



THE CONTROLLER

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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**MANAGEMENT PROCEDURES MEMORANDUM
NO. 2010-35**

MEMORANDUM FOR: ALL CFO ACT AGENCIES

FROM: Danny Werfel
Controller

SUBJECT: **Reporting Costs of Government Activities Related to the BP
Deepwater Horizon Oil Spill**

DUE DATE: Twenty-five (25) days after the close of each quarter

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This memorandum is issued as follow-up to M-10-29, Identifying and Documenting Costs of Government Activities Related to the BP Deepwater Horizon Oil Spill (http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-29.pdf). M-10-29, published after consultation with the Department of Justice (DOJ), the U.S. Coast Guard (USCG), and other relevant agencies, directed agencies to collect and document costs of Government activities related to the BP Deepwater Horizon Oil Spill (Oil Spill). The purpose of this follow-up memorandum is to obtain, on behalf of the DOJ, the information that agencies have collected pursuant to M-10-29. The DOJ will use this information in support of its efforts to seek reimbursement from the responsible parties.

Background

M-10-29 established common guidelines for Federal agencies to use when identifying and documenting costs related to the Oil Spill. It stressed the importance of good record-keeping and cost documentation with respect to Oil Spill-related costs in order to promote appropriate stewardship and accounting of Federal funds, maintain accountability to taxpayers, and support current and prospective claims for reimbursement under the Oil Pollution Act of 1990 and other laws.

The guidance directed agencies to document costs that are not currently being reimbursed through the Oil Spill Liability Trust Fund administered by USCG National Pollution Funds Center. Specifically, it addressed costs not currently covered by a Pollution Removal Funding

Authorization or Military Interdepartmental Purchase Request approved by the Federal On-Scene Coordinator. Agencies should report all incurred expenses including Federal employee time, travel and other related costs.

This previous guidance established guidelines related to identifying and documenting:

- Agency costs for activities related to the Oil Spill—including “direct” costs as well as “indirect” costs (or overhead);
- Costs that result from the payment of benefits to individuals, families, or small businesses as a result of the Oil Spill;
- Lost revenue from taxes, royalties, and other fees related to the Oil Spill (the guidance does not call for documentation of these costs at this time).

The guidance did not call for agencies to report the information that they were collecting but advised agencies to anticipate and begin planning for future information requests. DOJ has now requested that OMB obtain agency information.

Further action required:

Agencies should collect the information listed in the attachment and submit the requested information within 25 business days of the close of each fiscal quarter. Further guidance on submitting the information will be provided separately. Agencies with substantial costs may contact OMB to determine whether alternate data submission methods would be appropriate. Collection should be ongoing and cumulative.

This follow-on guidance requires submission of Federal-only costs. Agencies such as the Department of Agriculture and the Department of Labor should work with their respective regional and State agencies to determine if Federal costs have been incurred and the most appropriate mechanism to identify those costs. These agencies and others with similar questions should work with their OMB Resource Management Office to determine reporting requirements.

This follow-on guidance does not include costs associated with Natural Resources Damages (NRD). These are being tracked under existing regulations and procedures. An overview of the Natural Resources Damages Assessment (NRDA) process is available here:

http://www.deepwaterhorizonresponse.com/posted/2931/DHR_USFWS_NRDAR_DamageAssesResIF5.542371.pdf. The National Oceanic and Atmospheric Administration’s guidance on NRDA is available at: <http://www.darrp.noaa.gov/library/pdf/ppd.pdf>.

Special treatment for agency costs incurred in an interagency agreement

To avoid duplicate reporting, all performing agencies must ensure that they can separately record and report expenditures financed from offsetting collections that originate from Oil Spill-related activities. This requirement does not relieve agencies of their responsibility to report back to their ordering agencies as part of normal interagency processes. The General Services Administration and

other performing agencies should begin to plan how to handle these requirements and modify interagency agreements or the processing of Interagency Payment and Collection (IPAC) transactions to help them fulfill these requirements. Ordering agencies must always inform performing agencies when funds are being used in support of Oil Spill-related activities.

Performing agencies need to report Oil Spill-related costs using the template provided, specifically including the following key items, along with the other fields in the template:

- Was the cost reimbursable?
- Funding Agency Treasury Account Symbol (TAFS)

In other words, if department X transfers money from their own ordering TAFS account to department Y's performing TAFS account, then the financial activity should be reported at such time that the performing agency (department Y in this case) obligates and outlays the funds. The performing agency's cost report should contain both the performing TAFS and the ordering TAFS.

Please distribute copies of this request to your agency's budget office and general counsel's office as well as others as appropriate.

INSTRUCTIONS FOR COMPLETING THE SUMMARY COST REPORT FOR OIL SPILL RELATED COSTS

Purpose: The purpose of this report is to provide information to the Department of Justice (DOJ) for potential further actions including the reimbursement of costs from the responsible parties. Submittal of cost information does not guarantee that all costs are reimbursable or that they will be invoiced to the responsible parties.

Instructions

Agency Component: Costs should be reported by relevant agency component such as Bureau, Office, or Headquarters.

Account Codes: Insert appropriate Agency Identifier, Treasury Account Symbol (TAFS) including Agency and Treasury Bureau Code. Note: If no Treasury Bureau Code exists, insert 0.

Type of Cost (Direct or Indirect): Indicate whether the incurred cost is a direct or indirect expense. For definitions of direct and indirect expense, refer to M-10-29, Identifying and Documenting Costs of Government Activities Related to the BP Deepwater Horizon Oil Spill (http://www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-29.pdf).

Reimbursable Agreement: If costs were incurred by an Agency acting on behalf of another Agency (e.g. GSA reimbursable agreement), insert “Y” and include the funding agency TAFS in the following column.

Description: Provide a brief description of the cost, such as: personnel; travel; equipment expense; contracts; lost revenue from taxes or royalties; payments to individuals, small businesses and other beneficiaries; etc. Note that the description must be clear to outside readers (avoid use of acronyms and agency jargon).

Cost Section: Provide total cost per item. If a cost was reported in a previous quarter, indicate the previously reported cost as well as cumulative cost to date. Costs should reflect actual expenditures rather than obligations, outlays, commitments, or accruals.

Method of Documentation: Indicate the basis for the assessment of cost. For example, for indirect costs, indicate the cost allocation methodology used. References to approved cost allocation plans are acceptable for this purpose. For direct costs, indicate how costs were aggregated. For example, personnel costs may be documented through time and attendance systems or manual time sheets.

Documentation location: Indicate where documentation resides, including office location and, if automated, system location. Documentation for each cost should be maintained by the Agency and available to DOJ upon request.

Agency Contacts: Include a contact that can provide supporting information and documentation for each cost.