



Purpose

- Discuss/Clarify the Monthly Accrual Process
- Satisfy Audit Findings
- Target Audience:
 - Approving Officials
 - Program Specialists
 - Contract Specialists
 - Proxies



General

Supplemental Guidance
Issued March 9, 2006



General (Con't)

- The Department of Energy's policy is to record accrued cost estimates on a monthly basis for all financial instruments with certain limited exceptions.
- Crucial for effective program management and accurate performance reporting within Department and to external Stakeholders.
- Critical financial statement issue. Receiving scrutiny at highest levels in the Department.



General (Con't)

- The monthly accrual process provides greater opportunity for invoice approving officials to improve the accuracy of costs recorded for their programs and activities and in turn, more accurate reporting of uncosted obligations balances.



Definitions

- COST

- Represents the dollar value of invoices or other evidence from a supplier indicating goods or services have been received.
- Cost is recorded at time of invoice approval.
- These cost are recorded and not reversed.



Definitions (Con't)

- ACCRUED COST
 - The estimated dollar value of costs incurred for goods and services received, but for which an invoice has not been received.
 - Accrued cost are reversed the following month in anticipation of invoice receipt or cost report.



Definitions (Con't)

- PURCHASE ORDER
 - An all-encompassing STARS accounting term that includes any financial instrument created by obligations, including contracts; financial assistance awards; travel and training authorizations; blanket purchase orders; reimbursable work orders; and employee payments.



Mechanisms for Recording Accurate Accruals

- To capture the accruals for the Department we have:
 - The Automated Process
 - The VIAS Adjustment Process
 - Cost Management Reports



Automated Accrual Process (Con't)

- Accrual amounts are to the detail Accounting Flex Field (AFF) or funding stream
- Formula - Uses previous 12 months payments at the AFF and accrues X number days based on award type
- Accrual amounts will not exceed uncosted balances



Automated Accrual Process (Con't)

- Does not Accrue
 - P&E
 - Reimbursable Work
 - Working Capital Funds
 - Inter-Entity Work
 - Integrated Contractor
 - PO Exclusion Table – PO's that have contractual cost report requirements



Vendor Invoice Approval System (VIAS) Adjustment Process

After the automated accrual process has been posted, emails are generated to the

Approving Officials

Program Officials

Contract Specialists

Proxies

that are listed in the STARS accounting system for each PO that has an uncosted balances > or equal to \$1,000,000



VIAS Adjustment Process (Con't)

- Only PO's with uncosted balances \$1,000,000 or greater requires an accrual adjustment or acceptance of the automated amount.
- All Approving Officials, Program Specialists, Contract Specialists, and Proxies have the capability to view and adjust PO's using VIAS regardless of uncosted balance. However, they will not receive a monthly email unless they have a PO that has an uncosted balance > or equal to \$1,000,000



VIAS Adjustment Process (Con't)

- What adjustments can be made
 - Upward
 - Downward
 - Accept the automated amount



VIAS Adjustment Process (Con't)

- The adjustment period will be available from the fourth workday to close of business the fifth workday.
- The adjustment file is processed the morning of the six workday.



VIAS Adjustment Process (Con't)

- If you make adjustments using VIAS, you must retain and make available for audit any supporting documentation used in calculating the adjustment. It is anticipated that PO's with large uncosted balances will receive heavy scrutiny during this year's financial statement audit.



VIAS Website

- Training:
 - <https://orfsc.oro.doe.gov/training/vias/viastraining.htm>
- Production:
 - <https://orfsc.oro.doe.gov/invoices/logon.asp>



Summary

- COs/CORs must assure up to date cost information is recorded in STARS.
- VIAS tool provides the mechanism for more accurate recording of accruals.
- Accruals must be supportable and will be subject to audit scrutiny.