



United States Department of the Interior

OFFICE OF THE SECRETARY
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In Reply Refer to:
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Memorandum

To: All FWS Employees

From: Deputy Director 

Subject: Important Activity-Based Costing (ABC) Changes for FY 2007

The Deputy Regional and Assistant Directors Team has continued to be engaged and working hard on ABC implementation issues during FY 2006. Because of these efforts, and the valuable feedback from employees on the annual ABC survey, we continue to make improvements that will contribute to greater accuracy of the cost data as well as providing a more user-friendly ABC coding structure.

First, I would like to reiterate the ABC coding guidance that has been in place in the Service through FY 2006 and that continues for FY 2007:

FY 2007 Activity Based Costing (ABC) Coding Rules

What to code with an ABC code:

- Code all work hours, all leave hours, all non-labor transactions.

How to choose which codes to use:

- Use the ABC work activity dictionary to choose the best code. (Use the new "templates" (under development) when they are available.)
- Code to the work done -- do not code to budget. ABC codes are cross-functional and cross-program. ABC codes are not aligned to budget activities or subactivities.
- Code to the work activity undertaken as defined in the ABC dictionary -- not to the ultimate outcome of that work.
- Any employee can code to the support codes if that is the best code for that work.

How many codes should I use?

- Code the major activities you work on – most employees should use no more than 8 – 10 different codes per pay period.
- Cut day into quarters and choose the most appropriate code for each time segment
- It is okay to combine small amounts of time over a pay period into a larger lump on one day.
- Do not worry about the small amounts of time on little-used work activities.

As for changes to the ABC codes themselves, unlike in FY 2006, the Deputies decided that the Service would benefit from more stability in the ABC dictionary structure. Therefore, there are only a limited number of changes to the codes in FY 2007: two new codes, and a handful of title changes and definition clarifications.

| ABC Work Activity Title | Type of Change Made for FY 07 | |
|---|-------------------------------|----------------------|
| Z3: Review, Develop and Implement Environmental Provisions for FERC Hydropower Projects - Municipal (MUN) | Title Change | Definition Clarified |
| Z4: Review, Develop and Implement Environmental Provisions for FERC Hydropower Projects - Non-Municipal (PUB) | Title Change | Definition Clarified |
| Z5: Review, Develop and Implement Environmental Provisions for FERC Hydropower Projects - Non-Specific (COM) | Title Change | Definition Clarified |
| 4A: Provide and Manage Opportunities for Quality Fish and Wildlife Dependent Recreation | Title Change | |
| 8B: Construct Buildings | | Definition Clarified |
| 8C: Construct Roads, Bridges, Tunnels | | Definition Clarified |
| 8D: Construct Dams and Water Storage Facilities | | Definition Clarified |
| 8E: Construct Water Conveyance Facilities | | Definition Clarified |
| 8F: Construct All Other Structures, Facilities and Grounds | Title Change | Definition Clarified |
| 8G: Maintain Buildings | | Definition Clarified |
| 8H: Maintain Roads | | Definition Clarified |
| 8J: Maintain Bridges | | Definition Clarified |
| 8K: Maintain Dams and Water Storage Facilities | | Definition Clarified |
| 8L: Maintain Water Conveyance Facilities | | Definition Clarified |
| 8M: Maintain All Other Structures, Facilities and Grounds | Title Change | Definition Clarified |
| 8P: Inventory DOI Facilities and Assess Facility Condition | | Definition Clarified |
| 9G: Administer Recruitment, Staffing and Classification; and Ensure Diversity | Title Change | |
| 9Q: Develop and Allocate Budgets | | Definition Clarified |
| 9R: Perform Financial Management Operations | | Definition Clarified |
| 94: Perform IT Capital Planning and Project Management | NEW | |
| 95: Manage IT Architecture | NEW | |

Improving ABC Coding. The Planning and Evaluation Staff is in the process of developing ABC coding “templates” to help employees in similar organizations code more consistently across those organizations. Coding templates are being tested at some field stations now and should be available early in the first quarter of FY 2007. ABC coding templates should make it easier for field employees selection of the “right ABC code”. You will see more changes in the months to come. The Directorate is also continuing its engagement with ABC and will be discussing the topic at its October 2006 meeting.

DOI Use of Costs in the Budget Process. The Department of the Interior (DOI) relies heavily on the bureaus’ cost and performance data throughout the budget formulation process and bureau quarterly reviews to inform their decision process. The Service has begun to use ABC data and performance measure data to inform decision-making across all regions and programs. Your help in ensuring this data is as accurate as possible will enable the Service to be very competitive as budgets are tightened and the full cost of work (performance) is represented.

Please use the official ABC website for FWS (<http://www.fws.gov/planning/abc>) to get additional guidance, including the very important revised FY 2007 ABC Activity Dictionary and the revised FY 2007 Time and Attendance electronic worksheet. The website has a **help desk function** where you can find answers to many of your ABC-related questions either already online, or through email or telephone support. (<http://www.fws.gov/planning/Help/helpdesk.html>)

Thank you again for your participation in the ABC survey this summer. Activity-Based Costing is a tool that is here to stay, so let’s make it useful and accurate. I know that change can sometimes be difficult, but if we all work together, we can make ABC be even more useful in helping to manage the Service.