



5.13 Standardize Estimated Accrual Policy

Bureaus will follow the policies and procedures as described in the Department’s Accounting Principles and Standards Handbook, Chapter 4 Accrual Accounting, Section 3.0 Frequency of Accruals and Section 5.04 Standards for Estimating Accruals at <http://www.osec.doc.gov/ofm/whatsnew.htm> :

Section 3.0 Frequency of Accruals

“Accruals will be computed and recorded in the accounting system, at a minimum, each quarter-end (December 31, March 31, June 30, and September 30). When relevant data is not available, e.g. foreign payments made by the State Department, estimates should be recorded in the accounting system and sequentially adjusted when actual data is available.”

Section 5.04 Standards for Estimating Accruals

“In the absence of invoices or other available data, reasonable estimates shall be used to accrue the cost of goods or services received before the end of a reporting period. Some of the ways to record accrued expenditures are as follows:

- a. Receiving reports showing quantities received and determining whether a given shipment is complete or partial are useful in determining the amount of the accrual when the invoice has not been received.
- b. Payroll, travel, and other vouchers received or prepared but not yet paid.
- c. Obligation figures may be the best estimate of the amount of the expenditure incurred where an obligation is recorded covering the expenditure, which accrued within an accounting period.
- d. A prior actual accrual or a trend of several previous periods may be appropriate when estimating a current accrual.
- e. Quarterly performance reports from grantees should be used to accrue expenditures for grants.
- f. Estimates should be obtained from project managers or other operating officials who are familiar with progress under the contract or grant if reports from contractors or grantees are not available or are not feasible.
- g. Sampling and other statistical methods may be used to make estimates in cases where dollar amounts are relatively low but the number of transactions is high. The method used and the reasons for its selection should be documented and kept on file.”



Examples

Example: (Not applicable)

Sources

1. Source: AP BPR Recommendation 4.6.1 Estimated Accruals

Document ID: Accounts Payable Standardization and Optimization Business Process Re-Engineering Analysis (Accounts Payable BPR Analysis 2007 v3.0.doc)

Publication Date: August 28, 2007

2. Source: AP BPR Phase II Recommendation 2.25.1.1 Estimated Accruals

Document ID: Department of Commerce AP BPR Phase II Results Documentation (AP_BPR_Results_Final_v1.5.doc)

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3. Source: 7. AP BPR 4.25.2.1 Standardize Estimated Accrual Policy

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