



Activity-Based Costing

Bureau of Indian Education

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Introduction



- Objectives
- Overview of Activity-Based Costing (ABC)
- Review of Quicktime
- Review of Cost and Performance Benefits

Objectives



- Provide an overview of Activity-Based Costing and the QuickTime

What is Activity-Based Costing at Indian Affairs?



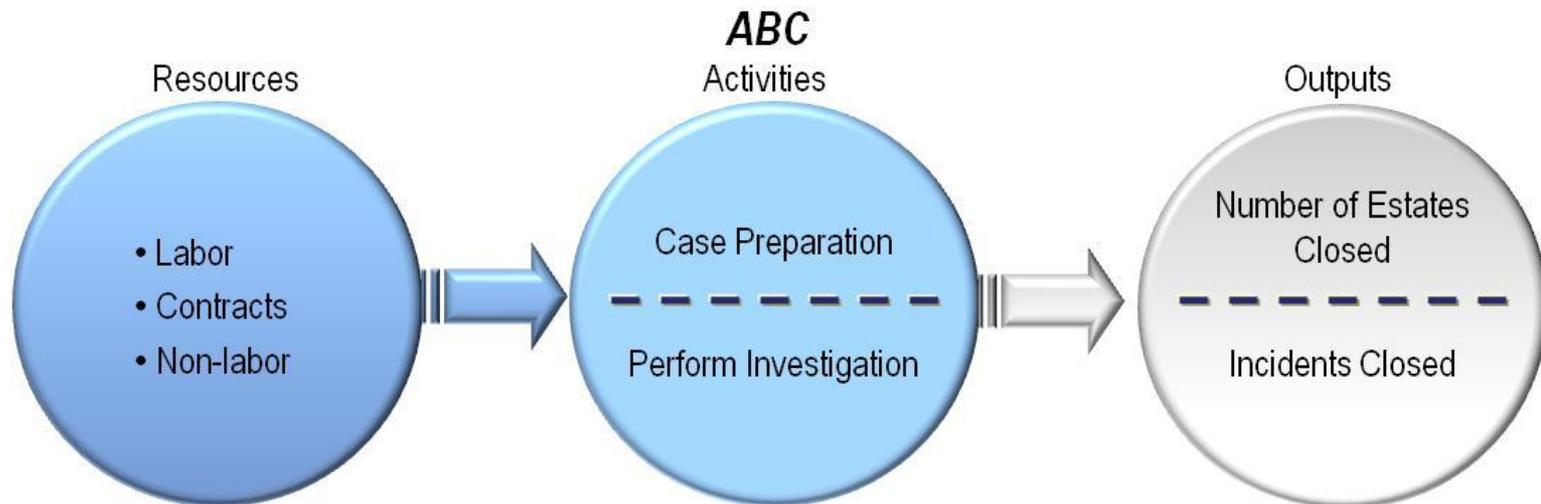
- At Indian Affairs, QuickTime is used to capture cost of activities performed
- Activities are the daily work assignments or tasks
- Activity-Based Costing (ABC) is a:
 - Method for capturing activities performed and outputs produced



Activity-Based Costing Process

Description of ABC

- Uses Labor and Non-Labor cost data from core financial data to assign cost to activities based on the use of resources
- Allows the determination of cost per output and the performance measures supported



Why is ABC Important?



- ABC cost information is used to:
 - Support decision making
 - Report on performance
 - Improve management and program efficiency
 - Support program budgets
 - Plan for the future

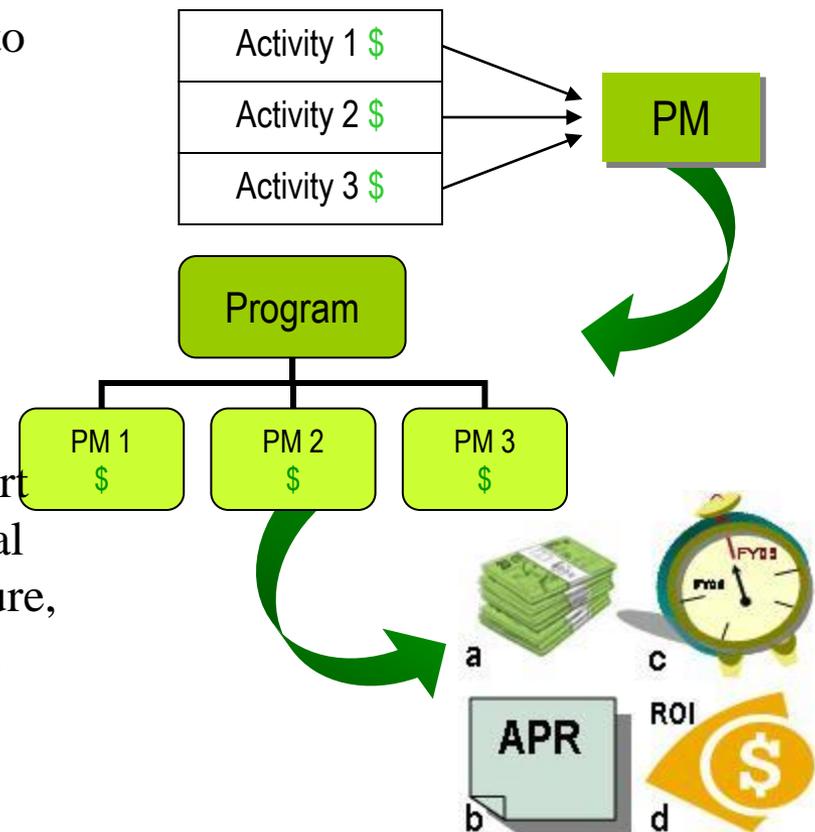


Review of Quicktime



Your Role in Reporting Accurate Data

1. Employee enters time (Quicktime code) into the Quicktime timekeeping system
2. Quicktime data used to calculate cost of activities performed. Activities mapped to performance measures (PMs)
3. Programs are evaluated based on actual performance, plan versus actual performance, and cost of performance
4. Cost of Performance is used to: a) support budget, b) report on performance (Annual Performance Report), c) plan for the future, d) improve management efficiency (e.g., return on investment)



Accuracy of data starts with you. Correct coding supports decision-making.

Activity Dictionary



- Activity Dictionary can be found under the Reports section on the IA Intranet website

The screenshot shows the Indian Affairs Intranet website. The header includes the 'INDIAN AFFAIRS' logo, the URL 'INSIDE.INDIANAFFAIRS.GOV', and a search bar. The navigation menu includes: HOME, EMPLOYEE RESOURCES, ORGANIZATION, NEWS, EVENTS, DOCUMENT SEARCH, PEOPLE CONNECT, HELP, and IACT. The main content area lists several resources:

- Online Forms**: Find HR Forms, documents and guidance to Employee Benefits.
- Position Resources**: Job listings, Position Descriptions, Templates.
- Travel Resources**: Information and links to Gov Trip, Per Diem rates, mileage reimbursement, etc.
- IT Systems Access**: Links to the applications, systems and Data Management provided by Indian Affairs.
- Training**: Links to training and help documentation.
- Records Management**: Records Management for Indian Affairs.
- Reports** (highlighted): GPRA, PAR. Find key reports and metrics.

The document cover features the Indian Affairs logo at the top left. The title is 'Indian Affairs FY 2010 Activity Dictionary' in green text. Below the title is the date 'October 2009'. At the bottom right, the contact information for the Office of Planning & Policy Analysis is provided:

Office of Planning & Policy Analysis
2051 Mercator Drive
Bismarck, ND 58101
Phone: (703) 396-6577
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Quicktime



Steps to reporting accurate data in Quicktime:

1. Log in to Quicktime system
2. Select the appropriate “Line of Business”
3. Select the appropriate “Business Function”
4. Select from the list of activities.
 - A. Consult Activity Dictionary to locate the appropriate activity and its corresponding definition
 - B. Ensure activity definition accurately reflects the task and locate the corresponding Quicktime Code

Example:

Accounting Management

Develop Policies & Procedures

Definition: Travel administration, etc.

DOI Alignment: 62—Perform financial...etc.

Mission Area: Mgmt Excellence

DOI End Outcome Goal: Mgmt Excellence

ABC Quicktime Code: 6211

Quicktime



Employees performing work for BIE must first select the appropriate "Line of Business" code:

ABC Codes - Lines of Business	
AD 1	Administration
EX 1	Executive Direction
FW 1	Trust Services/Forestry and Wildland Fire Management
LT 1	Trust Services/Land Titles and Records
LV 1	Leave
OI 1	Indian Education
OL 1	Justice Services

Quicktime



Next, an employee selects from a list of functions within the selected business line. For example, 6 business functions are listed.

ABC Codes - Business Functions	
Selected Line of Business Function: Educational Aides/Technicians/Tutors	
AB 1	Admission Services and Banking Services
BA 1	Basic and Applied Scientific Research
CD 1	Community Development Outreach
CS 1	Counseling Services
EA 1	Educational Aides/Technicians/Tutors
ED 1	Elementary Education

OK Cancel

Impact of Time Reported in Quicktime



Scenario	Outcome
Police Officer in Justice Services codes time to ABC/Quicktime activity "Perform Investigation"	
Bus Driver codes time to ABC/Quicktime activity "Teach Math to Grades 7-8" and does not actually perform teaching activities	
Employee in FECR codes time to ABC/Quicktime Wildland Fire activity because they were detailed to help suppress fires	

Impact of Time Reported in Quicktime



Scenario	Outcome
Police Officer in Justice Services codes time to ABC/Quicktime activity "Perform Investigation"	✓ CORRECT Outcome: Time is costed to the appropriate OJS performance measure
Bus Driver codes time to ABC/Quicktime activity "Teach Math to Grades 7-8" and does not actually perform teaching activities	✗ INCORRECT Outcome: Time is costed to the inappropriate measure distorting the true cost of performance
Employee in FECR codes time to ABC/Quicktime Wildland Fire activity because they were detailed to help suppress fires	✓ CORRECT Outcome: Time is costed to the appropriate Wildland Fire performance measure

Benefits of ABC

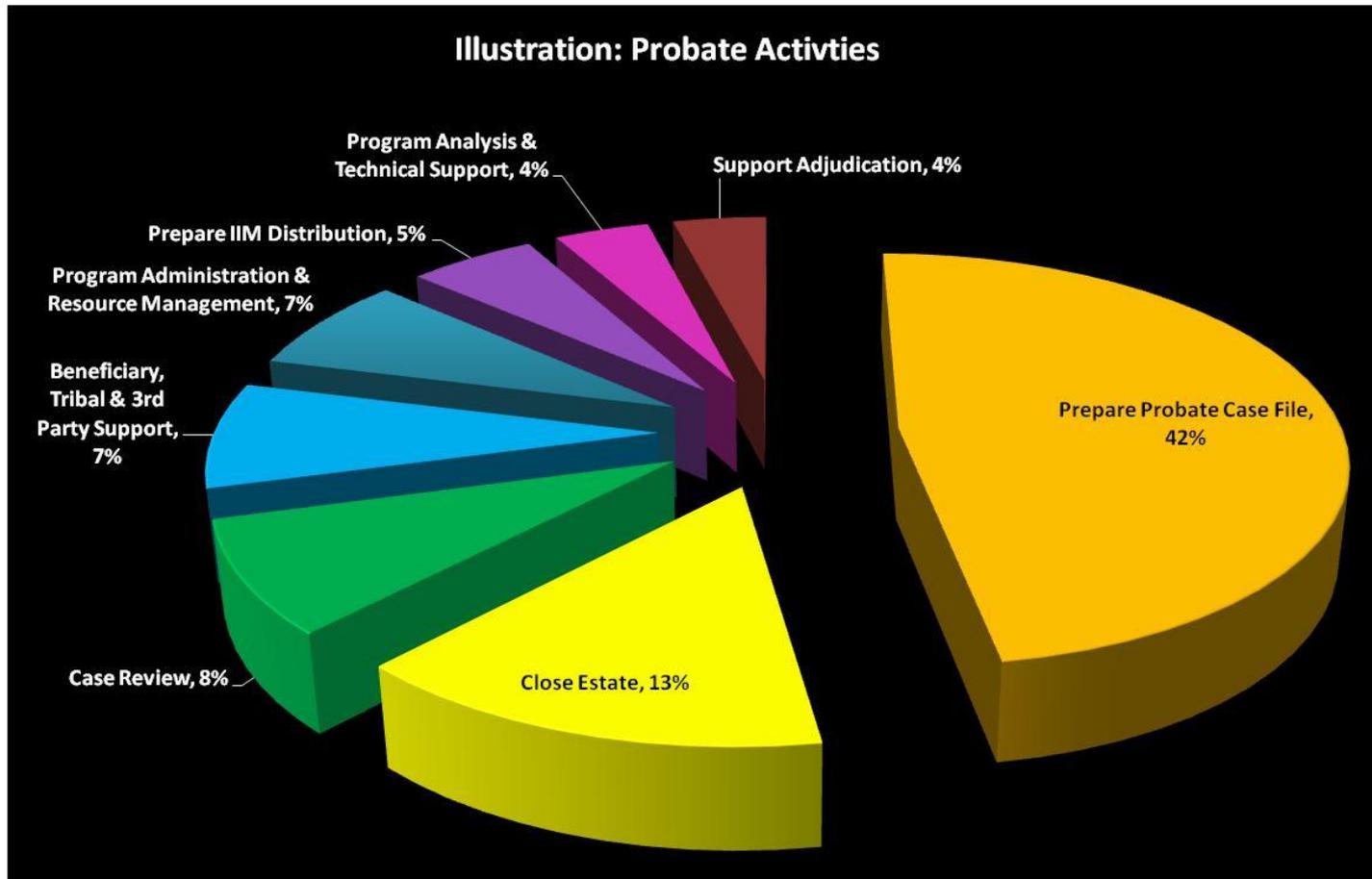


Allows managers to:

- Determine the cost of an output (e.g., *cost per student*)
- Compare data across School Districts, against industry standards and/or over a specific time span
- Make informed resource allocation decisions



Question 3: What Activities are Employees Performing the Most?



Quicktime information allows program managers to determine if time allocated to certain activities is consistent with the workload and the time required to complete the work



Questions

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