

**SUMMARY OF MAJOR CHANGES TO  
DOD 7000.14-R, VOLUME 4, CHAPTER 10  
“ACCRUALS FOR PERSONNEL RELATED LIABILITIES”**

All changes are denoted by blue font

Substantive revisions are denoted by a \* preceding the section,  
paragraph, table, or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

**This updated chapter supersedes the previously published version dated June 2009**

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated hyperlinks and format.	Updated
100103	Added Audit Readiness/Internal Procedures: In promoting audit readiness, this paragraph requires DoD Components to establish internal operating procedures and/or guidance in line with the overarching policy cited in this volume.	Addition
100201	Clarified wording of paragraph.	Clarification

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## CHAPTER 10

ACCRUALS FOR PERSONNEL RELATED LIABILITIES1001 GENERAL

100101. Purpose. This chapter provides accounting policy and related requirements for recording Department of Defense (DoD) liabilities for accrued payroll and benefits, actuarial liabilities, and civilian severance pay. This chapter implements applicable provisions of Statement of Federal Financial Accounting Standards (SFFAS Number 1), "Accounting for Selected Assets and Liabilities."

100102. Overview. The transactions associated with the accounting events discussed in this chapter are reflected in the United States Standard General Ledger (USSGL) Standard Financial Information Structure (SFIS) Transaction Library and will be reported in the financial statements required by Treasury and to meet other reporting requirements mandated by Office of Management and Budget (OMB) and the Congress.

\* 100103. Audit Readiness/Internal Procedures. Each DoD Component shall develop and implement internal operating procedures and/or guidance to implement this overarching policy in a manner that ensures accurate, timely, and relevant reporting of financial data.

1002 ACCOUNTING POLICY FOR ACCRUALS

\* 100201. The accounting principles and policy applicable to the Financial Control of Liabilities are cited in Volume 4, Chapter 8 of this Regulation. In addition to this guidance, and to ensure clarity, the following standards as noted in the below paragraphs shall be followed in accounting for accruals associated with personnel related liabilities.

100202. The accounts shall be updated based on appropriate source documents and reflect the latest pay adjustments, leave balances, levels of benefits, and changes in benefit rules.

100203. Reasonable estimates (accruals) of the costs of services performed by DoD military and civilian employees, including overtime, shall be made when a pay period does not coincide with the end of an accounting period. Such accruals shall be recorded in the applicable accounting period based on journal vouchers with supporting documentation (or mechanized programs) that clearly shows the calculations and data used to compute the amount of the liability. The journal vouchers shall be signed by the appropriate authorized accounting official. These accruals shall be removed from the accounts only when the related pay is disbursed.

100204. Amounts due for annuities, adjudicated claims, and benefit payments as of the end of the period shall be recorded in the applicable accounting period based on available information, provided that the payment is probable and the amount estimable. Such amounts shall be recorded based on journal vouchers and supporting documentation clearly showing the basis for the amounts recorded. The journal vouchers shall be signed by the appropriate authorized accounting official. Except for the DoD Component's share of fringe benefits computed as a part of the pay computation process, applicable accruals shall be reversed at the start of the next accounting period and actual costs accumulated.

100205. Accrue merit bonuses and awards, if significant in amount, in the accounting period earned.

100206. A compensated absence is an employee absence (ordinarily for vacation or illness) for which the employee will be paid. When DoD employees accrue rights to take leave with pay, DoD Components incur an expense and liability measured by the salary cost of the time that may be taken.

100207. Accrue the cost of unused annual leave, including restored leave, compensatory time, and credit hours earned as well as the fringe benefit costs associated with the leave. Obtain accrued leave amounts from the Defense Civilian Payroll System.

100208. Sick leave is expensed as taken as absences due to illness or other contingencies. In addition, home leave and compensatory time for travel are not accrued, as balances not used are not reimbursed by DoD.

100209. The expense and related liability for annual leave shall be recorded at the regular hourly rate at which the leave is earned. Use of a fringe benefit rate is also acceptable for calculating accrued annual leave.

100210. The liabilities for annual leave and other leave (compensatory time and credit hours), including fringe benefit costs associated with the leave, shall be adjusted to reflect all pay increases and unused leave balances at least quarterly for financial statement purposes.

100211. Accrue benefits, including benefits to social security, retirement funds, the Thrift Savings Plan, and group health and life insurance programs in the same manner as gross compensation (see [Volume 8, Chapter 3](#) of this Regulation for additional information). Accrue other benefits, such as relocation-related real estate costs and personnel allowances, in the period earned.

100212. Accrue payments to the Office of Personnel Management for reemployed annuitants and severance pay for former employees in the same manner as gross compensation.

100213. Accrue recruitment and relocation bonuses and retention allowances in the period earned.

100214. The accrued amounts to be reflected in the general ledger accounts shall not be limited to the amounts covered by available budgetary resources.

100215. To the extent such liabilities are unfunded DoD Components shall maintain appropriate supporting records of the unfunded portions to provide appropriate footnote disclosure in the financial statements when necessary. Disclosures shall be made for unfunded liabilities in accordance with [Volume 6B, Chapter 10](#).

100216. The liability for claims incurred (both reported and unreported) shall be determined by use of accepted actuarial principles and reported in the entities financial statements. If existing legislation requires that amounts paid to participants be recovered from others (e.g., employing agencies), then the estimated amount to be recovered shall be reported as a receivable with the sources of expected repayments clearly indicated.

1003 ACCOUNTING FOR ACCRUALS

100301. The accounts used by DoD Components to record accruals are specified in the [USSGL SFIS Transaction Library](#).

100302. Defense Working Capital Fund entities are required to accrue for payroll and related benefits in accordance with the guidance in this chapter.