

6 FAH-5 H-470 POST-FUNDED COSTS

(CT:ICASS-17; 03-01-2011)
(Office of Origin: RM/ICASS)

6 FAH-5 H-471 POST BUDGETS

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

Post's initial requirements budget (pre-baseline) should include all anticipated ICASS operating costs (personnel and other costs) for the fiscal year including other specific costs enumerated in this subchapter, as appropriate.

6 FAH-5 H-471.1 Air Force/Army Post Office (APO)/Fleet Post Office (FPO) Costs

(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)

- a. **Description:** Air Force/Army Post Office (APO)/Fleet Post Office (FPO) is a Department of Defense (DOD) provided service outside of the ICASS system. However, mission-provided support costs usually specified in a memorandum of agreement or interagency support agreement with military postal authorities, should be distributed to the serviced agencies through ICASS. These non-DOD funded costs could include space occupied in a shared ICASS nonresidential office, office equipment, and local-hire mailroom personnel.
- b. **Allocation of costs to cost centers:** In order to spread these costs to all agencies at post who benefit from the APO/FPO, the non-DOD ICASS costs of this operation might be charged to the mail and messenger services cost center at a Standard post or the information management cost center at a Lite post, contingent upon approval of the post ICASS council.

6 FAH-5 H-471.2 Congressional Delegation (CODEL) and VIP Visits

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-364 VIP Visits for updated guidance.

6 FAH-5 H-471.3 Consulate and Multiple Mission Costs

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. Description:** Post's ICASS budget similarly includes the administrative support operating costs of the embassy and any constituent post in that country (note, some consulates prepare/receive separate ICASS funds based on arrangements that pre-dated ICASS). The ICASS software allows post to identify ICASS costs using multiple locations if there is a significant cost difference to agencies in doing so. ICASS redistribution and overhead costs are location-specific; therefore, if costs are identified to location codes, agencies at those locations will fund the ICASS redistribution and overhead costs only at that location. If a post ICASS council decides to use location codes to allocate constituent post costs, there are two key considerations:
- (1) The embassy provides some level of administrative support to the consulate(s), therefore the service provider and the council should identify which embassy cost centers should be shared by all country personnel/workload (i.e., consulates may send all vouchers to the embassy budget and finance section for processing; embassy systems personnel may oversee consulate systems operations, etc.); and
 - (2) Location/cost center codes add a level of complexity to the financial process that, in many instances, should be reserved for those cost centers where there is a significant advantage to do so (i.e., BOE cost centers at each location).
- b. Allocation of costs to cost centers:** Posts with multiple missions may choose to allocate some or all costs to location codes, as stated above. Costs identified to location codes would be charged to benefiting agencies based on the workload counts of the cost center at that location. Posts which do not use location codes would allocate costs to the appropriate embassy cost center/sub-cost centers and the combined workloads from the embassy and other locations would distribute the costs.

6 FAH-5 H-471.4 Depreciation and Capitalization

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** No-year, working capital funds (WCFs) including ICASS, must fund the depreciation cost of the fund's capital assets. The capitalized threshold in the Department of State for all general assets and property is \$25,000 with the exception of vehicles which are capitalized regardless of cost. There are additional capitalized thresholds of \$100,000 on bulk buys, \$500,000 for commercial off-the-shelf software purchases, and \$500,000 for direct costs of internally developed software.
- b. Depreciation is a nonexpenditure charge (funds are not obligated) that allocates an asset's cost over its useful life. By budgeting for depreciation costs, the post is ensuring that funds will be available to replace assets as needed. The burden of replacing the asset is likewise spread by allocating the cost of personal property over its useful life.
- c. Capitalization is the one-time cost of the total depreciation amount of an asset whose annual depreciation costs have been unfunded in prior years (due to constrained ICASS funding, monies have not been available to fund the prior-year depreciation costs of ICASS capitalized assets). The costs of replacing these assets, which may now be fully depreciated, must be budgeted. This one-time cost to capture the prior years' depreciation cost is termed capitalization.
- d. Depreciation and capitalization are calculated automatically (see [6 FAH-5 Exhibit H-471.4 Depreciation/Capitalization Schedule from the Budget Software](#)) and added to post's budget by the ICASS budget software when capitalized assets are entered in the depreciation worksheet of the budget. Posts must ensure that the capitalized assets included in the ICASS budget software agree with post's nonexpendable property application (NEPA) system or property records. The depreciation worksheet should be updated semi-annually (in conjunction with the budget submissions) and post should annotate that worksheet to identify capitalized assets that have subsequently been sold.
- e. The depreciation amount calculated from the depreciation worksheet is included in the ICASS initial requirements budget under budget sub-object code (BOC) 3195 - depreciation. This entry has only one purpose which is to include the depreciation cost as part of the amount to be budgeted to all agencies. Funds are not obligated using this budget sub-object code. If funds are available within post's ICASS target for depreciation/capitalization, those funds would remain unobligated on post's accounting reports and will be carried forward until utilized for the capital asset procurement. The capitalization amount is similarly included

in the ICASS real needs budget under budget sub-object code (BOC) 3197 when the depreciation worksheet amounts are included in the budget. This budget sub-object code is used only for budgeting for capitalization of property and is not used for obligations.

- f. The use of the unique 3100 series budget sub-object codes identified at the time funds are obligated (when asset is procured), distinguishes capital and non-capital assets. Depreciation/capitalization funds can be used to procure ICASS vehicles.
- g. **Allocation of costs to cost centers:** Depreciation and capitalization costs would be allocated to the cost centers supported by the capitalized equipment. For example, the ICASS vehicle fleet provides support to many cost centers such as the BOE cost centers, direct motor pool operation, mail and messenger services, travel services, and others. The costs of depreciation and capitalization of vehicles and other equipment should be allocated among all of these cost centers according to the usage of this equipment at post.

6 FAH-5 H-471.5 Local Currency Exchange Rate Gains and Losses

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** The ICASS budget is prepared at the local currency rate of exchange as of the first day of the fiscal year (October 1). There is no adjustment to the budget for any changes in the local currency exchange rate that occurs during the fiscal year and all agencies are billed for ICASS services based on the October 1st rate of exchange. ICASS operating allowance adjustments that occur during the fiscal year for exchange rate changes do not affect a post's target budget.
- b. **Allocation of costs to cost centers:** As exchange rate gains and losses that occur during the fiscal year are not budgeted, the allocation of costs to cost centers is not applicable.

6 FAH-5 H-471.6 National Security Decision Directive (NSDD-38) Authority Position Changes

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-351.2 NSDD-38 Process for updated guidance.

6 FAH-5 H-471.7 Regional Costs

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

- a. **Description:** Administrative support costs for regional operations are currently included in ICASS using one of the following cost-sharing methods, as determined by the magnitude of the regional support provided:
- (1) **Large regional hubs** (i.e., financial service centers): Regional hubs provide little administrative support to their host post in relation to the support provided to the regional posts that they service. In general, these large regional hubs are established with ICASS working group (IWG) approval, and are considered a separate ICASS post for budgeting/financial purposes. Regional hubs receive an ICASS target, prepare budgets, and receive ICASS funds separate from the host post. All personnel and other costs of the regional hub are included in that ICASS budget and costs are allocated to the appropriate cost center (the number of cost centers may be reduced depending on the support provided by the regional hub). Workload is entered for all agencies located at any post receiving service from that regional hub. Agencies receiving these services may not be represented at the regional hub; therefore, a Washington ICASS council is established to review services provided by the operation;
 - (2) **Regional U.S. personnel:** Posts which host one or more regional administrative direct-hire (DH) position (i.e., regional medical officer, regional financial management officer (FMO), regional human resources officer (HRO), regional Information Management Specialist (IMS)) or that provide a small regional service to other posts in the area (i.e., shipping receiving point for inland transportation) may direct charge serviced posts for any identifiable cost incurred on their behalf. Direct costs of regional ICASS personnel (salary, benefits, utilities, lease, furniture, etc.), however, cannot be direct charged and these costs are funded by the home post with costs shared by agencies at that post (workload counts reflect only host-country counts). Any increased personnel-related costs of the host post, required to support the regional activity, should be included in the host post's budget and funds requested through the budget process.
- b. **Allocation of costs to cost centers:** Regional costs are allocated to the cost center(s) services provided at the regional hub or host post. Regional hub costs are shared based on agencies' workload, of cost center services provided for all posts and all agencies supported.

Regional direct-hire (DH) American personnel costs are shared based on the workload of only those agencies receiving ICASS services at the host post.

6 FAH-5 H-471.8 Residential Furniture Pools

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

a. **Description:** Furniture pools result in a uniform furniture replacement program for agencies participating in the pool and result in ICASS efficiencies by reducing wear and tear on materials, warehouse transportation requirements, vouchering costs, and separate agency warehouse and inventory requirements. Should a post wish to establish a residential furniture pool, ICASS provides an excellent mechanism to budget for and distribute the costs of replacement furniture, furnishings, appliances, and equipment (FFA&E). One possible scenario for the establishment of a residential furniture pool under ICASS is as follows:

- (1) Since participation in a furniture pool is strictly voluntary, agencies would subscribe to the services using the optional furniture cost center. The combined square meters of all housing units participating in the furniture pool regardless of whether the units are U.S. Government owned/long-term lease (GO/LTL) or short-term lease (STL) would be used to distribute the costs of the furniture pool;
- (2) Convert all of the existing FFA&E to be pooled to ICASS property. In essence, the participating agencies would be providing an in-kind contribution to start the pool. ICASS councils should ensure that initial contributions are equally assessed to all participating agencies. Spare FFA&E in the warehouse could also be converted to ICASS assets using some equitably agreed-upon method at post;
- (3) Develop an annual FFA&E replacement schedule for the pool and cost it out. The annual replacement costs (based on the replacement schedule or a lesser amount) are entered into the budget using the furniture cost center that distributes the costs only to the participating agencies. Replacement of FFA&E is considered a discretionary item for budgetary purposes, therefore the participating agencies must decide collectively each year how much they can afford to invest for replacement furniture and equipment. Replacement FFA&E for the pool is ICASS property. Proceeds from the sale of pool assets will be retained by the post in the ICASS Working Capital Fund (WCF) and should be used to fund FFA&E replacement.

b. The advantages associated with having a residential FFA&E pool under

ICASS are that it:

- (1) Ensures that employees are treated similarly regardless of agency affiliation (no haves and have-nots);
 - (2) Permits standardization on furniture and equipment thereby making it easier and cheaper to maintain and manage these items;
 - (3) Reduces inventory and warehousing requirements since the property belongs to ICASS and not individual agencies;
 - (4) Provides economy-of-scale benefits;
 - (5) Permits the retention at post of all proceeds of sale (some agencies are unable to realize this benefit);
 - (6) Uses the flexibility of the no-year Working Capital Fund and provides greater consolidation of agency support costs; and
 - (7) Increases the transparency of these costs using the ICASS budget and cost distribution software.
- c. Establishment of a residential FFA&E pool is optional and participation is voluntary.
- d. **Allocation of costs to cost centers:** The allocation of costs is most equitably shared through the use of the furniture pool cost center which allows for costs to be shared by only those agencies participating in the furniture pool.

6 FAH-5 H-471.9 Non-ICASS Furniture Pools

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

Post furniture pools predate ICASS and there is no requirement to include them in the ICASS system. One alternative outside of ICASS is to have each agency participating in the pool retain ownership of its furniture and appliances on paper, but in practice, the property loses its identity as far as who uses it. For example, an occupant from one agency vacates an apartment and is replaced by an occupant from another agency. The furniture, furnishings, appliances, and equipment (FFA&E) in the apartment are not moved and remain on the property records of the vacating agency. The property retains its agency ownership no matter where it is located up through the proceeds-of-sale process. A quasi-furniture pool would be established by having agencies contribute replacement FFA&E on an annual basis using an agreed-upon formula that takes into account the useful life of the property. The agencies would provide individual fund cites on an annual basis and the general services officer (GSO) would order replacement FFA&E based on the overall needs of the pool. In this kind of pooled FFA&E arrangement, ICASS would be treated as a separate agency responsible for

making contributions to the pool. ICASS property would retain its identity up through disposal.

6 FAH-5 H-471.10 Separation Pay (Post Funded)

(CT:ICASS-17; 03-01-2011)

(Applies to participating ICASS agencies)

- a. **Description:** The anticipated cost of severance pay for ICASS locally employed staff (*LE staff*) employees, as authorized by post's local compensation plan, if not funded by the Department of State's central FSN Separation Liability Fund, should be included in post's ICASS budget.
- b. **Allocation of costs to cost centers:** Severance costs are budgeted with the salary and benefit costs of the employee and would follow the cost allocation of that employee. Agencies that receive the cost center services provided by the severed employee would share the costs of any severance pay.

6 FAH-5 H-471.11 Tandem Couples (Where One of the Employees is ICASS)

(CT:ICASS-15; 11-06-2009)

(Applies to participating ICASS agencies)

See 6 FAH-5 H-353 Tandem & Jointly Assigned Couples for updated guidance.

6 FAH-5 H-471.12 Temporary-Duty (TDY) Quarters

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** U.S. Government-owned/long-term lease (GO/LTL) and/or short-term lease (STL) housing may be designated as temporary duty quarters/transient quarters if that property is excess to post's needs and the post's ICASS council concurs. The use of either GO/LTL and/or STL property as TDY quarters must be authorized by the Bureau of Overseas Buildings Operations (OBO) as per 15 FAM 249 Transient or Temporary Duty Housing with fees established for their use. Net anticipated operating costs (total funding requirements less anticipated reimbursements) of the TDY quarters are budgeted and billed in post's ICASS budget. Based on the fee schedule established, funds collected for the use of TDY quarters should be deposited as follows:
 - (1) Fees collected for the GO/LTL lease component of the TDY quarters should be deposited to the 19X0535 account REIM (OBO account); and

- (2) Fees collected for STL rents, BOE, and maintenance costs should be deposited to 19X05419.1 account 9906 for the ICASS-funded share of that fee.
- b. **Allocation of costs to cost centers:** The net operating cost of the TDY quarters may be allocated to overhead if all agencies benefit from the use of the property. Alternately, post may choose to create a sub-cost center if its use would more fairly allocate TDY quarters costs to the agencies receiving the benefit of the property.

6 FAH-5 H-471.13 Vacant Short-Term Lease (STL) Residential Properties

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** The housing market in some posts necessitates retaining vacant U.S. Government-short-term lease (STL) residences which appear to be excess to post's current needs. If post management, with ICASS council concurrence, determines that a State STL residence, vacant in excess of 180 days (with no occupant identified) should be retained, the lease and operating costs of that property must be funded through ICASS.
- b. **Allocation of costs to cost centers:** The operating costs of vacant (where no occupant has been identified) property may be allocated to the overhead cost center with the concurrence of post's ICASS council.

6 FAH-5 H-471.14 Value-Added Tax (VAT)

(CT:ICASS-5; 07-21-2006)

(Applies to participating ICASS agencies)

- a. **Description:** In many countries a value-added tax (VAT) is charged by the host government for the purchase of goods or services. In some countries the United States is exempt from this tax (usually based on reciprocity) and the VAT is refunded after the appropriate request for refund (with all attendant support) is made to the host government. Depending on the country, the VAT refund can range from 100% to substantially less than that, and can take from two months to over a year to collect. VAT, where applicable, is separately obligated on the obligation document. A VAT refund is applied against the original obligations as an expenditure refund, which reduces the total obligation. Fully refunded VAT reduces the obligation to that required only for the goods or services. If VAT is refunded after the close of the fiscal year, those funds should be credited to the year in which the VAT was incurred and the obligation would be reduced. Because of the no-year nature of

ICASS funds, those deobligated funds will be returned to post's current year ICASS operating allowance through the carryover/recovery process. If not fully refunded, the remaining VAT in the obligation becomes a part of the cost of the goods or services. Posts should include in their ICASS budget, the net anticipated costs of VAT (total VAT less anticipated refunds) for ICASS goods and services, in the coming fiscal year.

- b. **Allocation of costs to cost centers:** The net anticipated costs of the VAT should be budgeted with the costs of the goods and services to be procured and would follow the cost center allocation of those goods and services.

6 FAH-5 H-472 THROUGH H-479 UNASSIGNED

6 FAH-5 EXHIBIT H-471.4 DEPRECIATION/CAPITALIZATION SCHEDULE (FROM THE BUDGET SOFTWARE)

*(CT:ICASS-5; 07-21-2006)
(Applies to participating ICASS agencies)*

ICASS Depreciation Schedules

Select Depreciation Schedule:

Asset Type	Inventory Number	Make/Model	VIN/Serial No.	Original Cost	Useful Life	Year of Use	Annual Depreciation	Cumulative
A-1	03CD002	FORD/CRNVIC	ALP74W4VX196355	\$26,300	5	6	\$0	
A-1	03CD004	TOYOTA/LACRUISE	JT1111PJA50800122	\$31,500	5	4	\$4,900	
A-1	03CD006	CHEVY/LUMINA	1wL52M2V9210825	\$35,600	5	6	\$0	
A-1	03CD009	CHEVY/SUBURBAN	3GNCK26F3XG2393	\$28,800	4	4	\$5,700	
A-1	03CD010	TOYOTA/LNCRUISI	JTCCB09U7Y000221	\$30,800	5	3	\$4,760	
A-1	03CD030	CHEVY/EXPRESS	1GAGG25F8Y11377	\$28,500	5	3	\$4,300	
A-1	03CD040	CHEVY/SUBURBAN	3GNGK26F0XG2388	\$28,800	5	4	\$4,560	
*								

Totals

Current Year Depreciation	\$24,220	Current Year Replacement Cost	\$6,630
CUM Prior Years Depreciation	\$116,500	CUM Prior Year Replacement Cost	\$17,750

Select the description that best fits the asset being depreciated.

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