



## FINANCIAL OFFSET PLANS

A Tool for Documenting  
Service First Interagency Projects

October 25, 2012

## **Background**

When estimated costs for Service First agencies for a longstanding project(s), co-location, or position(s) are generally the same, the agencies may enter into an arrangement (not a formal Interagency Agreement) to provide for offsetting of the costs for goods or services that will be exchanged between the agencies. All costs for each agency must be itemized in the plan, and each agency's expenditures for those costs must be tracked throughout the fiscal year. At the end of each year of the plan, the expenditures of each agency must be reconciled. If an agency has underpaid, it must make a payment to the other agency through an interagency agreement (under the terms and conditions outlined in the Service First Master Interagency Agreement) to correct the discrepancy.

Financial offset plans are entered into at the local level by line officers. Typically, offset planning is appropriate in co-located offices between two Service First agencies. The Bureau of Land Management (BLM) Oregon/ Washington State Office and the Pacific Northwest Region of the U.S. Forest Service (USFS) and their district/field offices have been utilizing offset plans since 2003. The BLM Colorado State Office and the Rocky Mountain Region of the USFS have just begun to initiate formal use of offset plans.

This document outlines the Standard Operating Procedures offices should use when considering entering into a financial offset plan.

## **Standard Operating Procedures for Implementing Financial Offset Plans**

At a minimum, the following standard operating procedures should be incorporated into the revised interagency Service First memorandum of understanding and each Service First agency's guidance to ensure offset plans are consistent, legally sufficient, and accountable while remaining as flexible as possible to meet local conditions.

1. The threshold for parity of costs for offset financial plans will be developed and agreed to by the Service First agency offices participating in the offset plan
2. All offset agreements must be in writing and must be signed by the appropriate line officer and their budget representative for each agency.
3. All costs for each agency must be enumerated in offset plans.
4. Only appropriated funds can be offset.
5. Consistent procedures for tracking expenditures must be agreed upon by both agencies included in offset plans.
6. The affected agencies who have entered into offset plans must conduct quarterly reviews of the work performed under offset plans.
7. The agencies' regional or Washington Office fiscal staff should perform a random annual review selected office's offset plans.