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**Forest Service Handbook 6509.11k – Service-Wide Finance and Accounting Handbook
Chapter 50 - Accounting**

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Digest: Following is an explanation of the changes throughout the directive by section.

Removes id_6509.11k-2006-15 in its entirety and replaces it with this amendment.

56.15: Establishes code and caption, “Forms”, that incorporates new and revised forms to be used by Financial Management.

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55 - Accounting Codes and Reference Tables

55.1 - Management Accounting Structure Code (MASC) Tables

The National Finance Center maintains a system of edit tables which are labeled "MASC 2103". See section 21.3 for a list of the tables. These tables are available using the Central Accounting System (CAS) menu (sec. 51.12).

55.2 - Fund Codes

Refer to Service-wide Appropriation Use Handbook, FSH 6509.11g and FSM 6510 for narrative guidance on appropriation usage and how they link to fund codes. The Forest Service Structured Management Codes, MASC 2103, Table 10, (sec. 21.3) provides a listing of valid fund codes and related Treasury symbols. The Forest Service Fund Code/Work Activity Combination, MASC 2103, Table 15, (sec. 21.3) provides a listing of valid work activity and fund code combinations.

A fund code is a 6-digit symbol for an appropriation, fund, or receipt account and in some cases also identifies major budget activities. Each fund code is divided into three sections "FY", "Fund", and "MY", which are structured as follows:

1. FY. (Fiscal year.) The first digit of a fund code is always numerical and identifies the fiscal year of the appropriation, fund or receipt. For example, the number 9 identifies FY 89.
2. FUND. Except for "receipt only" funds, the next 4 digits are alphabetical, hierarchical, and identify the type of appropriation, fund, or receipt. The hierarchical part is the first 2 digits and identifies the appropriation or fund mainhead symbol. For instance, all fund codes used under the National Forest System mainhead appropriation begin with the acronym NF. The second 2 digits identify (1) appropriation limitations (that is NFRI is for Reforestation and Stand Improvement), (2) administrative appropriation limitations (that is NFGA is General Administration), and (3) major budget activities (that is NFRN is Recreation Use). See the Service-wide Appropriation Use Handbook, FSH 6509.11g, for definitions of appropriation limitations, administrative appropriation limitations, and budget activities.

In those instances where a mainhead appropriation does not have a limitation, the second 2 digits of the 4-digit appropriation, fund or receipt identifier is a repeat of the first 2 digits. For instance, the Brush Disposal fund is BDBD and the Timber Salvage Sales fund is SSSS.

In "receipt only" funds the 4-digit type of fund identifier is numerical rather than alphabetical.

3. MY. The sixth digit of a fund code is used to separate funds valid for more than one appropriation in a single fiscal year (multi-year appropriations, the reimbursement appropriation for Senior Community Service Employment and lapsed appropriations). The number used is the ending fiscal year of programs for multi-year appropriations (that is, for the multi-year fund Cooperative Law Enforcement, 1988/89, the number used is a

- 9). For Senior Community Service Employment, the calendar year the program period begins is the number used (that is, for program period 10/01/87-06/30/88 use the number 7). Since lapsed appropriations are moved into a "M" account appropriation a "M" is used.

55.3 - State Codes

State codes are not maintained in the overall accounting code structure. Calculate a breakdown of costs by State by using the unit identification as the first sort and prorate based on your best judgment those units located in more than one State.

The keeping of expenditures separate by State is required when using the Acquisition of Lands for Land Exchange (fund code EXEX) appropriation (Service-wide Appropriation Use Handbook, FSH 6509.11g). Deposits, Land Exchanges (fund code 5216) also has the same requirement (sec. 34.75). These governing statutes provide that lands acquired with these funds must be in same State as selected lands in the exchange. Identification of collections and expenditures by State is required if the administrative National Forest is in more than one State. Use the account field to keep collections and expenditures separate by State. No prescribed numbering system has been identified for this purpose.

55.4 - Account Codes

A 5-digit account field, with two subfields of 3 and 2 digits respectively, provided to identify various data for reporting and accounting purposes. Use these fields to segregate data within a fund code, fund, or receipt account to identify deposits or expenditures by individual, group, class of receipt, location, and other purposes. Account codes may also be used in connection with appropriated funds.

Examples which may require account codes are:

1. Reimbursable work in all fund codes.
2. Cooperative Work (fund code CWFS).
3. Working Capital Fund (fund code WCWC)
4. Deposit Funds, Suspense, Timber Sale Deposit Fund, and Budget Clearing Accounts.
5. Certain receipt accounts such as the National Forest Fund and National Grassland Fund.
6. Working Fund appropriations that can affect the National Forest Fund and the administrative unit contains more than one proclaimed National Forest, such as Brush Disposal fund (fund code BDBD), Knutson-Vandenberg fund (fund code CWKV), and Timber Salvage Sales fund (fund code SSSS).
7. Transfer appropriations, such as Job Corps and Soil Conservation Service watershed funds.

55.5 - Work Activity Codes

An 8-digit alpha/numeric field used to identify activity of work being performed. Minimum National coding requirements are contained in chapter 20 of the National Activity Structure Handbook, FSH 1309.16. The Forest Service Fund Code/Work Activity Combination table, Management Accounting Structure Code (MASC) 2103 table 15, (sec. 21.3) is used to edit the first 6 digits of the work activity field. Unless the remaining 2-digits are required for use as per the National Activity Structure Handbook, FSH 1309.16, the last 2 digits are available for local use.

55.6 - Other Accounts

An 8-digit alpha/numeric field used to identify real property expenditures capitalized into our real property records, to identify a receipt fund resource class for certain Working Capital Fund cost identification, and to meet local needs.

1. First 6 Digits. The first 6-digits are primarily available to meet local needs. Use the first 6-digits as follows:
 - a. To identify capital investment project numbers for real property reporting.
 - b. If the Working Capital Fund (fund code WCWC) and work activity are for general administration (work activities TG3 or TG4), (work activities TW1 through TW9) the first 3-digits shall identify the Working Capital Fund. See the National Activity Structure Handbook, FSH 1309.16, chapter 20, for a listing of activity titles.
 - c. If the Working Capital Fund and the expense are for a fleet vehicle or aircraft, the vehicle or aircraft number is placed in the second through fifth digits.
2. Last 2 Digits
 - a. Use the last 2-digits to identify a resource receipt class. Receipt accounts with required usage in this field are the Timber Sale Deposit Fund (fund code TDTD), the National Forest Fund Receipts (fund code 5008), and the National Grassland Receipts (fund code 5896). Class codes for Deposits, Land Exchanges (fund code 5216) are also used in this field. The numbers used for each of these funds are described in chapter 30 of this handbook.
 - b. Use the last 2 digits for any fund code other than WCWC, TDTD, 5008, 5896, and 5216 to identify capital investments. Use the following capital investments codes:

| <u>Asset Code</u> | <u>Title</u> |
|-------------------|--|
| 01 | Office |
| 02 | Housing |
| 03 | Storage Buildings |
| 04 | Service Buildings |
| 05 | Research and Development Buildings |
| 06 | Other Buildings |
| 07 | Utilities |
| 08 | Communications |
| 09 | Roads and Bridges |
| 10 | Other Facilities |
| 11 | Leasehold |
| 12 | Land |
| 13 | Cooperative Project |
| 19 | Road and Bridges, Construction, Augmentation |
| 29 | Road and Bridges, Reconstruction, Augmentation |

Beginning in FY 1989, code 19 was added to identify road and bridge construction and code 29 for road and bridge reconstruction if being built by timber purchasers with Forest Service appropriated funds. Sections 55.61a through 55.61e describe each capital investment code.

Use the last 2-digits to identify Working Capital Fund (fund code WCWC) work accomplished by a National Forest other than the administrative unit where the Work Capital Fund activity resides, such as seed cone collections for a nursery. Enter the unit number of the administrative unit where the Work Capital Fund activity resides.

55.61 - Assets, Capital Investment Coding

Capital investment classification includes all expenditures for the purchase or physical improvement of real property if the United States has a property interest. Charge only direct costs to these asset classifications. These classifications are used to produce current-year data needed to post the property records which are used as a basis for the statement of assets, real property reports, and other reports as needed. See section 57.2 for capitalization policy of real property.

55.61a - Assets, Building Construction

Use the following asset codes when direct charges are for construction, reconstruction, improvement, and betterment of all buildings. When these asset codes are used, a project number identifying the item of property being constructed or improved is required in the first 5 digits of the other field (sec. 56.32b).

| <u>Asset Code</u> | <u>Title</u> |
|-------------------|------------------------------------|
| 01 | Office |
| 02 | Housing |
| 03 | Storage Buildings |
| 04 | Service Buildings |
| 05 | Research and Development Buildings |
| 06 | Other Buildings |

Building costs include utilities, such as piping and wiring, when a part of the construction cost. Prefabricated movable structures, such as Butler-type storage warehouses, modular units, house-trailers (with or without undercarriages), and Quonset huts, are considered personal property. See section 57.21 for additional capitalization criteria.

Record expenditures of this type to the real property reports in the following individual accounts which segregate the values for administrative purposes and meet reporting requirements.

1. Construction of Office Buildings, Asset Code 01. Include all classes of buildings primarily for office purposes, such as Ranger or Supervisor office buildings, research project locations, and project offices. If a small portion of an office building is used for other purposes, classify the entire building as an office.
2. Construction of Housing, Asset Code 02. Include all classes of buildings primarily for dwelling purposes, such as guard cabins, headquarters dwellings, bunkhouses, barracks, and lodges.
3. Construction of Storage Buildings, Asset Code 03. Include all buildings when their major purpose is for storing items for protection or preservation for subsequent use. Examples include warehouses, open storage sheds, garages for storage of vehicles or other equipment, cold-storage sheds for nursery stock, cone-storage buildings, oil houses, and dynamite cache buildings.
4. Construction of Service Buildings, Asset Code 04. Include buildings for service activities, such as motor-vehicle repair shops and nursery seed-extraction buildings.
5. Construction of Research and Development Buildings, Asset Code 05.
6. Construction of Other Types of Buildings, Asset Code 06. Include cost of all buildings not classified elsewhere, such as lookout buildings, lookout towers, messhalls, bathhouses, toilets, and woodsheds, except those constructed on recreation sites, which are charged asset code 10. Also, include special types of recreation structures not normally constructed on recreation sites, such as large warming buildings and lodges.

55.61b - Assets, Structures and Improvements

Use the following asset codes when direct charges are for construction, reconstruction, improvement, or betterment of all real property other than buildings. This category also includes

the acquired value of land. When these asset codes are used, a project number identifying the item of property being constructed or improved is not required.

| <u>Asset Code</u> | <u>Title</u> |
|-------------------|--|
| 07 | Utilities |
| 08 | Communications |
| 09 | Roads and Bridges |
| 10 | Other Facilities |
| 19 | Road and Bridges, Construction, Augmentation |
| 29 | Road and Bridges, Reconstruction, Augmentation |

Record expenditures of this type to the real property reports in the following individual accounts which segregate the values for administrative purposes and meet reporting requirements.

1. Utilities, Asset Code 07. Includes cost of heating, sewage, water, and electrical systems owned by the Government, such as Government-owned systems located on leased land. It excludes the cost of items carried as nonexpendable equipment and costs for piping, wiring, and so forth, which are included as part of the building costs. Charge costs of utility systems on recreation sites to Other Facilities, asset code 10.
2. Construction of Radio Communication System Improvements, Asset Code 08. Includes cost of all physical improvements for radio communication systems such as radio towers, site protection fences, and access roads not on the transportation system. Charge buildings used primarily to house radio communications equipment to Other Buildings, asset code 06. Exclude the cost of nonexpendable equipment carried on personal property records.
3. Construction of Telephone Communication System Improvements, Asset Code 08. Includes cost of all physical improvements, such as poles, crossarms and wire, microwave towers, and public use indefinite term easements for telephone systems except nonexpendable equipment in personal property records.
4. Construction and Reconstruction of Roads Including Bridges, Asset Code 09. Includes all direct expenditures for the construction or reconstruction of roads and bridges, except as denoted in item 5, Construction of Roads Including Bridges Financed by Augmentation and item 6, Reconstruction of Roads Including Bridges Financed by Augmentation. Such charges include:
 - a. Direct costs related to purchase of roads, such as title search, recording fees, negotiations, and other expenses identifiable with, and incidental to, purchase of roads.

- b. Expenditures for purchase of raw land rights-of-way where the existing way is not part of the consideration, including expense of negotiation, title searches, title insurance, abstracts, attorney fees, appraiser fees, recording fees, and other expenses incidental to obtaining rights-of-way for road construction or reconstruction.
- c. Expenditures for preliminary and final designs, plans, drawings, specifications, and estimates of quantities and cost of construction or reconstruction of a road.
- d. Costs to the purchase of roads and road rights-of-way.
- e. Costs of replacing a road in another location or raising the standard of a road in approximately the same location.
- f. Paving expenditures for improving an existing road by the construction of an oil, tar, bituminous, or concrete mat. Dust palliative treatment is classified as a maintenance expenditure.
- g. Cost of roads constructed by force account or by contract.
- h. Expenditures for surveys or investigations for construction or reconstruction of a road or bridge. Includes preliminary location surveys, foundation and materials investigations; gathering of information needed for design, plan preparation, and estimate; the final location survey staked on the ground, and the right-of-way surveys and description.
- i. Costs of controlling and inspecting the construction or reconstruction of a road.

Expenditures for temporary work roads, rehabilitation or rebuilding of a road to the standard attained by last construction or reconstruction, or for maintaining the standard of an existing road are not included.

5. Construction of Roads Including Bridges Financed by Augmentation, Asset Code 19. Beginning in FY 1989 use this code in lieu of Bridges and Roads, asset code 09, to identify the cost of roads or bridges constructed with supplemental or contributed funds by timber purchasers.

6. Reconstruction of Roads Including Bridges Financed by Augmentation, Asset Code 29. Beginning in FY 1989 use this code in lieu of Bridges and Roads, asset code 09, to identify the cost of roads or bridges reconstructed with supplemental or contributed funds by timber purchasers.

7. Trail Construction and Reconstruction Including Bridges, Asset Code 09. Expenditures used primarily for the construction, reconstruction, and betterment of all trails, stock driveways, portages, ways, and nonvehicular travel routes (including bridges), and cost of right-of-way. Do not include expenditures for temporary worktrails.

8. Construction of Range Improvements, Asset Code 10. Expenditures used for constructing or improving all Government-owned improvements developed primarily for

the range resource. Included are range water developments, such as wells, trick tanks, spring developments and impoundments, range fences, corrals, and range shelters.

9. Construction of Timber Improvements, Asset Code 10. Expenditures used for construction of improvements primarily for the timber resource which include fences for protection and access roads not on the transportation system. Improvements to the timber resource, commonly referred to as timber stand improvement, are not included.

10. Construction of Wildlife Improvements, Asset Code 10. Expenditures used for constructing assets which maintain, protect, or improve wildlife. Include wildlife water developments, such as fish rearing ponds, fish ladders, spring developments and guzzlers, and wildlife fences in this classification.

11. Construction of Watershed Improvements, Asset Code 10. Expenditures used for constructing improvements for watersheds. Include the cost of improvements constructed in gully treatment, stream and channel stabilization, water and sediment storage and control, and other attendant measures employed in erosion control, flood prevention, and restoration and rehabilitation of deteriorated watersheds in this classification.

12. Construction of Fire-Control Improvements, Asset Code 10. Expenditures used for constructing improvements primarily for resource fire control purposes. Include fire control water improvements such as concrete or metal aprons constructed to catch and transport rain, cisterns, storage tanks, holding ponds, wells and pumping stations in the category. These improvements are normally constructed near heavy fire areas and the water supply can be either domestic (potable) or nondomestic (not used for drinking). Charge Utilities, asset code 07, if a domestic, nonresource related water supply's primary use is for purposes other than fire control. Also, include fences and access roads (which are not included in the transportation system) related to fire control improvements in this classification.

13. Construction of Recreation Sites and Dispersed Areas Improvements, Asset Code 10. Expenditures used for constructing improvements on recreation sites and dispersed areas, utility systems, toilets, stoves, fireplaces, garbage pits, tables and benches attached to the land, shelters (except special types indicated below), water impoundments, barriers and parking spurs, signs, launching ramps, service buildings, and other structures. Do not include buildings of a type not normally constructed on recreation sites, such as large warming buildings and lodges, which are charged to Other Buildings, asset code 06; and dwellings exclusively for recreation personnel which are charged to Housing, asset code 02. Do not charge facilities financed from Forest development transportation system funds to this classification.

14. Construction of Landing Fields, Asset Code 10. Cost of developing and improving aircraft landing fields and heliports. Include expenditures for grading, drainage, surfacing of runways, seeding, landing circle, wind indicator, lighting system, and other facilities forming an integral part of the landing field to this classification. Do not charge

costs of landing fields constructed for temporary use, such as for a fire suppression operation, to this classification. They are charged as general operating expenditures.

15. Construction of Other Types of Improvements, Asset Code 10. Cost of all improvements which are not otherwise classified and which are not resource improvements. Include improvements related to buildings, such as fences, paving of administrative sites, landscaping, flagpoles, and gates or cattleguards at such locations, except any items specifically described in other classifications, to this classification. This includes Government-owned improvements located on leased land and improvements on research sites which are not covered by other definitions.

55.61c - Assets, Leasehold Improvements

Charge asset code when direct charges are for leasehold reconstruction, improvement, and betterment or the costs of obtaining easements other than those needed for construction purposes. When this asset code is used, a project number identifying the item of property being constructed or improved is not required.

Record expenditures of this type to the real property reports in the following individual accounts which segregate the values for administrative purposes and meet reporting requirements.

1. Leaseholds Improvements, Asset Code 11. Include the cost of improvements made at the expense of the Government to land, buildings, structures, facilities, and systems which are occupied or used by the Government as lessee, including improvements made to rented assets. Charge entire assets constructed by the Government on leased land to the appropriate asset code.

2. Continuing Easements, Asset Code 11. Charge this account with the costs of purchasing continuing easements which provide the Government with a privilege to use privately-owned land or a restriction on the use of privately-owned land. For example, a privilege to use could be the right to cross the property to reach a highway and a restriction might state the property could be used for residential purposes only. Continuing easements are those which will run with the property forever unless changed by an outside influence such as a public law. Do not charge term easements to this account.

3. Term Easements, Asset Code 11. Include the costs for purchasing term easements which give the Government a right to use real property for a limited period. Do not include the costs of easements for construction of public-use improvements which provide for reversion or cancellation upon termination of use.

55.61d - Assets, Land Acquisition

Charge Land, asset code 12, with the purchase price of land acquired for any purpose, including administrative sites. Also, charge the relocation expenses of displaced persons to this account.

This asset code also includes other direct costs of lands, except the purchase price of land and relocation costs. It includes other direct costs related to the passage of title on acquired, donated, or exchanged lands such as search and guaranty of title, notary and recording fees, and land surveys of the property being acquired. Costs of examination or negotiation for lands are not charged as an asset expenditure but as a general operating expense.

Record these costs in the real property records in an individual account entitled "Land". When this asset code is used, a project number identifying the item of property being constructed or improved is not required.

55.61e - Assets, Cooperative Project Improvements

Cooperative projects, asset code 13, includes all expenditures for improvements, equipment, and other assets acquired by liquidation of advances to cooperators or by reimbursement of funds to cooperators by the Government.

Record cooperative project costs in the real property records as an individual account entitled "Cooperative Projects". When this asset code is used, a project number identifying the item of property being constructed or improved is not required.

55.7 - Budget Object Codes

Refer to Title V, Miscellaneous National Finance Center (NFC) Systems Handbook, for table of Budget Object Codes and their definitions. Ad hoc information on rolled budget objects is obtained through the NFC report generator software entitled FOCUS (sec. 51.12).

56 - Accounting Instructions

56.01 - Authority

1. Supplemental Appropriations Act of 1955, 31 U.S.C. 1501. In accordance with this act, no amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of:
 - a. A binding agreement in writing between the parties thereto, including Government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed.
 - b. A valid loan agreement, showing the amount of the loan to be made and the terms of repayment thereof.
 - c. An order required by law to be placed with a Government agency.
 - d. An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations.

- e. A grant or subsidy payable either from (a) appropriations made for payment of or contributions toward, sums required to be paid in specific amounts fixed by law or in accord with formula prescribed by law, or (b) pursuant to agreement authorized by, or plans approved in accord with and authorized by law.
- f. A liability which may result from pending litigation brought under authority of law.
- g. Employment or services of persons or expenses of travel in accord with law; and services performed by public utilities.
- h. Any other legal liability of the United States against an appropriation or fund legally available thereof. The head of each Federal agency reports that any statement of obligations furnished for all requests for proposed appropriations to the Office of Management and Budget, consists of valid obligations as defined above.
- i. Any statement of obligation of funds furnished by any agency of the Government to the Congress or any committee thereof shall include only such amounts as may be valid obligations as defined above.

The General Accounting Office (GAO) is responsible for regulations pursuant to recording of obligations. The GAO provides instructions via their Manual for Guidance of General Agencies and Comptroller General Decisions (FSM 1015 and sec. 41.12). Chapter 6 of the GAO produced Manual for General Government Matter - Federal Appropriations, dated June 1982, contains additional guidance. A copy of this manual has been provided to each accounting center and unit.

1. In accordance with the General Accounting Office (GAO) Manual for Guidance of General Agencies (FSM 1015) the reporting of obligations requires that each report of obligations made is supported by certifications of the officials designated by the head of the agency, and such certifications must be supported by records evidencing the amounts which are reported therein as having been obligated. Further each agency must retain such certifications and records in such form that facilitates audit and reconciliation for the period as is necessary. The officials designated by the head of the agency to make certifications may not redelegate the responsibility.
2. Anti-Deficiency Act, 31 U.S.C. 66, in accordance with this act, no appropriation or fund which is limited for obligation purposes to a definite period of time shall be available for expenditure after the expiration of such period except for liquidation of amounts obligated in accord with subsection 1a of this section; but no such appropriation or fund shall remain available for expenditure for any period beyond that otherwise authorized by law.

56.05 – Definitions

The following terminology shall be used in the operation of the real property system.

1. Additions. An alteration, extension, or addition to an existing improvement, such as the addition of a room to a dwelling or installation of a furnace in a building which formerly was not equipped with any type of heating system.
2. Betterment. Changes in an improvement through the replacement of an integral part with a higher standard part, which makes the improvement more useful, extends its service life, or increases its capacity.
3. Improvements. Buildings, structures, and facilities, such as dwellings, warehouses, roads, dams, campgrounds, and utility systems.
4. Leasehold Improvements. The easements, rights-of-way, and improvements to land, buildings, or structures, and facilities occupied and paid for by the Government as lessee.
5. Public Domain. The lands which have never left Federal ownership, lands in Federal ownership which were obtained by the Government in exchange for public lands or for timber on such lands, and original public domain lands which have reverted to Federal ownership through operation of public-land laws.
6. Repairs and Maintenance. The expenditure of funds which neither materially add to the value of the property nor appreciably prolong its life, but merely keep it in an ordinary, efficient operating condition.
7. Fiscal Officer. The term "fiscal officer," when used in this text, refers to the Regional Director of Fiscal and Public Safety and Assistant Director for Research Administration.

56.1 - Obligations

56.11 - Recording Obligations

The basic requirement of law is do not record amounts as obligations unless supported by documentary evidence. Under no circumstances record or report as an obligation reserves or estimates that cover a possible unknown or contingent obligation.

The documentary evidence must remain valid to be considered as an outstanding obligation. Review periodically (but at least quarterly), the basic obligating document to ascertain whether the status is valid and whether the amounts are valid and reflect the current financial situation.

The general rule for lawfully obligating a fiscal-year appropriation is that the supplies or services ordered are intended to meet a bona fide need of the fiscal year (FSM 6510).

Both paid and unpaid obligations recorded and incurred consist of orders placed, contracts awarded, services received, and similar transactions during a specific period that require a payment of money. Unpaid obligations are obligations incurred for which disbursements (payments/outlay) have not been made.

The recording of obligations can either be done by the National Finance Center (NFC) or the Forest Service. The following subsections describe when a particular type of service is recorded as an obligation and whether it is an obligation responsibility of the Forest Service (sec. 57.1 and 61.2) or the NFC.

56.11a - Personal Services and Benefits

Include all amounts earned by employees and others during the reporting period. Include other charges based on salaries and wages, such as employer's share of contributions to the retirement fund, group life insurance premiums, health benefits, and social security taxes. Do not include accrued annual or sick leave until it becomes due and payable.

For obligation report purposes, except the September 30 final report (sec. 61.2), the amounts of unvouchered payroll obligations for fractional pay periods that are not paid until the following month should be determined on the basis of the payroll for the previous period. For example, a pay period ends on August 21. For the obligation report, it is necessary to determine the obligations for the 10 calendar days from August 22 to August 31. Since there are 7 normal workdays in the period (including any holiday for which most employees are paid), the obligation for the period would be seven-tenths the amounts paid on the payroll for the period ending August 22. When program changes have occurred since the last pay period, the office preparing the obligation report should estimate the amount. This procedure should provide acceptable obligation data when the unit office keeps in close touch with field operations and should relieve a District Ranger or comparable officer of the necessity of reporting obligations other than to see that all purchase orders or other commitments are in the unit office in time for inclusion in the unit's obligation report. Severance pay obligations are on a pay-period-by-pay-period basis.

All leave is an obligation against appropriations currently available for payment of an employee's salary. Charge to fund codes and work activity accounts on an equitable basis to the extent practicable. Each appropriation and account should bear its approximate share of the cost of the leave earned (sick, annual, military, jury, and so forth), including lump-sum leave payments, on services rendered for the benefit of such fund code and work activity. Maintain records showing the amount of leave earned on each fund code. Allocate payments for leave to fund codes and work activity accounts that receive the major benefit of the employee's services. Do not charge the Fighting Forest Fires appropriation (fund code NFFF) or other emergency funds. Do not charge Cooperative Work accounts (fund code CWFS) unless the leave earnings on services rendered to these funds is substantiated. Charge to fund code(s) available for work of the nonexistent fund code, or to other current fund codes for leave earned on appropriations no longer in existence with the cost of the leave.

Leave (sick, annual, compensatory, and so forth) earned by an employee is the responsibility of the home unit at the time the leave is taken or paid, regardless of where earned. Do not transfer the cost of leave earned while on detail or in connection with an in-Service authorization to the benefiting unit. However, charge and include in the reimbursable billing any leave earned and taken while working in a reimbursable program.

56.11b – Travel

Include transportation purchased and reimbursements earned by employees and others for per diem allowances, use of privately-owned vehicles, and incidental travel expenses.

Use the date the ticket is issued, including round-trip for the obligation of funds except when:

1. A ticket is issued near the end of one fiscal year for travel to begin in the following fiscal year. Charge the cost of such transportation to the appropriation available for expenses of travel for the fiscal year in which the travel commenced.
2. The return portion of a round-trip ticket purchased for transportation beginning in 1 fiscal year was canceled, thereby, necessitating the purchase of a separate return ticket in the following fiscal year. Charge the appropriation current at the date of the purchase of the return ticket with the cost because an entirely new obligation is incurred.

56.11c - Transportation of Things

Include United States Government bill of lading issued to commercial carriers, other commercial contracts, and intragovernmental orders for specific transportation. Except for transportation of household effects, charge to the appropriation current in the fiscal year the order is placed.

A shipment on a Government bill of lading becomes an obligation on the date the goods are received by the carrier.

56.11d - Employee Relocation Allowances and Benefits

All employee relocation allowances shall be charged against funds current at the time the Transfer of Station Travel Authorization is executed.

1. Temporary Quarters. Record the obligation on the date the amendment is executed, if temporary quarters are authorized subsequent to the date of execution of the original Form AD-202, Travel Authorization.
2. Extension of Temporary Quarters. Same as for temporary quarters. Record the obligation on the date the Form AD-202, Travel Authorization, amendment is executed.
3. Round Trip To See New Residence. Same as for temporary quarters. Record the obligation on the date amendment is executed, if not authorized in the original Form AD-202, Travel Authorization.
4. Transportation of Household Goods. Same as for temporary quarters. In the case of reimbursements to an employee, upon a commuted basis for transportation of their household effects, include the amount to be paid under orders actually issued to the employee. An employee who ships households effects and who postpones payment for transportation charges by agreement with the carrier, which agreement prevents the employee from submitting the required receipted bill, is not entitled to payment for the

costs of the shipment of household effects until evidence of such payment is presented in proper form. Evidence of the actual date of payment by the employee is essential to determine the entitled reimbursement on a commuted basis.

A further condition of reimbursement is that the employee has signed an agreement to remain with the Government for a period of 1 year, following the date of transfer.

56.11e - Communication, Rent, and Utility Services

Include amounts for communication and utility services received. In those cases where bills are rendered for a period beginning in 1 month and ending in the following month, the services received after the latest billing date need not be included. For mailing costs (postage and fees), include only amounts accrued in excess of the amount estimated for the entire fiscal year which was charged in the unit accounts.

Include amounts accrued for the rent of property during the reporting period. The National Finance Center shall obligate the accrual for communication and utility services.

56.11f – Contracts

Include the total amount of the contracts except when contracts provide for delivery only. When and if requested by the Government, only those amounts representing a current order for delivery shall be reported.

A bid becomes an obligation at the time the acceptance is communicated to the successful bidder. An acceptance under the above conditions constitutes a binding agreement and an obligation under 31 U.S.C. 1501 (sec. 56.01) regardless of whether a purchase order is issued at that time or if a formal contract is to be signed later.

When a contractor defaults on an expiring fiscal year contract, an order placed in the next fiscal year for the same material is chargeable to the appropriation originally obligated.

1. Contract Modifications. The term contract modification falls under one of the following categories as determined by the contracting officer.

a. Change Orders. Those modifications which are within the general scope of the original contract. For obligation purposes, change orders are chargeable to the fiscal year of the appropriation charged with the original contract.

b. Amendments. Those modifications which are outside the general scope of the original contract. Charge amendments to the appropriation current at the time the amendment or supplemental agreement to the original contract is executed.

When contract modifications are made, the contracting officer or the contracting officer's representative promptly sends a copy of the approved contract change order to the office maintaining the obligation records to insure current adherence to local budget and fund control as well as insuring accurate obligation recording.

2. Aircraft Contracts. Some Aircraft contracts extend over a period covering as many as 3 fiscal years. Most of these contracts carry availability guarantees. Since the minimum availability payment is specified over a season or contract period the obligation may need to be split between fiscal years. The amount of the obligation, at the time of the contracting award, cannot exceed the portion of the guarantee that is needed to ensure availability of the aircraft during the fiscal year in which the contract is awarded.

56.11g - Purchase Orders

Include orders for material or services not reflected in other contracts. Obligate specific materials or services actually ordered on blanket purchase orders.

Obligate the full amount of the purchase order where all or part of a purchase order is for the purchase of equipment or parts legally chargeable to the proceeds from the sale of similar equipment or parts.

Do not include in the amounts reported as obligations any administrative reservations, such as reservations for contemplated procurements, invitations for bids, or any other action short of a binding contract, order, or other similar agreement.

56.11h - Lands and Structures

Include contracts entered to procure lands and interest therein, buildings and other structures, additions to buildings, nonstructural improvements, and fixed equipment. In the case of condemnation proceedings, include payment to be held in escrow in connection with the "declaration of taking." For the obligation status of an option to purchase land, the date the option is accepted constitutes the obligation (FSM 5420).

56.11i – Claims

All tort claims become obligations on the date of approval in the Office of the General Counsel (OGC), or the date of acceptance of compromise offer by the Attorney General and not on the date on which an accident occurred.

Reserve funds to cover each pending claim to provide a safeguard against overobligation. If the obligation does not materialize during the fiscal year in which funds were reserved, reserve funds in the ensuing fiscal year and cancel the preceding fiscal year reserve. Seek status from the Washington Office Fiscal and Public Safety Staff or OGC when substantial sums chargeable to annual appropriations are involved.

56.11j - Pending Litigation

Include amounts involved in pending litigation as obligations only when the Government is definitely liable and the purpose of the litigation is only to determine the amount of the Government's liability.

If a case is pending litigation where the Government may or may not be held liable, the amount of the claim is a contingent liability and is not recorded as an obligation. Reserve funds, however, in the appropriation chargeable to cover such contingent liabilities. If the contingent liability is a charge to an expired annual appropriation in which unobligated balances have been withdrawn, retain in the unpaid obligation files the record of the contingent liability.

56.11k - Uniform Allowances

The National Finance Center obligates the cost of uniform components as billed by the contractor.

56.11l - Assistance Payments to Grantees and Cooperators

Include amounts set aside for payments to States upon execution of assistance awards. Limit the amount, in no-year appropriations, to the amount payable for the fiscal year covered by the award.

56.11m - Unemployment Compensation

The National Finance Center obligates these charges on a monthly basis.

56.11n - Accounts Receivable Refunds

Consider a refund in the accounts receivables as a reduction of obligations.

56.11o - Intra-Regional and Inter-Regional Transfer of Expenditures

A request for a Region or unit to incur expenditures that shall subsequently be transferred to the order unit must be approved by an authorization. The authorization may be documented on a Form FS-6500-46, Authorization for In-Service Expenditures, a letter, or via a Data General message. The work to be accomplished, in conjunction with local requirements including dollar limitations, fund code, management code, date of authorization, and authorization number, must be adequately described to prevent any misunderstanding between the requesting and performing units. It is advisable to utilize override procedures when practical to alleviate the administrative workload of transferring expenditures. It is recommended that Regions and Stations establish a dollar limitation for costs that normally shall not be transferred.

1. Approval of Intra/Inter-Regional/Unit Authorizations. The authorization should be approved by an employee that is responsible for the financial management of the management code funding the work. This includes the responsibility for over expenditure and fund integrity.
2. Commitments. This constitutes the commitment of funds for a future expenditure even though a legal obligation has not been created. For example, a claim expected to be settled, a procurement plan for future delivery of project supplies or services, or authorizations for in-service expenditures (ordering units). Commitments shall not be reported on the September 30 year end obligation report.

3. Recording of In-service Authorizations

a. Ordering Unit. Current year in-service authorizations may be recorded as a commitment on the monthly obligation report. These then appear on the Project Manager's Statement as a commitment providing the project manager with more complete financial information. Do not report commitments on the monthly obligation report as obligations. See item 5, (sec. 51.21a), Accounting for Prior Fiscal Year Authorizations in New Fiscal Year, for the handling of amounts outstanding for prior year in-service authorizations.

b. Performing Unit. The performing unit shall report all unpaid work activity TS11 (Work For Other, Forest Service Units) obligations, not carried by the National Finance Center, on its monthly obligation report including the final September 30 obligation report (sec. 61.2) for the fiscal year.

c. Frequency of Transfer. When work requested by the ordering unit has been completed, the performing unit shall promptly transfer the expenditures to the ordering unit. It is advisable on large projects, to periodically transfer the expenditures during the fiscal year to minimize yearend impacts and to provide the ordering unit with more current financial information.

4. Yearend

a. Performing Unit. The performing unit shall advise the ordering unit of the dollar amount for which transfer of expenditures has not been made. Paid and unpaids in work activity TS11, Work For Others, Forest Service Units, untransferred as of September 30 is automatically offset by an National Finance Center computer generated report, Analysis of Work for Other Forest Service Units, BUDG 4B-1, (sec. 51.41b). The report creates an accounts receivable refund on the performing unit's financial statement bringing the account balance to zero.

In the new fiscal year, the accounts receivable refund is reversed out and paid and unpaids are put back on the performing unit's financial statement as they appeared on September 30.

b. Ordering Unit. The ordering unit shall report on their September 30 obligation report (sec. 61.2), the total amount of untransferred paid and unpaid expenditures charged to the fund and work activity appropriate for the work ordered. The ordering unit shall not obligate any amounts for which no work was performed or services furnished. For example, if a Form FS-6500-46, Authorization for In-Service Expenditure, is issued and the performing unit has not incurred any obligations by September 30, then no obligation exists for the ordering unit to report.

At the beginning of each year a credit obligation is created equal to the work activity reported as a yearend obligation. This shall zero out when the performing unit transfers their expenditures.

It is essential that both the ordering and performing units communicate at yearend concerning untransferred expenditures.

5. Accounting for Prior Fiscal Year Authorizations in New Fiscal Year

a. Performing Unit. Until the performing unit transfers expenditures to the ordering unit they must enter on their monthly obligation report a credit obligation equal to the sum of paid and unpaid in work activity TS11, Work for Others, Forest Service Units, for prior year funds.

It is recommended that all transfers of paid and unpaid obligation in work activity TS11 be completed in the first quarter of the new fiscal year.

b. Ordering Unit. Each month the ordering unit shall obligate prior year in-service authorizations equal to the amount obligated at yearend until the performing unit transfers their expenditures.

56.11p - Interagency Orders

Record as obligations all binding agreements in writing between Government agencies. An order required by law to be placed with a Government agency is also an obligation when the order is placed. Because of the nature and types of orders and agreements between Government agencies the Comptroller General has interpreted and amplified in a number of decisions these general provisions.

1. Record amounts based on written Interagency agreements authorized by law for specific supplies and services as obligations. However, obligations against annual appropriations for agreements authorized by the Economy Act (FSM 6512.12a) are deobligated at the end of each fiscal year to the extent that the performing or procuring agency has not incurred valid obligations under such agreements.

Amounts based on written Interagency agreements for supplies or services which are required by law or statutory regulation to be placed with a specific agency, such as the General Services Administration, are recorded as obligations based on the date of the order.

2. Record as obligations of the ordering agency at the time the order is placed for store stock items, which are (a) to be delivered from existing stocks, (b) which are temporarily out of stock but on order, or (c) which have not been reordered but should be delivered to the customer agency within 30 days.

Do not record as obligations until the General Services Administration (GSA) executes the contract for any orders placed with GSA for store stock items to be delivered directly to the ordering agency and for nonstocked items procured through the General Supply Fund by agencies when not required by law or regulation to submit orders through the GSA.

3. Orders required by law or regulation to be placed with another Government agency are recorded as obligations at the time the order is issued. This includes orders which are required to be placed with the Federal Prison Industries, Inc., GSA, and Government Printing Office. This provision also extends to printing outside the Government Printing Office if done in Government printing plants such as the Defense Printing Service at the Ogden General Depot. The orders must be for specific materials, supplies, services, and so forth. Requests which represent nothing more than an inquiry, such as the probable cost, do not constitute an obligation.

56.11q - Working Capital Fund (WCF), Aerial Photography, and Geometronics Service Center

A Region or unit may order services or supplies in connection with Fighting Forest Fires (fund code NFFF) from a WCF activity of another Region or unit. Report these orders as NFFF obligations of the performing unit. When these orders are filled, the performing unit shall charge the expenditure to NFFF. Orders placed with the WCF should be reported as obligations of the benefiting fund code at the end of the accounting period other than September 30. The types of obligations and requirements for deobligating at September 30 are described below:

1. Obligations for equipment rentals include all use of equipment through the last day of the reporting period. Since use reports are not readily available at the end of the month, estimate the equipment rental obligations. This estimate may be based on the preceding month's rentals, adjusted to reflect changes in work schedules of the reporting month.

Establish a cutoff date, such as the twenty-fifth of the month, to permit computation of the actual rental charges through that date. In such cases, estimate the rentals accruing from the cutoff date to the end of the month. The final September 30 obligation report shall be based on actual equipment use.

2. Orders placed with the WCF for materials and supplies are treated differently for obligation report purposes. Separate items to be delivered from existing stocks from direct shipments for nonstocked items to be ordered for the requisitioning unit. Orders for items from existing stocks or which are temporarily out of stock but will be delivered within 30 days shall be considered as obligations at the time the order is placed with the WCF. Orders for direct shipments of nonstocked items are obligations only when an order is placed by the WCF unit with an outside vendor. At the end of the fiscal year, the WCF unit advises the ordering unit whether an order was placed with an outside vendor. The ordering unit deobligates any amounts obligated for which an order was not placed by September 30 by the unit.

3. Orders for repairing equipment and for fabricating, manufacturing, or producing an end product, such as cattle guards, signs, and photographic prints, are considered as obligations except that the following procedures are followed to determine their obligation status on September 30:

a. Jobs Completed in Less Than 45 Days. Work on these jobs should start without delay (promptly following receipt of an order) and continue without interruption until

the job is finished. These jobs are normally completed within a period of less than 45 days.

In some cases, work may be interrupted temporarily because of delays in receiving parts or materials, or the mechanics or others working on the job must be shifted to other work because of forest fires or similar emergencies. Work on the job in progress should be resumed without undue delay after the parts ordered are received or after the emergency ceases.

Consider an obligation by the ordering unit as of September 30, any orders falling under this heading if a significant portion of the job should be completed by September 30 and it is estimated that the job should be completed by October 31. If, in October, work on the job had to be delayed because of a fire emergency or similar emergency, or because of delay in receipt of parts, the October 31 date may be extended by the period of the delay.

b. Jobs Normally Requiring 45 Days or More to Complete. Orders which normally require 45 days or more to complete, or on which work is performed intermittently are treated as obligations only to the extent of actual work performed.

c. Yearend Financial Planning. To assist the ordering unit in its yearend financial planning, furnish the WCF unit an additional copy of each order placed on and after August 1 of each year. The copy must show the estimated date work is to start on the job and the estimated completion date. Return the extra copy promptly to the ordering unit.

No later than August 31 of each year, the WCF unit must advise the ordering unit concerning:

- (1) The date work was started, or the estimated date work should start, and the estimated completion date for each unfinished order received prior to May 1.
- (2) Change in the estimated dates previously shown on unfinished orders received during the period of August 1 to August 31.

No later than September 15, the WCF unit shall advise (by telephone or via a Data General message) the ordering unit of any orders on which work would not start before October 1 and orders on which it is estimated that a significant portion of the work would not be performed by September 30. Also, include the estimated amount of work to be performed by September 30 on orders normally requiring 45 days or more to complete.

As used here the significant portion of work performed includes costs through September 30, plus additional parts or materials in stock, or orders placed by the WCF for parts or materials, to be used in completing the job.

d. September 30 Action. As of September 30, the ordering units shall:

(1) Deobligate all orders on which work was not started by September 30.

(2) Obligate only the portion of work performed through September 30, for orders normally completed within 45 days on which work was started but a significant portion was not completed by September 30.

(3) Obligate only the amount representing actual work performed for orders normally requiring 45 days or more to complete. The latter to include additional parts or materials in stock or on order which are needed to complete the job.

(4) A purchase order for nursery planting stock to be furnished by a nursery financed from the WCF shall be issued in the fiscal year in which the stock is expected to be delivered and shall be reported as an obligation of that fiscal year. The portion of the cost of the stock so ordered which is not delivered in the fiscal year (in which ordered) is to be deobligated at end of the fiscal year. For example, assuming that a period of 3 years is required to produce planting stock in the nursery, the order would be placed and the obligation for the combined 3-year cost reported in the fiscal year in which the stock is delivered.

(5) Orders for WCF-produced goods or services legally qualifying as obligations, including unpaid fixed ownership rate (FOR) charges of the current fiscal year, of the ordering unit are also considered as unfilled customer orders for WCF obligations purposes.

56.11r - Cash Awards

Cash awards become obligations at the time the final approval is made. If the cash award requires approval by the Department or the Office of Personnel Management, the award should not be obligated until the final approval is granted.

56.11s - Orders and Requisitions for Purchase of Equipment

Orders placed directly with the General Services Administration (GSA) for equipment purchases become obligations when the orders are issued by the Region, Station or Area.

Requisitions placed with the Washington Office (WO) for equipment purchases become obligations under the following conditions:

1. All orders placed by the WO with the GSA for equipment are legal obligations at the time the order is placed.
 - a. Orders placed with private vendors become obligations at the time the order is placed by the WO.

At the end of the fiscal year, the WO, Acquisition Management staff shall notify Regions and Stations as to the obligation status of field purchase requisitions being processed by the WO.

56.11t - Advances to Cooperators or Contractors

Do not consider the amount advanced as a liquidation of the obligation and do not report advances as obligations.

56.11u - Tuition for Employee Training

An approved Form SF-182, Request, Authorization, Agreement, and Certification of Training, is used only to authorize training expenses to be incurred. Do not use this document to record the obligation. Record the obligation when the form SF-182 is also serving as a purchase order. However, the fiscal year of the obligation is determined by the date the school term begins except that the obligation for correspondence courses occurs at the time the employee enrolls in the course.

56.11v - Agreements With Timber Operators

When agreements with timber operators for the construction of roads to a higher standard than needed to remove the timber in the sale require cash payments, obligate such amounts on the date of the agreement. Do not consider obligations for those agreements requiring the Forest Service to provide materials and supplies, until such time as the procurement document is issued for the materials needed.

56.11w - Relocation Assistance Payments

Relocation assistance benefits become obligations at the time the person, business, or farm operation is determined to be eligible provided:

1. The option to purchase has been accepted.
2. The Attorney General has been requested to start condemnation proceedings.
3. A formal purchase agreement has been executed.
4. A valid deed of conveyance (donation) has been delivered to the United States.

The amount obligated should be the maximum that the displacee is eligible for. The estimate should include moving, replacement housing expenses, and other related eligible amounts.

56.11x - Scaling Obligations Under Collection Agreements

At the end of each pay period there may be complete or partial pay period scaling adjustments that have not been submitted for processing. In order to improve the accuracy of financial data at the end of the accounting period, upon receipt of the scaling data from the subunits compute an accounting adjustment for inclusion on the monthly obligation report.

56.11y - Cooperative Law Enforcement

The provisions of the cooperative law enforcement joint operating and financial plans are the basis for determining the obligation. Obligate any enforcement assistance, on a when requested basis, as the services are performed. If the financial plan provides for lump sum or periodic payments for specified enforcement responsibilities assumed by the cooperator, obligate the part of the plan applicable to the current fiscal year when the plan is executed. If the plan includes part of 2 fiscal years, obligate the second fiscal year portion of the plan at the start of the second year, assuming funds are available. The 30-day cancellation provision is not a factor in establishing the obligation. Both obligation methods shall be used on some financial plans.

56.11z - Purchaser Road Construction Credit Obligations

There is no reporting of obligations through the Central Accounting System. The Automated Timber Sale Accounting (ATSA) system keeps record of the annual purchaser credit limitation.

A charge against the annual limitation is created when a timber sale contract containing purchaser credit is awarded. The initial charge is the total amount of purchaser credit limit stated in the contract, regardless of whether the credit is effective or ineffective at the time of the sale award.

Throughout the life of a timber sale contract, the purchaser credit limit may increase or decrease through the issuance of change orders or amendments. The ATSA system keeps record of all such changes made during the current year against the currently available off-budget limitation authority. One exception is that in long-term timber sales in Alaska, only the purchaser credit included in the purchaser's annual operating plan approved by the Forest Service, plus or minus any changes approved during the year establishes the purchaser credit limit.

The ATSA report entitled, "Timber Receipts and Road Asset Values", shows in column 3 the total amount of charges that applies against the limitation.

1. Purchaser Credit Charges. Obtain the purchaser credit charges for calculating "moneys received" (for payments to States) from the ATSA report entitled, "Timber Receipts and Road Asset Values". This report includes all charges to purchaser credit for the current year for all contracts.
2. Real Property Accounting. Obtain the real property values for roads constructed by timber purchasers in accordance with section 56.3 of this handbook.

56.15 – Forms

The following forms are available and must be used by Financial Management.

All the forms listed can be found at <http://fsweb.wo.fs.fed.us/im/recman/forms/index.htm>

1. Form FS-6500-208, Reimbursable or Advance Collection Agreement Job Code Assignment.

2. Form FS-6500-230, BPA (Blanket Purchase Agreement) Invoice Receipt Certification.
3. Form FS-6500-231, Vendor Code Information Worksheet.
4. Form FS-6500-232, Miscellaneous Payments Transmittal Form.
5. Form FS-6500-236, Authorization to Terminate Collection Action.
6. Form FS-6500-237, Lockbox Content Manifest.
7. Form FS-6500-238, Inquiry on Missing or Lost Payment.
8. Form FS-6500-207, Request to Increase Government Travel Card Limit.