



Accrued Liabilities

Lawrence Berkeley
National Laboratory

Financial Policies and Procedures

Part I

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Summary

This policy establishes guidelines for accrual accounting requirements for liabilities incurred at Lawrence Berkeley National Laboratory (LBNL).

Policy

Overview

The Laboratory maintains its accounts and prepares financial statements on the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP).

All obligations for materials received or services performed are to be recognized in the LBNL Financial Management System (FMS) in the period incurred. A balance should be maintained between the effort required to measure and accrue costs and the added value of that effort.

Scope

This policy is applicable to all incurred obligations for payroll, goods, services, travel, and subcontracts.

If not automatically captured in FMS, liabilities will be measured using accurate, complete and current information available.

Procedures

- Payroll will accrue and report all payroll and related liabilities.
- Disbursements will record all non-payroll obligations.
- The Department or Division will identify and report to Disbursements all other *unrecorded* obligations of the Laboratory. Each Department or Division is responsible to review and analyze the circumstances that apply to the unrecorded liability, using discretion to determine if a manual accrual is appropriate.

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An accrual is appropriate and required if it is considered material (substantial likelihood that omission of the accrual would affect or influence decisions).

Accrual Process

To record a manual accrual in the Financial Management System, the following information must be submitted to Disbursements by the last Thursday before the close of the last month of the accounting period and kept on file as documentation with the requesting Department or Division:

- Accrual amount
- Beginning and ending date of the accrual period
- Basis and justification for determining amount accrued
- Project ID
- Purchase order/subcontract number
- Resource category
- Indication that the accrual is reversing or non-reversing

Accrual Criteria

During the Fiscal Year

Manual accruals are not required for:

Services

If the service was provided during the current reporting month, and the invoice was received and approved by month end.

Goods

If the item(s) and the invoice were recorded as received in FMS in the current reporting month, **or**

If receipt was required, and the item(s) were recorded as received in FMS, but an invoice was not submitted. (An *automatic* monthly accrual would be generated in FMS.)

Manual accruals determined to be material are required on a fiscal quarter basis for:

Goods

If the item(s) were received by the Department or Division, but an invoice was not received.

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Services

If the service was provided before the end of the fiscal quarter, but the Laboratory was not billed for the services provided, **or**

If the vendor is custom-building an item or performing on a construction subcontract, an accrual is required for the *percentage* of the item or subcontract estimated to be completed before the end of the fiscal quarter.

At Fiscal Year-End

Manual accruals are not required for:

Services

If the service was provided during the fiscal year, the invoice was received by Disbursements, and Department or Division certification was provided.

Goods

If the item(s) were recorded as received in FMS *prior* to the close.

Manual accruals determined to be material are required at fiscal year-end for:

Goods

If the item(s) were received by the Department or Divisions, but the invoice was not received by Disbursements by September 30, **or**

If the item(s) were shipped but not received by September 30, and the contract covering the item(s) ordered stipulated freight on board (FOB) shipping point (the Laboratory takes possession when the item is shipped). Documentation is required for the vendor shipping date.

Services

If the service was provided during the fiscal year, but the invoice was not received by Disbursements by September 30, **or**

If the vendor was custom-building an item or performing on a construction subcontract, an accrual is required for the *percentage* of the item or subcontract estimated to be completed by September 30.

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Roles and Responsibilities

Each Department or Division is responsible for updating and maintaining an accrual worksheet identifying the current month end balance for each project and the accruals for each purchase order

The Office of the Chief Financial Officer (OCFO) is responsible for monitoring proper documentation and reconciling the liability accrual accounts. The OCFO will conduct quarterly reviews of selected accrual transactions executed by the Departments or Divisions to evaluate compliance with policy and the status of the liability accrual accounts.

Authority

- Department of Energy (DOE) Contract 31
- [DOE Accounting Handbook, Chapter 11, Liabilities](#)

Contacts

- Controller
- Manager, General Accounting
- Manager, Payroll
- Manager, Disbursements
- Manager, Financial Policy and Training

Glossary

- **Liability:** A present obligation arising from past events that will result in probable transfer of assets or providing of services in the future.
- **Obligation:** The amount of an order placed, contract award, service received, or similar transaction during a given period that will require a payment during the same or a future period. Such amounts include outlays for which obligations have not been previously recorded and reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations. All obligations must be supported by written documentation.
- **Project ID:** A numbering system used to report costs associated with funded activities at the Laboratory.
- **Resource category:** A type of cost grouped into similar categories. Examples include labor (contract, student, scientific, administrative), travel (foreign and local), and purchases (material and services).