
MONTHLY BILLING PROCESS

One of the objectives of the Working Capital Fund is to help customers become more efficient in the use of administrative services by establishing both the incentive and the ability of customers to control their costs. If customers are to realize these efficiencies, they must be provided with information regarding how their organizations are spending money on goods and services provided by the various Fund business lines. To that end the Fund provides each customer a monthly bill that summarizes that organizations usage of Fund services and their cost.

Recording customer purchases:

When customers purchase goods or services from a business line, the service provider organization records the transaction in an automated feeder system. The transaction may be recorded by the swiping of a badge at a copy machine, the placing of a long-distance or outside call, or the signing of a service level agreement for contract closeouts or computer repair. To arrive at a price for each transaction, the feeder system processes the transactions through a pricing algorithm derived from pricing policies approved by the Working Capital Fund Board. The 25th day of the month is the cut-off date for recording monthly transactions. On that date the feeder systems collect all transaction data from the 26th day of the previous month to the present date. That information is then transferred to a prescribed electronic template and forwarded electronically to the Fund staff on the first day of the month.

The Fund staff enters data from electronic templates provided by the business lines into the WCF Billing System, the Fund's automated accounting and billing system. The system produces three kinds of monthly information for each customer by business line¹⁵;

- A formatted data feed into the DISCAS system so that costs are recorded against each customer organization advance payment;
- A detailed MSEXcel report for each customer using “pivot tables” methods, to enable customers to sort and analyze their monthly costs¹⁶; and
- A summary billing report to all customers (PDF format) that includes not only monthly and “to-date” costs but also projections of total annual costs in relationship to customer advances.

When may customers expect to receive their bills?

The target date for the formatted data feed to DISCAS is the fourth working day of the month following the month of consumption, so that costs are included in accounting reports for the consumption month.

The Fund's target date for transmission of the MSEXcel data is the 14th business day of the month following the consumption month, and the target date for the PDF report is the 14th working day of the month after the consumption month.

¹⁵ Additional information is being provided for the Supplies business, as discussed in the Supplies section.

¹⁶ Certain customers have asked for, and are receiving, this electronic billing information in PDF format rather than MSEXcel.

How can customers get more detailed information about their organization's bill?

Who should customers contact if they have questions about their bill?

The Fund manager is providing customers with MSEXcel files with billing data in a format consistent with approved pricing policies. This detailed information is provided in a data format that will enhance customer analysis of Fund activities. Customers can also request hard-copy information on individual transactions and orders. The request should be directed to the appropriate business line billing contact listed below. Also, customers are welcome to contact them with any billing inquiries:

<u>BUSINESS LINE</u>	<u>BILLING CONTACT</u>	<u>TELEPHONE</u>
ADMINISTRATIVE SERVICES: Building Occupancy Supplies, Mail, Copying Printing and Graphics	John Harrison	(202) 586-3611
INFORMATION MANAGEMENT Telephones Desktop Services Networking	Anne Warnick	(301) 903-3056
Contract Closeout	Jeffrey Rubenstein	(202) 287-1516
Payroll Processing	George Tengan	(301) 903-5878
Online Learning Center	Tanya Lockett	(202) 287-1655
Billing Process and Policies	Bob Emond	(202) 586-2354
	Roscoe Harris	(202) 586-5527

We recommend that you use e-mail to communicate your questions, because that permits better tracking of concerns both by you and by us.

Who receives the monthly billing information?

The monthly MSEXcel billing information for each organization is transmitted as an attachment to an e-mail message addressed to the individual identified by the organization to receive that bill. Organizations receive the MSEXcel bill information only for their own organization. If a customer organization wishes to change the billing recipient, it should contact Bob Emond or Roscoe Harris to provide the e-mail address of the desired recipient(s).

The monthly PDF billing memo and summary tables, covering all organizations, is transmitted as an e-mail attachment to the persons identified in the distribution section of the memo. It is also transmitted to the members of the Working Capital Fund Board. While we would be pleased to add to these mailing lists, we are now also posting this information on the WCF Home Page where the entire DOE community can view it.

For more information on the MSEXcel bills and the PDF billing information, see the "How to Use" materials below.

How To Use Working Capital Fund Billing Information In The Monthly MS Excel Reports

The MSEXcel tables provide all of the information that program customers received during FY 2002 from the "paper" bills. The electronic format will make it easier to store, analyze, and

circulate this information within an organization. Each bill includes both the consumption for the current month plus a table providing a year-to-date summary.

In addition, the MSEXcel bills provide a further disaggregation of organization costs to the sub-organization level, when that further organization breakdown is possible. For example, since individual telephone lines are assigned to employees, the billing assigns the costs of call to the organizational subunit to which the employee is formally assigned. Similar cost breakdowns are possible for central copiers, supply purchases, and specific requisitions. However, some types of costs cannot be reliably broken down further by the billing organization; these tend to be attributed in the bill to the “front office” of a customer organization. Also, if an individual employee has been reassigned, the billing information will only reflect that reassignment after a formal change is made in DOEInfo and related systems.

Finally, by clicking on each entry in the summary spreadsheet, an analyst can obtain, as a separate worksheet within the MSEXcel workbook, a detailed listing of the component costs, broken out by the Fund billing categories. Saving the MSEXcel file after opening one or more of these worksheets will result in their staying attached to the main file. However, closing the file without saving changes will restore it to the configuration in which it was received.

Offices have considerable flexibility on the use of these data. They can be used to compare across sub organization lines, as with “pie charts” or per-employee analyses, or the year-to-date data can be saved into a separate file using Edit/Copy/Paste commands to create the basis for time trend graphs

How To Use Working Capital Fund Billing Tables In The Monthly PDF Summary Reports

Each monthly Working Capital Fund bill is transmitted with a cover memorandum that explains the derivation of the information and alerts resource managers to any changes in pricing policies or any corrections being made to prior billings.

Summary tables are provided to help customers track and manage their spending levels. These tables are intended to be more diagnostic than the billing materials themselves.

In all cases, the rows on the tables represent customers, denoted by the organization's mailing symbol.

The tables are designed to meet multiple needs, as described further below. For the **customer** organization, the tables are designed to help answer the following questions:

- How much have we spent for each business? (Table II)
- At this rate, how much we will spend for the entire year? (Table III)
- How does my spending compare to other customers? (Table III)
- Is this spending level more or less than what we budgeted? (Table IV)
- Is this spending level more than we have paid in? (Table IV)

Table I provides, in whole dollars, the bill for the current month by customer by business line. It should match the details in the MSEXcel billing materials, and is included with the billing memorandum primarily to permit managers to see why and how the trends in the other tables are assessed. The column headers indicate whether the amounts represent one month, one quarter, or one year of consumption.

Table II is simply the sum total to date of all the Tables I for the current fiscal year, reflecting cumulative consumption through the billing month.

Table III is an updated forecast of annual consumption by customer by business line. Customers can use this annualized information in a number of ways, including comparing this forecast to their budget availability. Estimates for current fiscal year costs, as shown in Tables III, are derived using the most reliable of the following methods:

- A straight-line method to annualize actual costs incurred year-to-date (Supplies, Mail Usage, Photocopy, Printing, Standard Building Occupancy, Telephone Line Charges, Desktop, Networking);
- Actual full year costs billed, where no further billing is expected (Payroll, CHRIS, Building Alterations, Online Learning, and Mail Distribution);
- Revised current fiscal year budget estimates (Contract Closeout).

These estimates are provided as an advisory service to customers as well as to keep the Board apprized of trends in each business line. In making allocations for your program, you may wish to adjust our estimates as necessary to account for planned changes in staffing levels, anticipated increases or decreases in usage levels, and any other factors that you feel are appropriate and relevant.

Table IV compares the annualized estimate for each customer for all business lines (far right-hand column of Table III) to certain key benchmarks, including prior month estimates and the most recent budget estimates. This is intended to track the overall reliability of previous estimates and to help managers spot trends.

The Fund staff does not determine the amounts to be budgeted by each customer, and customers have flexibility to select commercial suppliers for certain services. Therefore, if the Fund staff project that a customer is spending at a lower rate than the Fund's prior budget estimates, that trend may be due to a combination of factors, including increased use of commercial vendors. Also, the program resource manager may have budgeted at a lower rate than the Fund staff had projected. For all of these reasons, resource managers need to use their judgment in interpreting the data.

All of the predictive and diagnostic data from Tables III through VI derive from the monthly and cumulative consumption levels in Tables I and II, so any errors or seasonal distortions in the first two tables tend to carry through to the conclusions in the latter tables.

CUSTOMER RESOURCE MANAGERS

This is a list of recommended program resource contacts that have, or can coordinate, authority to release program funds to the WCF, are accessible for that purpose and have acted as primary resource managers in the past. A list of Board members is also provided.

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CUSTOMER RESOURCE MANAGERS

<u>PROGRAM</u>	<u>ADDRESSEE</u>	<u>COPY</u>
BCA	Beryl Gilmore	D. Bart
BPA	W. Marlowe	R. Seifert
CI/PA	L. I. Brown	
CN	C. Karis	
ED	L. Rudnick	
EE	D. Smith	
EH	G. Judge	T. McCarron
EIA	N. Burnette	
EM	E. Bronstein	B. Male
FE	C. Roy	G. Stern
GC	D. Bullington	
HG	R. Tedrow	P. Spencer
IG	B. Schrum	
IM	A. Warnick	
IN	L. Cain	
ME/AB/S	F. Feiner	
NA	S. Haller	J. Trainor
NE	W. Carroll	L. Soo Hoo
OA	L. Gasperow	C. Feldmeyer
PML	M. Livingston	D. Meyers
PI	S. Browne	S. Rush
RW	L. Barrett	D. LeVan
SC	L. McAllister	B. Swain, J. Kelley
SO-40	A. Moss	
SO	T. Fox	D. Friis
WH	M. Dillon	
WT	M. Owen	M. Mescher

WCF BOARD MEMBERS

CFO	B. Carnes	NE	W. Magwood
CIO	K. Evans	NA	L. Brooks
EE	D. Garman	OA	G. Podonsky
EH	B. Cook	PI	V. Bailey
EI	G. Caruso	SC	R. Orbach
EM	J. Roberson	SO	J. Mahaley
FE	M. Smith	GC	L. Otis

COMMUNICATING WITH THE WORKING CAPITAL FUND

Customer involvement with the Working Capital Fund (Fund) is crucial to its success. Under the Fund concept, each customer has choices to make that determine the level, quality, and cost of the administrative services they receive. In order to make informed decisions, customers need to have a wide range of information on cost of services, estimated usage, service options and administrative policy.

At present the Fund interacts with customers in the following ways:

1. The monthly billings summarize each customer's use of services and projected annual requirements.
2. The WCF Board holds open meetings at which all interested parties are welcome to join in the discussions and make their views known. If you have an idea for an agenda item or would like to address the Board you may contact the Acting Board Chair, Howard Borgstrom, at 586-5923 or the Board Secretary, Bob Emond, at 586-2354. Minutes can be found on the WCF Home Page described below.
3. All organizations may attend and participate in the meetings of the Fund's various Working Groups, where much of the detailed analysis is done.
4. During FY 2003, the Fund staff has been asked by the Board to organize training sessions for customer organizations, to update customers on the systems and procedures for acquiring and paying for services
5. Questions about specific business lines and billings may be addressed to the Business Line Managers listed below.
6. The Fund maintains a web page at www.ma.mbe.doe.gov/wcf. On it you will find meeting minutes, summarized monthly billings, and other key messages. If you are not able to access this web page please contact your LAN administrator and have them make it available to you.
7. The Fund staff maintains an electronic mailing list to ensure that meeting announcements, meeting minutes, and other key messages are distributed to administrative officers, resource managers and others. If you have staff members who should receive the messages, please forward their names to Bob Emond at bob.emond@hq.doe.gov.

Frequently Asked Question About Billing and Financial Management

Billing

Q.-Can WCF bills be provided to program offices between 10th and 15th of the month after the billing cycle ends? That is, the billing cycle ends on October 25, can bills reach program office by November 10 or no later than the 15th?

A.-Our target is to produce bills by the second full week of each month. Over the past year we have consistently achieved our target. While we have received no customer complaints, we are committed to providing more timely and meaningful data to our customers.

Q. Why don't the bills always match what gets posted in the monthly cost reports?

A. The billing documents should be internally consistent, such that the backup billings match the tables accompanying the memo. If you spot an inconsistency, please contact Roscoe Harris at 202-586-5527. Inconsistencies between the amounts billed by the Fund and costs recorded in DISCAS may be attributable to accounting treatments effected by the Capital Accounting Center (CFO), especially where allocation of costs between accounts or funds availability is an issue. You are welcome to contact the Fund staff or Kathy Schanck (301-903-1849) to identify any issues or seek clarification.

Color of Money

Q. Do I need to use program direction funds to pay my Working Capital Fund Bills?

A. The Fund itself does not require use of program direction funds, nor are the business line managers responsible for making "color of money" decisions. The Chief Financial Officer, as the Headquarters allottee, is responsible for cost classifications and has generally deemed the types of activities purchased from or through the Fund to be most appropriately classified as program direction. Specific "color of money" questions should be posed to CFO personnel.

Q. If I get another office to pay for something, like printing a big report, can they pay my WCF bill?

A. Yes, if both parties agree. This is best handled before the costs are incurred, such that the paying/benefiting party is initially charged by the Fund business. Retroactive adjustments may be made, but since these are an exception to routine processing procedures, retroactive adjustments create higher risks of errors.

Accounting

Q. What happens with unobligated and unused funds in a particular business line? Can these funds be moved and used under another B&R structure within that program? That is, can funds be moved from WCF to cover shortfalls in program/contract support. Will a mechanism be developed for returning funds to a program office when it has been determined that too much has been paid into a particular business line?

A. There are a number of different types of balances, and they are treated in somewhat different ways:

- If a program has obligated and paid more to the Fund in a Fiscal Year than it was billed for services, then the program office has an uncosted obligation that is, in effect, an advance payment to the Fund for the subsequent Fiscal Year -- a liability to the Fund.

The program customer has this balance as a credit for use in meeting the subsequent Fiscal Year charges, reducing payment requirements for the succeeding years. Alternatively, a customer can contact the Fund, and arrange to have advance payments deobligated for use elsewhere in their program direction account in the current fiscal year.

- The Fund and the customer must reach agreement as to the amount of funds available for withdrawal before a deobligation is recorded in DISCAS.
- If a WCF business line has charged customers more in a Fiscal Year than it spent to provide the service, such balances belong initially to the business, rather than to specific customers. However, the Fund operates on a not-for-profit basis, so the WCF Board would be expected to reduce the subsequent Fiscal Year's prices. The experience of the Fund to date suggests that this type of balance is less than four percent, so customers should not expect proportionately large rebates from this source. However, surplus balances accumulated in the Payroll business are being held pending payroll modernization and any residual balances will be targeted to offset customer expenses.
- If a program anticipates under spending with one WCF business and over spending with another, it may amend its funding pattern to correct this situation by (1) issuing a payment authorization to revise funding allocations by business line, or (2) issuing a blanket (lump sum) authorization that stipulates funds to be allocated as necessary to cover costs as they are actually incurred.

Q. How can money be used out of the WCF when offices have savings? Can the funds be used for updating computer equipment?

A. Think of the WCF businesses like other suppliers to which program customers obligate appropriated funds. If you can reduce your purchases from the WCF, you have funds available for other purposes, but the laws and policies administered by the CFO govern the use of such savings in the same way they govern other appropriated funds.

Q. What options are available if a customer is not able to pay the full WCF costs because of budget cuts, but can't reduce the discretionary expenses without severely curtailing day-to-day operations?

A. Again, think of the WCF businesses like other suppliers. Funding problems need to be identified early and discussed with the CFO, because the Working Capital Fund has no independent source of financing other than payments from customers.

Q. Are costs that are incurred in September accrued in that fiscal year, or are they costed in the next fiscal year?

A. The charges for September are reported to the CFO for treatment as that fiscal year's costs to program customers.

Q. What are the procedures to address deficit spending in a timely manner in a particular business line so it is not a continued drain on the WCF?

A. When a business line has experienced a financial loss for two consecutive fiscal quarters, the Fund manager will ask the cognizant working group plus the Business Line's management to prepare a report for the Board diagnosing the causes of the losses and outlining recommendations for remedial action, including but not limited to: (a) the pricing policy changes; (b) cost structure changes; (c) changes to the cost level of the business; (d) operating

level changes; and (e) options for whether and how to continue the business. The Fund manager may also submit to the Board any differing recommendations received from the business line or working group members.

Information and Communication Systems

Q. Who is responsible for estimating the WCF budget requirements of each customer?

A. The Fund business lines provide customers with good faith estimates of future requirements, but customer organizations are responsible for checking these estimates, applying their own judgments about the need for and use of services, and budgeting accordingly. In some cases, customers can choose between obtaining services from the WCF or from other suppliers, so the WCF business lines do not have knowledge regarding customer expenditures outside the Fund.

Q. Who is ultimately responsible for the WCF budgets of the customers?

A. The customer organizations are responsible for including sufficient funds in their budgets for the types of services provided by the Fund. The WCF does not exercise funds control over its customers and does not automatically discontinue services when customers' funding is insufficient to pay for them.

Q. How can customers budget accurately for the WCF when the Fund keeps changing the estimates and why do the estimates change?

A. The Fund provides three estimates of projected cost for each fiscal year and, for some business lines, a fourth:

- Original budget estimate for the Corporate Budget Review in May based on the most current data taking into account any changes to pricing policies approved by the Board.
- A revised budget estimate developed in December for the Congressional Budget using more recent usage information available at the time.
- A revised estimate developed in December for the fiscal year budget +1 with actual costs incurred for the fiscal year immediately preceding the subject execution year.
- Negotiated service agreements, as of October 1, for business lines where applicable (Building Occupancy, Desktop, Networking, Telephone, Contract Closeout).

However, some degree of variance will remain because program customers, rather than Fund managers, are making the decisions that drive costs. Customers may wish to adjust their accounts for scheduled changes in staffing levels, anticipated increases or decreases in usage levels, and any other factors that are appropriate and applicable.

Q. By what date can we expect the Fund to provide Fiscal Year cost forecasts?

A. For the current year, the Fund staff generates forecasts monthly, with the billing documents. For the subsequent year, the Fund has been providing estimates along with the CFO calls for budget documentation. We will make new fiscal year estimates in December of each year, before the Congressional budget is submitted, and we will make revised estimates in the spring, in conjunction with the Corporate Budget Review.

Q. In the past, the Fund has adjusted estimates in a given business line during the year that results in some customers having to pay more, while others get a "windfall." While this is

necessary to show actual costs, it has the potential to cause a hardship for some customers. Why can't the adjustments be effective at the beginning of the next fiscal year?

A. In some working capital funds, there is a 1-2 year time lag between the initial estimates and the final adjustments, such that underpayments by a program in a particular fiscal year might be made up two years later -- the "next budget opportunity." Such funds, notably those of the Department of Defense, have large cash balances to permit the businesses to operate at a cash deficit until prices can be adjusted. The DOE working capital fund was started without a direct appropriation to sustain such balances, and each business has had to cover its costs in real time. This has the advantage of providing the Department with a very responsive and market-like approach to decision-making.

Q. Backup information is not routinely provided so that some level of verification can be made. Can this be automatic for offices that want that level of information without having to call monthly for the data?

A. Program customers may request backup information directly from business lines. During FY 1997, the Fund staff conducted a pilot test in which hard copy information on Administration Services business lines was provided with the bill, along with a questionnaire on the value of this information. We reported the costs of this pilot to the Board, along with the survey results. Basically, the few customers (6) who responded to the survey said that the pilot information was not valuable enough that they were willing to pay for it, so the pilot was not continued. Also, while the Fund has resulted in cost reductions and efficiencies for the Department, the Fund staff has advised the Board that certain information systems enhancements, while desirable, would likely involve significant investment costs, eroding the net benefits of the Fund to the Department. We would be open to customer suggestions on priorities for improving information provided with the bills or in some other form.

Q. What should customers do if they think they have been overcharged?

A. Each monthly bill contains a list of contact points for billing questions. If a customer believes that there has been a billing error, she or he should communicate directly with the relevant point of contact. If the customer is not satisfied by this contact or by communication with the Fund staff, the customer may use the Dispute Resolution Council procedures established by the Board.

General

Q. Are there procedures to review the business lines/procedures/content of the WCF periodically to assess the validity of what is there and if it is working to the benefit of the whole?

A. The Fund is reviewed at a number of different levels:

- The Fund Manager has responsibility for providing quarterly reports to the Board on the financial results of business lines, with particular emphasis on: (1) known or expected problems with compliance with Fund policies on administrative control of funds; (2) anticipated need for changes in billing of WCF costs in the current year; (3) anticipated need for actions by the Dispute Resolution Council; or (4) anticipated need for changes in budget forecasts and advice to customers. The quarterly reports are based on information in the Department's accounting system and reconcile the Fund's information with the Department's accounting records.

- In addition to quarterly reports the Fund Manager provides customers with non-financial operating information at frequent Customer Board meetings throughout the fiscal year.
- The Inspector General is charged with conducting annual audits of the Fund, and Fund management and the Board to the recommendations made by the IG through the DARTS process.
- The Department provides a budget justification for the Fund to OMB and the Congress, both of which have asked detailed questions and provided policy guidance.
- Customer Program/Business Line working groups meet to discuss business related issues within the context of customer priorities and interest