilot cost model with per unit costs was tested at the end of 2008.

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
    (Please click on the grey shading in the box below to begin typing your response)

> Highlighted required updates in the activity dictionary

Communication

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☒ Yes (go to question 54)
    ☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☒ Yes
    ☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

> Users participating in the pilot were trained in early 2008. Training materials for the full ARS launch in late FY 2010 are complete. As cost data becomes available, training will be provided to managers to advise them on best use of this data.

Pre-Implementation Period

FASAB Managerial Cost Accounting and Reporting Questionnaire

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
(Please click on one box)

☒ Yes (go to question 59)
☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
(Please click on one box)

☒ Yes
☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
(Please click on one box)

☐ Yes (go to question 61)
☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

There is limited knowledge about cost accounting.

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes

FASAB Managerial Cost Accounting and Reporting Questionnaire

☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

Chief Financial Officer of FSA

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☐ Yes (go to question 68)
☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☐ Budgeting and cost control
☐ Performance measurement
☐ Determining reimbursements and setting fees and prices
☐ Program evaluations
☐ Making economic choice decisions
☐ Improving service delivery
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Cost model demos have been presented to all levels of management, employee

organizations and pilot groups

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☐ No
☒ Maybe

73. Do you have any other comments?
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

<div style="border:2px solid black;">

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: John McGrath

Agency Name: USDA

Office Name: FSA

Position Title: BPMS acting Program Manager

</div>

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Dennis Jack
            Associate Director Reporting & Administration
            OCFO/USDA

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > Associate Chief Financial Officer-Financial Operations.

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☒ **Revolving funds**
    ☐ Non-revolving funds
    ☐ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☒ Yes (go to question 6)
    ☐ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

Complete Responses in their Original Form

6. If you answered yes to question 5, please describe the audit finding(s).
    (Please click on the grey shading in the box below to begin typing your response)

    > A GAO report was issued in FY 2006 with recommendations to the Secretary of Agriculture to promote the implementation and use of reliable MCA methodologies to better inform managerial decision making in USDA and its components.

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
    (Please click on one box)

    ☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)
    ☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)
    ☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)
    ☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

    Why or why not?
    (Please click on the grey shading in the box below to begin typing your response)

    > The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010. CMIS will:
    >
    > >Comply with SFFAS 4 and 30.
    >
    > >Accumulate and analyze financial and non-financial data to allocate costs to organizational units as well as activities.
    >
    > >Establish cost and performance baselines in support of managerial decision making.
    >
    > >Utilize the principles of Standard Costing as well as Activity-based Costing in order to capture full costs.
    >
    > >Identfy/Assign costs to the various responsibility segments and along their respecitve line of business.
    >
    > >Establish cost objects that are related to specific responsibility segments.In compliance with SFFAS 4

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
    (Please click on the grey shading in the box below to begin typing your response)

    > We are in the process of implementing a cost management system. A number

> one use has not been decided but will include determining cost of services, assist in making staff decisions and adjusting workloads

9. What other uses of cost information does your organization currently have?
   (Please click on the grey shading in the box below to begin typing your response)

> Currenlty we employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires certain assumptions.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
    (Please click on the grey shading in the box below to begin typing your response)

> We will be able to employ this measurement once we have implemented CMIS.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

> FY 2009 Appropriate modifications have been made to address organizational needs.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

> See response to questions 7 and 8.

FASAB Managerial Cost Accounting and Reporting Questionnaire

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☒ Yes (go to question 17)
    ☐ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

    Actual cost by service line versus a calculated amount used for the budget

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

    b. Your three greatest challenges in making MCA information useful to managers.
       (Please click on the grey shading in the box below to begin typing your response)

       Identifying the metrics to capture the cost by the various cost centers

    c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
       (Please click on the grey shading in the box below to begin typing your response)

       We needed an automated system to capture the cost data so that we can merge the cost data with the cost drivers.

19. What other type of cost information would you like to have that you currently do not generate?
    (Please click on the grey shading in the box below to begin typing your response)

    We believe the CMIS will serve our cost information needs.

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
    (Please click on the grey shading in the box below to begin typing your response)

    We hope to be able to track and calculate actual costs of our service lines in order to accurately bill our customers for services provided.

FASAB Managerial Cost Accounting and Reporting Questionnaire

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

> na

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☒ **Standard costing**
☒ **Activity-based costing**
☒ **Job order costing**
☒ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?
(Please click on the grey shading in the box below to begin typing your response)

> CMIS - Cost Mangement Information System; CMIS models are built using a software application from SAP/Business Objects known as PCM (Profitability and Cost Management.) Rae Ann Martino, Mgmt Analyst, Cathy Boyd, Budget Analyst, Michelle Santiago, Mgmt Analyst were the model builders. Martino. Boyd & Santiago input the data and ensure the accuracy and reliability of the data in CMIS. Dennis Jack, Associate Director, Reporting and Administration, directs and supervises the efforts of the analysts.

25. If you answered no to question 22, please describe the system or process you use.
(Please click on the grey shading in the box below to begin typing your response)

> Until full implementation of CMIS we currently employ the use of cost finding techniques to determine costs of services. This involved the running of queries from the general ledger as well as our legacy systems. It is very time consuming and also requires certain assumptions.

FASAB Managerial Cost Accounting and Reporting Questionnaire

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
    (Please click on one box)

    ☐ Yes (go to question 27)
    ☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
    (Please click on the grey shading in the box below to begin typing your response)

    ┌───┐
    │   │
    └───┘

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

    ┌───┐
    │ Accounting Processing Services, Administrative Payment Services, │
    │ Cash Reconciliation Services, Financial Reporting Services,   │
    │ Intra-governmental Payment and Collection Services, Property   │
    │ Accounting Services, and Federal Funding and Accountability Act   │
    │ (FFATA)/American Recovery and Reinvestment Act (ARRA)   │
    └───┘

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

    ┌───┐
    │ Cycles run; 1099s produced; maintenance requests; IAS,   │
    │ telephone, and utility invocies processed; GovTrip audits;   │
    │ relocation travel authorizations and vouchers; debts   │
    │ collected/managed; FMS-224 reports; FACTS I and II reports,   │
    │ FMS6652s reconciled; FBWT reconciliations; agency finacial   │
    │ statements reviewed; TRORs processed; real and personal   │
    │ property reconciliations; volume of assets; FFATA/ARRA records.   │
    └───┘

30. Have you revised your responsibility segments or cost objects since the first year you reported?

    ☐ Yes (go to question 31)
    ☒ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
    (Please click on the grey shading in the box below to begin typing your response)

    ┌───┐
    │   │
    └───┘

FASAB Managerial Cost Accounting and Reporting Questionnaire

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☐ Yes (go to question 33)
☒ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☐ Yes
☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☐ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☐ Yes (go to question 37)
☒ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

number of documents processed

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> allocations as well as direct tracing and cost finding techniques

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
    (Please click all that apply)

    ☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
    ☐ Periodic estimates of time spent on multiple program activities completed by employee
    ☐ Periodic evaluations completed by someone other than the employee
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)
    ☒ Yes
    ☐ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)
    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)
    ☒ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)
    ☒ Yes
    ☐ No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)
    ☒ Yes
    ☐ No

46. Was one person common to all teams or committees?
    (Please click on one box)
    ☒ Yes

☐ No

47. Did the team or committee include user level staff like project managers?
(Please click on one box)

☒ Yes
☐ No

48. Did the team or committee have clearly defined objectives or a charter?
(Please click on one box)

☒ Yes
☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
(Please click on the grey shading in the box below to begin typing your response)

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Use of Pilot Tests

50. Did you start with a pilot to test the concept?
(Please click on one box)

☐ Yes (go to question 51)
☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
(Please click on the grey shading in the box below to begin typing your response)

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52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
(Please click on the grey shading in the box below to begin typing your response)

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```

Communication

53. Did you have clearly defined agency guidance?
(Please click on one box)

☒ Yes (go to question 54)
☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
(Please click on one box)

☒ Yes
☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?

    (Please click on the grey shading in the box below to begin typing your response)

    | FY 2008 and FY 2009 |

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☒ Yes (go to question 59)
    ☐ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☒ Yes
    ☐ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☐ Yes (go to question 61)
    ☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.

    (Please click on the grey shading in the box below to begin typing your response)

    | |

FASAB Managerial Cost Accounting and Reporting Questionnaire

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
(Please click on the grey shading in the box below to begin typing your response)

> | |
> |---|

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
(Please click on the grey shading in the box below to begin typing your response)

> | Supportive |
> |---|

64. Does senior management support your attempts to implement cost accounting in your organization?
(Please click on one box)

☒ Yes
☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
(Please click on one box)

☒ Yes (go to question 66)
☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
(Please click on the grey shading in the box below to begin typing your response)

> | Associate CFO Financial Operations. |
> |---|

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
(Please click on one box)

☒ Yes (go to question 68)
☐ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
(Please click all that apply)

☒ Budgeting and cost control
☒ Performance measurement
☒ Determining reimbursements and setting fees and prices
☒ Program evaluations
☒ Making economic choice decisions
☒ Improving service delivery
☐ Other (explain other in the box below)

> *(Please click on the grey shading in the box below to begin typing your response)*

FASAB Managerial Cost Accounting and Reporting Questionnaire

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
(Please click on the grey shading in the box below to begin typing your response)

70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

Meetings, workgroups, training sessions

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☐ Yes
☒ No
☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

The USDA/Office of the Chief Financial Officer/Associate Chief Financial Officer-Financial Operations is currently in the process of implementing the Cost Management Information System (CMIS). We expect CMIS to be fully implemented by October 1, 2010.

FASAB Managerial Cost Accounting and Reporting Questionnaire

13

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Dennis Jack

Agency Name: USDA, Office of the Chief Financial Officer

Office Name: Controller Operations Division

Position Title: Associate Director, Reporting and Administration

Federal Accounting Standards Advisory Board

_____

Responses Requested by April 7, 2010

March 17, 2010

Memorandum

To: Lisa Johnson
           Financial Management Branch Chief
           OCIO/ITS/USDA

From: Wendy M. Payne, Executive Director

Subject: Request for Managerial Cost Accounting and Reporting Information

The Federal Accounting Standards Advisory Board (FASAB or the board) recently initiated a project to evaluate federal managerial cost accounting and reporting requirements. This project is part of the board's overall initiative to revisit the federal reporting model to determine where improvements might be needed.

The board has requested that FASAB staff obtain an understanding of current federal practices surrounding managerial cost accounting and reporting. As part of that effort, staff would like to present the board with detailed information on the successes and challenges that the federal community has encountered in attaining the goals of SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, as amended and supplemented.

You were specified by your Chief Financial Officer as an important contact for cost accounting within your organization. As such, your input is critical in our quest for information about federal entities' experiences with implementing SFFAS 4.

We would appreciate your candid responses to the attached questionnaire to assist us in providing the board with the best information possible with which to make their decisions about the future direction of federal managerial cost accounting and reporting requirements. We are requesting your responses be emailed to ranaganj@fasab.gov or faxed to 202-512-7366 by **Wednesday, April 7, 2010**.

Depending on the extent of your agency's use of cost accounting and the amount of detail that is readily available, we anticipate that the questionnaire may take approximately 45 - 60 minutes to complete. Please contact Julia Ranagan at 202-512-7377 to discuss any questions you may have or to request an interview in lieu of completing the questionnaire. Thank you for your time and assistance.

Attachment

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: **www.fasab.gov**.

FASAB Managerial Cost Accounting and Reporting Questionnaire

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilize task forces, surveys, and other means of communication to solicit feedback from the federal community. The information contained in this questionnaire is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations. Portions of this questionnaire were derived from Appendix C of the Association of Government Accountants Corporate Partner Advisory Group Research Series Report No. 22: *Managerial Cost Accounting in the Federal Government: Providing Useful Information for Decision Making* and have been used with permission from Ms. Anna D. Gowans Miller, AGA's Director of Research. All comments received by the FASAB are considered public information. Those comments may be posted to the FASAB's website and will be included in the project's public record.

General Background

1. Have you implemented some form of **managerial cost accounting (MCA)**[1] for <u>at least one entity</u> within your organization (responses are not limited to an MCA process developed using a formal cost accounting system for the purpose of preparing the statement of net cost; responses may also include MCA used for internal decision-making or budgeting and be incorporated into a formal system or derived using less formal cost-finding techniques).
    (Please click on one box)

    ☒ Yes (go to question 2)
    ☐ No (go to question 7)

2. If you answered yes to question 1, please list and describe the entity or entities for which you have implemented some form of MCA, including the year first implemented.
    (Please click on the grey shading in the box below to begin typing your response)

    > OCIO ITS - Office of the Chief Information Officer, International Technology Services; ITS is the in-house provider of information technology, service and support for over 40,000 USDA Service Center Agency employees and their networked computers, IT equipment, and the shared infrastructure that their agency networks and applications run on. MCA has been implemented at ITS since 2008.

3. Which entity(ies) within your agency are you answering this questionnaire for?
    (Please click on the grey shading in the box below to begin typing your response)

    > ITS - International Technology Services

4. What type of funds are being accounted for within the entity(ies) from question 3 using MCA?

    ☐ **Revolving funds**
    ☐ Non-revolving funds
    ☒ Both

5. Have you received an audit finding related to MCA (i.e., SFFAS 4) in the audit report, management letter, Notice of Finding and Recommendation, or elsewhere within the last five years?
    (Please click on one box)

    ☐ Yes (go to question 6)

☒ No (go to question 7)

---

[1] Terms defined in the glossary are shown in **bold-faced** type the first time they appear.

6. If you answered yes to question 5, please describe the audit finding(s).
(Please click on the grey shading in the box below to begin typing your response)

7. Do you plan on implementing MCA in any entities or additional entities within your organization?
(Please click on one box)

☒ We have implemented MCA in at least one entity and plan to do more (please explain why in the box below and then go to question 8)

☐ We have implemented MCA in a least one entity but do not plan to do more (please explain why not in the box below and then go to question 8)

☐ We have not implemented MCA yet but plan to do so in the future (please explain why in the box below and then go to question 72)

☐ We have not implemented MCA in any entities and do not plan to do so in the future (please explain why not in the box below and then go to question 73)

Why or why not?
(Please click on the grey shading in the box below to begin typing your response)

MCA is recognized as a vital tool for understanding the true costs of services provided; this understanding aids management decisions concerning pricing, customer billing, budgeting, and resource planning.

Use of Managerial Cost Information

8. What is your organization's primary (number one) use of cost information?
(Please click on the grey shading in the box below to begin typing your response)

To provide accurate cost information to ITS leadership in oversight of ITS operations, by recommending, developing and establishing cost accounting, budgeting and internal control policies, requirements and standards.

9. What other uses of cost information does your organization currently have?
(Please click on the grey shading in the box below to begin typing your response)

Develop, implement, and maintain cost reporting, including unit costs, to ITS leadership and customer agencies in support of Service Line Agreements (SLAs) and to ensure that metrics/costs align with budgetary requirements.

10. How are costs (**full costs** as defined by SFFAS 4 or others) incorporated into **performance reporting**?
(Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

> Costs of resources that contribute directly or indirectly to the provision of services to customer agencies are included in all cost reports generated by the ITS-CMIS (Cost Management Information System) including costs regardless of the responsibility segment which originally consumed the cost. This is achieved within the core accounting system which contains charge codes for both direct and indirect services, the latter being integrated into the direct services using consumption-based drivers and customer metrics.

11. Do you periodically review your system to make sure it is responsive to your organizations' current needs?
    (Please click on one box)

    ☒ Yes (go to question 12)
    ☐ No (go to question 13)

12. When was the last time you did such a review and what was the result?
    (Please click on the grey shading in the box below to begin typing your response)

    > Reviews are accomplished by way of monthly meetings with branch chiefs and other senior leadership within ITS and OCIO. The CMIS system has been well received.

13. Do you believe the managerial cost accounting standards, when combined with the necessary judgments inherent in implementing managerial cost accounting, result in information that meets the accounting and reporting needs of internal users (i.e., program managers) to enable them to make decisions?
    (Please click on one box)

    ☒ Yes (go to question 14)
    ☐ No (go to question 15)

14. If you answered yes to question 13, please describe how the internal users (i.e., program managers) in your organization use managerial cost accounting and reporting information to make decisions.
    (Please click on the grey shading in the box below to begin typing your response)

    > Understanding the true costs of doing business helps internal management to determine and deploy future levels of resources in anticipation of their demand levels. It also helps gauge budget standards by measuring the variances to those standards. Users can gain insights to better achieve the organization's goals and meet strategic objectives.

15. If you answered no to question 13, please offer suggestions about what might be done to make managerial cost accounting and reporting information more useful to program managers.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

16. Does the method or approach used to capture and report managerial cost information differ from that used to prepare information submitted for the Budget of the U.S. Government?
    (Please click on one box)

    ☐ Yes (go to question 17)
    ☒ No (go to question 18)

17. If you answered yes to question 16, please describe or provide an example:
    (Please click on the grey shading in the box below to begin typing your response)

18. Please describe:

    a. Your three greatest success stories related to the use of MCA for effective decision-making.
       (Please click on the grey shading in the box below to begin typing your response)

       > 1. Managers now have access to cost information that was previously unavailable before CMIS was implemented.
       > 2. More accurate unit cost data across customers has enabled better focus to resource requirements and demands
       > 3. SLAs and customer billings are more defensible

    b. Your three greatest challenges in making MCA information useful to managers.
       (Please click on the grey shading in the box below to begin typing your response)

       > 1. Education - communicating the benefits of MCA such that more and more users will use the cost data
       > 2. Tie-in to accounting system - CMIS is actually independent of the core financial system but still required tweaking to accommodate change-over to new accounting system
       > 3. Training - as more and more agencies start to implement their own CMIS models, agency staff must be trained so that they can maintain their own models rather than rely solely on the original ITS staff that built the first CMIS model.

    c. The three most important lessons learned that you would share with an agency that is just starting out with MCA.
       (Please click on the grey shading in the box below to begin typing your response)

       > 1. communicate the benefits to all those who would be impacted, as soon as possible
       > 2. establish team of users who would be responsible for maintaining their cost system/models and arrange for effective training and knowledge transfer
       > 3. monitor results regularly to (a) ensure reconciliation with core financial system, (b) identify variances to budget, (c) get feedback from end-users as to effectiveness of cost reports so they can be modified as necessary

FASAB Managerial Cost Accounting and Reporting Questionnaire

19. What other type of cost information would you like to have that you currently do not generate?
(Please click on the grey shading in the box below to begin typing your response)

Cost by Strategic Organizational Goals; more Key Performance Indicators (KPIs) and Cost Scorecards/Dashboards

20. What benefits and uses would you expect to derive from comparing administrative and/or operational costs within and across agencies (e.g., cost to issue a grant, cost to perform a particular service, etc)?
(Please click on the grey shading in the box below to begin typing your response)

Benchmarking across agencies; understanding true cost/benefit relationships in the provision of services to those agencies

21. What barriers or obstacles (e.g., differing internal policies or social objectives that may make comparisons challenging) would you foresee from comparing administrative and/or operational costs within and across agencies?
(Please click on the grey shading in the box below to begin typing your response)

Resistance to divulge or share information thought to be sensitive or confidential; differences in philosophy with respect to how costs are pooled for assignment purposes and/or unit cost reporting.

Cost Accounting System

22. Have you developed an automated MCA system that produces cost information for managers?
(Please click on one box)

☒ Yes (go to question 23)
☐ No (go to question 25)

23. If you answered yes to question 22, what approach to costing (i.e., costing methodology) does your system use?
(Please click all that apply)

☐ **Standard costing**
☒ **Activity-based costing**
☐ **Job order costing**
☐ **Process costing**
☐ Other (explain other in the box below)
(Please click on the grey shading in the box below to begin typing your response)

24. If you answered yes to question 22, please describe the system you use, including who is responsible for the data being put into the system, who is permitted to change the system, and who is responsible for the accuracy and/or reliability of the data in the system?

FASAB Managerial Cost Accounting and Reporting Questionnaire

(Please click on the grey shading in the box below to begin typing your response)

> CMIS - Cost Mangement Information System; designed by Lisa Johnson, Chief -
> Financial Management Branch, ITS; architected and built by Al Baker,
> Mgmt+Program Analyst, ITS-FMB; data input and managed by Mary Eckart,
> Mgmt+Program Analyst, ITS-FMB. Baker and Eckart are responsible for the
> accuracy and reliability of the data in CMIS. CMIS models are built using a
> software application from SAP/Business Objects known as PCM (Profitability and
> Cost Management.)

25. If you answered no to question 22, please describe the system or process you use.
    (Please click on the grey shading in the box below to begin typing your response)

26. Have you considered implementing **eXtensible Business Reporting Language (XBRL)** to capture and report managerial cost information?
    (Please click on one box)

    ☐ Yes (go to question 27)
    ☒ No (go to question 28)

27. If you answered yes to question 26, please describe the outcome of your consideration of XBRL.
    (Please click on the grey shading in the box below to begin typing your response)

Cost Accounting Methodology/Assignment

28. Please list the **responsibility segments** you have defined for the entity(ies) for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

    > Various branches contained within the following ITS divisions:
    >
    > Infrastructure Governance Division
    >
    > Infrastructure Definition Division
    >
    > Infrastructure Operations Division
    >
    > Technical Support Division
    >
    > Administrative Management Division

29. Please list the **cost objects** you have defined for the entity/ies for which you are answering this questionnaire.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

1. SERVICES:

COMMUNICATION SERVICES

Network Services

SCA Data Circuits

Internet Access/WAN

Alternative Office Connectivity

Above Core Data Circuits

Wireless Services

Cell Phones

Blackberry/Smart Phone

Broadband Card /Wireless Connectivity Solutions (Network)

Wireless Miscellaneous

Conferencing Services

Video

Voice

Voice Services

Primary Local Circuits (Toll Free)

Long Distance/Federal Calling Card

Voice Solutions and Voice Mail

Hardware Certification Services

Standard Hardware Certification (Core)

Supplemental Hardware Certification(Above-Core)

Patch Management

Software Certification Services

Standard Software Certification (Core)

Supplemental Software Certification (Above-Core)

FASAB Managerial Cost Accounting and Reporting Questionnaire

Security Services

Continuity Services

Data Security

Security Program Management

Network Security

Security Incident Management

Change Management

Change Management Services

Release Management Services

Configuration Management Services

Business Application Hosting

Data Center and Hosting Services

Application Hosting

Technical/Deployment Services

System Administration and DBA

ITS Hosting Provisioning Services

 NITC Facility Charges/Servers

Thin Client Centralized Storage

Web Farm Infrastructure

Enterprise Data Services

NITC SAN Storage

Hardware Certification Services

Standard Hardware Certification (Core)

Supplemental Hardware Certification(Above-Core)

Patch Management

Software Certification Services

Standard Software Certification (Core)

Supplemental Software Certification (Above-Core)

Security Services

Continuity Services

Data Security

Security Program Management

Network Security

Security Incident Management

Change Management

Change Management Services

Release Management Services

Configuration Management Services

End-User Services(Includes help desk)

End-User File, Print and Data Services

Accommodation Services

Account Management Services

Enterprise Messaging Services-MOU

Enterprise Messaging Services

Enterprise Messaging Premium Services

Deployment Management Services

 Client Desktop

Client Hardware Peripherals

Standard (Core) Software

Supplemental (Above-Core) Software

Thin Client Desktop

Field Server Infrastructure

Facilities Management Services

Office Moves, Consolidations, Closures, Renovations

Computer Room Management

Service Desk Services

Problem Management

Requests for Service/Information

Requests for Service-EGov

Hardware Certification Services

Standard Hardware Certification (Core)

Supplemental Hardware Certification(Above-Core)

Patch Management

Software Certification Services

Standard Software Certification (Core)

Supplemental Software Certification (Above-Core)

Fleet Management/Repair

Security Services

Continuity Services

Data Security

Security Program Management

Network Security

Security Incident Management

FASAB Managerial Cost Accounting and Reporting Questionnaire

Change Management

Change Management Services

Release Management Services

Configuration Management Services

2. CUSTOMERS:
Office of the Chief Information Officer

Rural Development

Farm Service Agency

Risk Management

Natural Resources Conservation Service

I - Indirect

S - Forest Service

Other Customers

3. STATES:
Including large and small offices

---

30. Have you revised your responsibility segments or cost objects since the first year you reported?

☒ Yes (go to question 31)
☐ No (go to question 32)

31. If you answered yes to question 30, please describe how you revised the responsibility segments and/or cost objects.
(Please click on the grey shading in the box below to begin typing your response)

Updating the service catalog and list of customer agencies as ITS has grown and expanded; also in concert with changeover to new financial accounting system.

32. Have you implemented full costing as defined by SFFAS 4?
(Please click on one box)

☒ Yes (go to question 33)
☐ No (go to question 36)

33. If you answered yes to question 32, is a certain portion of the time of the Office of the Secretary and other leadership positions allocated to mission-related programs?
(Please click on one box)

☒ Yes

11

☐ No

34. If you answered yes to question 32, is a certain portion of your agency's full costs not assigned to programs (e.g., general management and administrative support costs that cannot be traced, assigned, or directly associated to program objectives and their outputs)?
(Please click on one box)

☐ Yes (go to question 35)
☒ No (go to question 36)

35. If you answered yes to question 34, please describe your agency's costs not assigned to programs.
(Please click on the grey shading in the box below to begin typing your response)

36. In applying the guidance in SFFAS 30, *Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*, and Technical Release 8, *Clarification of Standards Relating to Inter Entity Costs*, have you identified additional **inter-entity costs**?
(Please click on one box)

☒ Yes (go to question 37)
☐ No (go to question 38)

37. If you answered yes to question 36, please list the additional inter-entity costs you identified, including a brief description.
(Please click on the grey shading in the box below to begin typing your response)

Costs charged by any responsibility segment that are on behalf of or in lieu of any another segment are included in CMIS, in accordance with full costs guidelines. These may include any of the aforementioned divisions and branches.

38. How do you calculate administrative costs for **overhead** (e.g., square footage, number of employees, number of documents processed, etc)?
(Please click on the grey shading in the box below to begin typing your response)

Number of Employees

39. What kind of **cost assignment** do you use? (Examples include directly tracing, assigning on a cause and effect basis, and allocating on a reasonable and consistent basis)?
(Please click on the grey shading in the box below to begin typing your response)

1. Direct tracing as per the transaction code from the core accounting system 2. Consumption-based drivers and metrics by customer agency

40. In organizations where service delivery is important, a large part of the costs of programs may be labor and associated benefits costs. How do you collect the data need to assign costs associated with personnel time?
(Please click all that apply)

FASAB Managerial Cost Accounting and Reporting Questionnaire

☒ Labor data reporting completed by employee and turned in weekly, biweekly, or monthly (labor data reporting can be, for example, on paper timesheets and entered later or input directly into an automated system).
☐ Periodic estimates of time spent on multiple program activities completed by employee
☐ Periodic evaluations completed by someone other than the employee
☐ Other (explain other in the box below)

(Please click on the grey shading in the box below to begin typing your response)

Project Implementation Practices

Use of Teams or Committees

41. Did you use a team or committee in developing and implementing your MCA system?
    (Please click on one box)

    ☒ Yes
    ☐ No
    ☐ Did not use teams or committees for anything MCA-related (go to question 50)

42. Did you use a team or committee to make MCA-related policy decisions?
    (Please click on one box)

    ☒ Yes
    ☐ No

43. Did you use a team or committee for developing the details of the MCA process?
    (Please click on one box)

    ☒ Yes
    ☐ No

44. Did you use a team or committee to obtain and disseminate MCA information?
    (Please click on one box)

    ☐ Yes
    ☒ No

45. Did the teams or committees include different levels of staff?
    (Please click on one box)

    ☒ Yes
    ☐ No

46. Was one person common to all teams or committees?
    (Please click on one box)

    ☒ Yes
    ☐ No

47. Did the team or committee include user level staff like project managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

FASAB Managerial Cost Accounting and Reporting Questionnaire

48. Did the team or committee have clearly defined objectives or a charter?
    (Please click on one box)

    ☒ Yes
    ☐ No

49. Please describe any lessons learned or challenges met in the use of teams/committees.
    (Please click on the grey shading in the box below to begin typing your response)

Initially difficult because of culture change, improved with training

Use of Pilot Tests

50. Did you start with a pilot to test the concept?
    (Please click on one box)

    ☐ Yes (go to question 51)
    ☒ No (go to question 53)

51. If you answered yes to question 50, please briefly describe the pilot testing process you used.
    (Please click on the grey shading in the box below to begin typing your response)

52. If you answered yes to question 50, did the pilot test help with implementation or cause problems? Please describe.
    (Please click on the grey shading in the box below to begin typing your response)

Communication

53. Did you have clearly defined agency guidance?
    (Please click on one box)

    ☒ Yes (go to question 54)
    ☐ No (go to question 55)

54. Did you have frequent outreach to support the promulgated guidance?
    (Please click on one box)

    ☒ Yes
    ☐ No

55. Did you ask for feedback to help identify potential needs of managers?
    (Please click on one box)

    ☒ Yes
    ☐ No

56. Did you have training sessions to educate as many personnel as possible?
    (Please click on one box)

    ☒ Yes (go to question 57)
    ☐ No (go to question 58)

57. When did you do the training?
    (Please click on the grey shading in the box below to begin typing your response)

    | August, 2008 |

Pre-Implementation Period

If MCA implementation takes a lot of time, some efforts can be undertaken while the system is being developed to help smooth the transition. For example, experimenting with different solutions and obtaining buy-in from key agency personnel might be effective ways to utilize the time from the development of system requirements until the system is actually up and running.

58. Did you use the pre-implementation period for experimentation?
    (Please click on one box)

    ☐ Yes (go to question 59)
    ☒ No (go to question 60)

59. Did you use the pre-implementation period to help encourage buy-in?
    (Please click on one box)

    ☐ Yes
    ☒ No

Auditor Involvement

60. Was your Office of Inspector General, Independent Public Accountant, or internal auditor involved in the development and implementation process?
    (Please click on one box)

    ☐ Yes (go to question 61)
    ☒ No (go to question 63)

61. If you answered yes to question 60, please describe the nature of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

62. If you answered yes to question 60, please describe the benefits or drawbacks of the involvement.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

Agency Culture, Management Attitudes, and Communication

63. How would you describe the culture, management attitudes and core competencies relating to cost accounting in your organization?
    (Please click on the grey shading in the box below to begin typing your response)

    > Maturing, widely used for budget formulation and pricing of services

64. Does senior management support your attempts to implement cost accounting in your organization?
    (Please click on one box)

    ☒ Yes
    ☐ No

65. Does your organization have a "champion" for MCA (i.e., a leader who supports the concept and can keep employee enthusiasm high)?
    (Please click on one box)

    ☒ Yes (go to question 66)
    ☐ No (go to question 67)

66. If you answered yes to question 65, what is his/her title and function?
    (Please click on the grey shading in the box below to begin typing your response)

    > Lisa Johnson, Chief - Financial Management Branch, OCIO-ITS

67. Has your organization developed an organization-wide statement or policy clearly defining the objectives and uses of cost accounting?
    (Please click on one box)

    ☐ Yes (go to question 68)
    ☒ No (go to question 72)

68. If you answered yes to question 67, does the statement or policy include the following objectives and uses?
    (Please click all that apply)

    ☐ Budgeting and cost control
    ☐ Performance measurement
    ☐ Determining reimbursements and setting fees and prices
    ☐ Program evaluations
    ☐ Making economic choice decisions
    ☐ Improving service delivery
    ☐ Other (explain other in the box below)
    (Please click on the grey shading in the box below to begin typing your response)

69. If any of the objectives and uses listed in question 68 is not applicable, please explain why.
    (Please click on the grey shading in the box below to begin typing your response)

FASAB Managerial Cost Accounting and Reporting Questionnaire

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│                                                                     │
└─────────────────────────────────────────────────────────────────────┘
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70. Was the strategy for achieving the objectives shared with all levels of staff throughout the organization during the MCA system development or upgrade?
(Please click on one box)

☒ Yes (go to question 71)
☐ No (go to question 72)

71. If you answered yes to question 70, please describe the communications process (during initial implementation and/or subsequent upgrade).
(Please click on the grey shading in the box below to begin typing your response)

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┌─────────────────────────────────────────────────────────────────────┐
│  Meetings with senior managers to describe objectives and train on  │
│  activity based cost accounting                                     │
└─────────────────────────────────────────────────────────────────────┘
```

Other

72. If the board decides to propose additional cost accounting standards, our agency would be willing to **field test** the proposed standards in conjunction with the exposure draft period and provide oral or written feedback to the board.

☒ Yes
☐ No
☐ Maybe

73. Do you have any other comments?
(Please click on the grey shading in the box below to begin typing your response)

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┌─────────────────────────────────────────────────────────────────────┐
│  Not at this time.                                                  │
└─────────────────────────────────────────────────────────────────────┘
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FASAB Managerial Cost Accounting and Reporting Questionnaire

<div style="border: 2px solid black; padding: 20px;">

Requested Information Regarding Person Completing Survey:

(Please click on each grey box below to input requested information)

First and Last Name: Lisa Johnson

Agency Name: OCIO-ITS

Office Name: FMB

Position Title: Branch Chief

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FASAB Managerial Cost Accounting and Reporting Questionnaire

Glossary

Activity-Based Costing – A cost accounting method that measures the cost and performance of process related activities and cost objects. It assigns cost to cost objects, such as products or customers, based on their use of activities. It recognizes the causal relationship of cost drivers to activities (SFFAS 4).

Cost Assignment – Costs of resources consumed by responsibility segments should be accumulated by type of resource. Outputs produced by responsibility segments should be accumulated and, if practicable, measured in units. The full costs of resources that directly or indirectly contribute to the production of outputs should be assigned to outputs through costing methodologies or cost finding techniques that are most appropriate to the segment's operating environment and should be followed consistently. The cost assignments should be performed using the following methods listed in the order of preference: (a) directly tracing costs wherever feasible and economically practicable, (b) assigning costs on a cause-and effect basis, or (c) allocating costs on a reasonable and consistent basis (SFFAS 4).

Cost Object – An activity, output, or item whose cost is to be measured. In a broad sense, a cost object can be an organizational division, a function, task, product, service, or a customer (SFFAS 4).

Entity – a general term used to refer to any legal, administrative or organizational structure or unit. Entity could refer to a department, agency, bureau, activity, function, or program within your organization, depending on how your organization defines its units for MCA purposes.

eXtensible Business Reporting Language (XBRL) –an extensible markup language-based computer language for the electronic transmission of business and financial data. XBRL is an open standard, which is overseen by a not-for-profit organization called XBRL International, that uses tags to describe and identify each item of data in an electronic document. The tags allow computer programs to sort through data and analyze relationships quickly and generate output in various formats. Because the tags are standardized, analysis can be conducted across multiple documents from multiple sources, even if the text in the documents is written in different languages.

Field Test – Field tests are part of FASAB's due process and help FASAB to establish effective standards. Participating federal entities volunteer to go through the exercise of "implementing" the proposed standards as if they were in place and then provide feedback to FASAB regarding the process. Field tests can proactively identify potential problems related to the implementation of proposed standards and allow FASAB to gather valuable information about implementation costs.

Full Cost – the full cost of a responsibility segment's output is the total amount of resources used to produce the output. This includes direct and indirect costs that contribute to the output, regardless of funding sources. It also includes costs of supporting services provided by other responsibility segments or entities. The standard does not require full cost reporting in federal entities' internal reports or special purpose cost studies. Entity management can decide on a case-by-case basis whether full cost is appropriate and should be used for internal reporting and special purpose cost studies (SFFAS 4, par. 89).

Inter-Entity Costs – Each entity's full cost should incorporate the full cost of goods and services that it receives from other entities. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice (SFFAS 4).

Job Order Costing – A method of cost accounting that accumulates costs for individual jobs or lots. A job may be a service or manufactured item, such as the repair of equipment or the treatment of a patient in a hospital (SFFAS 4).

Managerial Cost Accounting (MCA) – the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives (Source: SFFAS 4, par. 42).

Overhead – Overhead is used in its general meaning of expenses (as rent, insurance, or heating) not chargeable to a particular part of the work or product.

Performance Reporting – Cost accounting should provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of the Government Performance and Results Act or interface with a system that provides such information. This includes the quantity of inputs and outputs and other non-financial information needed in the measurement of performance.

Process Costing – A method of cost accounting that first collects costs by processes and then allocates the total costs of each process equally to each unit of output flowing through it during an accounting period.

Responsibility Segment – A significant organizational, operational, functional, or process component which has the following characteristics: (a) its manager reports to the entity's top management; (b) it is responsible for carrying out a mission, performing a line of activities or services, or producing one or a group of products; and (c) for financial reporting and cost management purposes, its resources and results of operations can be clearly distinguished, physically and operationally, from those of other segments of the entity (SFFAS 4).

Revolving Fund – a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies, and trust revolving funds, which conduct business-like operations mainly with the public (Source: OMB Circular A-11, Section 20).

Standard Costing – A costing method that attaches costs to cost objects based on reasonable estimates or cost studies and by means of budgeted rates rather than according to actual costs incurred. The anticipated cost of producing a unit of output. A predetermined cost to be assigned to products produced. Standard cost implies a norm, or what costs should be. Standard costing may be based on either absorption or direct costing principles, and may apply either to all or some cost elements (SFFAS 4).