

# Reclamation Manual

## Directives and Standards

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<b>Subject:</b>	Accrued Biweekly Payroll and Benefits
<b>Purpose:</b>	To document existing procedures used by the Bureau of Reclamation to comply with accrual accounting for payroll, benefits and associated indirect costs that remain unpaid at the end of an accounting period on a monthly basis. The benefit of this Directive and Standard (D&S) is to properly value and record payroll and benefits liabilities in accordance with accrual accounting and the Generally Accepted Accounting Principles.
<b>Authority:</b>	31 U.S.C. § 3512(e) - <i>Executive agency accounting and other financial management reports and plans</i> ; Federal Accounting Standards Board, <i>Statements of Federal Financial Accounting Concepts 5 - Definitions of Elements and Basic Criteria for Accrual-Basis Financial Statements</i> ; Department of the Interior, <i>Accounting Handbook, Ch. 7 – Accrual Accounting</i>
<b>Approving Official:</b>	Director, Management Services Office
<b>Contact:</b>	Business Analysis Division; Financial Policy, Compliance and Audit Team, 84-27410

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1. **Introduction.** To follow the matching principal concept of accrual accounting, a payroll accrual is recorded at the end of each month.
2. **Applicability.** Although the payroll accruals are posted automatically on the highest level, this D&S still applies to all regional finance offices.
3. **Definitions.**
  - A. **Accrual Basis of Accounting.** A system of accounting in which revenues are recorded when earned and expenses are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.
  - B. **Cash Basis of Accounting.** A system of accounting in which revenues are recorded when cash is actually received and expenses are recorded when payment is made without regard to the accounting periods in which the revenues were earned or costs were incurred.
4. **Responsibilities.** The Finance and Accounting Division, Financial Systems and Operations group will monitor the Federal Financial System to ensure that the payroll, benefit, and associated overhead accruals are estimated and recorded as follows:

# Reclamation Manual

## Directives and Standards

---

- A. **Estimating the Accrual.** The estimated accrual is based on a percentage of the last actual bi-weekly pay period disbursed and recorded, including the assessed indirect costs. A 10 percent rate is assessed on this previously "costed" payroll for each unpaid workday (Monday-Friday) remaining in the accounting period. For example, if there are 15 unpaid workdays remaining in the month, the accrual would be estimated at 150 percent.
- B. **Reversing the Accrual.** The estimated accruals are reversed in the subsequent accounting period and the actual amounts are entered.
- C. **Eliminating Distortions.** In order to preclude distortions, Reclamation-wide accruals are not calculated on the following charges:
- (1) accruals;
  - (2) awards;
  - (3) interest on back pay;
  - (4) sale of power (quarters); and
  - (5) suspense.
5. **Recording the Accrual Entries.** Object classes for accruals are designated by the sub-object code 20, i.e., 111A20. The accruals (entire and/or partial pay periods) are recorded in the following standard general ledger accounts (SGL):
- A. **For an Expense Account (All fund categories except LP).**
- (1) **Proprietary.**  
  
Dr. 610A Operating Expenses/Program Costs  
Cr. 2210 Accrued Funded Payroll Leave
  - (2) **Budgetary.**  
  
Dr. 4610A Allotments – Realized Resources  
Cr. 4901 Delivered Orders – Obligations, Unpaid

# Reclamation Manual

## Directives and Standards

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### B. For a Plant Account.

#### (1) Proprietary.

Dr. 1711 Land and Land Rights  
Dr. 610Z Contra to Cost Capitalization Offset (SGL 6610)  
Cr. 2210 Accrued Funded Payroll Leave  
Cr. 6610 Cost Capitalization Offset (610Z)

#### (2) Budgetary.

Dr. 4610A Allotments - Realized Resources  
Cr. 4901 Delivered Orders – Obligations, Unpaid

### C. For a Loan Program Expense Account (Fund category LA only).

#### (1) Proprietary.

Dr. 610A -or- 690D -or- 690G Operating Expenses/Program Costs  
Dr. 3107 Unexpended Appropriations – Used  
Cr. 2210 Accrued Funded Payroll Leave  
Cr. 570A Expended Appropriations – Operating Expenses

#### (2) Budgetary.

Dr. 4610A Allotments - Realized Resources  
Cr. 4901 Delivered Orders – Obligations, Unpaid