

**Forest Service Handbook
National Headquarters - Washington Office
Washington, DC**

**Forest Service Handbook 6509.11m – Servicewide Accrual Handbook
Chapter 10 - Accruing Revenue and Liabilities**

Amendment: 6509.11m-2016-1

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Duration: This amendment is effective until superseded or removed.

Approved by: Antoine L. Dixon, Chief Financial Officer

Date approved: December 6, 2016

Responsible Staff:

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Superseded Document(s): 6509.11m_contents, Amendment 6509.11m-2011-2, April 26, 2011; 6509.11m_zero_code, Amendment 6509.11m-2007-2, October 11, 2007; 6509.11m_10, Amendment 6509.11m-2007-1, September 6, 2007; 6509.11m_20, Amendment 6509.11m-2008-1, May 12, 2008; 6509.11m_30, Amendment 6509.11m-2011-1, April 26, 2011; 6509.11m_40, Amendment 6509.11m-2008-2, May 12, 2008

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

Zero Code: Creates new responsibilities and removes excess sections. Merges authority and definition section from chapter 30, Accruing Environmental & Disposal Liabilities. Adds additional authority to this chapter.

10: Consolidated and revised direction published in FSH 6509.11m, chapters 10, 20, and 40 into chapter 10. Removed Authority, Definition and Responsibilities sections and procedural information and itemized list of Accruals and all exhibits from each chapter.

20, 30, and 40: Removes direction previously published in chapters 20, 30, and 40 in its entirety.

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10.3 - Policy

Forest Service accruals are normally recorded in accordance with the accounting cycles: monthly, quarterly, or annual. Revenue accrual entries temporarily record the revenue and the related accounts receivable for revenue earned by the Forest Service but for which billing has not taken place. Operating liability accrual entries temporarily record the expense and the related account payable for the products/services received by the Forest Service but for which payment has not taken place. In summary, accrual entries are recorded at the end of the reporting period for which billing or payment has not taken place. The standard general ledger accounts used in these accounting entries must comply with the United States Standard General Ledger (USSGL) direction. Forest Service records the accrual entries in its agency core accounting system for accruals. Accrual entries must be reversed as required to prevent duplication of day to day accounting entries, such as billing or payment taking place for the accruals recorded in the previous reporting period. Specific procedural and/or technical operating instructions to comply with the requirements of this directive should be prepared to provide day to day operational guidance.

The four major category of accruals required by the Forest Service are:

1. Revenue Accruals (Section 11.1);
2. Daily Operations Expenses (Section 11.2);
3. National-Level Liabilities (Section 11.3); and
4. Environmental & Disposal Liabilities and Asbestos and Related Clean-Up Costs (FSH 6509.11m, ch. 20).

11 - Accruals

11.1 - Revenue Accruals

The Federal Government's standard accrual-basis accounting requires all Federal agencies to recognize earned revenue when goods and services are sold, regardless of when the payment is collected. Recording accrual entries for revenue flows material to the Agency ensures that sufficient revenue of the accounting period is included in the Agency's standard general ledger and on the financial statements or required reports to match with the expenses of the period; and to display the net results of operations. In cases where actual data is not available to calculate accruals, the most complete and reliable estimates must be used. The methodology and calculations developed for Forest Service revenue specific accruals that are deemed material must:

1. Be reliable and complete;
2. Be applied consistently in compliance with Federal management, budget, accounting, and reporting standards;

3. Withstand both internal and external audit scrutiny; and
4. Be documented and retained on file.

For items deemed immaterial, an acceptable accounting basis must be provided at the time of audit or other internal or external scrutiny to support exclusion of the immaterial items.

11.2 - Accrual of Daily Operations Expenses

The Federal Government's standard accrual-basis accounting requires all Federal agencies to recognize incurred liabilities when goods are provided and services are rendered, regardless of when the payment is made. Recording accrual entries for operating liabilities material to the Agency ensures that appropriate liabilities for the accounting period are included in the Agency's standard general ledger and on the financial statements or required reports to match with the expenses of the period; and to display the net results of operations. In cases where actual data is not available to calculate accruals, the most complete and reliable estimates must be used. The methodology and calculations developed for Forest Service specific accruals that are deemed material must:

1. Be reliable and complete;
2. Be applied consistently;
3. Withstand both internal and external audit scrutiny; and
4. Be documented and retained on file.

For items deemed immaterial, an acceptable accounting basis must be provided at the time of audit or other internal or external scrutiny to support exclusion of the immaterial items.

Please note that liability accruals are not recorded for "straight" or "non-referencing" payments. A "straight" or "non-referencing" payment applicable to this directive relates to procurement transactions with full spending cycle occurring within a 30 day cycle or less. This excludes any "straight" or "non-referencing" payments taking greater than 30 days to complete the spending cycle. This process normally does not incur an obligation as the payment is usually made instantaneously or within a short time frame as to make an obligation unnecessary (within 30 days or less).

11.3 - National Level Liabilities Accrual Overview and Accounting

National Level Liabilities are recorded on a quarterly basis as instructed by U.S. Department of Agriculture's (USDA) Office of the Chief Financial Officer (OCFO). Information regarding the national level accruals, such as Office of Personnel Management (OPM) Imputed Costs, Unfunded Leave, and USDA Headquarters Allocation is distributed through the OCFO's CFO Coordination Committee. National Level Liability accruals, similar to Operational Level Liability accrual entries (Section 11.2) temporarily record the expense and the related account payable for the products/services received by the Forest Service but for which payment has not

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taken place. SGLs used for these accounting entries must be in line with the United States Standard General Ledger (USSGL).