

SUBJECT: COST ACCOUNTING, COST RECOVERY, AND INTERAGENCY SHARING OF  
INFORMATION TECHNOLOGY FACILITIES

1. PURPOSE. To implement Office of Management and Budget (OMB) Circular A-130, "Management of Federal Information Resources," Appendix II, which prescribes policies for cost accounting, cost recovery, and interagency sharing of information technology facilities (ITFs).
2. CANCELLATION. DOE 2100.8, COST ACCOUNTING, COST RECOVERY, AND INTERAGENCY SHARING OF DATA PROCESSING FACILITIES, of 3-3-83.
3. SCOPE. The provisions of this Order apply to all Departmental Elements, and the cost-type contractors who operate DOE-owned or -leased computers, as required by law and/or contract.
4. REFERENCES.
  - a. OMB Circular A-130, Appendix II, "Cost Accounting, Cost Recovery, and Interagency Sharing of Information Technology Facilities," which requires agencies to record and allocate full cost to users, to share excess processing capacity, and to recover the full cost of interagency sharing.
  - b. OMB Circular A-76, "Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government," which requires agencies to compare costs of performing commercial or industrial type work in-house versus the cost by outside contractor.
  - c. OMB Circular A-25, "User Charges," which sets forth guidelines for Federal agencies to assess fees for Government services and for the sale or use of Government property or resources.
  - d. DOE 2110.1A, PRICING OF DEPARTMENTAL MATERIALS AND SERVICES, of 7-14-88, which establishes policy for establishing prices and charges for materials and services sold or provided by the Department, either directly or through Departmental contractors, to external organizations.
  - e. DOE 2200.6A, FINANCIAL ACCOUNTING, Chapter VI, "Plant and Equipment," of 1-7-93, which prescribes the policies and general procedures for the accounting and financial management of Departmental plant and equipment charges, and depreciation.
  - f. DOE 1360.1B, ACQUISITION AND MANAGEMENT OF COMPUTER RESOURCES, of 1-7-93, which establishes Departmental policies and procedures for the acquisition and management of automatic data processing equipment and resources.
  - g. National Institute of Standards and Technology (formerly National Bureau of Standards), Department of Commerce, Federal Information Processing Standards Publication No. 96, "Guidelines for Developing and Implementing a Charging System for Data Processing Services," of 1982, which provides a step-by-step methodology for

the development and implementation of a charging system for data processing services.

5. APPLICABILITY. This order applies to all ITFs which:

- a. Provide service to more than one user;
- b. Operate one or more general management computers; and
- c. Whose obligations exceed \$3,000,000 per year.

6. DEFINITIONS.

- a. General Management Computer. A digital computer which is used for any purpose other than as part of a (1) process control system; (2) system involved in intelligence, cryptologic relating to National security, command and control of military forces, and integral part of a weapon or weapons system (Title 10, United States Code (U.S.C.), 2315); (3) space system; or (4) mobile system.
- b. User. An organizational or programmatic entity that receives services from an ITF. A user may be either internal or external to the Department or organization responsible for the facility but normally does not report either to the manager or director of the facility or to the same immediate supervisor.
- c. Fund Cost. A cost financed from the operating or plant and capital equipment appropriations, revolving funds, or trust funds.
- d. Nonfund Cost. A cost which generally does not affect appropriations, allotments or suballotments, obligations or payments, e.g., depreciation and nuclear material consumed or lost.
- e. Full Cost. Both fund and nonfund costs including all significant expenses incurred in the operation of an ITF. Cost elements include direct and indirect expenses such as personnel; equipment rental/lease or depreciation; software (rental, purchase, or depreciation) supplies; contracted services; space occupancy (including building rental/lease or depreciation) and utilities; intraagency services and overhead; and Interagency services that are paid by the installation.
- f. Application Program. A computer program, or set of programs, designed to process related records in one area of work and accomplish a specific objective, e.g., payroll, inventory management, personnel administration, budget preparation, and cost accounting.
- g. Information Technology Facility. The personnel, hardware, software, and physical facilities of an organizational entity whose primary function is the operation of information technology.
- h. Software. The general purpose software including operating system software, utilities, sorts, language processors, access methods, data base processors, and other similar multiuser software required by the facility for support of the facility and/or for

general use by users of the facility. Software acquired or maintained by users of the facility is excluded.

- i. Sharing with Other Federal Agencies (OFAs). Sharing of excess information technology capacity with users from OFAs wherein only such services are provided. It does not apply, for example, to situations where the Department is doing research and development or other programmatic work for another agency, and information technology capacity is used to support this effort.

## 7. POLICY.

### a. Cost Accounting.

- (1) These procedures should provide for the collection and accounting for all significant elements of cost directly related to acquiring and operating computers. These costs are collected and accounted for to control costs, budget for resources, and for external reporting and shall include:
  - (a) Buying, developing, and maintaining computer software;
  - (b) Acquiring equipment and related assets;
  - (c) Purchasing computer time and maintenance services; and
  - (d) Operating and managing in-house ITFs.
- (2) The cost data developed by each ITF in response to this Order shall be used with appropriate adjustments but without recompilation to support any cost analysis conducted in accordance with OMB Circular A-76.

### b. User Cost Distribution. ITFs shall implement a user cost distribution system to distribute the full costs of providing services to all users. That system will:

- (1) Be consistent with guidance provided in the Federal Information Processing Standards Publication No. 96, "Guidelines for Developing and Implementing a Charging System for Data Processing Services." (National Institute of Standards and Technology, Department of Commerce, 1982).
- (2) Separately identify the cost of running each computer application or job at the ITF.
- (3) Distribute the costs for each service provided by the ITF to users on an equitable cost sharing basis commensurate with the amount of resources required and the priority of service provided. The cost of individual transactions may be estimated but must be reconciled periodically to assure that the full cost of operations are allocated equitably among all users. Fixed price arrangements or standard rates may be used, provided that variances are periodically reviewed and adjusted, as appropriate.
- (4) Identify the nonfund costs resulting from hardware and software depreciation and the added factor separately in user

charges and any reimbursements received.

- (5) Periodically allocate fund costs to, and recover from, internal users of the Department. Distribute nonfund costs to internal Departmental users by memorandum. It is intended that internal programmatic users be identified at the program level as indicated in the budget and reporting classifications.
  - (6) Bill and recover full costs including the DOE added factor from OFAs for the sharing of excess information technology capacity.
  - (7) Directly distribute the full costs of such dedicated services as application systems programmers and analysts, software unique to a single application, and remote terminals and modems directly to the recipient of the services.
- c. Sharing. ITFs shall share their excess computing capacity with users from OFAs in accordance with the requirements of DOE 1360.1B and the following:
- (1) OFAs shall reimburse DOE ITFs for the full costs of the services received including depreciation and the DOE added factor.
  - (2) Non-Federal users shall reimburse DOE ITFs for the full costs of services received consistent with OMB Circular A-25.
  - (3) Where reimbursements for the sharing of excess capacity at an ITF exceeds \$500,000 per year from OFAs, such sharing shall be documented by a written agreement with the OFA. As a minimum, this written agreement shall identify:
    - (a) Service available for sharing;
    - (b) Service priority procedures and the terms (e.g., quality performance standards) to be afforded each user;
    - (c) Prices to be charged for providing services;
    - (d) Arrangements for reimbursement to the DOE ITF providing the services;
    - (e) Arrangements for terminating the sharing agreement; and
    - (f) Insofar as possible, standard terms and conditions for all users obtaining similar services.
  - (4) Each ITF which receives greater than \$500,000 per year in total reimbursements for sharing excess computing capacity with OFAs is responsible for documenting, on an annual basis (close of fiscal year), the full cost of operating the facility for the past year and estimating the full cost for the current and budget years.
  - (5) In accordance with existing budget policy, ITFs which share excess capacity with OFAs shall reduce budget requests by the

amount of planned reimbursements for fund costs. The excess of reimbursements over fund costs in any fiscal year, including reimbursements arising from equipment, building, and software depreciation, and excluding the DOE added factor, shall be deposited to the Department of the Treasury as miscellaneous receipts. The amount of reimbursement for DOE added factor shall be deposited into the Departmental Administration Special Receipt Account.

8. RESPONSIBILITIES AND AUTHORITIES.

a. Under Secretary through the:

- (1) Chief Financial Officer shall develop and maintain the policies and principles for accounting and budgeting for ITFs.
- (2) Director of Administration and Management shall be responsible for the information technology management aspects of this Order.

b. Deputy Secretary, through the Director of Procurement, Assistance, and Program Management, shall assure that appropriate clauses of OMB Circular A-130, Appendix II, are included in contracts for the operation of ITFs.

c. Lead Program Secretarial Officers shall implement the provisions of this Order in finance, procurement, and programmatic organizations and assure that contractor organizations implement the provisions of this Order, as appropriate.

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Director of Administration  
and Management