



United States
Department of
Agriculture

Office of the
Chief Financial
Officer

Associate Chief
Financial Officer –
Financial Operations

Washington D.C.
20250



Configuration Decision: OCFO 15-09

Date:

To: USDA Agencies

Subject: Financial Management Modernization Initiative (FMMI) – Cost Allocation

PURPOSE

The purpose of this configuration decision is to provide the decision on Cost Allocation. The rule based account assignment and the distribution method will be used to allocate costs in FMMI. Both methods create the necessary budgetary and proprietary postings.

DECISION

The rule based account assignment is a transactional based process where the desired accounting impact is immediate or real time. This process can be used to expand account assignment on single purchase order transactions into multiple account assignments. A purchase order created with one line item and one cost center could be split into multiple lines with varying cost centers with varying amounts.

The distribution method is a detailed process which creates a line item entry on the sender and receiver for every transaction. The distribution method can use only primary cost to allocate costs away. Secondary cost elements cannot be used to assess costs to other cost objects.

The distribution method transfers primary costs from a sender cost center to a receiving cost object. These costs can be allocated using a combination of cost center, work breakdown structure (WBS) element fund and/or functional area as receivers. The sender can be a combination of cost object, WBS element, fund and/or functional area. Costs allocated using the distribution method can be fixed amounts or percentage of posted amounts.

INQUIRIES

Questions concerning this configuration decision should be directed to the Systems Analysis and Requirements Division at (202) 205-4830.

EFFECTIVE DATE

This configuration decision is effective immediately.

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JOHN G. BREWER
Associate Chief Financial Officer for Financial Operations