

# Office of Financial Management

INFORMATION SERVICES DIVISION

## *Agency Financial Reporting System*

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### COST ALLOCATION SYSTEM OVERVIEW

*April 2004*

The latest version of this manual is available as a Microsoft word document at the web site "<http://swfs.ofm.wa.gov/Reference/contentsnew.htm>". At this web page, the manual is under the heading "AFRS (Agency Financial Reporting System)", then the name of the manual "Cost Allocation System Overview", followed by the latest revision date.

# COST ALLOCATION SYSTEM OVERVIEW

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# COST ALLOCATION SYSTEM OVERVIEW

## Contacts

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For help, questions or interest in the Cost Allocation System contact Rick Castro at [rick.castro@ofm.wa.gov](mailto:rick.castro@ofm.wa.gov) or 360-664-7685.

## Overview

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The Cost Allocation System is a mainframe product offered and maintained by the Office of Financial Management (OFM). The Cost Allocation System does not use an indirect rate. Cost allocation is based on distributing actual dollars and FTEs; the Agency's direct and overhead expenditures are cost allocated as incurred.

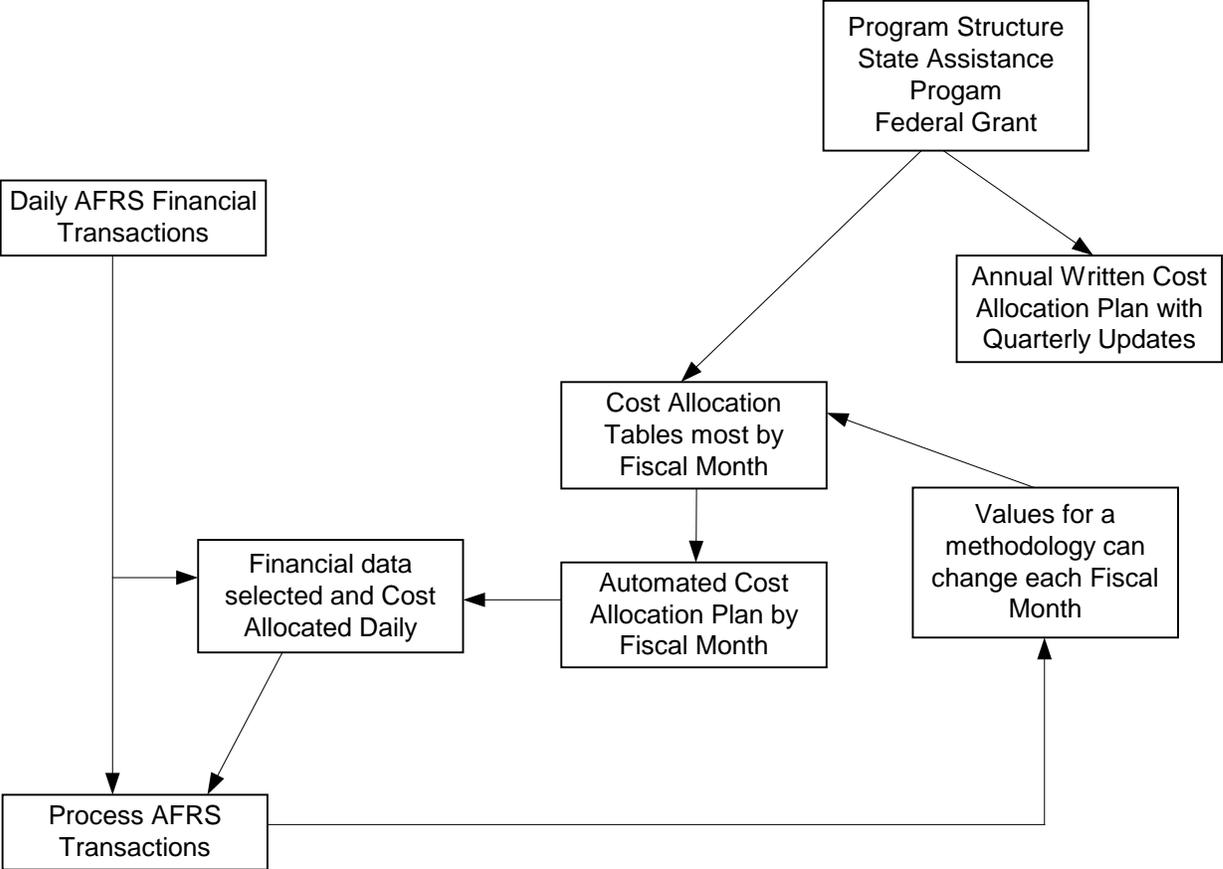
The Cost Allocation System is offered at a monthly fee that is negotiated with each agency. Mainframe Cost Allocation Reports are charged separately. Most Cost Allocation System reports are available from FASTRACK; these reports are covered under the FASTRACK monthly fee.

The Cost Allocation System is a process to build an Automated Cost Allocation Plan that mirrors the Agency's written Cost Allocation Plan. The Cost Allocation System uses the Automated Cost Allocation Plan to allocate the Agency Financial Reporting System (AFRS) financial transactions. DSHS is currently the only agency using the Cost Allocation System. The DSHS federally financed public assistance programs are funded primarily by the Department of Health and Human Services (HHS). The HHS approves the cost allocation plan. The requirements are in the Office of Budget and Management Circular A-87.

The Cost Allocation System is integrated with AFRS. AFRS transactions in the nightly process identified for cost allocation are run against the cost allocation system edits. Transactions that do not pass the cost allocation system edits are sent to the AFRS error file. The good cost allocation AFRS transactions have a duplicate transaction created for cost allocation. The original transactions (non-duplicate) continue through the AFRS nightly processing and post to AFRS. The duplicate transactions have the unique codes stripped out and are merged, losing their unique identity. The merged transactions are cost allocated creating the AFRS cost allocation transactions. The merged transactions also create the reversing transactions for the original transactions. The AFRS transactions from the cost allocation system (cost allocation transactions and reversing transactions) are uniquely batch identified and inserted in the nightly processing and post to AFRS. The AFRS transactions from the cost allocation system are in a unique AFRS report. The cost allocation transactions can be included in or excluded from the agency daily AFRS reports.

# COST ALLOCATION SYSTEM OVERVIEW

## Cost Allocation System Overview



# COST ALLOCATION SYSTEM OVERVIEW

## Features

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- § The monthly AFRS cost allocation tables are automatically rolled from month to month.
- § An Agency up-dates the cost allocation tables in AFRS. Any up-date must pass table edits.
- § From the AFRS tables a new cost allocation plan is created for each fiscal month. The Special month (FM99 and FM25) is a copy of FM12 or FM24.
- § Cost allocation is run daily in the evening, but can occur on any evening frequency.
- § The monthly cost allocation plan can be added to during the month.
- § All expenditures and FTEs are cost allocated. The expenditures and FTEs can be charged directly or to a pool.
- § To reduce the number of cost allocated transactions, the expenditure and FTE transactions are duplicated; the unique non-cost allocated fields are removed (i.e. current document number, vendor information, etc.); the resulting transactions are merged. The merged transactions are cost allocated. The merged transactions create the reversing transactions for the original AFRS transactions.
- § A recalculation process is run to adjust cost allocated accruals and encumbrances to the current month's cost allocation plan. Accruals and encumbrances are liquidated using the current month's cost allocation plan.
- § The Cost Allocation System reports are created from the mainframe. Most reports can also be created in FASTRACK.
- § The Financial Toolbox application with simulated cost allocation processes is used to ease adjustments / corrections to cost allocated transactions.
- § The FASTRACK application has implemented download reports for the Financial Toolbox.

## Operating Environment

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The Cost Allocation System is integrated with AFRS and all components (tables, processing and reports) are a mainframe product.

## Operating Hours

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The Cost Allocation System is available:

Monday – Friday	6:30A – 7:30P
Saturday	7:00A – 7:30P
Sunday	7:00A – 1:00P

# COST ALLOCATION SYSTEM OVERVIEW

## Cost Allocation Tables

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- § Expenditures and FTEs are allocated to cost objectives. The cost objective is a grant or state program. A cost objective has a federal and / or state share. The cost objective table also includes the federal source code.
- § A schedule identifies a cost allocation target. A schedule is an intermediary code. It is used to streamline changes to a target. A target is a cost objective or a base (pool of cost objectives).
- § The codes on an AFRS transaction that link to a schedule. For DSHS it is the combination Program Index + Allocation Code.
- § Approved methodologies for distributing a base.
- § The base that identifies the allocation methodology.
- § The base elements that identify the base targets. The target can be a cost objective or another base. Also entered manually or automated is the amount for the element.
- § Automated bases (the system puts in the amounts for each element) have base element sequences. The base element sequences contain the codes (Program Index + Allocation Code) to get the prior-prior month's amount.
- § Appropriation index crosswalk to look-up the federal share appropriation index when the input AFRS transaction has a state appropriation index.

## Cost Allocation Reports

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- § Report for each of the eight cost allocation tables (see – Cost Allocation Tables).
- § Reports combining two cost allocation tables.
- § Cost allocation plan report.
- § Reports on the base displaying the step-downs with amounts and percentages. A step-down is when an element target is a base. The cost allocation system allows up to nine step-down levels.
- § Plan build process error report.
- § Report of transactions from the cost allocation system.