

**Functional Series 600
Budget and Finance**

Interim Update 04-20

SUBJECT: Accruals Materiality Threshold for USAID/W and Phoenix Missions, to be included in ADS 631, Accrued Expenditures

NEW MATERIAL: This revision establishes the materiality threshold for estimating and reporting accruals in USAID/W and Missions now using the Phoenix Accrual Reporting System (ARS). Effective immediately, Missions that have completely converted from the MACS to the Phoenix system will use the Phoenix ARS for reporting accruals.

EFFECTIVE DATE: 12/09/2004

POLICY

USAID/General Notice
M/MPI AND M/FM/A
12/14/2004

Subject: Accruals Materiality Threshold for USAID/W and Phoenix Missions, to be included in ADS 631, Accrued Expenditures

This revision establishes the materiality threshold for estimating and reporting accruals in USAID/W and Missions now using the Phoenix Accrual Reporting System (ARS). For the purpose of this notice, the term "obligation" refers to unilateral obligations or bilateral sub-obligations, including but not limited to all procurement or purchasing instruments and travel orders (TAs).

All Cognizant Technical Officers (CTOs) and other Obligation Managers are responsible for developing accruals on all material obligations, including trust fund obligations, on a quarterly basis. This applies to both Phoenix and Mission Accounting and Control (MACS) users.

Effective immediately, Missions that have completely converted from the MACS to the Phoenix system will use the Phoenix ARS for reporting accruals. Unlike Missions still using MACS, an award or obligation is considered material if the total obligated amount is greater than or equal to \$10,000 and the unliquidated balance is greater than or equal to \$2,000. Immaterial obligations, i.e., those with a total obligated amount of less than \$10,000 or the unliquidated balance is less than \$2,000, do not require accrual activity. [NOTE: USAID/W has been using this threshold since the Phoenix ARS was first implemented in 2002.]

For Missions still using MACS, the standard \$25,000 total estimated cost (TEC) for awards/contracts and \$500 for travel obligations threshold remains. Once Phoenix is up and running at the Mission, the materiality threshold is reduced to \$10,000 for obligations and \$2,000 for unliquidated obligations.

Point of Contact: Any questions concerning this Notice may be directed to Gloria White, M/MPI, (202) 712-5339, or Jeff Carr, M/FM/A, (202) 712-0124.

| File Name | Notice Date | Effective Date | Editorial Revision Date | ADS CD No. | Remarks |
|----------------------|--------------------|-----------------------|--------------------------------|-------------------|--|
| IU6_0420_121704_cd38 | 12/14/2004 | 12/09/2004 | | CD 38 | This IU will remain effective until ADS 631 is modified. |