

Management System: Budget and Financial Management

Subject Area: Accounting

Procedure: Cost Accruals

Issue Date:
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1.0 Applicability

This procedure applies to the Environmental Management Consolidated Business Center (EMCBC), Office of Financial Management (OFM), and Office of Contracting (OOC) invoice approving officials, program officials, and staff who interface with local approving officials in carrying out their Cost Accrual responsibilities.

2.0 Required Procedure

Step 1	STARS generates a monthly automated accrual file at the close of the 3rd work day that provides an estimated amount to be accrued for each Purchase Order. NOTE: The accrual amount is based on a formula that calculates daily payment for the last 12 months * Award Type Billing Cycle Factor.
Step 2	Approving officials (AO) with responsibility for large contracts with uncosted balances of \$1,000,000 receive an e-mail from the Oak Ridge Financial Service Center (ORFSC) on the 4th workday advising that the accrual information is available for review. However, accrual information on all applicable contracts with uncosted balances are available in FAST for review and adjustments. NOTE: The accrual information is displayed to each approving official through the Financial Accounting Support Tool (FAST) .
Step 3	Approving officials have the responsibility to ensure that FAST default cost accruals are reviewed and adjusted where required, within 2 business days each month (4th & 5th workdays) Adjustments are due in FAST by Close of Business (COB) the 5th workday .
Step 4	FAST sends the accrual adjustment file to STARS at 7am on the 6th workday .
Step 5	The OFM Cost Accrual Reviewer compiles a Monthly Cost Accrual Report to generate a random sample of contracts with uncosted balances greater than \$500,000.
Step 6	The OFM Cost Accrual Reviewer sends out a Monthly Cost Accrual Review to

	the approving officials of the randomly selected contracts to determine the basis for and reasonableness of the cost accrual estimates. The OFM Cost Accrual Reviewer will send an additional follow up requesting adequate support from the AO if the cost accrual estimate is considered unreasonable.
Step 7	As needed, OFM will provide guidance and/or training to approving officials to ensure their understanding of accrual responsibilities.

3.0 References

- DOE Cost Accrual Guide
- <https://fast.doe.gov/> On-line Tutorial for Reviewing/Adjusting Accruals (FAST/Login Required)
- Cost Accrual Overview
- Chief Financial Officers Act of 1990
- OMB Circular A-136

4.0 Records Generated

Records generated through implementation of this procedure are identified as follows, and are maintained by the Office of Financial Management in accordance with the EMCBC Organizational File Plan:

Records Category Code	Records Title	Responsible Organization	QA Classification (Lifetime, Non-Permanent or N/A)
ADM 06-05-A	Accounting Administrative Files – Cost Accrual Report Information	Office of Financial Management	N/A