Forest Service Handbook
National Headquarters - Washington Office
Washington, DC

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

Amendment: 6509.11k-2021-3

Effective date: October 26, 2021

Duration: This amendment is effective until superseded or removed.

Approved by: Robert Velasco, Chief Financial Officer (CFO)

Date approved: October 20, 2021

Responsible Staff:

Last Change: 6509.11k-2021-1 to Chapter 40.

Superseded Document(s): 6509.11k-2021-1, January 11, 2021

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

54: Renames section title from "Accounting" to "General Accounting and Reporting" and sets forth direction.

Digest: Revised January 11, 2021

53: Revises entire section. This section addresses financial policy and procedure, for Reimbursable Agreements.

54: Removes obsolete direction

Table of Contents

54 – General Accounting & Reporting 4
54.1 – Authority 4
54.2 – Objective 9
54.3 – Policy 9
54.4 – Responsibility 11
54.41 – Chief Financial Officer (CFO) 11
54.42 - Director of Budget & Finance (B&F) 12
54.43 - Director of Financial Policy 13
54.44 – Director of Audit & Assurance (A&A) 14
54.45 – Director of Strategic Planning, Budget, and Accountability (SPBA) 15
54.45a – Deputy Chiefs, Regional Foresters, National Forest Supervisors, Station Directors, Institute Director, Forest Products Laboratory Director, and Job Corps Conservation Center Directors 15
54.46 – Director of Financial Systems 16
54.47 – Director of Financial Reporting & Reconciliation (FR&R) 16
54.48 – Washington Office, Director of Engineering 18
54.48a – Washington Office, Director of Grants and Agreements 18
54.48b – Washington Office, Procurement & Property Services (PPS) 18
54.5 – Definitions 19
54.6 – Expenditure Transfers 22
54.61 – Recording Expenditure Transfers 23
54.61a – Non-expenditure Transfer (NET) 23
54.62 – Accounting Adjustments 23
54.62a – Prior Period Adjustment 23
54.62b – Correction of Errors 24
54.63 – Posting Logic 24
54.64 – Changes in Significant Accounting Estimates 25
54.64a – Justification of an Accounting Change/Estimate 25
54.64b – External Reporting 26
54.64c – Balance Sheet 26
54.64d – Statement of Net Costs 26
54.64e – Statement of Changes in Net Position 26
54.64f – Statement of Budgetary Resources 27
54.64g – Notes to Principal Financial Statements 27
54.64h – Required Supplementary Information (RSI) 27
54.65 – Billing & Collection 28
54.65a – Accounting for User Fees 30
54.65b – Accounting for Special Pricing Considerations 30
54.65c – Accounting for Civil Monetary Penalties 31
54.66 – Receivables 31
54.66a – Allowance for Doubtful Accounts 33

54.66b – Measuring Allowance for Doubtful Accounts Losses................................... 33
54.66c – Individual Account Analysis 33
54.66d – Group Account Analysis... 34
54.66e – Debt Referral... 34
54.66f – Termination of Collection Action, Write-off and Close-out/Cancellation of Indebtedness 36
54.66g – Treasury Report on Receivable (TROR).. 38
54.66h – Content of TROR as a Management Report.. 39
54.66i – Multi-Year Funding Availability/Lifecycle.. 39
54.66j – Identifying TAS Period of Availability.. 40
54.67 – Refunds 40
54.67a – Review of Agency Unclaimed Money Accounts 40
54.67b – Notification of Unclaimed Money Accounts.. 41
54.68 – Accounting for Environmental Liabilities – Asbestos Reporting 41
54.69 – Digital Accountability & Transparency Act (DATA Act) 41
54.69a – DATA Act Reporting and Sources 42
54.69b – Data Quality Plan/Commitment to Accuracy and Completeness.................. 43
54.7 – Management Controls 44
54.71 – Management Controls Review Process 44
54.71a – Testing Management Controls.. 44
54.71b – Reasonable Assurance... 45
54.71c – Accrual Accounting 45
54.71d – Frequency of Accrual... 45
54.71e – Accrual Documentation 45
54.71f – Accrued Liabilities 45
54.71g – Accrued Accounts Receivables, Unearned/Deferred Revenue, Accrued Revenues 46
54.71h – Standards for Estimating Accruals... 46
54.72 – Intra-governmental Payment & Collection (IPAC) Reporting 47
54.72a – IPAC Accounting Elements... 48
54.72b – Advance Payment/Collections.. 48
54.72c – Business Rules Receipt and Acceptance/Trading Partners............................ 48
54.72d – Recording Work in Progress/Trading Partners... 48
54.72e – Accounting/Recording Capitalized Assets.. 49
54.72f – Intragovernmental Transactions/Balances... 49
54.73 – Central Accounting Reporting System (CARS) Reporting 49
54.74 – Continuing Use of Suspense Accounts F3875 and F3885 for Reporting Suspense Account Activity.. 50
54.75 – User Charge As a Fee 50

54 – General Accounting & Reporting

54.1 – Authority

1. Digital Accountability and Transparency Act (DATA) of 2014 (Pub. L. 113-101). This authority sets forth provisions for disclosing direct Federal agency expenditures and linking Federal contracts, loans, and grant spending information to programs of Federal agencies to enable taxpayers and policymakers to track Federal spending more effectively. The act also requires the establishment of government-wide data standards for financial data and provides consistent, reliable, and searchable government-wide spending data that is displayed accurately for taxpayers and policymakers on www.usaspending.gov or successor system that displays the data. The Act seeks to hold Federal agencies accountable for the financial data they report to the repository.

2. Office of Management & Budget (OMB) Memorandum M-15-12. Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable. This Memorandum guides Federal agencies on current reporting requirements pursuant to the Federal Funding Accountability and Transparency Act (FFATA) as well as new requirements that agencies must employ pursuant to the DATA Act). This Memorandum includes guidance issued by the OMB and the Department of the Treasury under section 4(c) of FFATA, as amended. The memorandum seeks to provide guidance to agencies to improve the effectiveness of the Federal Government's resources through increased transparency and use of Federal spending data. By making Federal spending data more accessible, searchable, and reliable, and joining this information with other third-party data sources, Federal agencies and taxpayers have an opportunity to better understand the impact of Federal funds and improve the lives of the American public.

3. Adjustments between appropriations (31 U.S.C 1534 & 1535). This authority stipulates that an appropriation available to an agency may be charged at any time during a fiscal year for the benefit of another appropriation available to the Agency to pay costs when amounts are available in both the appropriation to be charged and the appropriation to be benefited; and subject to limitations applicable to the appropriations.

4. Agency agreements (31 U.S.C 1535). This authority stipulates that the head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if amounts are available; the head of the ordering agency or unit decides the order is in the best interest of the United States Government; the Agency or unit to fill the order can provide or get by contracting the ordered goods or services, and the head of the Agency decides ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

5. Civil monetary penalties (42 U.S.C. 1320a – 7a). This provision authorizes the Office of Inspector General (OIG) to impose civil monetary penalties, and sometimes exclusion for a wide variety of conduct and is authorized to seek different amounts of penalties and assessments based on the type of violation at issue. Penalties may range from $2,000 to

$100,000 for each violation, depending on the specific misconduct involved. The monetary sanctions imposed generally far exceed the damages sustained by the Government. The OIG must only prove liability by a "preponderance of the evidence" rather than the more demanding "beyond a reasonable doubt" standard required in criminal actions.

6. Chief Financial Officers (CFO) Act of 1990, (31 U.S.C. § 902 (enacted in the CFO Act of 1990). This Act requires CFO to review on a biennial basis fee, royalties, rents, and other charges imposed by the Agency for services and things of value it provides and to make recommendations on revising those charges. It also establishes government-wide financial management policies, requirements, and monitoring for the establishment and operation of financial management systems. The Act requires the development and maintenance of integrated accounting and financial management systems, directing, managing, and providing policy guidance and oversight of all agency financial management personnel, activities, and operations. Approving and managing financial management systems design and enhancement projects, developing budgets for financial management operations and improvements; overseeing the recruitment, selection, and training of personnel to carry out agency financial management functions as well as implementing agency asset management system. This Act also establishes the Office of Federal Financial Management (OFFM) in the Office of Management and Budget (OMB) to perform similar government-wide financial management responsibilities.

7. Consolidated Appropriations Act, 2017 (H.R. 244). This Act sets the overall fiscal year 2017 spending limits by agency or program and authorizations directing how Federal funds should or should not be used. It also requires the Forest Service transition, effective FY 2017, from no-year to multi-year (4 years) funds. The transition to multi-year funds requires the application of the "Bona Fide Need Rule" on agency use of its multi-year funds; this rule does not apply to no-year funds.

8. OMB Circular A-25 – User Charges. This Circular establishes Federal policy regarding fees assessed for government services and sale or use of government goods or resources. It provides information on the scope and types of activities subject to user charges and on the basis upon which user charges are to be set. It also provides guidance for agency implementation of charges and the disposition of collections.

9. OMB Circular A-11 § 20.7 (g). This Circular defines a user charge as a fee, charge, or assessment the Government levies on a class of the public directly benefiting from, or subject to regulation by, a government program or activity. This section also provides a helpful list of inclusions and exclusions, for comparison. For additional guidance and perspective, see the GAO report, "Federal User Fees – A Design Guide," issued in May 2008 and available on the GAO website at http://www.gao.gov/assets/210/203357.pdf.

10. OMB Circular A-11, Preparation, Submission, and Execution of the Budget, including Part 4 and Appendix H. This Circular provides the following:

a. An overview of the budget process, including the basic laws and terms and concepts needed to better understand the budget process, including directions on the administration of funds;

b. Guidance on how to prepare and submit materials required for OMB and Presidential review of all agency requests and the formulation of the budget; and

c. Describes the requirements of the GPRA (Government Performance Results Act) Modernization Act, 2010, relative to strategic plans, performance plans, and reports. Part 4 provides instructions on Budget Execution and related OMB guidelines. Appendix H provides a checklist for Funds Control Regulations.

11. Office of Management & Budget (OMB) Circular No. A-123, Management's Responsibility for Internal Control and Enterprise Risk Management – Memorandum (M-16-X). The Heads of Executive Departments and Agencies: The goal of this revised Circular is to modernize efforts to implement the Federal Managers' Financial Integrity Act (FMFIA) of 1982 to evolve existing internal control framework to be more value-added and provide for stronger risk management to improve mission delivery. This shifts the focus to also emphasize program reviews from the singular focus on financial reporting.

12. Departmental Regulations (DR-1110-2, June 17, 2013) – Management's Responsibility for Internal Control. This DR provides a Department-wide policy designed to improve the accountability and effectiveness of agency programs and operations. The policy intends to ensure that programs are managed with integrity, and that program operations comply with applicable laws and regulations.

13. OMB Circular No. A–130, Management of Federal Information Resources. This circular reflects information technology (IT) that pertains to financial management systems. The Circular establishes the general policy for the planning, budgeting, governance, acquisition, and management of Federal information, personnel, equipment, funds, IT resources, and supporting infrastructure and services. The appendices to this Circular also include responsibilities for protecting Federal information resources and managing personally identifiable information (PII).

14. Federal Account Symbols & Titles (FAST) Book – Agency Identifier Codes. This Treasury FAST Book sets forth guidelines for government-wide use of treasury account symbols, such as expenditure/receipt accounts, authorities that established the accounts and how they accounts can be used. The FAST Book may be accessed via this link: https://fiscal.treasury.gov/files/fast-book/fastbook-march-2021.pdf

15. The GAO Green Book – Standards for Internal Control in the Federal Government (September 2014). The Green Book provides Managers with criteria for designing, implementing, and operating an effective internal control system. It defines standards through components and principles and explains why they are integral to an agency's internal control systems. The Green Book clarifies what processes management

considers part of internal control. In a mature and highly effective internal control system, internal control may be indistinguishable from day-to-day activities personnel perform. Agencies use the Green Book to help achieve their objectives related to operations, reporting, and compliance (http://www.gao.gov/greenbook/overview).

16. Title 2 CFR 200.343(b), Closeout. This Regulation determines the closeout process that must take place when all applicable administrative actions and all required work is completed at the end of the period of performance as specified in the terms and conditions of the Federal award (https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-sec200-343.pdf).

17. Title 48 CFR 4.804-5, Procedures for Closing out of Contract Files. This Regulation requires that all contracts disposals and closeouts are completed in compliance with Federal Acquisition Regulation procedures and closeout process of contract files.

18. Departmental Regulation (DR), 2130-008, October 24, 2016 – Changes in Significant Accounting Estimates. This DR requires agencies to request approval, in writing, from the USDA Chief Financial Officer (CFO) for significant changes in accounting estimates when the effect of the change is more than 10% and $100 million in the financial statements.

19. Treasury Financial Manual (TFM), Chapter 4700: Agency Reporting Requirements for the Financial Report of the United States Government. This TFM prescribes how agencies provide data for the financial report of the Federal government using the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) It also includes the Bureau of the Fiscal Service (Fiscal Service) Closing Package methodology, the Federal Intragovernmental Transactions process, and requirements for submitting pre-closing GTAS Adjusted Trial-Balance (ATB). However, the TFM does not include all reporting requirements for GTAS.

20. Closing of Appropriation Accounts Available for Indefinite Periods (31 U.S.C. 1555). This provision mandates that an appropriation account available for obligation for an indefinite period must be closed, and any remaining balance (whether obligated or unobligated) in that account will be canceled and thereafter shall not be available for obligation or expenditure for any purpose, if:

a. The head of the Agency concerned or the President determines that the purposes for which the appropriation was made have been carried out; and

b. No disbursement has been made against the appropriation for two consecutive fiscal years.

21. Debt Collection Improvement Act of 1996 (Pub. L. 104-134**).** This statute sets forth provisions for the Federal Government to move toward its goal of increased electronic commerce and improved cash and debt collection management. The goal of this statue is to maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools to

minimize the costs of debt collection by consolidating related functions and activities and utilizing inter-agency teams.

22. Federal Accounting Standards Advisory Board (FASAB) Handbook of Federal Accounting Standards & Other Pronouncement, as Amended – June 30, 2020. This Handbook compiles and codifies documents produced by the FASAB. It is designed to meet the needs of users for an authoritative reference to concepts, standards, interpretations, technical bulletins, technical releases, and other issuances. It contains extensive cross-referencing and indexing. https://files.fasab.gov/pdffiles/2020_fasab_handbook.pdf

23. United States Standard General Ledger (USSGL) Bulletin No. 2021-17 (March 2019). This Treasury guidance provides a uniform chart of accounts & technical guidance for standardizing Federal agency accounting. It sets forth official publication of policies, procedures, and instructions concerning general ledger accounting and financial management in the Federal Government, intends to promote the Government's financial integrity and operational efficiency. https://tfm.fiscal.treasury.gov/v1/supplements/ussgl.html

24. Office of Management and Budget (OMB), Circular A-136 (Financial Reporting Requirements). This Circular establishes a central point of reference for all Federal financial reporting guidance for Executive Branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PARs) or Agency Financial Report (AFR) under the Chief Financial Officers (CFO) Act of 1990 and the Accountability of Tax Dollars Act (ATDA) of 2002.

25. Treasury Central Accounting Reporting System (CARS). The CAR*S* handles accountin*g* and reporting for all Federal agencies. The CARS is the electronic system of record for the Government's financial data which provides streamlined agency reporting and supports Government-wide standardization. Along with Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and Intra-Governmental Payment and Collection (IPAC), CARS is a system that falls under Government-wide Accounting (GWA).

26. Treasury Financial Manual (TFM), Chapter 2000 – Depositing Domestic Checks & Cash Received in Over the Counter Collections. This Treasury Manual Guides Federal agencies regarding government collections and deposits of funds such as frequency, deposit reporting and so forth.

27. FASAB- Technical Bulletin 2020-1, Loss Allowance for Intragovernmental Receivables. This Technical Bulletin clarifies that recognition of losses, provided in paragraphs 40-52 of SFFAS 1, applies to both intragovernmental receivables and receivables from non-Federal sources. It also addresses the changes to the methodology for calculating the allowance for uncollectible accounts, to include Federal accounts receivables.

28. Departmental Regulation (DR), 2100-003-01, August 01, 2005. This regulation establishes departmentwide policy for the biennial review of fees and other charges in accordance with Office of Management and Budget (OMB) Circular No. A-25, "User Charges." These policies and procedures are applicable to all Department of Agriculture (USDA) agencies, corporations, and mission areas (agencies). OMB Circular No. A-25 establishes Federal policy regarding fees assessed for Government services and for sale or use of Government goods or resources. The objectives of this policy are to:

a. Ensure that each service, sale, or use of Government goods or resources by an agency to specific recipients be self-sustaining,

b. Promote efficient allocation of the Nation's resources by establishing charges for special benefits provided to the recipient that are at least as great as the costs to the Government of providing the special benefits, and

c. Allow the private sector to compete with the Government without disadvantage in supplying comparable services, resources, or goods, where appropriate.

29. Office of Management and Budget (OMB) M-17-04 - Guidance for DATA Act Implementation. This regulation requires that the Senior Accountable Official (SAO) assures, on a quarterly basis, that alignment among all files within the complete DATA Act submission is valid and reliable, including the linkages across all data in files A-F. OMB M-17-04 further states that when there are legitimate differences between the files, the SAO should provide an explanation for any misalignment.

Office of Management and Budget (OMB) M-18-16 - Appendix A to OMB Circular No. A-123, Management of Reporting and Data. This guidance pursuant to OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (OMB Circular No. A-123), requires agencies to manage risk in relation to achievement of reporting objectives. This updated version of Appendix A, Management of Reporting and Data Integrity Risk, conforms to OMB Circular No. A-123.

54.2 – Objective

To provide service-wide guidance for accounting and reporting of agency business operations.

54.3 – Policy

1. All Treasury Account Symbol (TAS) with no activity or disbursement for two consecutive fiscal years (31 U.S.C, 1555) must be researched to determine if the TAS should be closed out or canceled. Any remaining balance on the account shall be transferred to the appropriate Treasury Miscellaneous Receipt account in accordance with the enabling legislation.

2. Establish procedures to bill and collect amounts owed to the Agency as quickly and as efficiently as possible. Prepare invoices for goods or services to those outside the Federal Government upon advice that goods and services have been shipped or services are rendered. Ensure each invoice is prepared within seven business days or in accordance with the terms of the agreements.

3. Make monthly, quarterly, and year-end reconciliation of all agency accounts to ensure full, accurate, and timely recording and reporting of accounting operations.

4. Maintain sufficient supporting documentation to justify transactions recorded in the Agency core accounting system. All transactions including adjustments are subject to an internal and external review.

5. Require all non-Federal applicants to make payment in advance of, or simultaneously with, the rendering of goods or services unless appropriations and authority are provided in advance to allow reimbursable services.

6. Set user fees as rates rather than fixed dollar amounts, when possible, to adjust for changes in costs to the Government or changes in market prices of the goods, resources, or services provided.

7. Unless a statute provides otherwise, user charge collections must be credited to the general fund of the Treasury as miscellaneous receipts, as required by 31 U.S.C. 3302.

8. Establish a uniform schedule of charges for like products or services, such as, maps and charts. Price schedules will be set for each similar group of products or services rather than setting prices on an individual item basis. As a general rule, user fees must be based on the full costs associated with producing goods or services. However, in certain instances when there is substantial competitive demand for a good or service, or in instances when it is necessary to achieve a balance in the demand and supply of such goods or services, user fees need not be limited to the recovery of the full cost. In such instances, net revenues may be obtained.

9. As a normal rule, legislative proposals that permit fees to be credited to accounts should also be consistent with the full-cost recovery guidelines contained in OMB Circular A-25. Any fees in excess of full-cost recovery must if possible, be returned to the depositor or credited to the general fund of the Treasury as miscellaneous receipts.

10. Review user charges for agency programs biennially, to include:

    a. Assurance that existing charges are adjusted to reflect unanticipated changes in costs or market values; and

    b. A review of all other agency programs to determine whether fees should be assessed for Government services or the user of Government goods or services.

11. Coordinate service-wide review of management controls and financial systems to ensure that effective management/internal controls are in place and units are held accountable for compliance with applicable laws and management policy.

12. Establish a systematic methodology for measuring and analyzing allowance for doubtful accounts.

13. Assign a unique Federal Award Identification Number for agency financial assistance awards and report agency financial assistance award data monthly on USASpending.gov in accordance with DATA Act provisions.

14. Annually, report appropriations account summary-level data including obligations and outlays by appropriations account, object class, and program activity to USASpending.gov and link them to award-level data.

15. Report all Financial Assistance Awards above the Micro-Purchase Threshold ($25,000 or greater) on a Bi-Weekly Cycle to USASpending.gov.

16. Specific Standard Operating Procedures (SOP) direction required by this directive or day to day activities of staff area business processes will be maintained and updated within the respective business areas of responsibility. Updated SOPs can be found at https://usfs.app.box.com/v/cfostandardoperatingprocedures/.

These SOPs provide a description of process steps and required key control activities in accordance with the GAO Green Book, (https://www.gao.gov/greenbook/overview) to include controls to separate incompatible duties and responsibilities.

Any SOP or supplemental direction created must reference the related FSM or FSH directive(s) and be signed and approved by the appropriate staff, and must also outline the key control activities expected of that program/functional area in accordance with the GAO Green Book: (https://www.gao.gov/greenbook/overview).

Annually, a risk assessment is conducted by CFO leadership to determine which SOPs/supplements need to be updated with the identified updates taking place during the fiscal year by the applicable program area.
See https://usfs.box.com/v/cfostandardoperatingprocedures for CFO established supplements or SOPs under this directive.

17. Review and approve routine and non-routine accounting adjustments in the core accounting system.

54.4 – Responsibility

54.41 – Chief Financial Officer (CFO)

The CFO is responsible for ensuring that the Agency adheres to sound financial management policies and practices by working with staff to improve the quality, completeness, and integrity of financial data in the Agency core accounting system.

54.42 - Director of Budget & Finance (B&F)

The Director of B&F is responsible for:

1. Approving all routine and non-routing accounting adjustments in the core accounting system.

2. Submitting the Things of Value report created by NFS, to United States Department of Agriculture, Office of the Chief Financial Officer, (USDA-OCFO) by due date.

3. Developing a systematic methodology for measuring and analyzing accounts receivable allowance for doubtful accounts.

4. Establishing procedures to bill and collect amounts owed to the Agency as quickly and as efficiently as possible.

5. Coordinating with units when there is a need for issuing dunning notices to vendors/cooperators when invoices or payments are past due.

6. Submitting the Treasury Report on Receivable (TROR) quarterly to Treasury via the Debt Management Information System portal after the CFO's approval/signature.

7. Submitting to Treasury through the OCFO agency's written justification for the temporary use of suspense account F3875 and/or F3885, annually.

8. Working with the Director of Financial Reporting & Reconciliation to transfer any remaining balance on the closed or canceled Treasury Account Symbol to Treasury Miscellaneous Receipt in accordance with the enabling legislation.

9. Ensuring quality information or data is entered into the Agency core accounting system.

10. Providing monitoring and analysis of the Agency File C error report. Collaborates with Financial Reporting and Reconciliation (FR&R) and USDA Transparency and Accountability Reporting Division (TARD) on solving reporting errors.

11. Researching File C error transactional data, coordinates with other B&F branches, and Procurement & Property Services (PPS) to obtain proper Procurement Instrument Identifier (PIID). Correct PIIDs are then uploaded into Financial Management Modernization Initiative (FMMI)to clear the error report.

12. Monitoring and providing analysis for the monthly NDA (NON-DATA ACT) report by working with other B&F branches to ensure only non-reportable transactions are using this designation in the primary financial system. Identifies and corrects any reportable transactions on this report by uploading the proper PIID/FAIN.

13. Working with PPS Government Purchase Card (GPC) oversight branch to obtain PIIDs for purchase card errors on the File C error report.

14. Reviewing audit samples for DATA Act sampling and coordinate result with other B&F branches as needed.

15. Reviewing and updating the quarterly assurance statement for Audit &Assurance to provide to the SAO for quarterly certification, as needed.

16. Participating in Data Act meetings with other CFO directorates, PPS, and the Department as needed to stay informed of latest DATA Act information.

17. Creating and developing standard operation procedures related to the DATA Act role of B&F, as needed.

18. Performing manual FPDS entries for fire payments that occur outside the Integrated Acquisition System (IAS)to keep the file C report in sync with the D1 file for procurement awards. Entries are based off the monthly reports received from PPS. Financial Management Systems (FMS)

19. Establishing all accounting master data elements within the Agency core accounting system, FMMI and monitor all Forest Service financial applications transmitting data to the FMMI and ensure that all financial activity is recorded timely.

20. Modifying Forest Service financial applications as needed to meet DATA Act requirements by defining requirements, as well as testing all system change requests to mitigate adverse impacts.

21. Assisting other staff areas as needed in identifying and resolving any systemic issues resulting in errors or inaccurate data.

54.43 - Director of Financial Policy

It is the responsibility of the Director of Financial Policy to:

1. Issue service-wide accounting policies timely and in accordance with statutory authorities and standards.

2. Review the annual Asbestos Cleanup cost estimates from the Director of Engineering for completion and accuracy and forward to the OCFO/Department for the year-end consolidated financial statements reporting; under the Environmental & Disposal Liabilities Note. Agencies are required to recognize and measure asbestos-related cleanup costs, such as friable and non-friable asbestos-related cleanup costs.

3. Coordinate with the Director of Financial Reporting & Reconciliation (FR&R) to assist in interpreting or determining the posting logic or receipt account to transfer the

remaining balance on the closed out TAS to Treasury Miscellaneous Receipts. The determination of the appropriate posting logic or receipt account shall be based on the enabling legislation.

4. Coordinate with the National Forest System (NFS), Deputy Area Budget Coordinator (DABC) for any unprocessed activity documents on Things of Value and identified errors are corrected and the accurate documents is process in the Agency's core accounting system.

54.44 – Director of Audit & Assurance (A&A)

It is the responsibility of the Director of A&A to:

1. Provide oversight for established corrective action plans to address any control weaknesses over accounting operations.

2. Provide an overall review of controls on a three-year rotation basis or as necessary per the annual risk assessments.

3. Review for accuracy and completeness the biennial review of Things of Value.

4. Determine on evaluation of programs for potential charges related to Things of Value was completed.

5. Review and ensure the CFO Biennial Review of Charges for Things of Value report is in compliance with the circular and the departmental directive.

6. Testing the Forest Service internal controls to provide assurance that the internal controls are accurate, timely, and complete.

7. Perform control test procedures for various required testing elements pertaining to File A, File B, File C, File D1 and File D2 of DATA Act Reporting, per OMB Circular A-123, Appendix A and OMB M-15-12.

8. Review DATA Act A-123 audit samples each audit year and report any audit findings to the CFO, OCFO and Forest Service stakeholders.

9. Coordinate with Forest Service stakeholders to create corrective action plans to address any audit findings.

10. Participate in DATA Act and/or Department meetings (as needed) and report DATA Act error reports and work with Department stakeholders on resolution of errors, as needed

11. Provide the CFO information regarding USDA Component Agency Data Act Reporting Assurance.

12. Report and brief the SAO on a quarterly basis, on the USDA Component Agency Data Act Reporting Assurance Statement and submit the Assurance to the Department.

13. Assist with DATA Act special projects, sub-teams, clean-up efforts, and so forth (on an as-needed basis).

54.45 – Director of Strategic Planning, Budget, and Accountability (SPBA)

It is the responsibility of the Director of SPBA to:

1. Coordinate with the Director of FR&R to identify and closeout/cancel Treasury Account Symbols (TAS) that have been inactive for two consecutive fiscal years;

2. Notify and seek approval from the Director of the Office of Budget & Program Analysis (OBPA) via a letter with all the trial balance and other supporting documentation of the closeout TAS.

3. Submit baseline program levels and discretionary, mandatory, and governmental receipts proposal to OMB for consideration as part of the budget formulation process. Also, work with OMB to determine the effect of proposals on budget authority, collections, and outlays based on the Administration's economic and technical assumptions.

54.45a – Deputy Chiefs, Regional Foresters, National Forest Supervisors, Station Directors, Institute Director, Forest Products Laboratory Director, and Job Corps Conservation Center Directors

It is the responsibility of the Deputy Chiefs, Regional Foresters, National Forest Supervisors, Station Directors, Institute Director, Forest Products Laboratory Director, and Job Corps Conservation Center Directors (responsibilities may be delegated as needed to the following, for example, Budget Officers, Contracting Officers, Program Managers, Deputy Area Budget Coordinators (DABCs) and obligating officials) to:

1. Ensure efficient and productive business operations in order to meet the Agency's mission.

2. Ensure that administrative funds control policies and procedures are implemented and followed.

3. Initiate agreement or contract while working with the appropriate personnel (Budget Officers, Budget, and Finance (B&F), and so forth).

4. Verify that the source(s) and amount of funds used is available and appropriate for the goods and services procured.

5. Work with SPBA and B&F to monitor funds monthly to prevent overspending.

6. Ensure that obligations are reviewed monthly and that obligated balances are valid.

7. Monitor and ensure that performance under all obligating instruments are properly described in the statement of work, and that performance is monitored and fully accomplished under the instrument.

8. Work with B&F to ensure compliance with the policy and documentation requirements for the monthly review, quarterly certification, and corrective action of unliquidated obligations.

9. Work with the appropriate staff to ensure timely action is taken to adjust and deobligate identified unliquidated obligation balances. For any dormant obligations, work with B&F and Acquisition Management (AQM) to deobligate and free up unused funds.

10. Consolidate units' quarterly certification of open obligation reports and forward to the Region, Station and Area budget officer or the DABC.

11. Coordinate and assist in closeout procedures of all contract and grants and agreements.

12. Ensure that administrative funds control policies and procedures are implemented and followed.

13. Prepare the primary analysis for the Things of Value report.

54.46 – Director of Financial Systems

The Director of Financial Systems is responsible for:

1. Establishing agency core accounting system elements that allow for accurate accounting adjustments and reporting to internal and external entities.

2. Ensuring the Agency's core accounting system supports a fund control system and meets requirements of OMB Circular A-11, A-123, A-136 and A-25.

54.47 – Director of Financial Reporting & Reconciliation (FR&R)

It is the responsibility of the Director of FR&R to:

1. Coordinate with the Director of SPBA to identify and closeout Treasury Account Symbols that have been inactive for two consecutive fiscal years.

2. Coordinate with the Director of Budget & Finance to transfer any remaining balance on the closed or canceled Treasury Account Symbol to Treasury Miscellaneous Receipt in accordance with the enabling legislation.

3. Coordinate with the Director of Financial Policy to assist in interpreting or determining the posting logic or receipt account to transfer the remaining balance on all canceled/closed TAS.

4. Reconcile and resolve trading partner/intra-governmental transaction differences throughout all reporting periods (quarterly and annually).

5. Develop the certification statement for final CFO approval of consolidated submissions, and final submission to the Treasury Broker.

6. Provide on a quarterly basis, reasonable assurance that Forest Service's internal controls support the reliability and validity of the Agency account-level and award-level data reported to USASpending.gov, as required by OMB M-17-04. As the SAO, relies on agency-wide validations as controls to ensure the data is complete, timely and that valid linkages exist between the files when certifying and submission to the CFO for approval.

7. Schedules and participates in DATA Act POC and/or Department meetings, as needed.

8. Assist with the distribution, facilitation, review, and consolidation of Department DATA Act data calls/deliverables.

9. Assist Office of Grants & Agreements (OG&A) with the preparation of the DATA Act D2 Grants & Agreements File from source documents and/or systems to include: compiling reportable files, validating data, identifying incorrect data/working with stakeholders to correct data, tracking issues, assisting with issue resolution, preparing certification form, and so forth.

10. Monitor DATA Act Error reports and communicating and/or providing the errors to process owners for further research and resolution. Also coordinate with Department stakeholders on resolution of errors, on as-needed basis.

11. Provide summary of Data Act errors and known issues to the Audit &Assurance for the quarterly SAO certification

12. Assist with the coordination of DATA Act audit samples, distribute to applicable Forest Service stakeholders, and assist with the review and preparation of responses, as needed.

13. Assist with DATA Act special projects, sub-teams, clean-up efforts, and so forth (on as-needed basis).

14. Validate monthly, the Government-wide Treasury Account Symbol (GTAS) data with the Agency trial balance to ensure the Disaster Emergency Fund Codes (DEFC) codes are reflected accurately. Any changes to DEFC codes will be provided to the Department for updating.

15. Reviews and updates the quarterly assurance statement for Audit & Assurance for quarterly certification, as needed.

54.48 – Washington Office, Director of Engineering

It is the responsibility of the Director of Engineering to provide:

1. Annual Asbestos Cleanup cost estimate for real property to the Director of Financial Policy for review and onward submission to the OCFO/Department. The data provided, will form part of the year-end consolidated financial statements under the Environmental & Disposal Liabilities Note. Agencies are required to recognize and measure asbestos-related cleanup costs, such as friable and non-friable asbestos-related cleanup costs; and

2. The Asbestos Cleanup cost using the total square footage of real property expected to contain asbestos times a cost factor based on historical actual cleanup costs, adjusted for inflation, including any other identifiable costs, such as, survey cost and so forth.

54.48a – Washington Office, Director of Grants and Agreements

It is the responsibility of the Director of Grants and Agreements to:

1. Award grants and agreements in accordance with law, regulation, and policy.

2. Generate Excel files bi-weekly from Forest Service's Grants &Agreements Management source system called National Resource Manager (NRM).

3. Research, reconcile and resolves items, where there is possibility of error on prior submission of D2 file.

4. Document any unresolvable reconciliation items in preparation for bi-weekly submission.

5. Provide the DATA Act D2 file to a designated list of USDA and Agency recipients.

6. Ensure system enhancements are incorporated for data collection as reporting requirements change.

7. Review and update the quarterly assurance statement for Audit & Assurance to provide to the SAO and CFO approval for quarterly certification, as needed.

8. Create and develop standard operation procedures related to the DATA Act role of OG&A, as needed.

54.48b – Washington Office, Procurement & Property Services (PPS)

It is the responsibility of the Procurement & Property Services to:

1. Award contracts in accordance with law, regulation, and policy.

2. Ensure contract awards that meet reporting thresholds are accurately reported to FPDS-NG in accordance with FAR 4.6 and numbered with an appropriate PIID number in accordance with FAR 4.16 and agency guidance.

3. Ensure IAS Agency Lead and IAS records are numbered correctly and automatically interface to FMMI with PIID at the time of obligation and research any errors reported by FR&R.

4. Ensure Government Purchase Card (GPC) Oversight Branch and cardholders enter the PIID into the appropriate field in Access Online (AXOL). When submission of final approval by the approving official, the PIID will interface with FMMI (starting May 2021). GPC Oversight will ensure all data errors are resolved.

5. Coordinate with Incident Procurement Modernization (IPM) Team to move incident related transactions into IAS to ensure actions are reported using automated interfaces. IPM will ensure processes are in place to address legacy transactions are manually reported.

6. Review and update the quarterly assurance statement for Audit & Assurance to provide to the SAO for quarterly certification, as needed.

7. Create and develop standard operation procedures related to the DATA Act role of PPS, as needed.

54.5 – Definitions

<u>Allowance for Doubtful Accounts</u>. The allowance for doubtful accounts is used to anticipate the amount of accounts receivable that may or will not be collected. The United States Generally Accepted Accounting Principles (GAAP) states that the conditions under which receivables exist usually involve some degree of uncertainty about their collectability, in which case a contingency exists. The loss from uncollectible receivables needs to be reflected in the Agency's financial statements to present a fair depiction of management responsibility for agency financial statements.

<u>Asbestos Liability</u>. This records asbestos-related cleanup costs; recognition of a liability and related expense for those costs that are both probable and reasonably estimable; and disclosure of information related to friable and non-friable asbestos-related cleanup costs that are probable but not reasonably estimable in the financial statements. Over time, researchers realized that when asbestos materials are disturbed or damaged, asbestos fibers can be released into the air and cause dangerous exposure. When people accidentally inhale or ingest the microscopic fibers, the mineral can eventually lead to serious health problems, like mesothelioma and asbestosis. Asbestos-containing materials fall into two broad categories: friable and non-friable asbestos.

Biennial Review of Things of Value. These are items in a form of products or services and/or other charges that the Agency offers for sale or offers free of charge to the public. The cost or fees for these items must be reviewed every two-years and reported to the Department/OCFO to ensure the fees are self-sustaining and to promote efficient allocation of agency's resources by establishing charges for special benefits provided to recipients that are at least as great as the costs to the Agency.

Budget Scoring. Is the process of estimating the change in Government spending and collections resulting from enacted or proposed legislation, compared to what would happen in the absence of that legislation? These estimates are prepared both to inform policymakers of the budgetary effects of proposed legislation and to inform congressional and statutory budget enforcement procedures. Scoring occurs typically during budget formulation, the consideration of proposed legislation, and after a law has been enacted.

Change in Significant Accounting Estimates. When accounting for agency business operations, there will be times when an estimate must be used. In some cases, those estimates prove to be incorrect, in which case a change in accounting estimate is warranted. A change in estimate is needed when there is a change that affects the carrying amount of an existing asset or liability or changes the subsequent accounting for existing or future assets or liabilities. Changes in accounting estimates are a normal and expected part of the ongoing process of reviewing the current status and future benefits and obligations related to assets and liabilities. A change in estimate arises from the appearance of new information that changes the existing situation. In other words, there can be no change in the accounting estimate without new accounting information.

Civil Monetary Penalty. A fine issued in a civil court penalizing a violator of Federal statute. Violators usually profit from an illegal or unethical activity. The penalty is typically equal to the gains made from the illegal or unethical activity. These penalties must be recorded or deposited as miscellaneous receipts to Treasury, as these funds are generally not available to the Agency unless otherwise specified by law.

Congressional Budget Office (CBO). The Congress created CBO to give the Congress a stronger role in budget matters. CBO was established under the Congressional Budget Act of 1974 to provide objective, nonpartisan information that would support the budget process. CBO's mission is to help Congress make an effective budget and economic policy.

Debt Referral. A situation that usually occur as a result of an agency requesting Treasury's assumption of collection actions after the Agency's repeated but failed attempts to collect unpaid or delinquent debts. Delinquent debt referrals to Treasury apply to all agency and Federal collections due, including those debts by various private sector entities and Federal agencies, to collect the delinquent balance. Debt referrals may include the use of Credit Reporting Agencies, the Credit Alert Interactive Verification Reporting System, the Department of Justice, and other actions deemed appropriate by the Department of the Treasury.

Digital Accountability & Transparency Act (DATA Act). The DATA Act of 2014 is a law that aims to make information on Federal spending or expenditures more easily accessible and

transparent to the taxpayer. The Treasury and Office of Management and Budget have issued common standards for financial data provided by all government agencies. The purpose of the statute is to improve the ability of Americans to track and understand how the Government is spending their tax dollars.

Environmental Liability. Environmental liability refers to any liability, contingent or otherwise including any liability for damages, natural resource damage, costs of environmental investigation, remediation or monitoring, administrative oversight, costs, fines, or penalties resulting from or based upon a violation of any Environmental Law or requirement. Environmental liability may also occur as a result of an entity's attempt to discharge or release or threatened discharge of any hazardous materials into the environment. An example is an asbestos liability.

Friable Asbestos. Refer to asbestos-containing materials that can easily be reduced to powder by hand, when dry. These materials are more likely to release measurable levels of asbestos into the airborne environment when disturbed, and generally pose a greater risk to health. Examples of friable asbestos-containing materials include sprayed asbestos fire retardants, thermal lagging, such as pipe insulation, low-density boards, sheet vinyl underlay, or backing, and so forth.

Non-friable or bonded asbestos. Refer to asbestos-containing materials in which the asbestos is firmly bound in the matrix of the material. These materials are unlikely to release measurable levels of asbestos fiber into the airborne environment if they are left undisturbed. Therefore, they generally pose a lower risk to health. Examples of bonded asbestos-containing materials include asbestos cement products (flat and corrugated sheeting used in walls, ceilings, and roofs, molded items such as downpipes), vinyl floor tiles (however removal of the glue can be classed as friable) and so forth.

Non-routine Accounting Adjustments. These are accounting adjustments that are not made frequently (for example, are not made monthly). The adjustments are mostly made at the end of the fiscal year.

PAYGO, or Pay-As-You-Go. Is a budget enforcement mechanism aimed at encouraging fiscally responsible policymaking? In simplest terms, PAYGO forces lawmakers to pay for their priorities. It requires that any new legislation that increases deficits (whether through an increase in mandatory spending or decrease in revenues) must be fully offset by other increases in revenues or decreases in mandatory spending so that the new legislation does not add to the budget deficit.

Posting Logic. Is an approved United States Standard General Ledger (USSGL) account entry. The Agency posting logic must provide a self-balancing set of proprietary and/or budgetary accounts to record, for example, appropriation, apportionment, allotment, allocation, commitment, obligation, and expenditure processes. The Agency posting logic entries must be driven by debits and credits; the debits should always equal to the credits.

Prior Period Adjustment. An adjustment that occurs when financial statement preparers are required to fix past financial statements that were misstated because of a reporting error. Errors

in financial statements may be caused by mathematical mistakes, mistakes in the application of accounting standards such as GAAP and FASAB as well as an oversight or misuse of facts that existed at the time the financial statements were prepared.

Refunds. Although refunds are not ideal for agency business operations, they are however bound to occur in any period of agency business operations. A refund is a business process where the public returns merchandise or items they bought from the Agency in exchange for funds previously paid. Refunds will adjust the actual receipts available to an agency.

Routine Accounting Adjustments. These are accounting adjustments that are made frequently such as monthly or quarterly.

Treasury Report on Receivable (TROR). The Treasury Report on Receivables and Debt Collection Activities are the U.S. Department of Treasury's means of periodically collecting data on the status and condition of the Federal Government's nontax collections and/or department portfolio, in accordance with the requirements of the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (DCIA). The report is used by an agency that has debt but is pursuing them through collection actions. The Department of Treasury shares information in the TROR with other government agencies, some private sector organizations, and the public, to help facilitate debt management.

Unclaimed Monies. If the Government owes you money and you do not collect it, then it's unclaimed. Usually, the Government holds unclaimed monies because the owner’s whereabouts are unknown.

User Fees. Federal agencies charge user fees to ensure that each service, sale, or use of Government goods and/or resources provided by the Agency to specific recipients or the general public are self-sustaining. User fees or charges are designed to promote efficient allocation of the Nation's resources by establishing charges for special benefits provided to the recipient that are at least as great as costs to the Government of providing the special benefits.

54.6 – Expenditure Transfers

Expenditure transfers represent the shifting of funds between appropriations and involve an outlay. In general, the Agency may not augment its appropriation accounts with transfers from other accounts without specific statutory authority. Expenditure transactions are limited to transactions between two or more different appropriations, funds, or receipt accounts. The shifting of funds applies equally to:

1. Transfers of expenditures from one Federal agency to another;

2. Transfers from one appropriation to another within the same agency; and

3. Transfers to an inter-agency or intra-agency working fund. All transfers between Federal funds (general, special, and non-trust revolving funds) and trust funds are also treated as expenditure transfers.

54.61 – Recording Expenditure Transfers

Record Expenditure Transfers when payment is recorded incorrectly and an adjustment is needed, based on the following:

1. Goods, services, or equipment are ordered between Federal agencies;

2. Specific law or laws mandate payment is to be made by one appropriation on behalf of another appropriation;

3. Payment is between two Federal Funds or between two Trust Funds; and

4. There is an expenditure between USDA agencies, as a result, of a purchase of an asset or the incurrence of a liability.

54.61a – Non-expenditure Transfer (NET)

A NET is a transaction that does not represent payment for goods and services but serves only to adjust amounts available in accounts. NETs do not appear in Treasury publications or budget documents as receipts or expenditures and, therefore, do not affect the budget surplus or deficit. NETs are classified as intragovernmental or intergovernmental transactions.

In addition, NETs are limited to transactions in which both the withdrawal and the credit occur in the same group of accounts. The transactions are not recorded or reported as obligations, expenditures, or reimbursements. They are documented on SF-1151, “Non-expenditure Transfer Authorization,” and processed directly to Treasury without being reported on SF-224, “Statement of Transactions.”

54.62 – Accounting Adjustments

Accounting adjustments are business or accounting transactions that have not yet been included in the accounting records of the Agency as of a specific date. Accounting transactions are done to reconcile and update agency accounting records. Accounting adjustments are made to update the accounts to conform to appropriate standards, policies, and/or guidance. The Director of Budget and Finance must finally approve all routine and non-routine accounting adjustments. In threshold cases and approval of non-routine adjustments, the Director, FR&R has the authority to sign adjustments with a net G/L effect of $5 million or less. The ASC, B&F Director has the authority to sign adjustments with a net G/L effect up to $10 million. The ASC, B&F, CFO Director, or CFO designee, signs all adjustments with a net G/L effect of more than $10 million.

54.62a – Prior Period Adjustment

Prior period adjustments are required to fix past financial statements that were misstated because of reporting errors. Prior period adjustments should be limited to corrections of errors and accounting changes with retroactive effect, including those occasioned by the adoption of new Federal financial accounting standards, and should be recognized and measured under applicable standards. Adjustments should be recognized as a change in cumulative results of operations

(rather than as an element of net results of operations for the period). Prior period financial statements should not be restated for prior period adjustments recognized in the current period.

54.62b – Correction of Errors

Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after the issuance of financial statements, and if the financial statements would be materially misstated absent correction of the errors, corrections should be made as follows: The Agency financial statements are consolidated with the Department, for detailed agency financial statement process or SOPs, visit: https://usfs.box.com/s/kz3o4xppno74k4k2blydes6s7g5n1u2b for CFO established SOPs:

1. If only the current period statements are presented, then the cumulative effect of correcting the error should be reported as a prior period adjustment. The adjustment should be made to the beginning balance of cumulative results of operations, in the statement of changes in net position;

2. If comparative financial statements are presented, then the error should be corrected in the earliest affected period presented by correcting any individual amounts on the financial statements. If the earliest period presented is not the period in which the error occurred and the cumulative effect is attributable to prior periods, then the cumulative effect should be reported as a prior period adjustment. The adjustment should be made to the beginning balance of cumulative results of operations, in the statement of changes in net position for the earliest period presented; and

3. The nature of an error in previously issued financial statements and the effect of its correction on relevant balances should be disclosed. Financial statements of subsequent periods need not repeat the disclosures.

54.63 – Posting Logic

A posting logic is an approved Treasury related United States Standard General Ledger (USSGL) accounting and budgetary entries, which provides a uniform chart of accounts and technical guidance for standardizing Federal and agency accounting. The Agency posting logic must provide a self-balancing set of proprietary and/or budgetary accounts to record, for example, appropriation, apportionment, allotment, allocation, commitment, obligation, and expenditure processes. The Agency posting logic must be driven by debit and credit normal balance indicators, debits should always equal credits. Additionally, for proprietary accounts, assets should always equal liabilities and net position. The budgetary total and budgetary resources accounts should always equal the total status of budgetary resources accounts.

The Agency must request modification or addition to a posting logic through the OCFO/Department and must be approved by all the CFO Directorate including SPBA and the CFO Resource Information Manager.

54.64 – Changes in Significant Accounting Estimates

The preparation of financial statements requires frequent use of estimates for such items as asset service lives, salvage values, lease residuals, asset impairments, collectability of accounts receivable, warranty costs, pension costs, and so forth. Future conditions and events that affect these estimates cannot be known with certainty. Therefore, changes in estimates will be inevitable as new information and more experience are obtained. Changes in estimates are handled currently and prospectively. The effect of the change in accounting estimate is accounted for in the following scenarios:

1. Period of change if the change affects that period only; or,

2. The period of change and future periods if the change affects both.

An accounting change is one of the three types of modifications that affect an agency's accounting principles and practices or its application of the principles. The three types of accounting changes are:

1. Change in accounting principle from one generally accepted accounting principle to another alternative that is considered preferable;

2. A change in an accounting estimate; and

3. A change in the reporting entity.

54.64a – Justification of an Accounting Change/Estimate

A change in accounting estimate occurs when there are new accounting events, additional experience, subsequent developments, better insight, and improved judgment. Refining previously made accounting estimates is an inherent part of the accounting process. The Agency should request approval, in writing, from the USDA, Office of the Chief Financial Officer (OCFO) for significant changes in accounting estimates when the effect of the change is more than 10% and $100 million in the financial statements. The Agency is required to justify significant changes in accounting estimates.

The justification to the OCFO or the Department should be accompanied by developing a requirement document that contains:

1. An executive summary explaining the reason for the change, including a brief history of the current model and a brief description of the proposed change (DR 2130-008);

2. A section that describes the current process, including an analysis of the functions performed, a review of applicable regulations and guidance to ensure that the proposed model will comply with existing processes, and a review of the model's structure, inputs, and basic calculations; and

3. A section that describes the proposed model or change and its benefits and an explanation of the concept and design features.

The Agency should demonstrate that the new model is more appropriate or is responsive to such changes. Verification and validation analysis is a necessary component of implementing a new or enhanced model.

54.64b – External Reporting

External financial reporting includes financial statements, financial summaries, and related disclosures that are issued to users outside of the reporting entity (agency). The information is typically used by the taxpayer, OMB, Treasury, lawmakers, and other stakeholders. Principal external reports include the following statements or reports; Note: These external financial and nonfinancial reports are consolidated at the Department level with other agencies of the Department.

54.64c – Balance Sheet

This statement is prepared to report the financial position of the agency, pursuant to the requirements of 31 U.S.C. 3515(b) . While the balance sheet is prepared from the books and records of the entity in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statement is in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The Balance Sheet - presents, as of a specific time, amounts of future economic benefits owned or managed by the Agency (assets), amounts owed by the Agency (liabilities), and amounts that comprise the difference (net position).

54.64d – Statement of Net Costs

This statement reports separately, components of the net cost of the Agency’s operations for the period by a strategic goal. The net cost of operations is the gross cost incurred by the Agency less any exchange revenue earned from its activities.

54.64e – Statement of Changes in Net Position

The Statement of Changes in Net Position identifies all financing sources available to or used by the Agency to support its net cost of operations and the net change in its financial position. The sum of these components, Cumulative Results of Operations and Unexpended Appropriations, equals the Net Position at year-end. The statement reports the change in net position during the reporting period. The statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to the net position as a whole.

54.64f – Statement of Budgetary Resources

The Statement of Budgetary Resources (SBR) provides information about how budgetary resources were made available as well as their status at the end of the period. Information on the SBR should be reconcilable to the budget execution information reported on the SF-133 Report on Budget Execution and Budgetary Resources to ensure the integrity of the numbers presented on the statement. The SBR should be aggregated to reflect all the activities of the Agency for the year covered by the financial statement. Budget Scoring may be used to estimate the change in government spending and collections as a result of proposed or enacted legislation:

When does scoring occur during the budget process? Scoring occurs typically during budget formulation, the consideration of proposed legislation, and after a law has been enacted.

1. Budget formulation process. As part of the budget formulation process, agencies submit baseline program levels and discretionary, mandatory, and governmental receipt proposals to OMB for consideration. Agencies work with OMB to determine the effect of proposals on budget authority, collections, and outlays based on the Administration's economic and technical assumptions. The scored level of budget authority, collections, and outlays for each approved budget proposal and the baseline for all programs create an overall picture of the President's proposed fiscal path.

2. Congressional process and enactment. During the congressional legislative process, CBO is required by statute to score legislation. Such scoring advises congressional committees on compliance with congressional budget enforcement procedures. During a legislative session, pursuant to statute, OMB updates the Congress on its estimates of the costs of the annual appropriations bills and publishes PAYGO scorecards that include estimates of enacted legislation that affect mandatory spending or governmental receipts. Sequestration is triggered at the end of a legislative session if OMB's scoring of appropriations Acts determines a breach of the discretionary caps has occurred or if OMB's PAYGO scorecard shows a debit in the budget year.

54.64g – Notes to Principal Financial Statements

The notes provide details on the information presented in the financial statements. The notes immediately follow financial statements. For example, Note 1 may disclose Significant Accounting Policies of the Agency, Note 2 may be titled Non-Entity Assets, Note 3 May disclosure Fund Balance with Treasury of the Agency and so forth.

54.64h – Required Supplementary Information (RSI)

The RSI provides deferred maintenance, general information on stewardship land, collection type heritage assets, and the Statement of Budgetary Resources by Major Budget Account for the Agency. A Statement of Custodial Activity, information about social insurance, and risk assumed information would also be included in this section if applicable, per OMB Circular A-136, "Financial Reporting Requirements."

54.65 – Billing & Collection

Agency billing and collections practices emphasize the vital elements of cash management, which are to bill promptly for goods and services provided by the Agency and provide for rapid collection of all amounts due to the Agency or Federal Government. Through these practices, the amount of cash needed to conduct agency or government business is lessened, and the need for Federal borrowing is reduced. Collections from Federal entities should be conducted through non-expenditure transactions whenever possible. These transactions are to be made using the Treasury approved and required collection tool, such as the Intragovernmental Payment and Collection (IPAC) system. Collections, whenever possible, must be accomplished using EFT methods. The Agency must adhere to the following procedures to ensure Federal funds are timely billed and collected:

1. Establish procedures to bill and collect amounts owed to the Agency as quickly and as efficiently as possible, in accordance with Treasury debt management guidelines. These terms and conditions must also be outlined in all agency agreements and related bills and invoices as warranted. Vendor or partner invoices must be prepared for goods or services provided to those outside the Federal Government and ensure each invoice is prepared within one-working day following the day the Agency is advised that the goods have been shipped or released, or services rendered.

2. In the event the one-day billing rule is not cost-effective, billing must be prepared no later than five working days from the date the amount is recorded as an account receivable. Furthermore, the Agency is required to establish and maintain effective internal control procedures consistent with the Government Accountability Office's (GAO's) and Treasury's requirements. See FSM 1430 for internal control guidelines.

3. The collection and deposit of funds must be made timely, either daily or at a minimum, weekly, in accordance with Treasury Deposit directions and in a way that is most advantageous to the Federal Government, with collection by EFT through the Automated Clearing House (ACH) being the preferred method of receiving funds. Over the counter, transactions are to utilize agency designated collection systems, such as the Point of Sale System (POSS), to maximize the electronic collection opportunities for on-site customers to expedite the Government's timely access to its deposits.

4. A reconciliation of all deposits shall be performed between the Treasury's records and those maintained by the Agency at the close of each month, if not more often. To ensure effective reconciliation, the Agency shall classify transactions to the proper Treasury Account Symbol (TAS) at the time the transaction is executed or the point of origin (for example, when the collections are made); and if it is not immediately known which appropriation or deposit account a particular collection is to be recorded against, that collection may be recorded using the advance withholding account or the unidentified collections account (12X6500).

5. With the advent of Treasury electronic collection and modernization initiative, the use of a lockbox is not the preferred method of collection. Agency efforts must be directed towards the use of electronic collection tools, such as EFT, POSS, CARS and other on-

line portals to collect and/or process funds due to the government. However, a lockbox may be permissible if the Agency determines via document analysis that greater efficiency, economy, or reduction in the elapsed time for collections can be achieved by using a lockbox system of collection.

6. Contracts, agreements (including financial assistance agreements), or other formal arrangements under which goods or services (or financial assistance) are provided to an individual or organization outside the Federal Government, will include payment terms and provisions, in accordance with GSA and Treasury, and at a minimum:

a. Specify payment terms, including when payment will be due. The due date or the manner for determining the due date will be based upon delivery of goods or completion of service.

b. Require that payment be received no later than the due date.

c. Provide for payment by EFT, including sufficient EFT deposit information and/or lockbox collection method information, if deemed effective.

d. Provide for late charges in accordance with OMB and Treasury, such as in the form of interest, penalties, and administrative charges for payments received after the due date.

7. Collections under an invoice are normally required to be made within thirty days from the date of the invoice. This assumes satisfactory completion of the work or service and timely delivery. If the customer contests the adequacy of the work or services and the Agency agrees to correct the defect, the billing date may be extended until satisfactory performance is achieved. If supplies have been delayed in shipment and the organization or customer refuses to make payment until the supplies have been received, the Agency may determine whether an extension is justified. The program staff or unit may advise Budget & Finance Staff when an extension of the normal due date is warranted on any partner or organization billing. In no event will the due date be extended beyond 15 days past the thirty-day criteria mentioned in this paragraph, following receipt of the supplies from an organization or customer.

8. The Agency should generally consider mechanisms in the following order of preference for collection or deposit mechanism or methods:

a. Pay.gov, including, Automated Clearing House (ACH);

b. Fedwire Deposit System (FDS) (deposits requiring same-day settlement);

c. Treasury’s Automated Lockbox Network;

d. Offset Programs; and

e. Treasury’s General Account.

54.65a – Accounting for User Fees

Some user-fees are congressionally mandated; however, others are charged based on the cost of producing or providing the service/items. User fees charged by agency program areas such as maps, recreation, and so forth are to be periodically revised to reflect current and full costs, except when such fees are established by statute or through contract negotiations and competitive bids. In those instances when user fees are material, such fees shall be modified on an on-going basis to reflect current costs, including inflationary cost increases to recover the full cost to the Government of providing goods and services. In compliance with the Chief Financial Officer Act and OMB Circular A-25 Revised " User Charges," the Agency is required to review biennially all fees, royalties, rents, and other charges imposed by the agency for goods and services rendered, and other items of value(see DR2100-003 for more details). As part of this review, the Agency shall make recommendations on revising each fee charged to reflect costs incurred by the units for providing services and products to the public or other government (including Federal) agencies.

The Agency should include terms and conditions in multi-year contracts, as appropriate, which allow for adjustments to user fees based on biennial reviews.

54.65b – Accounting for Special Pricing Considerations

In select instances, there are statutory prohibitions against imposing user fees. The Agency must be aware of these prohibitions. In certain other instances, pricing policies have been established by OMB or by other statutory provisions for particular goods or services rendered to the public, including agency employees or State and local government employees. Where an OMB Circular or other statutory provision provides guidance on a specific user charge area, the guidance of that Circular, standard, or statutory provision shall take precedence over the requirements of this section.

Examples of special pricing considerations include:

1. Policies on setting rental rates for government-furnished quarters and facilities occupied by employees are prescribed in OMB Circular A-45, "Rental and Construction of Government Quarters," as amended;

2. Policies on costs of distributing information products and services are prescribed in OMB Circular A-130, "Management of Federal Information Resources;" and

3. Policies on providing services to State and local governments are prescribed in OMB Circular A-97, "Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services for State and Local Units of Government under Title III of the Intergovernmental Cooperation Act of 1968." The Agency should be aware that even though other authorities may exist for limiting the imposition of user fees, there may be instances when circumstances or situations surrounding the sale of goods or services require that specific statutory provisions apply rather than this section of the directive.

More specifically, where the field provides custom-tailored information services to specific individuals or groups, full cost recovery is appropriate. For example, if a unit prepares special reports or information in response to an inquiry such as Freedom of Information Act inquiry, costs associated with fulfilling the request would be charged, and the requestor should be informed before the work begins.

54.65c – Accounting for Civil Monetary Penalties

The Civil Monetary Penalty provisions (42 U.S.C. §1320a-7a) authorize the Office of Inspector General (OIG) to impose civil monetary penalties, and sometimes exclusion for a wide variety of conduct and is authorized to seek different amounts of penalties and assessments based on the type of violation at issue. Penalties may range from $2,000 to $100,000 for each violation, depending on the specific misconduct involved. The monetary sanctions imposed generally far exceed the damages sustained by the Government. The OIG must only prove liability by a "preponderance of the evidence" rather than the more demanding "beyond a reasonable doubt" standard required in criminal actions.

Civil monetary penalties are not a result of criminal proceedings but are employed by courts and Federal agencies or OIGs to enforce Federal laws and regulations. Settlement proceeds result from an agreement ending a dispute or lawsuit. The Agency is required by statute to annually adjust for inflation the maximum amount of each civil monetary penalty within its jurisdiction to administer. The inflation adjustment is calculated by multiplying the maximum dollar amount of the civil money penalty for the previous calendar year by the cost-of-living inflation adjustment multiplier provided annually by the Office of Management and Budget and rounding the total to the nearest dollar.

All agency civil monetary penalties and/or settlements proceeds must be deposited as miscellaneous receipts to Treasury, as these funds are generally not available to the Agency unless otherwise specified by law. The Department publishes a chart of civil monetary penalties annually in the performance and accountability report (PAR) to describe the nature of penalty or violation, section or sections of authority violated, date of previous adjustment, date of current adjustment as well as the anticipated current penalty level, in amounts.

54.66 – Receivables

Accounts receivables arise from claims to cash or other assets of other entities. The purpose of managing agency receivable is to provide a general overview of the Agency's cash management practices and how they comply with applicable laws, regulations, and standards. Effective cash management practices of the Agency may range from financial assistance to closing-out uncollectible debts. The following texts and paragraphs will provide clarification of terms and guidance on how receivables should be recognized, recorded, reconciled, and reported. The paragraphs will also provide guidance on Federal and non-Federal receivables.

1. <u>Recognition of Receivables</u>: A receivable should be recognized when a Federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date, or goods or services provided. If the exact

amount is unknown, a reasonable estimate should be made and recognized in the Agency's core accounting system.

2. Supporting Records: General ledger receivable balances must be supported by detailed records of each amount receivable from each customer, including the date recorded, bill number, date billed, and so forth.

3. Reconciliation of Receivables: At least quarterly, the receivable subsidiary records shall be reconciled to the general ledger balances. Differences between subsidiary records and general ledger balances will be investigated to determine the cause(s) of the difference. Errors found during the investigation shall be corrected immediately in the Agency's core accounting system.

4. Federal & Non-Federal Receivables: Receivables from Federal entities are intragovernmental receivables, and should be reported separately from receivables from non-Federal entities. Intragovernmental receivables are claims of a Federal entity against other Federal entities. Intragovernmental balances and transactions (IGT) or trading partner transactions are a key component in the consolidation of financial information and the overall compilation process of financial reporting. Transactions between and among Federal entities that can generate intragovernmental balances or trading partner balances include:

a. Services or goods bought/sold, (such as, buy/sell transactions);

b. Transfers of assets or budget authority.

c. Transactions with the General Fund of the U.S. Government.

d. Investments or borrowings with the Treasury; and

e. Benefits related transactions with the Department of Labor and OPM.

Throughout the fiscal year, the Agency is required to reconcile and resolve the resulting differences between intragovernmental/trading partner balances and transactions. All differences should be resolved before the final submission of data for financial reporting. Intragovernmental transactions include investments or borrowings with the Treasury (Fiscal Service and the Federal Financing Bank), benefit-related transactions with the DOL and OPM, transfers of budget authority, buy-sell transactions, and transfers of assets between Federal agencies, including the General Fund of the U.S. Government.

5. Entity Receivables: Entity receivables are amounts that a Federal entity claims for payment from other Federal or non-Federal entities and that the Federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collections. (An entity may have receivables that, once collected, can be used as offsets to the entity's budget authority and outlays only when authorized by Congress (offsetting collections). Before receiving the authorization, however, those receivables are classified as non-entity receivables).

6. Non-Entity Receivables: Non-entity receivables are amounts that the entity collects on behalf of the U.S. Government or other entities, and the entity is not authorized to spend. Receivables not available to an entity are non-entity assets and should be reported separately in the Agency core accounting systems from receivables available to the entity.

54.66a – Allowance for Doubtful Accounts

Since it is a normal part of business operation that not all receivables are collected, agencies must establish an allowance for doubtful accounts to reduce the gross amount of receivables to its estimated net realizable value. The allowance for doubtful accounts should take into consideration not only the principal amount of potentially uncollectible accounts receivable but also the amount of any related interest, penalties, fines, and administrative fees. The allowance for doubtful accounts is recorded as a credit in the contra USSGL accounts with a debit to USSGL 6720 - Bad Debt Expense. For non-exchange revenue, debit the contra-revenue account. Some of the contra - USSGL accounts are: 1319 - Allowance for Loss on Accounts Receivable, 1367 - Allowance for Loss on Penalties and Fines Receivable - not otherwise classified and 1377 - Allowance for Loss on Administrative Fees Receivable – not otherwise classified and so forth.

With an allowance for doubtful accounts, the accounts receivable more accurately reflect its true economic value. Federal Accounting Standards Advisory Board (FASAB) standards require losses on receivables to be recognized when it is more likely than not that the receivables will not be collected. The language “more likely than not” means more than a 50 percent chance that the full delinquent amount will not be collected. An allowance for doubtful debt will be provided for by reducing gross receivables by the amount of the potential loss to their net realizable value. The allowance for uncollectible amounts should be re-estimated on each annual financial reporting date when information indicates that the latest estimate is no longer accurate.

54.66b – Measuring Allowance for Doubtful Accounts Losses

Losses due to uncollectible amounts must be measured through a systematic and documented methodology. The systematic methodology will be based on analysis of both individual accounts and a group of accounts as a whole, and reviewed at least annually, or when new information requires adjustments to the methodology and allowance amounts.

54.66c – Individual Account Analysis

Individual allowance for doubtful accounts that represent significant amounts shall be individually analyzed to determine the loss allowance. Loss estimation for individual accounts shall be based on:

1. The debtor’s ability to pay;

2. Debtor’s payment record and willingness to pay; and

3. Probable recovery of amounts from secondary sources, including liens, garnishments, cross collections, and other applicable collection or debt management tools.

54.66d – Group Account Analysis

Group account analysis for allowance doubtful account losses generally cannot be based solely on the results of individual account analysis. In many cases, account information may not be individually available to make a reliable assessment of losses, or the nature of the receivables may not lend itself to individual account analysis. In these cases, potential losses should be assessed on a group basis. To determine the loss allowance on a group basis, receivables must be separated into groups of homogeneous accounts with similar risk characteristics.

The groups shall reflect the following operating environment. For example, accounts receivable may be grouped by:

1. Debtor category (for example, business firms, state and local governments, and/or individuals);

2. Reasons that gave rise to the receivables (for example, tax delinquencies, erroneous benefit payments, trade accounts based on goods and services sold, and/or transfers of defaulted loans to accounts receivable); or

3. Geographic regions (for example, foreign countries and/or domestic regions). Within a group, receivables may be further stratified by risk characteristics; Examples of risk factors are economic stability, payment history, alternative repayment sources, and aging of the receivables; and

4. Statistical estimation by modeling or sampling is one appropriate method for estimating losses on groups of receivables. Statistical estimation should take into consideration factors that are essential for estimating the level of losses, including historical loss experience, recent economic events, current and forecast economic conditions, and/or inherent risks.

54.66e – Debt Referral

A debt is any amount owed to a Federal or State Government entity by a person, organization, or entity other than a Federal agency. A debt becomes delinquent when payment is not made by the due date or the grace period as established in the loan or repayment agreement; or by the due date specified in the initial billing notice. Unless prohibited by contract or statute, agencies should assess three separate and distinct types of late charges on all delinquent debts: Interest, Administrative Costs, and Penalties. Once a debt becomes delinquent, the Agency must issue a demand letter or dunning notice and a due process notice. The demand letter and due process notice can be combined into one letter and provide the debtor as thought this was 30-day billing increments) 60 days to respond. The Debt Collection Improvement Act (DCIA) of 1996 establishes the minimum requirements that must be met on the due process notice. Whenever possible, the Agency should try to fully collect a delinquent debt in one lump sum. Installment and repayment agreements may be used when full payment via a single lump sum is not possible. The terms of any repayment agreement must be stated in writing and should include the pre-authorized debt, acceleration, and rescheduling clauses, and consequences of default, and should

last 3 years or less. The three-year period is the required term Treasury allows agencies to grant to debtors that are unable to make a lump sum payment.

The DCIA also requires agency related debt collection activities to be consolidated within the Federal Government, to the extent possible, to minimize the Government's delinquent debt collection costs. One way that the Government's delinquent debt collection operations have been consolidated is through the Cross-Servicing program and the Treasury Offset Program operated by the Department of Treasury. Once an agency refers its delinquent debts to the Cross-Servicing or the Treasury Offset Program, Treasury then uses a variety of collection tools to collect the debt. Agencies must also implement collection strategies incorporating the various tools to recover debts.

Per requirements of the DCIA, an agency can refer its debts to Treasury as early as day 61 of the dates noted on the due process notice and must refer all debt delinquent for over 120 days to the Treasury Offset Program or Cross Servicing.

A debt is eligible for referral to Treasury for cross-servicing if the debt is:

1. Past due;

2. Legally enforceable;

3. Owed by an individual or entity (including a state or local government) other than a Federal agency; and

4. Twenty-five dollars ($25) or more (including interest, penalties, and administrative costs).

A debt is not eligible for referral to Treasury for cross-servicing if the debt is:

1. Not past due or legally enforceable;

2. Owed by a debtor who has died;

3. Owed by a debtor who has filed for bankruptcy protection or the debt has been discharged in a bankruptcy proceeding;

4. Owed by a Federal agency;

5. The subject of an administrative appeal, until the appeal, is concluded and the amount of the debt is fixed; or

6. Less than $25 (including interest, penalties, and administrative costs).

An agency is not required to refer a debt to Treasury for cross-servicing if the debt is:

1. Delinquent for 120 days or less (however, an agency may send such debts to Treasury if they are otherwise eligible for referral);

2. In litigation, that is, the debt has either been referred to DOJ for litigation or is the subject of proceedings pending in a court of competent jurisdiction, including bankruptcy and post-judgment matters;

3. In foreclosure, that is, the debt is secured by collateral that is being foreclosed, either through a court proceeding or non-judicially;

4. Scheduled for sale within one year under an asset sales program approved by OMB;

5. At a private collection agency with the approval of Treasury;

6. At a Treasury-designated debt collection center;

7. Expected to be collected from payments issued to the debtor by the creditor agency within three years of the date of delinquency (commonly referred to as "internal offset");

8. Less than $100 (the $100 referral is when the debt is in litigation and the $25 referral is when the debtor has filed for bankruptcy protection) and the Agency is unable to obtain the debtor's taxpayer identifying number; or

9. Otherwise exempt from the statutory referral requirement by law or official action of Treasury.

54.66f – Termination of Collection Action, Write-off and Close-out/Cancellation of Indebtedness

An agency has the affirmative responsibility to try to collect all delinquent debts that are owed to the Agency; however, at some point in the collection process it may become evident that the debt is uncollectible, and it may be appropriate to terminate collection action, and/or write-off the debt. An agency fulfills its affirmative responsibility to try to collect delinquent debts by engaging in the collection. Active collection means that the debt is being collected through the use of all appropriate debt collection remedies, including, but not limited to two demand letters, credit bureau reporting, offset, garnishment, litigation, and referral to the Department of the Treasury for collection.

This section will provide accounting actions that result in termination of collection, write-off, classification of currently not collectible (CNC) accounts; pursuit of the collection after write-off/CNC; close-out and discharge of indebtedness:

1. <u>Termination of Collection Action</u>: This accounting action occurs when it appears to the Agency that no person or entity liable on the claim has the present or prospective ability to pay a significant amount of the claim, or the cost of collecting the claim is likely to be more than the amount recovered (31 U.S.C, 3711(a)(3)). Termination of collection action is a managerial decision in accordance with 31 U.S.C 3711, as well as the criteria established in the Federal Claims Collection Standards (31 CFR Part 903) because such collection action is not economically worthwhile or is otherwise inappropriate. The Department of Justice concurrence is required for termination of debts

over $100,000 unless the Agency has its statutory authority for terminating collection action for debts over $100,000. The termination of collection activity does not preclude the Agency from retaining a record of the debt for purposes of:

a. Selling the debt, if, in consultation with or at the request of the Agency, the Secretary of the Treasury determines that such a sale is in the best interest of the United States;

b. Pursuing collection at the subsequent date in the event there is a change in the debtor's status, or a new collection tool becomes available;

c. Offsetting against future income or assets not available at the time of termination of collection activity; or

d. Screening future government loan applicants for prior indebtedness.

2. <u>Suspension of Collection Action</u>: The Agency may determine that certain circumstances warrant suspending collection rather than terminating. When collection efforts are terminated, the Agency, in effect, decides to defer its attempts to enforce collection for a period specified in the Agency's collection strategy. Collection action should be suspended only when the Agency has reason to believe that the suspension will enhance the chances of recovery, or, at minimum, will not endanger the recovery of the debt. Such would be the case if the debtor agrees to repay the debt when the debtor's financial condition improves, as would occur if the debtor has been only temporarily laid-off from a permanent job. The Agency should suspend collection action when one or more of the following criteria apply:

a. The Agency cannot locate the debtor at the present time;

b. The debtor's financial condition is expected to improve;

c. The debtor has requested a waiver or administrative review of the debt; and

d. The debtor has filed a petition in bankruptcy;

3. <u>Write-off</u>: A write-off is mandatory for delinquent debt over 2 years unless documented and justified to the Office of Management and Budget (OMB) in consultation with Treasury. Once the debt is written off, it must be classified as Currently Not Collectible (CNC) or be closed-out;

4. <u>CNC</u>: During the period debts are classified as CNC, agencies should maintain the debt on record in the core accounting system for administrative offset and other collection tools, as described in the *Federal Claims Collection Standards* until

a. The debt is paid;

b. The debt is closed out;

c. All collection actions are legally precluded; or

d. The debt is sold, whichever occurs first. Cost-effective collection efforts should continue, specifically, if an agency determines that continued collection efforts after mandatory write-off are likely to yield higher returns.

The collection process continues until the Agency determines it is no longer cost-effective to pursue collection. At that point, the debt should be closed-out.

5. Close-out: When an agency closes out debt, the Agency should file a Form 1099C with the Internal Revenue Service (IRS) where required and notify the debtor in accordance with the Internal Revenue Code (26 U.S.C. § 6050P) and IRS regulations. The 1099C reports the uncollectible debt as potential income to the debtor which may be taxable at the debtor's current tax rate. Reporting the discharge of indebtedness to the IRS results in a potential benefit to the Federal Government, because any payments made to the IRS augment government receipts. Agencies should report closed-out debts on TROR. Agencies generally should stop all collection activity, including the sale of debts, once debts are closed out; and

6. The pursuit of collection after write-off: If the Agency receives payment or a one-time payment on a written-off debt, it may restore the amount collected as a receivable at the time of collection or credit the amount to a recovery account; and/or if the payment on a written-off debt is recurring and/or regular, the Agency should restore the total amount of the debt as a receivable in both its General and Subsidiary Ledgers and record each collection as if the debt had never been written-off.

54.66g – Treasury Report on Receivable (TROR)

Federal agencies are required to regularly provide information concerning their non-tax receivables and delinquent debts to Treasury, for inclusion in the TROR, in accordance with provisions in 31 U.S.C. 3719. The TROR is the Treasury's only comprehensive means for periodically collecting data on the status and condition of the Federal Government's non-tax debt portfolio. The information contained in the report is disseminated to Congress, OMB, agency Chief Financial Officers, the Federal Credit Policy Working Group, other officials and representatives of Federal and state organizations, private sector organizations, and the public.

The TROR serves as a management report and not an accounting report which informs Federal decision-makers of the gross book value of debts held by the Federal Government and the actions taken to enforce collection of the Government's receivables. Thus, the debt amounts listed in an agency's receivables report are not necessarily identical to the amounts reported on an agency's financial statements, which are presented in accordance with Credit Reform guidance, for example, using net present value. Agencies are, however, required to reconcile their TROR reporting with the receivables data reported on their financial statements.

54.66h – Content of TROR as a Management Report

TROR is a required management report designed to help the Agency comply with various regulations such as the DATA Act, Debt Collection Improvement Act of 1966, OMB Circular A-129, and so forth. The TROR captures data on agencies:

1. Receivables and collections;

2. Delinquent debt;

3. Debt eligible for Treasury Offset and Cross-servicing;

4. Debt ineligible for Treasury;

5. Debt disposition; and

6. Other important information related to the Agency receivables.

54.66i – Multi-Year Funding Availability/Lifecycle

As a result of the Consolidated Appropriations Act of 2017, most of the Agency discretionary accounts have transitioned from no-year funds to multi-year funds, with four years of availability. A few of the accounts that transitioned to multi-year include, Forest & Rangeland Research, State & Private Forestry, National Forest Systems, and Capital Improvement & Maintenance. The life cycle of multi-year funding is described below:

1. Funds Unexpired Phase (Four-Years Availability): The first phase of the multi-year funding is the Unexpired Phase. This is the phase where the Agency has four-years to allocate or allot funds, incur obligations and disburse existing obligations;

2. Funds Expired Phase (Five-Years Availability): The second phase of the multi-year funding is the Expired Phase. This is the phase where the Agency funds are legally expired and the agency is prohibited unless stimulated in law from incurring any new obligations or commitments. However, the Agency is only permitted to disburse existing obligations and make upward adjustments where appropriate;

3. Funds Canceled Phase: This is the final phase of the multi-year funding. In accordance with 31 U.S.C. §1555) an appropriation account available for obligation for an indefinite or timed period must be closed, and any remaining balance (whether obligated or unobligated) in that account will be canceled and thereafter, will not be available for obligation or expenditure for any purpose, if:

    a. The head of the Agency is concerned, or the President determines that the purposes for which the appropriation was made have been carried out;

    b. No disbursement has been made against the appropriation for two consecutive fiscal years (31 U.S.C. § 555); and

c. Written confirmation is provided that the remaining funds or TAS account are no longer needed as the purposes for which funds were intended are no longer necessary or have been completed and any outstanding claims have all be accounted for.

54.66j – Identifying TAS Period of Availability

The account symbol designates the period of availability for incurring obligations as follows:

1. Annual appropriations, a single digit indicates the fiscal year of availability for incurring obligations of a one-year appropriation.

2. Multiple-year appropriations, a single digit separated by a slash (/) indicate a multiple-year appropriation for incurring obligations for a definite period over one fiscal year. The digit preceding the slash indicates the first fiscal year of availability, and the digit immediately following the slash indicates the final fiscal year of availability.

3. No-year appropriations. An "X" indicates a no-year appropriation that is available for obligations for an indefinite period.

54.67 – Refunds

Agencies must initiate action to clear balances held in their un-invested trust, and deposit fund accounts for more than one year. These balances represent sums of money held for rightful owners whose whereabouts are unknown.

When the Agency can trace the amount subject to refund as having been erroneously credited to an appropriation account, the refund claim is chargeable to that appropriation whether it has lapsed, current, reimbursable, or non-reimbursable. The Agency may charge account Treasury Account Symbol (TAS) 20X1807 (Refund of Money Erroneously Received and Covered) only when collections are deposited into Treasury as miscellaneous receipts and the amount to be refunded is not properly chargeable to any other appropriation.

Agencies usually make refund payments from various TAS account by preparing and submitting a properly certified Standard Form (SF) 1166 (Voucher and Schedule of Payments) for check issuance to the payee. The authorized certifying officer shall certify payments against the account and validate the accuracy of the claims scheduled for payment.

54.67a – Review of Agency Unclaimed Money Accounts

Each quarter, agencies must:

1. Analyze their un-invested trust, revolving, and deposit fund accounts to determine whether they are holding unclaimed money that may be refunded to the depositor;

2. Return amounts of $25 or more promptly to the depositor without the presentation of a claim;

3. Transfer to TAS account 20X6133, "Payment of Unclaimed Moneys," amounts of $25 or more that have been held for more than one year and are properly refundable but cannot be refunded because the individual's whereabouts are unknown; and

4. Transfer to miscellaneous receipt account TAS-1060, "Forfeitures of Unclaimed Money and Property," unclaimed amounts of less than $25 or amounts of $25 or more that have been held for more than one year.

54.67b – Notification of Unclaimed Money Accounts

Quarterly, the Bureau of the Fiscal Service (Fiscal Service) will post the balance by the Agency for TAS account 20X6133 (Payment of Unclaimed Money) to the Fiscal Service website. Fiscal Service does not maintain subsidiary ledgers. The Agency must maintain subsidiary ledgers and supporting documentation to ensure an accurate balance with Treasury. Agencies have 30 days to respond to Treasury via written notification or email regarding the accuracy of the amounts recorded by Treasury in account 20X6133.

Agencies not responding to Treasury's notification letter after the 30 days will receive a follow-up call. If Treasury still has not received correspondence from agencies 60 days after the initial notification, then Treasury will assume the amounts recorded are accurate. Agencies that dispute Treasury's recorded amount must provide supporting documentation so that Treasury can make appropriate adjustments.

54.68 – Accounting for Environmental Liabilities – Asbestos Reporting

The Department is subject to the Comprehensive Environmental Response, Compensation, and Liability Act, the Clean Water Act, and the Resource Conservation and Recovery Act for cleanup of hazardous waste. The Department is also subject to Asbestos National Emissions Standards for Hazardous Air Pollutants, meaning, the Department is required to disclose in its annual financial statements, under the Environmental and Disposal Liabilities section, the actual cost of asbestos cleanup. The cleanup liability is calculated using the total square footage of real property expected to contain asbestos, times a cost factor based on historical actual cleanup costs, adjusted for inflation, including any other identifiable costs, such as, survey cost.

Recognition and Measurement of Asbestos-Related Cleanup Costs requires an estimate of both friable (easily reduced to powder by hand, releasing fibers into the air/most hazardous), and non-friable (less dangerous, not airborne as fibers are bonded with cement, vinyl and other polymers) asbestos-related cleanup costs; recognition of a liability and related expense for those costs that are both probable and reasonably estimable; and disclosure of information related to friable and non-friable asbestos-related cleanup costs that are probable but not reasonably estimable in the financial statements.

54.69 – Digital Accountability & Transparency Act (DATA Act)

In 2014, the Digital Accountability and Transparency Act (DATA Act) became law as an expansion of the Federal Funding Accountability and Transparency Act (FFATA). The DATA

Act expanded upon FFATA's mandate to increase the transparency of federal spending by disclosing direct agency expenditures and linking federal contract, loan, and grant spending information to federal agency programs.

The DATA Act also established government-wide data standards to improve the accuracy, completeness, and consistency of spending information. The overall objectives are to create greater transparency and to provide the public with spending data that is reliable, easily accessible, and easily understood.

The law also requires that the data be channeled to a central, public database (https://www.usaspending.gov) so that it can be easily accessed and tracked throughout an award's full lifespan.

54.69a – DATA Act Reporting and Sources

In May 2015, OMB issued Memorandum M-15-12, which provided guidance issued by the OMB and the Department of the Treasury under section 4(c) of FFATA, as amended, to provide guidance to agencies: to improve the effectiveness of the Federal Government's resources through increased transparency and use of Federal spending data; by making Federal spending data more accessible, searchable, and reliable, and joining this information with other third-party data sources, Federal agencies and taxpayers have an opportunity to better understand the impact of Federal funds and improve the lives of the American public.

OMB and Department of the Treasury (Treasury) published 57 data definition standards and required federal agencies to report financial data in accordance with these standards for DATA Act reporting, beginning in January 2017. As part of its DATA Act Information Model Schema (DAIMS), the Treasury published Practices and Procedures that required agencies to submit and certify quarter files—files A, B, C, D1, D2, E, and F—to the Treasury's DATA Act Broker (Broker). The file names and the type of data to be contained within each file are as follows:

1. File A: Appropriations Account
2. File B: Object Class and Program Activity
3. File C: Award Financial
4. File D1: Award and Awardee Attributes—Procurement Awards
5. File D2: Award and Awardee Attributes—Financial Assistance Awards
6. File E: Additional Awardee Attributes
7. File F: Sub-Award Attributes

The Federal agency submits files A, B, and C based on data housed within its internal financial system(s). Files A and B contain summary-level financial data and file C contains reportable award-level data. D1 through F contain detailed demographic information for award-level transactions reported in File C. Agencies are responsible for compiling and submitting files A, B, and C to the Broker, monthly. The Broker generates the remaining files (D1, D2, E, and F) at the time of submission based on data extracted by the Broker from external reporting systems.

For file D1, agencies submit procurement award data to the Federal Procurement Data System – Next Generation (FPDS-NG) daily; the Broker extracts this information from FPDS-NG to generate File D1.

Additionally, at least twice a month, agencies submit financial assistance data to the Broker through its Financial Assistance Broker Submission (FABS) component. The Broker then uses this information to generate File D2. For both files D1 and D2, though the Broker generates the files at the time of submission, the Agency is the source of the initial data entry in both FPDS-NG and FABS requirements, such as requiring federal prime awardees to report to FSRS and SAM as part of the terms and conditions of the award.

OMB's Management Procedures Memorandum 2016-03 (M-16-03) states that federal financial assistance awards for specific entities should be submitted twice a month to USAspending.gov. Agencies must use information from their systems to populate the data on USAspending.gov. The criteria further states that the authoritative sources for the data reported in files E and F are the System for Award Management (SAM) and the FFATA Sub-award Reporting System (FSRS), with no additional action required of Federal agencies.

DAIMS Practices and Procedures provide overall instructions for submitting and understanding DATA Act reporting and validation rules to ensure agencies are including appropriate and sufficient data in the appropriate format. Each agency is required to designate an SAO, who is required to certify the seven data files for their agency's financial and award data to be published on USAspending.gov. As part of the certification, the SAO must provide reasonable assurance that its agency's internal controls support the reliability and validity of the account-level and award-level data the agency submitted to the Treasury for publication.

54.69b – Data Quality Plan/Commitment to Accuracy and Completeness

On June 6, 2018, the Office of Management and Budget (OMB) published OMB Memorandum 18-16 entitled, Appendix A to OMB Circular A-123, Management of Reporting and Data Integrity Risk. This memorandum calls for a DATA Act Data Quality Plan (DQP), among other requirements. This document is designed to be a DQP as required by Memo 18-16. As required by the memo, this Forest Service DQP aims to provide management's responsibility to supply quality data that meets reporting objectives for the DATA Act in accordance with OMB Circular A-123, Appendix A:

1. Organizational structure and key processes providing internal controls for spending reporting;

2. Testing plan and identification of high-risk reported data, including specific data the Agency determines to be high-risk that are explicitly referenced by the DATA Act; and

3. Process for corrective actions to manage identified risks.

The DQP provides insight into how the Forest Service seeks to address completeness and accuracy of award and financial data reported to the U.S. Department of the Treasury (Treasury). The DQP uses the principles of OMB Circular A-123, Appendix A, to highlight the discipline and internal controls of the related information systems that contain spending information, and the related processes that support the data extraction and reporting of spending information from these systems to Treasury's DATA Act Broker.

The DQP is a living document and serves as a reference. New Federal, including United States Department of Agriculture (USDA) and Forest Service requirements will be added to this document as needed.

54.7 – Management Controls

Management controls are to be applied service-wide and staff area policies and procedures are to be used to reasonably ensure that programs achieve their intended results. Additionally, management controls are to ensure resources are used consistent with the Agency mission; programs and resources are protected from waste, fraud, and mismanagement; laws and regulations are followed; and reliable and timely information is obtained, maintained, reported, and used for managerial decision-making.

54.71 – Management Controls Review Process

Management Control Review Process consists of:

1. Establishing and updating the Management Control Review Priorities each fiscal year;

2. Providing training to conduct management control reviews, as needed;

3. Assessing the adequacy of management controls by continuous monitoring and periodic evaluations/reviews;

4. Reporting the status of management control reviews and control weakness correction, and reporting results in review reports and Assurance Statements in accordance with Departmental and agency guidelines; and

5. Monitoring corrective actions until they are completed.

54.71a – Testing Management Controls

This is the process of verifying compliance with existing control procedures to determine if the controls are operating as intended. Testing methods include records review, observation, tracing transactions, interviews, and so forth.

54.71b – Reasonable Assurance

Reasonable Assurance is achieved when a unit's reviewers or testers express a satisfactory level of confidence that management controls are in place and are working efficiently and effectively to achieve program objectives, and are safeguarding agency resources, given considerations of costs, benefits, and risks. See FSM 1410 - Management Reviews, for additional guidance on management and entity-level controls.

54.71c – Accrual Accounting

Accrual accounting is the basis for proprietary accounting in the Federal Government. The authority that governs accrual accounting is 31 U.S.C. Sec. 3512 (e). Accrual accounting is utilized when financial transactions are recorded in the period of occurrence, even though the related cash is disbursed or received during another period. The basis of constructive receipt of goods and services is used without waiting for physical delivery to, or acceptance by, the Agency. The accrual method of accounting recognizes the significance and accountable aspects of financial transactions, events, or allocations as they occur. Costs are recognized in the accounts when incurred and revenues are recognized when they are earned. For additional guidance on determining and recording agency accruals, refer to FSH 6509.11m, Zero Code, FSH 6509.11m, Chapter 10, and FASAB Statement of Federal Financial Accounting Concepts (SFFAC) 5 – Definitions of Elements and Basics Recognition Criteria for Accrual-Basis Financial Statements.

54.71d – Frequency of Accrual

Agency accrual transactions shall be computed and recorded in the core accounting system, at a minimum, each quarter-end (December 31, March 31, June 30, and September 30). When relevant data is not available for purposes of accrual, the Agency shall record accrual based on sound estimates in the Agency's core accounting system and sequentially adjusted/reversed when actual data is available, normally within 10 business days of the quarter-end accrual.

54.71e – Accrual Documentation

Documents reflecting computation and support for accruals and analysis of the accuracy of accruals will be developed in accordance with agency policy and FASAB's SFFAC 5 and be retained on file for reference and audit purposes as per the Office of Regulations requirements.

54.71f – Accrued Liabilities

In addition to recording as accounts payable the liability for services rendered and goods received, as evidenced by vendors' invoices or other documentation, it is necessary for management purposes to record the assets, expenses, and liabilities for goods and services received and performance rendered, for which no bills have been received or payments made at the end of the month. Such accruals may be estimated on the basis of available information and previous experience.

When a contractor builds facilities or manufactures goods or equipment to the Agency's specification, the liability to pay for work is incurred as it is performed by the contractors, rather than when deliveries are made.

54.71g – Accrued Accounts Receivables, Unearned/Deferred Revenue, Accrued Revenues

It is necessary for management purposes to record the accrued accounts receivable, unearned/deferred revenue, and accrued revenue for goods and services and performance rendered to others for which:

1. No bills have been submitted or payments received at the end of the quarter, or for amounts due at the time of the event that gives rise to a claim; and

2. Payments were received, but the goods and services and performance have not yet been rendered (Unearned/Deferred Revenue). Such accruals may be estimated based on available information and previous experience. Receivables must be reversed (liquidated) when they are collected or converted into other resources or determined to be uncollectible in whole or in part. Unearned/Deferred Revenue must be reversed (liquidated) when the goods and services and performance have been rendered and recorded as Earned Revenue and the payments collected applied against Accounts Receivable for that Earned Revenue. See FASAB Statement 1, Accounting for Selected Assets and Liabilities (SFFAS No. 1).

54.71h – Standards for Estimating Accruals

In the absence of invoices or other available data, reasonable estimates will be used to accrue the cost of goods or services received before the end of a reporting period. Some of the ways to record accrued expenditures are as follows:

1. Receiving reports showing quantities received and determining whether a given shipment is complete or partial are useful in determining the amount of the accrual when the invoice has not been received;

2. Payroll, travel, and other vouchers received or prepared but not yet paid;

3. Obligation figures may be the best estimate of the amount of the expenditure incurred where an obligation is recorded covering the expenditure, which accrued within an accounting period;

4. A prior accrual or a trend of several previous accrual periods may be appropriate when estimating a current accrual;

5. Quarterly performance reports from grantees may be used to accrue expenditures for grants;

6. Data needed to estimate an accrual may be obtained from project managers or other operating officials, who are familiar with progress under the contract or grant if reports from contractors or grantees are not available or are not feasible; and

7. Sampling and other statistical methods may be used to make accrual estimates in cases where dollar amounts are relatively low but the number of transactions is high. The method used and the reasons for its selection should be documented and kept on records.

54.72 – Intra-governmental Payment & Collection (IPAC) Reporting

The IPAC system's primary purpose is to provide a standardized mechanism for Federal Program Agencies (FPAs) to transfer funds from one agency to another. IPAC is an internet-based collection and payment system that facilitates intragovernmental transactions by transferring funds, with related descriptive data and Treasury Account Symbol/Business Event Type Code (TAS/BETC), from one FPA to another. Transaction data from both FPAs are posted to their respective Central Accounting Reporting System Account Statements. IPAC/s use is limited to transactions between FPAs only; Transactions with commercial vendor payments or State/local government entities cannot be processed through IPAC.

IPAC is the only mechanism used for interagency payments and collections. I PAC facilitates the intragovernmental transfer of funds, with descriptive data from one agency to another. Agencies must use IPAC for all intragovernmental payments/collections. They must discontinue the use of paper checks and must restrict the use of credit cards for payments above the designated threshold; however, Treasury may grant limited exceptions at its discretion for some credit card transactions. Trading partners must abide by the negotiated terms and conditions in the agreement, as follows:

1. The buyer shall initiate an IPAC transaction when it has received goods and services and has accepted and processed payment within the agreed-upon terms and conditions;

2. The seller shall issue a final bill, including final information on agreed-upon terms and conditions, per the billing frequency. If the seller does not issue a final bill per the agreed-upon billing frequency, the buyer should contact the seller immediately to obtain the final bill and close the order. If the seller fails to send a final bill within 30 calendar days, the buyer should follow the dispute resolution process in the agreement;

3. Upon request, the seller shall provide documentation supporting the bill and actual performance consistent with the agreed-upon terms and conditions;

4. The buyer shall not chargeback or reject IPAC transactions that comply with the agreement terms and conditions, without consultation with the business partner;

5. The cutoff for IPAC processing, including chargebacks, must occur no less than three business days before the end of the quarter; and

6. The buyer shall reference the seller's unique identifier as required by Treasury on all IPAC transactions.

54.72a – IPAC Accounting Elements

Treasury requires the IPAC System to exchange accounting and other pertinent information to assist in the reconciliation of funds transferred between FPAs for various interagency transaction types (Buy/Sell, fiduciary, and other miscellaneous payment and collection transactions). The Treasury Shared Accounting Module (SAM) will validate the Sender and Receiver TAS/BETC, along with the Agency Location Codes (ALCs) of each FPA on the transaction. After validation, the transactions are picked up by the Central Accounting Front End System (CAFE) and transmitted to the Treasury required Central Accounting Reporting System (CARS) Account Statements for posting.

54.72b – Advance Payment/Collections

Advances are amounts of money prepaid to a Federal agency for the later receipt of goods, services, or other assets, or as matching funds. When an advance is required, the budgetary resource provided by the order is equal to the cash accompanying the order. The advance, per se, is not available for obligation. If both the order and the advance were available for obligation, budgetary resources would be double-counted.

Under the Economy Act, payment (via expenditure transfer) may be made in advance, or reimbursements may be made. Advances and reimbursements from other Federal agencies appropriations are available for obligation, but not disbursement until received when the ordering appropriation records a valid obligation to cover the order. The Act states that the providing (servicing) agency shall charge the ordering (requesting) agency "based on the actual cost of goods or services provided" as agreed to by the agencies.

Agencies shall deposit advances with orders in the appropriate appropriation/fund or receipt account. However, advances without orders must be deposited as follows:

1. If the advance is from a non-Federal source, deposit the funds in account 6500 (Advance withholding); and

2. If the advance is from a Federal source, deposit the advance in an intragovernmental clearing account (F3885).

54.72c – Business Rules Receipt and Acceptance/Trading Partners

As the seller performs the work necessary to deliver goods and/or services, the buyer and seller must post their related accounting transactions in their respective core accounting systems during the same accounting period according to the USSGL transaction codes.

54.72d – Recording Work in Progress/Trading Partners

Trading partners shall reference the seller’s unique identifier on transactions related to the order to assist with determining the appropriate billable amount. As the seller performs on the order and incurs expenses that represent revenue earned, the expense transactions must follow the USSGL transaction codes. The seller shall bill the buyer timely in accordance with negotiated

terms to ensure the appropriation is made whole. For non-advances, the buyer will record expense/payable accruals. The seller shall record revenue/receivable accruals per agreed-upon minimum accounting data elements.

54.72e – Accounting/Recording Capitalized Assets

Generally, the rules for determining whether or not an asset is capitalized are based on if the asset will have a useful life that is greater than one year and the cost of the asset is above the established threshold. A property is capitalized when it has an acquisition value of $25,000 or higher. If the buyer is capitalizing the asset, in addition to recording the capitalized asset, the buyer must record the purchase in one of the appropriate memorandum accounts as follows:

1. USSGL account 880200 “Purchases of Property, Plant, and Equipment;”

2. USSGL account 880300 “Purchases of Inventory and Related Property;” and

3. USSGL account 880400 “Purchases of Assets-Other.” An offset to USSGL account 880100, "Offsets for Purchases of Assets," is required when using any of the capitalized assets memorandum accounts.

54.72f – Intragovernmental Transactions/Balances

Intragovernmental transactions result from business activities conducted between two Federal government entities, called trading partners. Accounting differences occur in government-wide financial reporting when trading partners record differing amounts for transactions that should eliminate or net to zero. Trading partners shall reconcile and resolve these differences on a routine basis with their trading partners.

54.73 – Central Accounting Reporting System (CARS) Reporting

The Treasury required CARS is the electronic system of record for the government’s financial data which provides streamlined agency reporting and supports government-wide standardization. To guarantee the accuracy of budgetary results in the final Monthly Treasury Statement (MTS), all Central Accounting Reporting System (CARS) reporters must ensure that all Treasury Account Symbols and Business Event Type Codes (TAS/BETC) reporting and reclassifications have been completed in CARS. The Monthly Treasury Statement summarizes the financial activities of the Federal Government and off-budget Federal entities and conforms to the Budget of the U.S. Government. The Agency Location Code (ALC) information in CARS is the official agency contact data. Maintaining current ALC information is imperative. In addition, CARS:

1. Enables agencies to classify payments, collections, and intra-governmental transactions upon creation;

2. Requires the use of Treasury Account Symbol-Business Event Type Code (TAS-BETC) within all CARS transactions;

3. Provides agencies with better tools and more timely data to manage Treasury Accounts;

4. Reduces turn-around time for agency monthly accounting statements;

5. Promotes the use of one Treasury Account Symbol (TAS) format, eliminating costly and vulnerable crosswalks; and

6. Produces and distributes budgetary reports such as the Monthly Treasury Statement (MTS) and Combined Statement (CS) Reports.

54.74 – Continuing Use of Suspense Accounts F3875 and F3885 for Reporting Suspense Account Activity

Consistent with OMB A-11 guidance, agencies may use clearing accounts to temporarily account for transactions that belong to the Government or lacks clarity in accounting or posting, until the transaction is matched to a specific receipt or expenditure account. Agencies are not, however, required to use clearing/suspense accounts for outlays or payments; or to mask an over obligation or expenditure of an expenditure account.

Agencies with a justifiable business need for suspense accounts may submit a request to the Department/Treasury for the use and/or reopening of suspense account F3875 and/or F3885. In these instances, a justifiable business need can be the inability of the Agency to classify all transactions at the point of origin. If one transaction suspends during processing because the correct account is unidentifiable, then an agency may have a justifiable business need to request the use of suspense account F3875 and/or F3885.

54.75 – User Charge As a Fee

NFS, DABC will ensure each year, the Agency reasonably charges for things of value and those things be assessed to each identifiable recipient for a measurable unit or amount of government service or property from which the recipient derives a special benefit as per User Charge statute and OMB Circular A-25. 2. Thing of value includes but not limited to:

a. Grazing,

b. Forest Product,

c. Map Sale,

d. Federal Lands Recreation Enhancement Act (FLREA),

e. Lands Between Lakes,

f. Land Use and Power Fee,

g. Land Use Retained Fees and Cost Recovery and

h. Recreation Special Use.

OMB Circular A-11 § 20.7 (g) defines a user charge as a fee, charge, or assessment the Government levies on a class of the public directly benefiting from, or subject to regulation by, a Government program or activity. This section also provides a helpful list of inclusions and exclusions, for comparison. For additional guidance and perspective, see the GAO report, "Federal User Fees – A Design Guide," issued in May 2008 and available on the GAO website at http://www.gao.gov/assets/210/203357.pdf. For more information of the process see the link to the SOP: https://usfs.app.box.com/v/cfostandardoperatingprocedures/.