



Natural Resources Conservation Service  
210 Walnut Street, Room 693  
Des Moines, IA 50309-2180

February 24, 2010

## IOWA INSTRUCTION 250-385 – QUARTERLY ACCRUAL PROCESS

### Part 385.0 PURPOSE

This Iowa Instruction explains the procedures to follow for documenting quarterly accrual information.

### Part 385.1 SCOPE

These instructions will be followed by all NRCS employees.

### Part 385.2 FILING INSTRUCTIONS

This Iowa Instruction will be posted on the Iowa NRCS Employee Website, which can be accessed at <http://www.ia.nrcs.usda.gov/intranet/> under the Iowa NRCS eDirectives System section.

/s/ Richard Sims  
State Conservationist

Attachment

E

(IA Instruction 250-385 First Edition – February 2010)

*Helping People Help the Land*

An Equal Opportunity Provider and Employer

## IOWA INSTRUCTION 250-385 – QUARTERLY ACCRUAL PROCESS

### 1. PURPOSE:

This Iowa Instruction explains the procedures to follow for documenting quarterly accrual information

### 2. ROLES AND RESPONSIBILITIES:

NRCS officials who are aware of goods or services that have been delivered or completed but not paid for, must process an accrual.

### 3. PROCESS:

**Action required by:**      **5<sup>th</sup> day of the last month of the quarter**  
   **20<sup>th</sup> day of the last month of the quarter**  
   **22<sup>nd</sup> day of the last month of the quarter**  
   **23<sup>rd</sup> day of the last month of the quarter**

**Checklists and supporting documentation are due to Financial Management Staff (FNM) by close of business, 23<sup>rd</sup> day of the last month of the quarter.**

For reference:

End of first quarter:      December 31  
End of second quarter:      March 31  
End of third quarter:      June 30  
End of fourth quarter:      September 30

United States Code 31 - Section 3512 mandates accrual accounting for all federal agencies. Proper accounting procedures require accruals be processed quarterly. Accruals are placed in the accounting system and displayed on financial statements and therefore, must be accurate, valid, and supported. To know if an accrual is necessary, it is important to understand the definition of an accrual.

An accrual is an estimate of the amount of dollars the agency owes for goods or services that have been delivered or completed but not paid for. Generally, accruals are placed in the accounting system when the work has been completed (invoiced or not) but the “paperwork” hasn’t been approved or paid by an NRCS official.

Therefore, if an NRCS official is aware of work that meets these criteria, an accrual must be processed. But an accrual must not be placed in the accounting system without proper supporting documentation.

## **Non-ProTracts Programs**

A list of open obligations (a legal duty that NRCS has to pay for goods or services) will be sent to the Contracting Staff, the Easement Programs Team (EPT), and the Farm Bill Team. Contracting will forward the information to the liaisons and government representatives. The Easement Programs Coordinator will forward it to the EPT Contracting Official Representatives (COR) and the Easement Programs Team.

To assist with obtaining and generating supporting documentation for an accrual, a checklist and four exhibits are attached. *Use only the exhibits appropriate for your situation.* The checklist and exhibits offer guidance to contact the vendor for an accrual estimate by letter (Exhibits 1 & 2) and phone (Exhibit 3), how to estimate an accrual when the vendor doesn't respond (Exhibit 4), and what items should be provided to FNM as back-up documentation for the accrual (Accrual Checklist). The checklist must be completed and submitted to FNM for each open obligation. If these procedures are not followed, each responsible NRCS official will be asked to justify why they were not.

The proper supporting documentation for an easement program accrual is a copy of the AD-1161 or easement, survey or closing payment request form, (in which the practice(s) or service is certified by NRCS but has not been submitted to FNM for payment processing). A copy of the document(s) must be provided to FNM. If these procedures are not followed, each responsible NRCS official will be asked to justify why they were not.

## **ProTracts**

National Headquarters will accrue for all Farm Bill payments that have been certified in ProTracts. *Quarterly accruals must be entered by the state for practices certified in the field but not yet entered into ProTracts.*

The proper supporting documentation for a ProTracts accrual is a copy of the documentation showing the practice(s) is certified by NRCS, including the corresponding dollar amount to be paid. This documentation must be sent directly to FNM. If these procedures are not followed, each responsible NRCS official will be asked to justify why they were not.

Send all checklists and supporting documentation by fax to (515) 284-4762, or email to [Marcus.Hill@ia.usda.gov](mailto:Marcus.Hill@ia.usda.gov) by close of business, 23<sup>rd</sup> day of the last month of the quarter.

Approved By:

Date:

/s/ Richard Sims  
State Conservationist  
Natural Resources Conservation Service  
210 Walnut Street, Room 693  
Des Moines, IA 50309-2180

February 26, 2010

## ACCRUAL CHECKLIST (Non-ProTracts)

DATE: \_\_\_\_\_

COMPLETED BY: \_\_\_\_\_

- \_\_\_\_\_ a. Send accrual confirmation letter by 5<sup>th</sup> day of the month that is the end of the quarter\* to vendor on open obligation report. *(Exhibit 1 or 2)*  
Date Sent: \_\_\_\_\_
- \_\_\_\_\_ b. Receive confirmation letter by 20<sup>th</sup> day of the month that is the end of the quarter\*. Date Received: \_\_\_\_\_  
\_\_\_\_\_ Certify accrual estimate is reasonable. *(proceed to step e)*
- \_\_\_\_\_ c. Make follow-up contact to vendor by email, phone call or visit by the 22<sup>nd</sup> day of the month that is the end of the quarter\*. *(Exhibit 3)*  
\_\_\_\_\_ Certify accrual estimate is reasonable. *(proceed to step e)*
- \_\_\_\_\_ d. Develop accrual estimate by 23<sup>rd</sup> day of the month that is the end of the quarter\*, if no confirmation letter received. *(Exhibit 4)*  
\_\_\_\_\_ Certify accrual estimate is reasonable. *(proceed to step e)*
- \_\_\_\_\_ e. Submit Accrual Estimate to Financial Management by 23<sup>rd</sup> day of the month that is the end of the quarter along with appropriate backup documentation listed on next page.

Date Submitted: \_\_\_\_\_

\*End of Quarter:      1<sup>st</sup> Qtr – December 31  
                                 2<sup>nd</sup> Qtr – March 31  
                                 3<sup>rd</sup> Qtr – June 30  
                                 4<sup>th</sup> Qtr – September 30

**BACK-UP DOCUMENTATION  
(Non-ProTracts) Accrual Estimate**

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_

Source Document Number of Obligation: \_\_\_\_\_

Accrual Amount: \$ \_\_\_\_\_

\_\_\_\_\_ Source of accrual estimate used:

\_\_\_\_\_ Vendor Provided

\_\_\_\_\_ Agency Estimate

\_\_\_\_\_ Attach signed certification statement.

\_\_\_\_\_ Attach invoice from Contractor/Vendor.

\_\_\_\_\_ Attach performance report from Contractor/Vendor.

\_\_\_\_\_ Attach written cost estimate from Contractor/Vendor for costs through end of the quarter.

\_\_\_\_\_ Attach calculations for recurring monthly or quarterly bills. Calculations for the estimate are based on previous activity.

\_\_\_\_\_ Attach calculations for determining the accrual amount if agency estimate used.

\_\_\_\_\_ **No accrual is necessary** because the goods/services were not received/earned before the end of the quarter.

**Exhibit 1 - Accrual Sample Letter to Contractors**

**DATE**

Contractor POC – **Mr. Mark Seaton**  
Contractor Name – **Seaton Construction**  
Street Address – **Post Office Box 311277**  
City, State, Zip: **Denton, TX 76203-1277**

Dear **Mr. Seaton**:

We are requesting a quarterly accrual report from your organization.

An accrual is the amount of work you are performing or have performed for the USDA, Natural Resources Conservation Service (NRCS), but for which there is no invoice or payment. The quality and completeness of the NRCS' audited financial statements depends on your continuing cooperation and timely information. The U.S. Congress relies on these audited financial statements to determine future funding amounts for on-going and new programs.

Please complete the following:

Under Local Contract Number 051-SWCB-SC-X-XX, at the close of the quarter ending June 30, 2006, Seaton Construction anticipates incurring the following total cumulative value of work on the project: \$\_\_\_\_\_ (to be completed by contractor).

Of this amount, \$\_\_\_\_\_ (to be completed by contractor) has been invoiced and \$\_\_\_\_\_ (to be completed by grantee or contractor) has not been invoiced.

*Note: The cumulative value of work on the project includes the total of all payments previously paid, payments that are pending, and work performed but not yet invoiced.*

For a timely submission, we request you respond with either E-mail or fax to the NRCS Government Representative.

Thank you for your cooperation. Your timely information makes us better financial managers of taxpayers' money. If you have any questions, or need additional information, please contact the undersigned.

Sincerely,

**Name**

Government Representative  
Email: **XXXXXXXXXX**  
FAX: **XXXXXXXXXXXX**

cc: **XXXXX**, Contract Specialist, NRCS, Des Moines, Iowa

**Exhibit 2 - Accrual Sample Letter to Sponsors with Grants or Agreements**

**DATE**

Vendor POC – **Ms. Edith McCardle**  
Vendor Name – **University of North Texas**  
Street Address – **Post Office Box 311277**  
City, State, Zip: **Denton, TX 76203-1277**

Dear **Ms. McCardle**:

We are requesting a quarterly accrual report from your organization.

An accrual is the amount of work you are performing or have performed for the USDA, Natural Resources Conservation Service (NRCS), but for which there is no invoice or payment. The quality and completeness of the NRCS's audited financial statements depends on your continuing cooperation and timely information. The U.S. Congress relies on these audited financial statements to determine future funding amounts for on-going and new programs.

Please complete the following:

Under Agreement Number 68-6114-8-01, at the close of the quarter ending June 30, 2006, The University of North Texas anticipates incurring the following total cumulative value of work on the project: \$\_\_\_\_\_ (to be completed by sponsor).

Of this amount, \$\_\_\_\_\_ (to be completed by Sponsor) has been invoiced and \$\_\_\_\_\_ (to be completed by grantee or Sponsor) has not been invoiced.

*Note: The cumulative value of work on the project includes the total of all payments previously paid, payments that are pending, and work performed but not yet invoiced.*

For a timely submission, we request you respond with either E-mail or fax **to me at the address below**.

Thank you for your cooperation. Your timely information makes us better financial managers of taxpayers' money. If you have any questions, or need additional information, please contact the undersigned.

Sincerely,

**Name**

NRCS Liaison

Email: **XXXXXXXXXXXXXX**

FAX: **XXXXXXXXXXXXXX**

cc: **XXXXX**, Contract Specialist, NRCS, Des Moines, Iowa

### Exhibit 3 - Sample Talking Points for Sponsor Phone Calls

**Note:** Sponsors are not required to provide this information; financial managers depend on them to receive the majority of accrual data. Phone calls should explain what is being done, why it is needed, and appreciation for assistance.

Upfront, inform Sponsors about the brief amount of information needed: their best estimate of the work done to date, plus work that will be performed by the end of the accrual period, for which there is currently no invoice.

SUGGESTED TALKING POINTS CALL # 1: 15 DAYS PRIOR TO CLOSE OF ACCRUAL PERIOD, after sending letters and receiving no reply:

- Hello, we sent you a letter, dated \_\_\_\_\_ . Have you received it?
- The purpose of requesting this information from you is to ensure that our accounting records include accurate financial information of what has been paid and what is pending payment. This provides a more accurate financial picture to our taxpayers.
- We need your cooperation in providing this information to let taxpayers and Congress know what we have spent and what we still owe, on a quarterly basis. We need to receive this in a documented form, by fax, letter, or email. To facilitate providing this information, we have reduced the required information to several simple items described in the letter.
- It is necessary to obtain the information from you by the **10<sup>th</sup>** of this month.
- If we do not receive your response, we will call you again in a week as a reminder.
- Thank you in advance for helping us with this information.

**Exhibit 4, Sample Memo for the Record – Liaison’s Last Contact With the Sponsor**

**ACCRUAL DOCUMENTATION – MEMO FOR THE RECORD**  
**Liaison’s Contact with Sponsor**

Today’s Date: \_\_\_\_\_  
Accrual Quarter End Date: \_\_\_\_\_  
Agreement No.: \_\_\_\_\_  
Type of Obligation: \_\_\_\_\_  
(Grant, Cooperative Agreement, etc.)

I, the undersigned, am the liaison for the obligation identified above.

In my role as liaison, I had contact with the Sponsor on \_\_\_\_\_ (MM/DD/YY). At that time, the Sponsor’s work was progressing to the point that the estimated, unbilled, unpaid, work accomplished as of the end of this fiscal quarter (December 31 or March 31 or June 30 or September 30), is \$ \_\_\_\_\_.

PLACE AN “X” IN THE BLANK NEXT TO THE APPLICABLE STATEMENT(S).

1. The Sponsor’s work is progressing at a rate:  
\_\_\_\_ (A) similar to what was billed on the last invoice.  
  
\_\_\_\_ (B) faster than what was billed on the last invoice, because of:  
\_\_\_\_ better weather  
\_\_\_\_ more employees  
\_\_\_\_ different work phase  
\_\_\_\_ other – give short description \_\_\_\_\_.
- \_\_\_\_ (C) slower than that billed on the last invoice, because of:  
\_\_\_\_ bad weather  
\_\_\_\_ broken equipment  
\_\_\_\_ fewer employees  
\_\_\_\_ other – give short description \_\_\_\_\_.
2. \_\_\_\_ The Sponsor must obtain matching funds before requesting a portion of their grant or agreement funds.
3. \_\_\_\_ The Sponsor work has not started because \_\_\_\_\_  
\_\_\_\_\_.

**John Smith**  
Liaison

**Position**  
Position Title

\_\_\_\_\_  
Signature of Project Manager

**(XXX) XXX-XXXX**  
Phone Number