

**Forest Service Handbook  
National Headquarters - Washington Office  
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**Forest Service Handbook 1409.11 – Fiscal Review and Analysis Handbook**

**Chapter 600 - Management Services**

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## **655 - Accounting**

By review and analysis determine if the unit has established and is maintaining accounting systems and internal controls in accordance with prescribed laws, regulations, policies, and procedures. Inspection responsibilities include reviews in the areas described below.

### **655.1 - General Ledger Accounting**

Ascertain that applicable Forest records are reconciled with and properly adjusted to general ledger controls. These areas include:

1. Personal property values.
2. Real property values.
3. Travel advances.
4. Imprest cash advances.
5. Road amortization amounts.

Sources of information include:

1. General ledger accounts (Regional Office).
2. Form 6500-74, Cashiers - Imprest Fund.
3. Forms 6500-53, Real Property, and related documents.
4. Form 6500-95, Nonexpendable Property Record, and related documents.
5. SF-1038, Application and Account for Advance of Funds.
6. Form 2410-23, Timber Sale Charge Adjustment Worksheet, and related documents.

### **655.2 - Working Capital Fund Accounting**

Appraise the standards to which working capital fund accounting is performed. Determine if the system fully discloses assets and liabilities, and accurately reflects the results of the operations. Ascertain whether there are adequate controls over cash, inventories, and other assets and resources. Specific determinations include:

1. Determining if working capital fund entity plans, such as for equipment use, nurseries, and sign shops, are correlated with appropriate work plans.

2. Determining if financial plans are properly prepared and utilized for each working capital fund entity and that these plans are coordinated with unit financial statements provided by the Regional Office.

3. Ascertaining whether internal financial reports are understood and used as a management tool.

4. Determining if working capital fund entity rates established by the Forest are accurately developed from factual data.

5. Determining if accounting data are accurate and complete on purchase orders, job orders, parts requisitions, equipment use reports, meal records, and other ordering or billing documents.

6. Determining whether assets are capitalized in accordance with established accounting procedures.

7. Determining that there is proper accountability for nonexpendable property.

8. Determining whether inventories are made as and when required and resulting accounting adjustments are proper.

Sources of information are:

1. Entity plans, including those for equipment use, nursery operations, or for furnishing subsistence.

2. Financial plans for each working capital fund entity.

3. Unit financial statements.

4. Internal financial reports.

5. Rate determination documents.

6. Capitalization documents.

7. Subsidiary nonexpendable property records.

8. Inventory records.

9. Requisitions, purchase orders, equipment use reports, meal records, journal vouchers, accounts payable, and billing documents.

10. General observations and discussions with employees.

### **655.3 - Financial Control Accounting**

Ascertain whether the unit financial control accounting adequately and efficiently provides: (1) accounting information for financial and administrative managers; (2) control and accountability of funds as required by law, regulation, and administrative policy; and (3) the detailed accounting information required in existing instructions.

Areas of review include:

1. Determining if there is a clear understanding and proper application of accounting classification for appropriations, activities, functions, subfunctions, function expansions, project identification, and object codes.
2. Ascertaining whether ADP accounting output is currently reviewed for the purpose of detecting and correcting errors in accounting codes.
3. Determining if all accounting adjustments are adequately supported and documented.
4. Ascertaining whether yearend distributions of suspense and facilitating accounts are appropriately made, with application to distributions made by units, not those processed on ADP.
5. Determining whether (1) items reported as obligations meet the conditions of section 1311 of Public Law 663 of August 26, 1954, (2) obligations are promptly and properly documented, (3) obligation documents are promptly forwarded to employee responsible for obligation reports, and (4) obligation reports are accurately and promptly submitted to fiscal control.
6. Determining if there is justification for any supplemental fund control records being maintained, if the maintenance is efficient, and if such records are accurate and adequately serve the intended purpose.
7. Determining if accounts of work done for others are properly charged, where applicable, for overhead expense. Ascertaining whether the assessment rate for indirect charges to CWFS funds is appropriately applied and amounts are credited to Account 971, Suspense Assessments, and CWFS suspense accounts are properly closed at the end of each fiscal year.
8. Determining if special limitation accounts have been established when required and are accurately maintained and reported.
9. Appraising extra scaling service charge system and procedure to ensure that such charges are accurately computed and resulting fund adjustments are properly and promptly distributed at the close of each pay period.

10. Determining that accounts involving work done for others or special deposits are properly administered. Are reimbursement billings current and with adequate followup? Where required, are payments made in advance of work performance? Are CWFS and special deposit balances promptly and properly disposed of when they are no longer needed?

Areas for review include:

1. Accounting classification source documents, such as forms 6500-63, vehicle use sheets, journal vouchers, and time reports.
2. Work and financial plans.
3. Automatic data processing accounting registers and schedules.
4. Unit financial statements.
5. Supplemental accounting records.
6. Records of charges against special limitation authorizations.
7. Yearend distribution records of suspense and facilitating accounts.
8. Monthly and yearend obligation reports and documents.
9. Indirect cooperative assessment records of charges and credits.
10. Extra scaling service charge adjustment payroll records and supporting documents.

#### **655.4 - Revenue Accounting (240, 653)**

#### **655.5 - Personal and Real Property Accounting**

Determine if procedures in use accurately provide a cumulative record of the kinds and values of fixed assets in the custody of the Forest Service, and that these records are maintained as required by applicable laws, regulations, and policies. Areas for review include, but are not limited to, those listed in 655.51 for personal and in 655.52 for real property accounting.

##### **655.51 - Personal Property Accounting**

Review areas include, but are not limited to, the following:

1. Determining that entries on property accounting records are made by a designated property accounting clerk, whose other duties do not include the acquisition, receipt, issuance, custody, inventory, or disposal of any item of property for which such records are maintained.

2. Determining that entries to property accounting records are made only from properly approved and processed documents, and that documents which result in any reduction in personal property values are approved at the proper level.

3. Determining that property accounting records are maintained to a high standard of workmanship.

4. Determining that entries on forms 6500-95 for purchased property items are made only on a paid voucher basis; and that costing of property acquired through other means is correct and consistent.

5. Determining that property loaned to the unit under the terms of a cooperative agreement is identified separately in the records. Also, that any property purchased from cooperative work funds is identified separately in the records, if required by the terms of an agreement or by instructions.

6. Determining that proceeds from sales of personal property or from repayment for property lost or damaged, are deposited to the appropriate receipts or fund symbol; and that sales to employees are in accordance with Department and Forest Service policy and instructions.

7. Determining that any trade-ins or exchanges of property are authorized by law or regulation.

8. Determining that values on the property accounting records are supported by annual or special certified and reconciled physical inventories.

9. Determining that the unit's subsidiary property accounting records support fiscal control's general ledger Account 132, Equipment, through current recording of funded and nonfunded transactions, periodic reporting of accruals, and periodic adjustment of the general ledger account to the valuation total of each physical inventory of property.

10. Determining whether any inventories of expendable materials and supplies at a single location exceed \$10,000 and require pricing and recording as program materials and supplies in the general ledger account.

11. Determining that receipt and issuance of accountable forms are recorded, that such forms are inventoried periodically, and that accountable forms in the custody of subunits or individuals are periodically confirmed in writing.

Sources of information include:

1. Forms 6500-95, Nonexpendable Property Record.

2. File of forms AD-107, AD-112, and other forms effecting the acquisition, transfer, or writeoff of property.
3. Physical inventories of property.
4. Journal vouchers covering nonfunded property transactions, accruals, and adjusting general ledger balances to physical inventory values.
5. File of unsubmitted obligations.
6. Paid voucher file.
7. Review of purchase orders covering acquisition of large quantities of expendable property.
8. Observation of large stockpiles of materials or supplies on subunits.
9. Accountable form records; filled requisitions for such forms; verifications or confirmations of forms held by subunits or individuals.

#### **655.52 - Real Property Accounting**

Review areas include, but are not limited to, the following:

1. Determining that accountability and control of real property values are established and maintained by current or periodic recording (as applicable) of expenditures for capital improvements, or as real property is acquired through other means.
2. Determining that the real-property records and related general ledger accounts do not include items which are not to be capitalized, such as improvements costing \$500 or less, improvements of limited duration for a single project, and land acquired under exchange procedure.
3. Determining that the unit's system of plan approval for projects involving capital improvements results in charges to appropriations available as to purpose for the improvements, and that current accounting charges result in capitalization under the appropriate real property classification and subclassification.
4. Determining that items subject to administrative limitations, such as dwellings, are not included in group forms 6500-53.
5. Determining that real property records are posted currently and are maintained to a high standard of workmanship.



6. Determining that reductions in asset value of real property are made only from properly approved and processed documents, and that proceeds of sales of any real property are credited to the proper receipts account.

7. Determining that an annual reconciliation (as of June 30) between the unit's forms 6500-53 and the related general ledger account totals in fiscal control, is made and documented.

8. Determining that real property accounting values are supported by certified and reconciled inventories taken at the prescribed interval.

9. Comparing appropriate statistics in the real property records with those on various management records and reports, such as those which have been established for recreation improvements, communications facilities, range improvements, timber stand improvements, and building maintenance plans.

Sources of information include:

1. Form 6500-82, Real Property Statement.
2. Forms 6500-53, Real Property.
3. Forms AD-107, AD-112, SF-1017G and other forms effecting the transfer, writeoff, or adjustment or real-property values.
4. Automatic data processing symbol charts.
5. Physical inventories.
6. Various management records and reports of asset statistics.
7. General observations and discussions with employees.

#### **655.6 - Cost Accounting**

Determine if cost accounting procedures in use provide cost data required by management and adequate control to ensure compliance with applicable laws, regulations, or policies.

Areas of inspection include:

1. Determining if planting and timber stand improvement costs are accurately charged on Forests designated to develop these costs figures.

2. Determining that accounting to develop costs for special projects is accurately performed, serves a useful purpose, and is the most efficient method of obtaining the desired cost data.

3. Determining that adequate records are maintained to provide information for the annual report of hire of equipment from employees.

Sources of information include:

1. Accounting source documents.
2. Unit financial statements.
3. Supplemental accounting records.
4. General observations and discussions with employees.

#### **655.7 - Special Accounting (655.1, 655.6)**

#### **655.8 - Accounting Reports**

Determine if required accounting reports are prepared and submitted as requested to accurately furnish a periodic summary of the financial position and results of operations.

Review areas include:

1. Evaluating the accuracy of the following reports required at the end of the fiscal year:
  - a. Report of obligations.
  - b. Report of accounts payable.
  - c. Report of accrued liabilities.
  - d. Report of undelivered orders.
  - e. Report of construction work in progress on buildings.
  - f. Determination of status of Knutson-Vandenberg fund balances.
2. Evaluating the accuracy of the following or other special reports when required:
  - a. Report of notes receivable.
  - b. Reports of sale agreement receivables.

Sources of information include:

1. The above listed reports and related working papers.
2. Regional instructions for fiscal year closing.
3. Files of special accounting reports.
4. General observations and discussions with employees.