

## **Reconciliation Process: Standard Operating Procedures**

Definition of reconciliation: Agencies meet and review consolidated fire costs and determine offset of accumulated costs with the intent of one yearly billing to the entity with a remaining balance.

### **Recommended FS/Cooperator Reconciliation Process:**

Overview of Reconciliation and Invoicing:

- The parties may mutually agree to utilize the reconciliation process.
- The “billing period” will be on a calendar year basis (e.g. January 1 through December 31, 2012).
- Quarterly reports will be shared between FS and participating state/entity showing what each party owes the other.
- At the end of the billing period and completion of the reconciliation process, a single invoice will be issued.

Step by Step Process:

1. Begin reconciliation process on January 1, 2012 for the 2011 calendar year.
2. Ongoing reconciliation activities
  - a. FS Incident Finance and State will agree upon spreadsheet format prior to reconciliation period
  - b. FS Incident Finance and State will agree upon data submission process prior to reconciliation period
  - c. The State and federal agencies will provide data for a “cross-billing” spreadsheet with their information about multiple incident names and jurisdictions. Quarterly updates on October-Dec, Jan-March, April-June, and then with a minimum of monthly updates for July through September.
    - i. Incident Names
    - ii. Jurisdictional Agency
    - iii. Fire codes
    - iv. Cost shares
    - v. Expenditures (total)
    - vi. (see spreadsheet for further details)
  - d. FS Incident Finance Center will consolidate financial info for all agencies on a master spreadsheet for each state
    1. Cooperators will provide financial information in agreed upon format
    2. Supporting financial info not necessary for submission, but each entity will maintain records in accordance with their audit requirements
  - e. FS records quarterly accruals
    1. Ongoing monitoring and upward reporting to budget execution and financial reporting as required (FS currently uses \$5M as threshold)
  - f. communication between field representatives from each agency for problem identification and resolution

3. FS Incident Finance finalizes spreadsheet, no later than May 30 yearly for prior year and forwards to each entity
4. Final negotiation and agreement; no later than June 30 yearly
  - a. Includes appropriate state and regional representatives.
  - b. A final spreadsheet that includes a summary of total costs by each agency is produced and signed by all parties in support of billing or payment.
  - c. For the FS, the FS line officer or acting will sign a cover letter with finalized spreadsheet and forward to ASC Incident Finance for notification and appropriate processing.
  - d. For the State, the appropriate State official will sign a cover letter with finalized spreadsheet and submit to appropriate State official(s) for notification and appropriate processing.

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