



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MANUAL TRANSMITTAL SHEET

Release

1-589

Date

11/4/69

Subject

1301 - ACCOUNTING PRINCIPLES AND STANDARDS

1. Explanation of Material Transmitted: This release revises section 1301 in its entirety and manualizes that portion of the accounting system which has been approved by the General Accounting Office.
2. Material Superseded: No BLM directives are superseded by this release except as shown under REMOVE below.
3. Reports Required: None
4. Filing Instructions: This transmittal sheet may be destroyed upon completion of the instructions.

REMOVE

TC-1 through .5
(Releases 1-77 and 1-192)
(7 sheets)

INSERT

TC-1 through .66D
Illustrations 1-3
(19 sheets)

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ILLUSTRATIONS:

1. BLM Finance Procedures
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.01 Purpose. This section presents the accounting principles and standards which have been approved by the General Accounting Office.

.02 Objectives. One objective is to briefly describe the relationship between the accounting system and the Bureau's Planning-Programming-Budgeting System. Another objective is to succinctly present the accounting principles applied to the various types of transactions encountered in the Bureau's operations.

.03 Authority. (Reserved)

.04 Responsibility. (Reserved)

.05 Definitions. (Reserved)

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→ .1 Functions of the Bureau of Land Management. The Bureau of Land Management has established on July 16, 1946, through the consolidation of the General Land Office (created in 1812) and the Grazing Service (formed in 1934) in accordance with the President's Reorganization Plan 3 of 1946 (5 USC 133y-16).

The Bureau is partially or totally responsible for the administration of mineral resources on about 755 million acres, approximately one-third of the area of the United States. Of this 755 million acres, the Bureau has exclusive jurisdiction for the management of lands and resources on some 452 million acres. The basic objective of this management program is to obtain for the American people the benefits of skillful coordination through multiple use management, and with respect to renewable resources, production at a sustained yield.

.11 Major Functions. The major functions of the Bureau are to:

A. Provide realty, leasing, and records services applicable to public lands, acquired lands, and the Outer Continental Shelf;

B. Provide land classification and mineral examination for multiple-use or disposal, lands inventory and analysis, trespass, and recreation management;

C. Improve utilization of range lands for domestic and wild animals;

D. Manage forests to provide a sustained yield of timber to meet regional and national demands for wood products;

E. Provide for soil and watershed conservation through the prevention or reduction of erosion;

F. Prevent or reduce the loss of public land resources and improvements by wildfire;

G. Suppress fires on or threatening the public lands;

H. Construct and maintain roads and trails necessary to provide access to the public lands;

I. Construct and maintain buildings and recreation facilities;
and

J. Render technical assistance to foreign countries in land classification and utilization in cooperation with the Agency for International Development of the Department of State. ←

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→ .2 Statutory Requirements. Principal statutory requirements which underlie the Bureau's accounting system are set out below.

.21 Establishment and Maintenance of Accounting Systems and Financial Reporting. The Budget and Accounting Act of 1950, as amended (31 USC 65 and 66), provides the Congressional policy on the purposes and need for adequate accounting systems and financial reporting. The Act also establishes the responsibilities for each executive agency, the General Accounting Office, the Bureau of the Budget, and the Treasury Department, for the implementation of these policies.

A. Accrual Accounting and Cost-Based Budgeting. Public Law 84-863 (31 USC 66a(c)), provides for (1) the maintenance of accounts on an accrual basis to show resources, liabilities, and costs of operation to facilitate the preparation of cost-based budgets, (2) the use of cost-based budgets, (3) consistency in accounting and budget classification and the synchronization of such classifications with organization structure, and (4) financing each operating unit at the highest practical level.

B. Anti-Deficiency Act. The Revised Statute 3679 (31 USC 665), as amended, provides that obligations shall not exceed amounts appropriated or apportioned, or amounts allotted for administrative control.

C. Documentary Evidence of Obligations. Section 1311, Supplemental Appropriation Act of 1955 (31 USC 200), sets forth the criteria that govern the recording and reporting of financial transactions as obligations.

D. Proper Use of Funds. Section 3678, Revised Statutes, requires that except as otherwise provided by law, sums appropriated shall be applied solely to the objects for which they are respectively made. This statute is for the purpose of assuring that each agency carries out its programs in accordance with the purposes and intent of Congress.

E. Merging of Obligated Balances of Expired Appropriations. Public Law 84-798, as amended, provides for the system of payment of obligated balances of expired appropriations, and for the withdrawal and restriction of unobligated balances.

F. Inventory Controls. The Federal Property and Administrative Services Act of 1949, requires agencies to maintain adequate inventory controls and accountability systems for property under its control (40 USC 483).

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→ G. Monetary Property Accounting. Public Law 84-863 imposes the requirement that the accounting system of each agency include adequate monetary property accounting records (31 USC 66(c)).

H. Various Land Management Laws. In addition to the above specific statutes, the Bureau must comply with the Sections 402 and 403 of the President's Reorganization Plan Number 3 of 1946, as amended (5 USC 1336), which established the Bureau of Land Management through the consolidation of the General Land Office and the Grazing Service. ←

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→ .3 System Design..31 General Organization for Financial Management.

A. Principal Organizational Units. The Bureau of Land Management consists of the following principal segments: The Headquarters Office at Washington, D. C.; eleven State Offices; District Offices within each of the eleven States; Outer Continental Shelf Land Offices in New Orleans, Louisiana, and Los Angeles, California; and Administrative Technical Service Centers in Denver, Colorado, and Portland, Oregon.

B. Director's Office. The formulation of Bureau-wide policy, the conduct of seat-of-government liaison activities and over-all supervision are performed by the Director's Office. Primary supervision of the program function is a responsibility of the State Offices. Program execution is performed by the District Offices, except that which can be done better or at less cost centrally. Work to be done centrally is performed in either of the Service Centers, the State Offices, or the Director's Office as appropriate.

C. Division of Finance. In the Headquarters Office the Division of Finance is the principal staff office for the financial control and statistical analysis of the Bureau's operation.

D. Service Centers (Denver and Portland). At the Denver Service Center there is established a Division of Financial Management which is responsible for accounting, fiscal, and progress and financial reporting functions for all field offices. The personnel, procurement, and property management functions for the field offices are equally divided between the two Service Centers. Each Center has a defined geographical area of responsibility for these functions.

.32 Planning-Programming-Budgeting Responsibility.

A. Planning System. The Planning System is a major managerial system through which the Director, State Directors, and District Managers develop and manage the Bureau's various program activities.

B. Budget System. The basic budget is established by the Congress through authorization of work and appropriations to finance its execution. Plans or programs to accomplish the work are developed covering all activities of BLM. The detailed program plans and supporting budget data are developed by the District and State Offices within the policies, guidelines, ceilings and other factors to be observed in the budget presentation as prescribed by the President, Secretary and the Director's Office. ←

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→ C. Accounting Systems Support. The accounting system has been designed to directly support the Bureau's planning and program scheduling system which is the basis for the preparation of an approved action plan to be accomplished in a given time frame, relating the activities to cost. The detailed program schedules are primarily concerned with the costs, actual for prior periods and estimated for future periods, required to perform the activity within a given time period. Cost data relating to the actual performance are derived from the accounting system. Accordingly, the content of the program scheduling system provides the cost information for the Planning-Programming-Budgeting System prescribed by the President for Executive Agencies.

D. Program System. The program system is developed on a work performance basis and provides a common denomination for evaluating the relationship of estimates to actual progress in terms of units, man-months, and dollars. The system involves the following main elements:

1. Estimates to cover the estimated total cost on an activity without regard to time, and on most activities are supported by narrative statements and supporting detail on personnel, material, equipment, and facilities required.
2. Schedules apply the time element to cost estimates, and cover the currently anticipated plan which establishes not only the chronological order to accomplishments but also the time limits. Schedules are prepared on an applied cost basis, by fiscal years, and where required, by subdivision of the fiscal year.
3. Budgets consist of schedules, narrative explanatory statements, personnel details, and include financial statements of estimated revenues and expenditures by designated fiscal year. Federal budgets are prepared in accordance with requirements in Bureau of the Budget Circular A-11. The budget presentation is grouped by the following major activities:
 - Realty and Mineral Leasing Services
 - Resource Management, Conservation and Protection
 - Cadastral Surveys
 - Fire Fighting and Rehabilitation
 - General Administration
 - Construction and Maintenance
 - Public Lands Development, Roads and Trails
 - Oregon and California Grant Lands
 - Range Improvements

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→ E. Operating Procedures. The elements of the program system are prepared or revised not less than three times annually and are conformed to the program established by the Congress. The system is the basis for monthly reports provided to the Director's Office, State Director's Office and the District Offices to enable management to exercise control over execution of the program.

.33 Accounting and Financial Reporting Responsibility. The Bureau of Land Management has established accounts to meet the accounting, budgeting, and reporting requirements of the Congress, the General Accounting Office, the Treasury Department, the Bureau of the Budget, the Department of the Interior, and Bureau management. In addition to the statutory and regulatory requirements previously cited, the following purposes were considered when establishing the accounts:

- To provide control of expenditures and application of funds for all activities through a coordinated system of accounting, programming, and budgetary reports.
- To provide standard and uniform financial statements and reports to summarize the information which is required regularly by the Bureau's administrators for managerial purposes.
- To provide for the recording of financial information in a consistent and uniform manner to make possible the compilation of data which will be comparable with similar data for other periods and other projects.
- To facilitate determination of the fidelity of persons administering public funds and properties.

A. Specific Accounting and Reporting Responsibilities.

1. Denver Service Center. The Denver Service Center is responsible for maintaining the general ledger and subsidiary accounts to control all Bureau appropriations, allocations, and general and special fund receipts. This office also performs all accounting and reconciliations of collections.

2. State and District Offices. These offices are responsible for the establishment and collection of accounts receivable. Collections are deposited with general depositories or Federal Reserve Banks or branches thereof. ←

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→ .34 Cost Classification System.

A. General Description. All Bureau costs are fundamentally classified on an activity basis. Each of these major activities is further subdivided into classes of work by which estimates and schedules are prepared, funds obtained, and results recorded. Many advantages result from the use of a uniform classification in administering the Bureau's organization and it is essential to four main elements of program control: (a) estimating, (b) scheduling, (c) cost accounting, and (d) reporting. Each of these elements conforms to the pattern established by the classification to insure comparability and uniform information of maximum value for administrative use. This cost classification system is integrated with the general accounting system and is Bureau-wide and mandatory on all activities. It provides a basis by which responsible officials in the Bureau can exercise more effective control over the program.

B. Primary Breakdown. The primary breakdown consists of the activity and subactivity classifications prescribed or requested by the Congress and the Bureau of the Budget as follows:

1. Lands and Minerals Management.

- Title, Lease and Records Service
- Land Classification and Mineral Examination
- Land Classification, Missouri River Basin
- Records Improvement

2. Range Management.3. Forest Management.

- Forest Management (Western Oregon)
- Forest Management (Public Domain)
- Forest Thinning and Salvage (Western Oregon)

4. Forest Development.

- Forest Development (Public Domain)
- Forest Development (Western Oregon)
- Restoration of Damaged Timber Lands, O&C and CBWR
- Restoration of Damaged Timber Lands, Public Domain ←

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5. Resource Development and Conservation.
 - Soil and Watershed Conservation
 - Fire Rehabilitation
 - Range Improvement (Public Domain)
 - Range Improvement (LU Lands)
 - Small Watershed Conservation
 - Contributed Funds
 6. Protection.
 - Protection (Public Domain)
 - Protection (Western Oregon)
 7. Cadastral Survey.
 - Cadastral Survey
 - Cadastral Survey (Missouri River Basin)
 - Cadastral Survey (Forest Service)
 8. Fire Fighting.
 9. General Administration.
 10. Construction.
 - Building Construction
 - Recreation Facilities Construction
 - Public Lands Development Roads and Trails
 - PLDR&T, Sanitation & Protection Facilities
 - Road Construction and Acquisition (Western Oregon)
 - Recreation Construction (Western Oregon)
 - Emergency Road Repair and Reconstruction (Western Oregon)
 11. Maintenance.
 - Maintenance of Buildings
 - Maintenance of Recreation Facilities (Public Domain)
 - Operation and Maintenance, Roads (Western Oregon)
 - Operation and Maintenance, Recreation (Western Oregon)
 - Road Maintenance, O&C and CBWR
 - Road Maintenance, Public Domain
 12. Cartographic Services.
 13. Forest Insect and Disease Control. ←

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→ C. Secondary Breakdown. All activities and subactivities are maintained by program work element (cost centers). For example, subactivity entitled Forest Management (Western Oregon) is divided into the following program work elements:

- Forest Inventory and Analysis
- Management Plans
- Forest Product Sales
- Timber
- Engineering and Easement Acquisition
- Precruise and Layout
- Cruise and Appraisal
- Contract Preparation and Administration
- Permits and Rights-of-way
- Other Forest Products
- Trespass
- Research and Studies
- Free-use Permits
- Forest Pest Control
- Wildlife Habitat

.35 Financial Reporting. Financial reports are designed to clearly disclose significant facts about the Bureau's operations and activities, to meet prescribed external reporting requirements, and to be of maximum use to internal management.

A. Cost-based Performance Schedules. Cost-based performance schedules covering the approved program for each activity are basic to the Bureau's system of financial and program control. The Bureau's cost classification system is the common denominator into which all activities are classified for purposes of estimating, programming, accounting, and reporting. Effective control is obtained by a system of monthly cost reports against the performance schedules to appropriate levels of management. The reporting system culminates in a consolidated monthly report to the Director's Office. This process involves the furnishing of more detailed information to lower levels of management in the process of preparation of the consolidated report. The extent of detail included in the reports at the various levels is governed by the demonstrated needs of management at the level where the information will be used. Comparison of costs incurred against scheduled costs forms the basis for applied cost and expenditure control at each responsible level as appropriate. Basically the system provides for furnishing current cost information to the levels of management which were involved in budget formulation and budget execution. The cost information furnished does not alone form the sole basis for informed management decisions, but rather it serves as an indicator to alert management to possible problems in specific areas. (See Illustration 3.) ←

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→ B. Preparation of Financial and Operating Statements. All financial and operating statements, including the fund statements, are prepared from the general ledger and related subsidiary accounts maintained by the Division of Financial Management (DSC). The frequency of submittal of these statements and reports varies from monthly to quarterly, semiannually, or annually, dependent upon report requirements by external agencies and internal management's need for financial data. Some of the more important of the basic financial statements and reports are:

1. Report to each office head showing the individual financial plan for the office compared with actual applied costs to date. Units accomplished are updated monthly.

2. Report to each State Director showing the consolidated financial plan for the particular State compared with the consolidated actual applied cost for the State. Units accomplished are updated monthly.

3. Report to the Director showing the consolidated financial plan for the Bureau compared with the consolidated actual applied cost for the Bureau.

4. A narrative report is prepared monthly highlighting specific aspects of the financial plan and actual performance. The result of operations of the activities shown on the Monthly Management Report are analyzed and interpreted and pertinent facts such as poor utilization of funds and/or man-months, are brought to the attention of Management. For example, road construction projects are reported by project, by program work element by District Office. Each report presents (1) operating budget, (2) current month's cost, year-to-date costs and unexpended balance. Totals are presented for each activity by District and State Office. ←

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→ .36 Internal Control. The system of accounts and the related procedures are supplemented by use of a system of internal control; a periodic review of the system; and audits to (1) safeguard the assets of the projects, (2) test check the accuracy and reliability of the accounting data, (3) insure that funds are used for authorized purposes, (4) promote operational efficiency, and (5) determine that prescribed financial policies and procedures are being interpreted properly and are being carried out and that changes in operating conditions have not made procedures cumbersome, obsolete, or inadequate. The responsibility for assigned duties and functions is appropriately segregated between authorization, performance, record maintenance, custody of resources, and review to provide checks on performance and minimize unauthorized or improper acts. Examples of such divisions of responsibilities and other internal control features of the accounting system are:

- A. Appropriate officials designate specific employees to approve requisitions for supplies and equipment.
- B. A prevalidation of funds process is required prior to incurring obligations. Prevalidating officials must be designated by proper authority.
- C. Financial transactions recorded in the accounting records are supported by documentary evidence which becomes a part of the accounting records.
- D. Employees responsible for maintenance of accounting records do not have authority to write off accounts receivable, property, or other assets.
- E. Adequate control is established over cash and other negotiable instruments received in the mail to insure that such receipts are received by a designated collection officer and are properly deposited or otherwise accounted for.
- F. Adequate fireproof safekeeping facilities are maintained for collection officers and cashiers.
- G. Authorized certifying officers, cashiers, and collection officers are bonded.
- H. Unannounced verifications of imprest fund cashier's cash balances are made by an employee designated by the office head. Other unannounced verifications of the cashier's balances are made by the finance staff representative or by a Departmental audit staff member.

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- I. All payroll checks are mailed by the U. S. Treasury Department directly to the employee. Employees who participate in timekeeping, preparation of payrolls, maintenance of personnel and employment records, or certification activities do not participate in the distribution of payroll checks.
- J. All voucher supporting documents are examined prior to payment to insure compliance with laws, regulations, agreements, purchase orders, or other authorizations, and that all administrative determinations and conditions precedent to payment have been met.
- K. Individuals who would have positive knowledge as to whether employees are present or absent are designated in writing to maintain time and attendance records on a daily basis. Employees do not certify or approve their own time and attendance reports.
- L. The authority to approve overtime and holiday work is delegated in writing, and all such work is approved in writing by the authorized officials.
- M. There is a distinct separation of assigned duties relating to payroll and leave functions to assure that no one person performs all phases of a transaction. For example, the following functions are performed by different individuals:
- Processing of personnel actions;
 - Recording and reporting time and attendance;
 - Computation of pay, preparation of payrolls, and maintenance of payroll records;
 - Certification of payrolls;
 - Disbursement of funds; and
 - Internal verification of payroll computations.
- N. The Departmental audit staff provides audit services for all agencies under its jurisdiction. These audit services relate principally to management-oriented functional reviews, utilizing the most modern practices and content of internal auditing.

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→ .4 System Processing.

.41 Finance Office. The Division of Financial Management (DSC) is the organizational unit responsible for maintaining accounting records, for transmittal of disbursement vouchers direct to the Treasury Disbursing Office, and for collections to general depositories or Federal Reserve Banks or branches. All disbursements are processed through the Regional Disbursing Office, Denver, Colorado.

.42 Recording and Summarizing Basic Data. Each step in the accounting process requires the use of documents and books. Documents, usually Bureau, Department, or Standard Forms, have been designed to furnish sufficient information regarding a transaction to permit their use as the media for making entries. The documents indicate date of the transactions and carry the approval or citation of any authority required and the amounts involved. Documentation of transactions authenticates the entries and provides additional information which cannot conveniently be recorded in the journals and ledgers but to which reference may be made and from which additional information may be compiled as required. Documents involving outside parties or two or more organizational units of an operating office provide objective evidence as to the validity of the transactions, and approval of such transactions places responsibility and accountability therefor. Source documents are essential to any internal or external post audit of the records and accounts. The forms are designed to serve a useful purpose in the procedure as well as to accomplish other objectives and controls which are necessary. The original documents, properly approved, and the instructions regarding the flow of such documents provide a degree of internal control. For example, an Allotment Advice received serves not only as the basis for an entry in the records but also as an authorization to incur obligations within a specific amount. An approved Purchase Order carries with it not only the authority to purchase, but also an indication that funds are available. An approved work plan authorizes work to be performed in accordance with an approved program and provides a means of prescribing the cost accounts under which costs will be accumulated.

.43 Maintenance of Records. The accounting system is maintained by a combination of manual, mechanical, electro-mechanical, and electronic means. It is the policy of the Bureau to utilize automatic data processing and other modern equipment in its accounting and finance operations to the extent that benefits can be demonstrated in the form of potential cost savings, improved operations and increased over-all efficiency. A uniform ADP system for payroll, leave, and retirement is currently being utilized Bureauwide. ←

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→ .5 System Content..51 General Accounting Principles and Standards.

A. Use of Financial Plan to Control Costs. The system of accounts is based on recognized principles of accounting and integrates commercial accounting procedures to the extent applicable. It involves a uniform cost classification system which is used for estimating, programming, budgeting, accounting, and financial reporting. Costs are kept at activity, subactivity, and program work element level within each office.

B. Budgetary Control. A system of budgetary control is integrated with the general ledger accounts by use of subaccounts and special accounting procedures. The budgetary accounts reflect the unliquidated obligations, accrued expenditures, and the unobligated balances of appropriated funds. In addition, the system reflects administrative reservations of funds and involves prevalidation processes as a means of facilitating control to insure that obligations and expenditures do not exceed authorized amounts. The allotment accounts are designed and maintained for the basic purpose of funds control for management use, within the Anti-Deficiency Act.

C. Levels of Control. A centralized system of accounting provides for the control of funds by the Director's Office through the Chief, Division of Budget to whom all allotments are made. The control of funds and costs is exercised through the annual financial plan adjusted as necessary to correspond with fund availability and program emphasis. The financial plan provides in advance a fund level for the incurrence of costs by each office. The monthly financial report compares the plan with costs incurred, thus providing the local manager the necessary information for decisions relating to program emphasis within a particular office. Material deviations from the plan requires prompt approval by the headquarters office. The monthly financial reports to the allottee show the approved consolidated plan for all offices compared with the cumulative costs to date and adjusted at the allotment level. From the available monthly reports, the allottee has the means to determine the status of the allotment for the Bureau, isolates by office major unreported deviations from the financial plan, and institutes corrective action. Pursuant to his authority, the allottee may issue a total prohibition against further obligations without his specific approval. The prohibition may apply to the Bureau or selected offices as he so directs. Prevalidation is thus accomplished by the financial plan until such times as the allottee may require specific approval. Accounts are provided to control all appropriated funds and unappropriated special fund receipts. The accounts also provide the controls which are necessary to reconcile with the corresponding accounts of the Treasury Department. ←

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→ D. Accrual Basis of Accounting. Expenditures are accounted for on an accrual basis; i.e., expenditures are recorded in the allotment accounts and in cost and other records when work or services are performed or materials and property received, regardless of whether the vouchers for such items have been paid. Similarly, income is entered in the accounts when earned. Use of the accrual basis enables the accounting records to disclose an accurate and complete picture of financial condition as of the end of any given accounting period, and provides a basis for relating applied costs to work performance which is useful to management in evaluating past and future work programs.

E. Accounting System Provides Basic Data for PPBS. The specific categories established by BOB for Governmentwide implementation in the PPBS framework applicable to BLM are:

- Energy Production, Distribution and Supply
- Land Service, Forage and Timber
- Recreation Use and Preservation
- Mineral Exploration, Production and Supply

1. Cost Classification System. The cost classification system incorporated in the Bureau's accounting system provides the basic link between the Bureau's program scheduling and the identified categories, subcategories and elements of the PPBS system. (See Illustration 2.)

Primarily, the technique of relating the cost of the program to PPB categories is designed to convert identified properties, cost classification, and program items with the applicable PPB category structure. Identified properties outlined in program schedules are associated with the PPB categories on the basis of use concept. For example, the program for the construction of a road is included under the Land Service Forage and Timber category and the program for a recreation area using the road is included in Recreation Use and Preservation category. The Planning-Programming-Budgeting System, which outlines the scope of the Bureau's annual and forecasted multi-year program, is directly supported by the Bureau's cost classification and cost accounting system.

F. Compliance With Regulatory Agency Requirements. The accounting system recognizes requirements of regulatory agencies and is so designed to make information required by the regulatory agencies readily available. ←

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→ G. Other General Concepts of Accounting Principles.

1. Accounts Maintained on Basis of Costs. Accounts are maintained on basis of costs. Costs accounts are on an "applied" or "consumed" basis. Costs are assigned in the accounting period to which such costs are applicable regardless of the sources of such charges or the time when obligations are incurred or expenditures made. The term "cost" as used in the detailed project costs (i.e., road construction) includes the cost of survey and design.

2. Use of Work Measurement Units to Evaluate Performance. In those instances where the nature of the work is such that work unit measures can be established and management has determined a need for unit cost information, the cost accounting system provides for identifying and accumulating costs by work measurement categories so that unit cost information can be produced for use by management in evaluating work performance; such as, miles of fence, miles of roads, acres of seeding, etc.

3. Depreciation. Depreciation on general fixed assets of the Bureau will be computed, on a selective basis, when necessary for unit-cost purposes or for the billing of certain reimbursable costs. Accounting for depreciation costs shall be recorded for motor vehicles, construction equipment and facilities utilized in the conduct of general construction, road building and other program operations for the purpose of allocating the use cost of these facilities over their service lives.

4. Establishment of Cost Responsibility Centers. Responsibility accounting is utilized and related cost centers established through the financial plan (annual work plan). Such centers are established by the Director's Office based upon a demonstrated management need.

5. Segregation of Expenditures between Capital and Expense Items. Accrued expenditures are appropriately classified between capital outlay and expense. This classification is very important since it has a vital bearing on the financial and operating statements. All assets acquired having an economical life of more than one year are capitalized, except minor items of equipment (generally items having a value of under \$50) which are charged to expense. ←

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6. Segregation of Receipts between Income and Capital Credits.

Receipts are classified between income and capital credits based on the nature or purpose of the receipts. Receipts treated as capital credits represent primarily expenditure refunds and reimbursements which are both creditable to applicable appropriation or fund accounts, and proceeds from the sale of property, all of which are for application to reduce capital cost previously incurred. Receipts classified as income represent monies derived from the sale of grazing privileges, minerals, timber, etc., and fees of various types.

7. Financing and Costing Paid Time Off. A system to finance and cost all paid time off is an integral part of the ADP personnel payroll cost distribution system. A surcharge (load factor) is applied to regular pay for hours worked. The surcharge rate is established to cover all earned time off with pay for the fiscal year. The method entails establishment of a leave clearing account to which the surcharge applied on each payroll for the Bureau is credited. All paid time off, i.e., annual, sick, military, jury duty, holiday, administrative, and lump sum terminal leave, is charged to the leave clearing account. Balances remaining in this account at the fiscal year end representing annual leave are cleared to the leave liability account. This transfer represents the bridge between costs and accrued expenditures.

a. Reserve Account. A reserve account representing the liability for unused annual leave has been established and is adjusted at the end of each leave year to reflect the actual liability as disclosed by inventory. Concurrent with the review and adjustment of the liability account, a redetermination of the adequacy of the surcharge rate is made, and the rate is adjusted as required.

8. Chart of Accounts and General Ledger Required to Record all Transactions.

a. Chart of Accounts. A uniform classification of general ledger accounts is used as a basis for recording all financial transactions in the Bureau's accounting system. The general ledger accounts are designed to account for all funds, property, and liabilities irrespective of their origin.

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→ b. Postings. Postings made to the books of original entry are generally made from monthly summaries prepared by automatic data processing. A Document Face Sheet is used to classify all expenditure accruals, and collection documents. These in turn are controlled through a blocking process.

c. Construction Costs. Construction costs are accumulated in a "construction in process" account which is relieved of costs through the use of a completion report. The completion report serves as notice to the accounting unit that a particular construction project has been completed and is ready for review and classification as a fixed asset. A review of the accumulated costs is made and appropriate classifications made.

d. Principal Books of Original Entry. The principal books of original entry are:

- Allotment Ledger
- Accounts Receivable Register
- Collection Register
- Cash Disbursements Register
- Equipment Operation Register
- Stores Register
- Journal Voucher

e. Subsidiary Ledgers. Subsidiary ledgers support and provide details and analyses of certain accounts recorded in summary form in the general ledger. ←

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→ .6 System Application..61 Cash.

- Appropriate records of all cash received are prepared immediately upon receipt and prior to deposit.

- Collections are handled by bonded collection officers only.

- Collections are forwarded to an appropriate Federal depository within one business day after receipt except coin or currency which may be accumulated within a given month up to \$10 for one deposit provided that the monies are properly safeguarded. All collections irrespective of amount are deposited at month-end.

.62 Funds.

A. Types. Bureau funds come from numerous sources. Each fund is put under proper accounting control through the use of subsidiary records established by activities within each fund. The following types of funds are involved:

1. General Funds. The Bureau receives appropriations from the general fund for management of lands and resources, construction, range improvement and other miscellaneous purposes.

2. Special Funds. A special fund is one into which are deposited receipts from specific sources designated by law, which also restricts the purposes for which they may be used. Special funds include (1) available receipts, and (2) unavailable receipts. Available receipts are immediately available as appropriations without further action by the Congress. Unavailable receipts are not appropriated at the time of collection. Such receipts consists primarily of those receipts required by law to be distributed in a specific manner. For example in many instances, a percentage of revenues derived from use of lands is payable to the States in which collected as shared revenue or in lieu of taxes.

3. Trust Funds. The Bureau receives advances from range users for range improvements and other purposes and from groups of citizens for township surveys which are held in trust until expended or refunded. ←

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→ 4. Working Funds. Under Section 601 of the Economy Act, other Government agencies establish working funds with the Bureau for the purposes of furnishing services, etc., to the agencies making the advance.

5. Deposit Funds. Monies to be temporarily held in suspense or by the Government as a fiscal agent are deposited to established deposit funds from which expenditures can be made subsequently. Examples of such deposits are: (1) contract holdbacks, (2) employees payroll savings bond deductions, and (3) withheld payroll taxes.

B. The allotment accounting procedures are designed and maintained for fund control within the Anti-Deficiency Act and such administrative and legislative restrictions as may be imposed. Obligations incurred and recorded in the accounts are supported by documentary evidence which meets the criteria specified in Section 1311(a) of Public Law 663, 83rd Congress (31 USC 200).

.63 Roads and Structures. The value of the Government's investment in roads and structures built or acquired by the Bureau is established in four general ledger accounts: (1) Structures, (2) Roads, (3) Capital Work in Process, and (4) Unapplied BLM Road Costs.

A. Work in Process. All costs incurred during the construction of buildings or roads, whether by force account, contract, or by another agency, are charged to work in process during the month in which the costs are incurred. At the completion of a construction project, all costs applicable to the project are transferred to the appropriate capital asset account. Subsidiary records are maintained by project.

B. Capital Asset Account. The cost or appraised value of structures and completed roads, including the cost of plans, reconnaissance, survey, design, rights-of-way, construction, and overhead, are charged to the appropriate capital asset account. Subsidiary records are maintained for each structure and each road; the latter is maintained by office having administrative jurisdiction. ←

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→ .64 Inventories.

A. Equipment and Expendable Supplies Inventories. All movable property, i.e., all property movable in character which has not been permanently affixed to structures or other facilities so as to become an integral part of fixed properties, is under appropriate accounting control. Movable property is classified into two general groups as follows:

1. Equipment. Equipment consists of all items of machinery, implements, tools, furniture, vehicles, and other apparatus which are recorded as such in capital investment accounts, and do not become permanently affixed to or form a part of buildings or structures. Equipment is further identified to subclassifications for capitalized equipment and noncapitalized equipment. Capitalized equipment is recorded in detail card records in support of an appropriate general ledger control account for equipment. Noncapitalized equipment is handled the same as stores (see below) for cost accounting purposes, except that such items are charged directly to cost or clearing accounts at time of receipt.

2. Stores. Stores consist of materials and supplies which are ordinarily consumed in operation and maintenance or converted in the process of construction to form a part of fixed property or equipment. These items are recorded by Property Management on detail card records in support of the general ledger stores control account.

B. Physical Inventories. Physical inventories of all movable property are completed at least once a year and properly reconciled to control account balances. Perpetual inventory records are maintained for stores items and these records are reconciled to the stores general ledger control account balance at least semiannually on a cyclical basis.

C. Issues. Items issued from a storehouse are immediately documented and charged in the current period to appropriate cost centers or accounts based on use.

D. Construction Materials. Construction materials and supplies purchased for delivery directly to and for installation by contractors are charged directly to the cost feature for which acquired. ←

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→ E. Differences. Any difference in the monetary balance in the subsidiary stores records and the control account is investigated and appropriate adjustments made with full justifications received. Major adjustments must be approved by the Director's Office.

F. Transfers. Transfers of movable property from other Government agencies are recorded at appraised or fair value. Fair value is generally arrived at by application of the GSA Fair Value Formula. The cost of property retired from service, whether by sale, reimbursable transfer to another Federal agency, or other means, shall be removed from the accounts along with any applicable depreciation that has been accumulated in the accounts.

.65 Accounts Receivable.

A. All amounts due the Bureau of Land Management are billed to the debtor as they are earned and become due. When bills are issued, they are entered immediately in the accounts as a debit to Accounts Receivable and a credit to the appropriate revenue, cost, or other account.

B. Three general ledger accounts are maintained to classify the type of receivable: (1) Accounts Receivable - Repayment (refunds and reimbursements); (2) Accounts Receivable - OCS (bills rendered in connection with Outer Continental Shelf Lands); and (3) Other Receivables.

C. Accounts Receivable are reviewed monthly to assure that delinquencies are systematically followed up. Write-offs are made in accordance with regulations promulgated under the Federal Claims Collection Act of 1966.

.66 Accounting for Liabilities.

A. Separate accounts are maintained for major categories of liabilities to provide full disclosure of the nature of the liabilities.

B. Liabilities are recorded in the accounts in the period in which incurred as soon as services are performed or materials received.

C. Amounts recorded as liabilities represent amounts actually due or accrued. ←

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D. Advances received from others for materials or services are recorded as a liability, and such liability is reduced as the materials are delivered or services are performed.

E. Contingent liabilities are not entered in the accounts as liabilities, but appropriate records are noted and financial statements footnoted accordingly.

.67 Investment of the U. S. Government. Separate accounts are maintained to disclose the major elements of the Government's investment, consisting of the following:

A. Additions to Investment.

1. Appropriated funds.
2. Transfer of cost or property from other Federal agencies without reimbursement.

B. Reduction of Investment.

1. Funds returned to the U. S. Treasury.
2. Transfer of cost or property to other Federal agencies without reimbursement.
3. Charge-offs as authorized by Board of Survey and the Office of the Solicitor.
4. Nonreimbursable expenses as authorized by law or other authority.

Appropriate accounts are also maintained to disclose the status of appropriations and other available funds in terms of allotments, obligations, expenditures, and reimbursements.

.68 Accounting for Revenues. Revenues represent amounts earned by the Bureau which by law are creditable to receipt accounts. Separate general ledger accounts are maintained to disclose (1) operating income and (2) nonoperating income by type.

A. Source of Revenue. The Bureau obtains revenues from several sources, the principal ones being:

- Sale of timber;
- Grazing; licenses, permits, and leases;
- Oil and gas leases;
- Rights-of-way permits.

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Bridge Between BLM Activities and PPBS Categories

		LAND SERVICES, FORAGE AND TIMBER						
		Land Classification and Disposition of Public Lands	Land Utilization, Protection and Restoration Watershed Conservation and Development	Timber Production Mgmt & Utilization Western Oregon P.D. Development Western Oregon P.D. Comm. Thinning & Salvage Emergency Opr.	Livestock Forage Production Mgmt & Utilization Development	Earth Study and Measurement Cadastral Survey	Fire Protection Prevention and Suppression Rehabilitation	Transportation System Operation & Maintenance Public Lands Western Oregon Construction Public Lands Western Oregon
PPBS CATEGORIES								
BLM ACTIVITIES								
MANAGEMENT OF LAND AND RESOURCES								
	1100 Realty Mineral Leasing Services							
	1110 Title, Lease, Record Service							
	1120 Records Improvements							
	1200 Resource Mgmt Conservation, Prot.							
	1210 Land Clss. and Mineral Exam.							
	1220 Range Management							
	1230 Forest Management-Western Oregon							
	1240 Forest Management-Public Lands							
	1250 Forest Development-Public Lands							
	1260 Soil & Watershed Conservation							
	1270 Protection							
	1280 Recreation & Wildlife							
	1400 Cadastral Survey							
	1500 Fire Fighting & Rehabilitation							
	1510 Fire Fighting							
	1520 Fire Rehabilitation							
	1600 General Administration							
CONSTRUCTION AND MAINTENANCE								
	2100 Construction							
	2110 Buildings							
	2120 Recreation Facilities-P.D.							
	2200 Maintenance							
	2210 Buildings							
	2220 Recreation Facilities-P.D.							
	2230 Access Roads-P.D.							
PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS								
	3100 Access Roads							
O & C GRANT LANDS								
	5110 Road Acquisition & Construction							
	5120 Recreation Construction							
	5210 Forest Protection							
	5220 Forest Development							
	5310 Operation-Maintenance Roads W.Ore.							
	5320 Operation-Maintenance Recreation							
RANGE IMPROVEMENTS								
	8100 Range Improvements P.D.							
	8200 Range Improvements L.U.							

Bridge Between BLM Activities and PPRS Categories

	ENERGY PROD.		DIST & SUPPLY	MINERAL EXPL. PROD & SUPPLY	RECREATION USE AND PRESERVATION						
	Information, Support, Reg. Functions - Fossil Fuels Classif., Leasing and Sale on Land	Special Programs - Oil Shale Development			Information, Support and Reg. Classification, Leasing & Sale on Land	Marine Sale	Public Lands Management and Research (except Public Lands Research (Public Lands only))	Rare and Endangered Species	Migratory Bird Habitat & Development	Other Wildlife Maintenance	Fish Habitat Research
BLM ACTIVITIES											
MANAGEMENT OF LAND AND RESOURCES											
1100 Realty Mineral Leasing Services											
1110 Title, Lease, Record Service											
1120 Records ImprovementX										
1200 Resource Mgmt Conservation, Protection											
1210 Land Class. and Mineral ExaminationX										
1220 Range Management											
1230 Forest Management - Western Oregon											
1240 Forest Management - Public Lands											
1250 Forest Development - Public Lands											
1260 Soil & Watershed Conservation											
1270 Protection											
1280 Recreation and Wildlife											
1400 Cadastral Survey											
1500 Fire Fighting & Rehabilitation											
1510 Fire Fighting											
1520 Fire Rehabilitation											
1600 General Administration											
CONSTRUCTION AND MAINTENANCE											
2100 Construction											
2110 Buildings											
2120 Recreation Facilities - P.D.											
2200 Maintenance											
2210 Buildings											
2220 Recreation Facilities - P.D.											
2230 Access Roads - P.D.											
PUBLIC LANDS DEVELOPMENT ROADS AND TRAILS											
3100 Access Roads											
3200 PUD R&T S&P Facilities											
O & C GRANT LANDS											
5110 Road Construction & Acquisition											
5120 Recreation Construction											
5210 Forest Protection											
5220 Forest Development											
5310 Operation-Maintenance Roads W. Ore.											
5320 Operation-Maintenance Recreation											
RANGE IMPROVEMENTS											
8100 Range Improvements P.D.											
8200 Range Improvements L.U.											

Use project number K00 with any expenditure incurred