

Accruals

It is anticipated this reference document will be deleted since current USACE-wide guidance appears to be sufficient.

Scope

This reference document's purpose is to ensure that accruals are properly and consistently recorded in CEFMS on a regular basis, in order that financial records and reports reflect an accurate financial condition of the results of operations for each accounting period. The accounting period is defined as a fiscal month.

It is unclear why the regulation on accruals is just not referenced – why is this much detail included in this section? Recommend that paragraph a, under System References be the last paragraph of this section – and all items after that point be deleted. Leave in “Accrued Revenues” section.

Policy

DFAS-IN 37-1 [<https://dfas4dod.dfas.mil/centers/dfasin/library/ar37-1/index.htm>]

DoD Financial Management Regulation DoD FMR [<http://www.dtic.mil/comptroller/fmr/>]

ER 5-1-11 [<http://www.usace.army.mil/inet/usace-docs/eng-regs/er5-1-11/entire.pdf>]

ER 37-2-10 [<http://www.usace.army.mil/inet/usace-docs/eng-regs/er37-2-10/part1.pdf>]

ER 37-345-10 [<http://www.usace.army.mil/inet/usace-docs/eng-regs/er37-345-10/entire.pdf>]

Federal Accounting Standards Advisory Board (FASAB), US Treasury, Office of Management and Budget (OMB) and the Comptroller General's Office (GAO)
Recommended Accounting Standards

GAO Title II

U.S.C. Title 31 Sections 3512(d) [<http://www4.law.cornell.edu/uscode/31/3512.html>]

Responsibilities:

a. Accountants, appropriation managers, program/project managers, financial managers and others involved in the financial management of funds will (1) ensure costs are accrued and recognized in the proper accounting period, (2) develop accurate estimates of costs where services are received before the billing, (3) ensure procedures are in place to

record the receipt of services/supplies/equipment in the accounting records, and (4) reverse accruals when the accrual is determined to be erroneous.

b. The MSCs, in coordination with the RBC, establish procedures (e.g., regional policy) for proper, timely and consistent recording and reporting of accruals within a region. The guidance should address the level of materiality or order of magnitude (significance factor) for all non-labor accruals. Each division/district and/or separate office chief will determine the positions authorized to record accruals. The Resource Management Office will perform quarterly reviews of open accruals by generating an “Aged Accrual Report.” Accruals older than 90 days will require a justification from the originator explaining why the accrual should remain open. All accrual transactions should be recorded in the accounting records through the Corps of Engineers Financial Management System (CEFMS) in a timely manner.

Distribution

Accountant

Appropriation Manager

Program Manager (PgM)

Project Manager (PM)

Financial Manager

System References

CEFMS Users Manuals Online [<http://rmf31.usace.army.mil/cefmsdoc/>]

Procedures:

a. Accountants, appropriation managers, program/project managers, financial managers and others involved in the financial management of funds within USACE will be familiar with (1) the types of costs that are normally accrued, such as project expenditures (e.g., construction contracts, major supply contracts, A-E contracts), utilities, rents, communications, and various services; and (2) the acceptable methods of associating these costs with the period where benefit is received or cost is incurred. Appropriate documentation is necessary to enter an accrual in CEFMS. Reasonable documentation is generally considered documentation that would allow another reasonably knowledgeable individual to come to the same logical conclusion. Individuals authorized to record accruals will be responsible for retaining documentation sufficient to support the amount of each accrual.

(1) The documentation below is used to record accrued expenditures. (Note: Adjust the accrual later if more accurate documentation is received).

(a) Receiving reports, executed bills of lading, shipping documents, issue and turn-in slips, job sheets, or other documents that prove work was performed, services rendered, materiel received, or constructive delivery.

(b) Unpaid invoices from vendors that have been approved for payment, including progress payment requests.

(c) Journal vouchers (or their equivalent) showing accrual estimates made by responsible individuals where these documents are used in keeping with accepted accounting practice. For example, estimates of construction-in-progress/work-in-progress

(d) Work schedule time records that show estimated work hours of employees and are entered by timekeepers.

(e) Completion of work documents.

(f) Memos prepared by Responsible Employees.

(2) Where the exact amounts of accrued expenditures or revenues based on labor reports, receiving reports or other administratively approved documents cannot be feasibly ascertained at the time the accruals should be recorded, the best estimates will be used. However, arbitrary prorations for estimating such accruals should be avoided. Reported accruals should be a reasonably accurate reflection of the transactions and performance that actually occur. Accruals will not be taken simply to improve program execution with the intent of being cancelled later. Listed below are accrued expenditures that should be recorded in the accounts for performance (including retained percentages) to the end of each calendar month:

- Construction contracts, major supply contracts (e.g., turbines, generators, transformers, fabricated steel), equipment rental contracts, Architect-Engineer contracts for design services unless such missions are determined insignificant by the District Engineer, and reimbursable orders placed on other Federal activities including other Corps offices.

- Intra-district activities.

- Payroll earnings and benefits. Simultaneously obligate and accrue expenditures for all civilian pay.

- Goods received or services performed without regard to whether an invoice has been rendered or disbursement made.

These criteria and rules concerning accrued expenditures will be followed:

- Identify accrued expenditures as either “Government” or “non-Government.”

- Record accrued expenditures in CEFMS in the month in which they occur.

- Accruals will be reversed or canceled when a receiving report/invoice is received for payment or the accrual is determined to be erroneous. Accruals should be adjusted or cancelled in a timely manner.

- Accrue land purchased when title passes.

- Accrue amounts for obtaining legal rights by outright purchase of property and easements after adjudication.

- Accrue grants, subsidies, contributions, and taxes payable to state and local government for work completed when amounts are administratively approved for payment.

- Accrue amounts paid according to treaties at the beginning of the period for which the money is appropriated.

- **NOTE: item deleted since claim funds may not be on hand – amount not known until litigation outcome is known.**

- **NOTE: too much detail – covered by regulation.**

- Do not accrue expenditures for Defense Contract Management Office (DCMO) administered contracts until the disbursement is processed by the installation.

- As a minimum, labor will be accrued (e.g., early labor cut-off) in CEFMS at the end of a fiscal month when the number of uncosted days of labor is more than three. Labor will always be costed through 30 September at the end of the fiscal year.

Accrued Revenues:

- Revenues accrued will be recorded at the end of each calendar month on the basis of performance of reimbursable work and services for others including other USACE activities, warehouse issues, sales of maps, etc. Collections received prior to performance will be accounted for as a government liability (advances received) except as provided below.

- Revenues from real estate grants will be accrued in the amounts of the periodic payments due when the collections are received or bills issued, depending on which occurs first.