

CHAPTER 11

GENERAL ACCOUNTING PROCEDURES - CARRIER FUND

11-1. Purpose. The Carrier Fund is an accounting method utilized by USACE Commands engaged primarily in military (not civil) activities. It is designed to accomplish functions similar to those of the Corps Revolving Fund. The Carrier Fund method is a cost distribution system that temporarily finances the procurement of goods and services for primarily military projects. The cost of these goods and services are distributed on an equitable basis to each benefitting project.

11-2. Method of Financing.

a. Funds for the operation of the Carrier Fund will be identified to one or more allotted line items from USACE. The Carrier Fund will be financed by a DD Form 448 (Military Interdepartmental Purchase Request) from the military project (the allotted line item(s) from USACE) and reported as the funded appropriation.

b. Cost incurred in the Carrier Fund will be transferred to military projects through the assessment of departmental overhead, general and administrative overhead, flat rate supervision and administration, and other charges as appropriate.

c. Adequate funding must be made available to cover unliquidated commitments, undelivered orders and accounts payable incurred in the Carrier Fund until expenditure refund is made from military projects.

11-3. Commitments and Obligations.

a. Commitments Incurred. The instructions contained herein will be observed in lieu of those contained in DFAS-IN 37-1. Commitment documents will be received, certified, posted to fiscal accounting records and filed in accordance with the provisions of chapter 5.

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b. Obligations Incurred. The instructions contained herein will be observed in lieu of those in DEAS-IN 37-1. Obligation documents will be received, posted to fiscal accounting records and filed in accordance with the provisions of chapter 5.

11-4. The Accrual Basis of Accounting.

a. Definition. Accrual accounting recognizes in the accounting records, and in reports prepared therefrom, all transactions and events which have any impact on the financial condition or results of operations of an organization as the transactions or events take place or become effective. Under the accrual basis of accounting, disclosure is made of all changes in liabilities, assets, current cost, and expenses, and revenues resulting from transactions or events which affect these items. Obligations are recorded and reported when incurred. Liabilities are recorded and reported when incurred. Liabilities are recorded when the goods and services are received, assets when acquired or constructed, income when earned, expenses when incurred, or when resources are consumed through use.

b. Policy. The Corps accounting system is maintained on the accrual basis as defined above. Such accruals are made on a monthly basis and take into consideration the concept of constructive delivery and constructive receipt.

c. Matching Periods and Cost. The use of the accrual basis assures that the accounting records disclose an accurate and complete picture of the income and expense for a given accounting period and of the financial condition at the end of the period because this basis gives recognition to all phases or stages in the financial process from beginning to end. The accrual basis also readily permits the matching of costs with statistical data regarding the work performed for the same period, and thus provides information useful in the establishment of standards, evaluation of performance and planning for the future.

d. Accrued Expenditures. Accrued expenditures are the charges incurred during a given period requiring the expenditure

of funds for goods, properties, services and other assets. They do not include unfunded costs. Expenditures accrue regardless of when cash payments are made, whether invoices have been received or, in some cases, whether goods or other assets have been physically received. Accrued expenditures provide a means for measuring the fulfillment of planned programs and furnish essential data for cost accounting, inventory stores, and property accounting. Estimates of accrued expenditures will be made by individuals in a position to know vendor or contractor progress on contracts and orders.

e. Accounting for Revenues. Revenue transactions will be recorded in the month they are earned, or otherwise determined to be due the Government on the basis of performance by the Corps, and the records clearly indicate data regarding bills issued. Any amounts received by the Corps in advance of performance or other basis of establishing a valid claim therefore will be recorded as a liability until the revenues are actually earned.

11-5. Labor Cost.

a. Civilian Employees.

(1) Actual Pay Method. The following procedures are for payrolls paid initially from military funds at USACE Commands performing only military functions. HQUSACE approval is required for use of this method.

(a) Labor charges will be made in multiples of full hours only; i.e., charges for time worked and on leave will be rounded off to the nearest whole hour. Care must be exercised to account for neither more nor less than the total elapsed working period. Accordingly, no account will be charged for less than one hour, minor periods of time being absorbed in charges raised to full hour increments.

(b) Labor costs are the amounts of gross pay earned for both time worked and time absent on leave with pay, plus Government contributions to the Civil Service Retirement System (CSRS),

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Federal Employees Retirement System (FERS), Thrift Savings Plan (TSP), Federal Insurance Contributions Act (FICA) (composed of Old Age, Survivors and Disability Insurance (OASDI) and Medicare), Federal Employees* Group Life Insurance (FEGLI), and Federal Employees Health Benefits (FEHB).

(c) Leave time of employees in elements where cost account charges are generally the same each pay period will be charged to the accounts involved. Leave time of employees in the Engineering and Construction Division, etc., will be included in indirect labor which is distributed on the basis of direct labor. Reserves for leave will not be maintained.

(d) Severance pay and continuation pay for traumatic job-related injuries will be charged to costs on an equitable basis and included with other current labor charges to applicable cost account. For example, payments to a former overhead employee would continue to be charged to the applicable organizational account; supervision and inspection personnel on uniform rate work would be charged to applicable VW/RF 65 account and for other than uniform rate work, to work on which previously engaged or, if the majority of such work is complete, distribution would be made to current work based on other labor charges to such work.

(2) Effective Rate Method. USACE Commands may desire to charge labor at effective time rates. In such cases, an accrued leave and a government contribution account (or a combined payroll account) may be established under a military carrier fund. Similar procedures as prescribed in ER 37-2-10 for the Revolving Fund may then be followed except the accrued leave reserve account should approximate zero at the end of the fiscal year. This is the preferred method; HQUSACE approval is not required.

b. Military Personnel. (See chapter 7)

c. Estimated Labor Costs for Incomplete Pay Period at End of Month. Except where the daily labor report is used as the basis for distribution labor cost, such costs for incomplete pay

periods at month end will be estimated, and these estimated costs will be taken into consideration in the following month in recording actual labor costs for the full pay period. Either of the methods described below may be followed in distributing such estimated labor costs:

(1) On the same form used for computing (or summarizing) the actual labor cost distribution for the last full pay period of the month, show also the estimated cost distribution for the partial pay period to the end of the month, and the total of both will be distributed to the accounts. Reverse the estimated cost distribution on the summary form when making the distribution for the following full pay period, and the net difference will be distributed to the accounts.

(2) Separately schedule the estimated cost distribution for the partial pay period to the end of the month and distribute to the accounts. In the following month, either reverse the costs so distributed, or (as in (a) above) deduct the estimates from the distribution for the actual costs for the following full pay period and distribute the net difference to the accounts.

(3) Under either method outlined above, the estimated labor earnings for periods estimated will also be entered in the accounts for the period, and reversed in the accounts for the following period.

11-6. Account Structure. The Carrier Fund cost accounts structure will be similar to the Corps Revolving Fund (RF) cost accounts structure, as noted in chapters 6, 13, 16, 17, 22, 24, and 26 in ER 37-2-10. Minor deviations from the RF account structure are authorized; however, distributions from the Carrier Fund accounts must be based on benefits received by the projects/activities being charged. All deviations from the RF account structure should be documented by a local standing operating procedure (SOP) and a copy provided to HQUSACE (CERM-F).

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11-7. Capital Asset Acquisitions. The Carrier Fund will not be used to acquire capital assets (property or equipment with the useful life of two or more years and with an acquisition cost of \$100,000 or greater). Such equipment must be obtained through the appropriate capital asset acquisition program.

11-8. Financial Reporting. GAO Title 2 financial statements (Balance Sheet, Operating Statement, Cash Flow, Reconciliation to Budget) are required for quarterly submission to HQUSACE (CERM-AO) (for examples, see appendixes 11-A, 11-B, 11-C, and 11-C). The reports are due by the close of business on the 15th calendar day following the end of each quarter. Fiscal year-end reports require certification in accordance with chapter 28, DFAS-IN 37-1.