

4-1 General. a. Financial Controls. Financial controls in this system are established on the basis of costs incurred (accrued expenditures) and in terms of commitments, obligations and disbursements. The system is designed to provide full disclosure of financial operations and to assure that the resources obtained are used as intended in accomplishing the missions assigned to the Corps of Engineers.

* b. General Ledger Accounts. The accounts contained in this system are established and maintained to account for all funds and assets for military activities under the Command of the Chief of Engineers at Divisions, Districts, and Waterways Experiment Station. *

Applicability of this chapter includes such funds as:

- (1) Military Construction Funds of the Army
- (2) Military Construction Funds of the Air Force
- (3) Operation and Maintenance Funds of the Army
- (4) Research, Development, Test and Evaluation funds of the Army
- (5) Other Military Funds

c. Subsidiary Ledgers. Two basic subsidiary ledger classes are prescribed for military funds accounting, namely: the allotment (and commitment) accounting ledgers and the cost accounting ledgers. Detailed instructions relative to the maintenance of the allotment (and commitment) accounting ledgers are contained in Chapter 5 of this regulation. Detailed instructions relative to maintenance of cost accounts are contained in Chapters 6 and 7 of this regulation.

d. Source of Entries to General Ledger Accounts. Examples of entries to the general ledger accounts are contained in Sample Transactions, Appendix 1. All postings to the general ledger will be made from one of the following two basic documents:

(1) Summary Journal Entry, ENG Form 3007a. This form is used to summarize postings to be made to the general ledger from the following books of original entry:

- (a) Funds Receipts and Disbursements Register
- (b) Accounts Receivable Register
- (c) Accrued Expenditures Register
- (d) Allotment (and commitment) Ledgers

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(2) Journal Entry, ENG Form 3007. This form is used primarily to record receipt of AOB and availability of O&MA resources, and to record distributions of cost in the general ledger such as cost developed from data contained in the labor (costs) portions of time and attendance reports. All postings to the general ledger, other than the summary postings listed in (1) above, will be by means of Journal Entry, ENG Form 3007.

- * e. Accounting Cycles. The fiscal year accounting cycle is from 1 October through the following 30 September as established by law. The monthly accounting cycle is the calendar month. *

4-2 Allotments and Approved Operating Budgets Received. The provisions of AR 37-108, as applicable, will be followed in receiving, blocking, journalizing and posting advices of allotments and approved operating budgets and revocations or other documents making funds available for obligation. Instructions for posting to allotment ledgers (including such ledgers maintained for approved operating budgets) are contained in Chapter 5 of this regulation.

4-3 Suballotments Received. Amounts received as suballotments will be accounted for as prescribed in AR 37-108.

4-4 Suballotments Issued. Amounts suballotted to other installations will be accounted for as prescribed in AR 37-108.

4-5 Commitments and Obligations.

a. Commitments Incurred. The instructions contained herein will be observed in lieu of those contained in AR 37-108, and are supplementary to those contained in AR 37-21. Commitment documents will be received, certified, posted to fiscal accounting records and filed in accordance with the provisions of Chapter 5. Commitment documents will not be blocked since entries to general ledger accounts will be made from summaries of the allotment (or commitment) ledgers.

b. Obligations Incurred. The instructions contained herein supersede those in AR 37-108. Obligation documents will be received, posted to fiscal accounting records and filed in accordance with the provisions of Chapter 5. Obligation documents will not be blocked or entered in an obligation journal, since entries to general ledger accounts will be made from summaries of the allotment ledgers.

4-6 Unobligated Balances of Lapsed Appropriations and "M" Accounts - Disposition.

- * a. Lapsed Appropriations. As of 1 October each year, immediately after submission of the 30 September status of allotment reports, unobligated balances reflected thereon for appropriations then lapsing will be closed out by journal entry, ENG Form 3007, debiting general

(a) General. Upon audit for payment, bureau vouchers on ENG
* Forms 4480 covering accounts payable for the furnishing of goods
and services by private parties, Navy, Corps of Engineers civil
activities, and Government agencies outside the Department of
Defense will be scheduled on Standard Form (SF) 1166.

(b) The basic payment vouchers to be listed on SF 1166 will
* include SF 1034, etc., and vendors* invoices in whatever form.
Vendors* invoices should be obtained in an original and two copies,
one copy being returned with payment therefor. All copies of basic
payment vouchers should show the applicable bureau voucher
number(s), the symbol number of the appropriation, fund and
limitation from which payable; and, any other information that may
be necessary to meet specific requirements.

(c) The Voucher and Schedule of Payments will be prepared by
the Finance and Accounting Branch in an original and at least two
memorandum copies, to list each basic voucher by bureau voucher
number and amount. If more than one bureau voucher relates to a
basic voucher, they will all be listed in the "Bureau Voucher
Number" column. If more than one basic voucher is payable to the
same payee, the amount of each will be listed separately in the
"Payee" column, with the total shown in the "Amount" column. The
original, SF 1166, will be used as a covering jacket for the
originals of the basic payment vouchers and obligating documents
and any other documents required to support the payment and to be
* submitted to the Defense Finance and Accounting Service. One copy
will be used as a covering jacket for an assembly consisting of a
copy of each of the documents attached to the original schedule,
and the original receiving reports, work papers, etc., to
constitute the file of Disbursing Officer*s copies. The other copy
of the schedule will be retained as a "suspense" copy. After
certification in accordance with the succeeding paragraph, both the
original and one copy of the schedules, with attachments, will be
routed to the disbursing unit. An additional copy of each voucher
schedule covering payment of a civilian payroll voucher, or payment
on a cost-type contract, i.e., cost reimbursable or
cost-plus-a-fixed-fee contract, will be prepared to accompany the
original schedule and attachments.

(d) Voucher Certification. Except for vouchers for contract
field printing and communication services, basic vouchers or
invoices will not be certified individually by the Certifying
Officer when they are listed on a properly certified Schedule of
Payments, SF 1166. Only the certification on the SF 1166 is
necessary. It implies that the certificates required in special
situations have been complied with through signature on the SF
1166. In connection with payrolls, the payroll certifying officer

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will sign the Standard Form 1166 and, if necessary, modify the certificates thereon to meet any special requirements as the restrictions, such as employment of aliens, etc. Where Finance and Accounting Officers are required to certify as the availability of funds such certification may also be placed on the Standard Form 1166. In order to prevent possible duplicate scheduling and payment, each bureau voucher and both sets of attachments to the schedules will be punched or stamped "PAID" at the time the schedule is certified for payment.

* i. Paid Documents Files. Three separate files of paid documents will be maintained at the installation, in addition to the original voucher schedules and supporting documents which are submitted monthly to the Defense Finance and Accounting Service:

(1) The paid D.O. voucher file will include the copies of the voucher schedules with attachments thereto, maintained in D.O. voucher number sequence.

* (2) The paid bureau voucher file will include the original paid bureau vouchers ENG Forms 4480 maintained in bureau voucher numbers sequence, referenced to the D.O. Voucher No. and Date. *

* (3) The vendor file will consist of copies obligating documents showing the assigned bureau voucher number and the amount paid, and will be filed alphabetically by payee, or a vendor*s card file may be maintained. For the latter purpose, DA Form 3900, Bills Register, will be maintained to the extent of recording required information. The Commercial Accounts Processing System (CAPS) will suffice as an alternative to the manual bills register system.

4-8 Accrual Accounting Procedures.

a. The General Accounting Office (GAO) prescribes that the accrual basis is the basis of accounting to be used by Federal agencies. The accrual basis of accounting recognizes the significance and accountable aspects of financial transactions, events, or allocations as they occur without regard to when the goods or services were ordered or paid. Accrual accounting can contribute materially to effective financial control over resources and costs of operations and is essential to develop adequate cost information. Proper accrual accounting is essential in meeting the GAO mandated accounting principle of matching costs to the proper period. *

* b. Estimated accruals will be used when exact values cannot be established. Arbitrary prorations are not to be used as a basis for estimating accruals. Accruals will be developed by the organization responsible for insuring receipt of the goods or services. The GAO Title II standards for materiality will be considered in determining when certain individual estimated accruals are required to fairly reflect and disclose the cost of an operation or project. The Finance and Accounting Officer is responsible to ensure that the accruals are developed within the GAO Title II standards. Activities are not to inflate accruals. Accounting should review an activity*s accrual performance in the tri-annual review of unliquidated obligations. This review should include an assessment of major estimated contract accruals. There should be a relationship with the value of the estimated accrual and subsequent disbursement. If estimated accruals are not disbursed within 60 days, the accrual process should be reviewed to determine if the values are being inflated. Conversely, if major amounts are being disbursed in the subsequent period without input of estimated or actual accruals, accounting should take action to require the activity responsible to input appropriate accruals.

c. Accrued Expenditures. *

(1) Accrued expenditures will be recorded in the accounts for performance (including retained percentages) to the end of each calendar month for the following:

(a) Construction contracts, major supply contracts, (e.g., turbines, generators, transformers, fabricated steel), equipment rental contracts, architect-engineer contracts for design services, unless such omissions are determined insignificant by the District Engineer, and reimbursable orders placed on other federal activities including other Corps of Engineers offices and other items not specifically covered below (see subpara (4) below).

(b) Intra-district activities, as described in paragraph 5-12d(2).

(2) Payroll earnings and benefits.

(3) Accrued expenditures will be the same amount as obligations incurred for the following where initially financed by project funds:

(a) Temporary duty travel and transportation of things.

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(b) Public utility services.

(c) Real estate leases. If such leases contain termination clauses, the termination amount will be accrued in the month when termination occurs if such costs represent a penalty and not additional usage beyond the current monthly period.

(4) significance, as referred to above, relates only to end-of-the month transactions for items included in a(1)(a), above, not yet covered by receiving reports, contract payment estimates, etc. Significance, as determined by the District Engineer, will be based on the impact of the omissions at the account level needed for financial management, performance evaluation, and future planning. Under this rule, for months other than September insignificant items need not be accrued. As of 30 September of each year, however, estimated accruals will be entered regardless of amounts for construction, major supply, and equipment rental contracts.

* d. Accrued Revenues.

(1) Revenues accrued will be recorded to the end of each calendar month on the basis of performance of reimbursable work and services for others including other Corps of Engineers activities, warehouse issues, sales of maps, etc. Collections received prior to performance will be accounted for as advances received except as provided below.

(2) Revenues from real estate grants will be accrued in the amounts of the periodic payments due when the collections are received or bills issued depending on which occurs first.

* 4-9 Progress Payment

a. O&MA funded contracts. Progress payments made from O&MA appropriation funds on service or construction contracts are to be considered and accounted for as partial payments. The partial payment will simultaneously liquidate partially the obligation, establish the accrued expenditure and incur the cost (expense). This includes progress payments to Industrial Fund Installations.

b. Construction contracts. Other progress payments under construction contracts will not be charged to account 1327, but will be charged to accounts as applicable (e.g., 1801, 1812).

c. Supply contracts. (1) All progress payments (as defined in AR 37-108) under supply contracts will be charged to account 1327 on the basis of certification by the contracting officer approving the contractor's request for each progress payment, and the transaction will be processed in the same manner as for other accounts payable. *

(2) Upon delivery of end items, the appropriate accounts (e.g. 1801, 1812) will be charged therefor. Account 1327 will be credited to the extent that the progress payments are recouped by such delivery, by voucher deduction. *

(3) Progress payments not recouped by application of end items delivered and voucher deduction will be recouped by cash refund through billing (as accounts receivable) and collection procedures.

* d. Other Government agencies. All progress payments to other Government agencies, except as provided in para a above, will be charged to account 1328 and delivery of end items will be credited thereto, in the manner as provided above for progress payments under supply contracts. *

* e. Contract payments withheld (retained percentage). (1) Amounts of retained percentages due contractors will be recorded under G. L. account 2120, Contract Payments Withheld (Retained Percentage) supported by subsidiary accounts maintained on General Ledger Forms ENG Form 453 or SF 1014 properly headed by contract, appropriation, allotment and BSN or BAAN.

(2) A single bureau voucher, ENG Form 3005 in normal number of copies will be prepared covering each pay estimate.

(a) The applicable cost accounts will be charged with the current period gross earnings and the GL 2120 subsidiary account (par (1) above) credited with the amount of retained percentage being withheld, or debited with the amount of retained percentage to be paid.

(b) G. L. Account 1801 or other applicable G. L. accounts will be debited with the current period gross earning.; account 2100 will be credited with the amount of payment to be made including, if applicable, that portion of the amount of retained percentage previously withheld; and G. L. Account 2120 will be credited with the amount of retained percentage being withheld, or debited with the amount of retained percentage to be paid.

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(c) The amount of liquidations and accruals will include the amount of retained percentage involved.

4-10 Advance Payment Transactions. This paragraph concerns advance payments of the nature chargeable to the general ledger accounts listed below:

1401 Advances to Travelers
1411 Advances to Contractors and Suppliers
1421 Working Fund Advances

a. Advance payments to travelers, contractors and suppliers.

(1) Advance payments to travelers. (a) Army Funds. Advance payments made to travelers chargeable to Army funds covering expenses of travel or movement of household goods will be processed and accounted for in the fiscal accounting records in accordance with AR 37-106 and AR 37-108. Executed and approved DD Form 1351, will be numbered in the same series as for bureau voucher numbers on ENG Forms 3005. These vouchers are not entered in the Accrued Expenditure Register. To maintain accountability for and continuity of bureau voucher number, in the Accrued Expenditure Register, bureau voucher numbers used for advances will be annotated in the Register as "Used for Advance Payment to Travelers." The vouchers will be scheduled on SF 1166 and processed for payment. The original and a copy of the voucher will be attached to SF 1166 and 1166a, respectively, and disposed of in the same manner as payments of accounts payable. A third copy of the paid voucher will be filed, in bureau voucher numerical sequence, in the paid bureau voucher file. Posting in the Receipts and Disbursements Register will be reflected as a charge to Account 1401, Advances to Travelers and credited to Account 1000, D. 0. Cash. The reimbursement voucher prepared, cover the consuited travel of the employee and to recoup the travel advance will be covered by ENG Form 3005 in the normal manner, i.e. to charge the total amount of the expense in the Accrued Expenditure Register to the applicable cost and general ledger accounts with credit to Account 2100, Accounts Payable. Upon payment of the reimbursement voucher (DD Form 1351-2) entry will be made in the Funds Receipts and Disbursements Register to debit Account 2100, Accounts Payable and credit Account 1000 D. 0. Cash, with the total (gross) amount of the voucher. Concurrently, SF 1096, Schedule of Voucher Deductions, will be processed to cover the amount of advance recouped by deduction from the basic DD Form 1351-2, the remainder, if any, being paid to the employee. The SF 1096 will be entered in the Funds Receipts and Disbursements Register as a debit to Account 1000 and credit to Account 1401. The gross amount of the DD Form 1351-2 will also be recorded in the allotment ledger covering applicable funds cited in the travel order. However, the SF 1096 will not be recorded in allotment ledgers. Any amount recouped by cash collection rather than by voucher deduction, will be covered by SF 1114, Bill for Collection, and processed through the Funds Receipts and Disbursements Register to credit Account 1401.

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(b) Air Force Specific Allotments. Travel advances to travelers chargeable to specific allotments of Air Force funds, as shown on the travel order, will be vouchered on DD Form 1351 for payment. NG Form 3005 will be prepared for the amount of the advance and recorded in the Accrued Expenditure Register and the allotment ledger of the specific allotment charged in the normal manner. The Accrued Expenditure Register will develop a charge to Account 1401, Advances to Travelers, and a credit to Account 2100, Accounts Payable Cost Account 778 will be charged as described in Chapter 6. The DD Form 1351 will be scheduled on SF 1166 and the disbursement entered in the Funds Receipts and Disbursements Register as a debit to Account 2100 and a credit to Account 1000, D. O.. Cash. Recoupment of the advance and adjustment to actual cost of the travel will be accomplished on the basis of vouchers (DD Form 1351-2) processed upon consummation of the travel. Total expense of the travel, covered by ENG Form 3005, will be entered in the Accrued Expenditure Register as a debit to Account 1801, Work in Progress, or other applicable cost account and as a credit to Account 1401, (Cost Account 778), for amount of advance recouped, and as a credit to Account 2100, Accounts Payable, for any additional amount owing to the traveler. Disbursement will be reflected on the Funds Receipts and Disbursements Register as a debit to Account 2100, and a credit to Account 1000. Any amount recouped by cash collection, will be covered by SF 1114, Bill for Collection, and processed through the Funds Receipts and Disbursements Register as a credit to Account 1401, Advances to Travelers.

(2) Advance payments to contractors and suppliers will be processed and accounted for in the fiscal accounting records in accordance with AR 37-108. The advance will be vouchered on SF 1034, Public Voucher for Purchases and Services Other than Personal, and charged to Account 1411, Advances to Contractors and Suppliers. Recoupment of the advance will be effected by voucher deduction or cash collection, and treated in a manner similar to that for recoupments of advances to travelers, Army Funds (1)(a) above except that recoupments will be credited to Account 1411.

b. Working Fund Advances.

(1) Advances to other Government agencies including components of the Department of Defense, will be processed in accordance with AR 37-108. On the basis of receipt by the installation of copy of letter from the Chief of Engineers forwarding certified SF 1080 to the Finance and Accounts Office, ENG Form 3005 will be processed to credit account 2100 Accounts Payable and to charge account 1421 Working Fund Advances and the applicable cost and allotment accounting records. The paid copy of SF 1050, when received by the installation whose funds are cited, will be processed in the fiscal accounts as a transaction by others. A journal entry will be processed crediting account 1421 and debiting the applicable cost and general ledger accounts for the full amount of the advance. Any part of a working fund advance returned will be treated as an appropriation refund.

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(2) Advances to the Revolving Fund or other funds, within a district, will be processed utilizing SF 1080 billings and related ENG Forms 3005, EN\G Forms 3006 (no check transfer) billings, and journal entries, ENG Forms 3007, as applicable. Advances to the Revolving Fund covering military payrolls, will be processed by serviced districts in accordance with ER 37-2-10. At districts and divisions financed directly from military funds, advances between projects to finance deferred and distributive type costs common to more than one project, when required, will be processed in accordance with Chapter 7.

4-11 Unapplied deposits. a. General. Unapplied deposits (deposit funds) will be accounted for and disbursed in accordance with AR 37-103 except that SF*s 1034 and 1049 need not be prepared and certified individually to effect payments and refunds. Documents processed to effect refunds, payments, and transfers from unapplied deposits will be numbered in the same series as bureau vouchers (ENG Forms 3005 and 3006). The numbers assigned to these documents will be accounted for in the Accrued Expenditure Register in a manner similar to that for those processed for advances to travelers, contractors and suppliers.

b. Financing of Construction With Non-Appropriated Funds. When construction of morale, welfare, recreational and other facilities is performed by districts from nonappropriated funds furnished by a Command Welfare activity, it is not necessary that the full amounts required for estimated government costs and contract payments be deposited with the District Finance and Accounting Officer before contracts are awarded. With respect to each job, before preliminary or firm design is begun, bids are opened, or hired labor work is started, written assurance will be obtained from the Command having jurisdiction over the non-appropriated fund activity involved, to the effect that the full amount required from the nonappropriated funds for the job is available and will be provided upon request of the Corps of Engineers performing office.

c. Refunds and payments. Documents covering refunds and payments will be scheduled on SF*s 1166 and 1166s, and the schedule will be certified by the certifying officer. Accordingly, the documents may be in any form which will clearly substantiate disbursement. Payments to taxing authorities, and payments to Federal Reserve Banks for United States Savings Bonds will be documented on SF 10149, Public Voucher for Refunds, or SF 10314, Public Voucher for Purchases and Services other than Personal. The original and a copy of the appropriate documents will **be** attached to SF 1166 and 1166a respectively, and disposed of in the same mannner as provided for accounts payable. A third copy of the document, referenced by the bureau voucher number assigned, will be filed in that numerical sequence in the paid bureau voucher file.

d. Transfers from unapplied deposits will be effected through

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the use of SF 1080, Voucher for Transfers Between Appropriation and/or Funds, as provided by AR 37-108. The original will be used as a disbursement voucher, and a copy as a collection voucher. In addition, a copy, referenced by the bureau voucher number assigned, will be filed in that numerical sequence in the paid bureau voucher file.

4-12 Use and Accounting for Imprest Funds. The provisions of AR 37-103-1 will be followed in the establishment and operation of imprest funds.

a. Deviation from the provisions of AR 37-103-1 is authorized to the effect that installation commanders may approve an imprest fund up to the estimated monthly payments or \$500, whichever is greater, but not in excess of approved limitation. This deviation should not be construed as authorizing a minimum fund of \$500, but should be applied based on determination of justifying circumstances in each case.

b. Division Engineers are delegated authority, without power of redelegation, to approve the establishment of properly justified imprest funds in excess of \$1,000 but not to exceed \$5,000.

c. The Standard Form 1129 Reimbursement Voucher will be covered by ENG Form 3005 Bureau Voucher (Procurements) to process charges for purchases made from Imprest Fund cash to the cost, general, and allotment accounting records.

d. UG Form 2956 Statement of Status of Imprest Fund will be used in the inspection and verification of imprest funds. The principal of the fund will be verified to assure that cash, Treasury checks, unpaid reimbursement vouchers, unvouchered sub-vouchers, and interim receipts are on hand equal to the authorized amount of the fund. The cash balance should consist only of cash or uncashed Treasury checks payable to the cashier. Unreimbursed items should be examined for validity of supporting documents, and assurance that all unreimbursed items are current.

4-13 Disbursements. a. General. Disbursements are defined as charges against appropriations and funds by the installation disbursing officer on the basis of certified disbursement vouchers, described herein, submitted to him. Disbursements may be effected by cash, check, or voucher deduction, on the basis of payment vouchers; or without the use of cash or check, on the basis of transfers or correction vouchers. These disbursement vouchers will be assigned D. 0. numbers in accordance with the provisions of Sec. II, Chapter 6 AR 37-103. Block tickets may be used as summary posting media for entering disbursement data on the Funds Receipts and Disbursements Register.

b. Disbursements by cash, check, or voucher deduction will be made and accounted for in accordance with the applicable provisions of AR's 37-103 through AR 37-108, on the basis of Voucher and Schedule of Payments, SF 1166, for payments from installation funds; and on the basis of separate voucher documents for payments for others.

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c. Disbursements other than by cash, check or voucher deduction. These disbursements will be accomplished through the use of specified voucher forms as follows:

(1) SF 1080, Voucher for Transfers between Appropriations and/or Funds will be used to process disbursements such as the following:

(a) Transfers between appropriations in the accounts of the installation.

(b) Transfers between appropriation accounts of different fiscal stations of the Department of Defense, except Navy. This will include also transfers for others. A copy of SF 1080 will be used as a collection voucher.

(c) Distribute to the proper appropriation or receipt account funds which were credited initially to a disbursing officer*s deposit account.

(2) SF 1097, Voucher and Schedule to Effect Correction of Errors, will be used for all adjustment actions between appropriations, funds, and receipt accounts involving either disbursements (charges) or collections (credits) in accordance with AR 37-108. SF 1097 will be used to correct errors in amounts on previously processed transactions.

4-14 Accounts Receivable Bills Issued. a. General. This paragraph covers procedures for the issuance of bills for amounts due the United States, and the entry of such bills rendered in the accounting records.

b. Policy. (1) All amounts due for services performed, goods furnished, an advances made, will be billed promptly upon performance, or in advance, when collection is to be made in advance of performance of service or work except as provided below. Generally, separate bills will be rendered covering each amount due; however, in instances where it is known that several billing transactions will mature during a given month to the same debtor or owing agency, only one consolidated billing need be prepared. Bills to other Government agencies should not be submitted for amounts of less than \$100, except for final billing. In this connection, it is important to note the distinction which exists between billing and vouchering. For purposes of this regulation billing is the preparation of documents to be used to notify a debtor or owing agency of an amount due. Vouchering is the preparation of documents to be used as posting media to the Accounts Receivable Register and to the subsidiary accounts.

(2) All amounts due, or collected, will be vouchered as accounts receivable, whether or not issuance of bills is required. Bills are not required to be issued where DD Form 1131, Cash Collection Voucher, or ENG Form 3313, Remittance Register, is used to schedule collection items not previously billed (e.g., cash sales of plans

and specifications), including deposit fund collections (e.g., bid deposits, cash sales of bonds), and where collections are by voucher deductions. For collections received prior to billing, ENG. Form 3006a will be used for entry in the Accounts Receivable Register.

* (3) (Rescinded)

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(4) Systematic follow-up action will be taken to insure prompt settlement of unpaid bills. The provisions of Section II, Chapter 6, AR 37-108, will be applied.

c. Billing Forms. (1) SF 1114 Bill for Collection, for billing to other than Government agencies.

(2) SF 1080 Voucher for Transfers between Appropriations and/or Funds, for billing to other Government agencies or appropriations.

(3) ENG Form 3006a Bureau Voucher (for Cost Transfers) for intra-district billing, Such billing will be processed as prescribed in paragraph k, below.

* (4) DA Form 3970 Transfer Adjustment Voucher, for billing between accounts under the same appropriation.

(5) Special Bills. In offices where the number of collection transactions are voluminous special forms may be designed to effect a more efficient and economical procedure. Each plan should be worked out in detail and submitted to the Chief of Engineers for approval.

d. Origination of Bills Receivable. (1) Bills for all pre-billed items (except for real estate outleases) will be prepared in the cost accounting section. Bills for real estate outleases will be prepared in the section of the Finance and Accounting Branch best suited therefor, as determined by the district engineer.

(2) Only one series of bill numbers will be used by each office regardless, of the military appropriations or the type of billing document

involved. The bill number assigned to ENG Form 3006a will also be assigned to the SF 1080 or SF 1114 which supports it. In instances where ENG Form 3006a is not required (see (3) below), a number from the same series as used on ENG Form 3006a will be assigned to the billing document. The numbering system used in connection with ENG Form 3006a is further described in Chapter 3.

(3) In the preparation of bills on SF 1080 and SF 1114, where practicable the cost, general ledger and allotment ledger entries may be included in the accounting classification block or on the reverse of the bill form, with extra copies of the bills being prepared for use as posting media in lieu of ENG Form 3006a.

e. Preparation of Bills Receivable. (1.) SF 1114 is prepared in three-part sets, except as stated in d(3) above. The original SF 1114 is sent to the debtor as notification of amount due; and SF 1114a serves as the debtor's official receipt and SF 1114b serves as the collection voucher, when the bill is collected. An extra copy of SF 1114b may be made for administrative use of the preparing office, if needed.

(2) SF 1080 is prepared in quadruplicate, except as stated in d(3) above. The original SF 1080 and one copy serve the debtor agency as the disbursing voucher and memorandum copy of disbursing voucher. Two copies serve the creditor district as the collection voucher and memorandum copy pending collection. The billing office, when preparing the SF 1080, will indicate whether the bill is partial or final. The SF 1080*s will be reviewed by the Chief, Military Accounting Section to verify that they have, in fact, been properly prepared and that adequate documentation is attached. Some examples of documentation are: Copy of DA Form 2544, TT Message or letter of authority for the charges, copy of Travel Order and Paid Travel Voucher, etc. When it is impractical to attach such documentation, sufficient narrative information must be displayed on the face of the SF 1080*s to enable the receiving office to promptly and properly identify, validate and approve the bill for payment. All SF 1080*s should be mailed to the attention of the office and symbol which requested the service. *

(3) DA Form 3970 (see AR 37-108).

(4) LUG Form 3006a is prepared in duplicate. The original serves as the posting medium to the accounts receivable register. The copy is the posting medium to the cost ledger.

f. Preparation of ENG Form 3006a. ENG Form 3006a is prepared in connection with all accounts receivable transactions not processed in accordance with d(3) above.

g. Categorization of Receivables. Accounts receivable transactions and the resultant collections will be classified as appropriation refunds, appropriation reimbursements, appropriation receipts, general fund receipts or deposit fund receipts in accordance with AR 37-100.

Adjustments between construction appropriations (military and/or civil) for services and materials common to the administration and operation of construction programs under such appropriations will be treated as appropriation refunds.

h. Processing of Accounts Receivable. As previously stated, all accounts receivable, except those processed in accordance with d(3) above, will be vouchered on ENG Form 3006a for accounting expediency. The original ENG Form 3006a accompanied by the retained copies of bills will be used by the Finance Accounting element for recording in the Accounts Receivable Register. The copy of ENG Form 3006a will be used by the Cost Accounting element for recording in the appropriate subsidiary (cost) accounts. Accounts receivable documents not requiring preparation of ENG Form 3006a will be recorded on the basis of the accounting distribution shown thereon. In such cases additional copies of the bills will be used in lieu of ENG Form 3006a and the procedures in i and j below, modified accordingly.

i. For billing to Government agencies, the cost accounting element will prepare a set (original and one copy) of ENG Form 3006a and SF 1080 in quadruplicate. SF 1080. (original and two copies) will be transmitted to the debtor or owing agency. One copy will accompany the original ENG Form 3006a through entry to the Accounts Receivable Register to the Uncollected Receivable (suspense) file.

j. For billing to other than Government agencies, the cost accounting element will prepare a set (original and one copy) of ENG Form 3006a showing pertinent accounting data. SF 1114 series will be prepared--SF 1114 and SF 1114a will be transmitted to the debtor and SF 1114b will accompany the original ENG Form 3006a through entry to the Accounts Receivable Register to the Uncollected Receivable (suspense) file. *

k. For all adjustments between the military cost accounts of a single installation, two sets of Bureau Voucher (for Cost Transfers) will be prepared. ENG Form 3006 accounts payable voucher (original and two copies) will show the cost, allotment, and general ledger accounts chargeable. ENG Form 3006a accounts receivable voucher (original and one copy) will show the cost and general ledger accounts creditable. These vouchers will be recorded in registers and ledgers in the same manner as other vouchers on these forms. They may be summarized periodically on SF 1080 or on DA Form 3970 as *

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appropriate, and the total entered concurrently as a disbursement and receipt (in the current or the subsequent month) in the Funds Receipts and Disbursements Register.

1. Filing and Reconciliation of Uncollected Bills.

(1) After processing through the Accounts Receivable Register, etc., accounts receivable and related billing documents will be filed in "uncollected files" by bill number until collection is effected. This file is the support for and should balance with the general ledger accounts receivable.

(2) At the end of each month the uncollected file will be checked against the balances in the subsidiary ledger accounts which they support. They must balance. With respect to monthly verification of uncollected items, the open accounts receivable will be listed by appropriation as of the end of each month including references to the bill numbers. Such listing may be prepared by use of adding machine tape or other informal record. At the end of each fiscal year the listings of uncollected bills will be prepared in quadruplicate and distributed as follows:

* (a) Original attached to the Accounts Receivable Register sheet for October of the new fiscal year.

(b) Copy attached to Accounts Receivable Register sheet for September of the closing fiscal year. *

As bills of prior fiscal years are collected, collection data will be noted on the original listing (cited in subpara (a) above).

4-15 Collections.

a. General. The provisions of Chapter 6, AR 37-108 will be applied, except that the amounts of obligation adjustments (paragraph 4-151c, AR 37-108) will not be computed or posted, since such adjustments are reflected in the general ledger accounts automatically through the operation of the fiscal accounting records. (See Chapter 5.)

b. Real Estate Collections.

(1) All collections for rentals will be deposited directly to the applicable General Fund Receipt account upon receipt by the Finance and Accounting Officer.

(2) In the event it becomes necessary to terminate a lease and to refund any rentals paid in advance, the refund may be accomplished by either a set off against current collections or by following the adjustment procedure provided in paragraph 11-6a. AR 37-108.

c. Receipts from Sales of Government Publications. Collections derived from sales of publications, and sales of plans and specifications will be deposited to General Fund Receipts. However, where the reproduction of plans and specifications is financed initially from the Civil Revolving Fund, sales to potential bidders should be made and the receipts credited to the Revolving Fund prior to transfer (sale) of the net reproduction costs to the military project involved.

d. Collections from Contractors for Underpayment of Wages.

(1) Where violation of the Davis -Bacon Act or the Work Hours Act of 1962 (PL 87-581) has been detected, sufficient funds will be withheld from contract payments and retained in Deposit Fund Suspense Account 21X6875 pending restitution to the employee by the contractor, or other action as follows:

(a) Where the contractor fails to make restitution, or if any of the employees involved cannot be located, SF 1093 will be prepared and check drawn in favor of the Treasurer of the United States to cover the total amount shown on the form.

(b) Cases within the scope of ASPR 18-704. 13(b) and (c) will be submitted through the Chief of Engineers with one exception noted below. With respect to ASPR 18-704. 13(b), (voluntary restitution is not made by the contractor) the report of investigation shall be forwarded to HQDA (DAEN-GCL) WASH DC 20314 and the SF 1093 and accompanying check to HQDA (DAEN-ECF-A) WASH DC 20314. Concerning ASPR 18-704. 13(c) (restitution not made because employees cannot be located), a brief summary as required by para 12-404. 13(c), ER 1180-1-1 will be furnished with check and SF 1093 to HQDA (DAEN-ECF-A) WASH DC 20314 with copy of SF 1093 and summary to HQDA (DAEN-GCL) WASH DC 20314. In cases where the violations total less than \$500. 00 and the contracting officer has found them to be neither willful nor aggravated, the SF 1093 with check and completed notation (specified at end of ASPR 18-704.13(c) shall be processed directly from the disbursing office to the General Accounting Office. An information copy of SF 1093 with completed notation should be furnished HQDA (DAEN-GCL) WASH DC 20314.

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(2) All amounts of liquidated damages assessed contractors under the Work Hours Act of 1962 will be retained as undelivered orders in the project allotment account until final determination has been made as provided in the Act. Where the liquidated damages are contested by the contractor under Section 104 (c) of the Act, the obligation will be cancelled upon receipt of the order issued by the Chief of Engineers affirming the administrative determination; or in a case where relief is recommended, the obligation will be adjusted in accordance with decision received from the Secretary of Labor. In a case where the contractor does not contest the assessment of liquidated damages, the obligation will be cancelled upon expiration of the sixty days allowed for submission of an appeal.

e. Filing and Control of Documents. Collections received will be identified to the related documents in the Uncollected Receivable (suspense) file. All copies will be withdrawn, assigned a collection voucher number (AR 37-103) and processed in accordance with subparagraph a above. The original ENG Form 3006a, or copy of bill used in accordance with par 4-14d(3), is filed in a "Collected" file by bill number, the original collection voucher forwarded to the General Accounting Office with the Statement of Accountability, and the copy of the collection voucher filed in numerical order by voucher number.

4-16 Transactions by and for Others. Transactions by others will be processed and accounted for as provided in Section X, Chapter 4, AR 37-108. However, obligation adjustments (par. 4-172d, AR 37-108) will not be computed or posted, since they are reflected in the general ledger accounts automatically through the operation of the allotment accounting records (see Chapter 5). Transactions for others will consist generally of disbursements and collections made by the installation's disbursing officer and identified with the funds of another installation or department. (See Sec. XI, Chapter 15, AR 37-108). They will affect General Ledger Accounts 1000 and 1020 only.

4-17 Civil Service Retirement Deductions. Civil Service Retirement deductions applicable to payrolls paid directly from military funds appropriations will be accounted for in accordance with the applicable provisions of ER 37-2-10 in those offices operating under that regulation. Otherwise, Sec. VII, Chapter 13, AR 37-108 is generally applicable. The summary entries described therein will be documented on ENG Form 3007, Journal Entry.

4-18 Payroll and Leave Accounting. Payroll and leave accounting procedures applicable to civilian employees who are engaged on military activities are covered in Chapter 11, ER 37-2-10, and other regulations referenced therein. The assignment of civilian division and district employees to payrolls to be paid directly from civil or military funds will be in accordance with the following:

a. Division Employees. In Divisions where the supervision of both civil and military activities is involved, all Division office employees will be paid from the Civil Revolving Fund of the District performing administrative service for the Division office. In the case of a division office which is responsible for military activities only, the employees will be paid from military funds unless other methods are specifically authorized by Chief of Engineers. *

b. District Employees.
(1) In the case of a district which is responsible only for military activities, district employees will be paid from military funds unless other methods are specifically authorized by Chief of Engineers.

(2) In all other districts operating under this regulation, employees will be paid in accordance with the provisions of ER 37-2-10.

c. Labor Costs.

(1) The costs of labor of personnel paid directly from military funds are the amounts of gross pay earned, and severance payments to former employees, plus the Government's share of Civil Service Retirement (CSR), Social Security Taxes (FICA), Employees Life Insurance (ELIF) and Federal Employee Health Benefits (EHBF), as applicable.

(2) The costs of labor of personnel paid from the Revolving Fund are the amounts billed therefrom for the time actually worked at rates established to include a provision for pay for leave earned while working plus the Government's share of Civil Service Retirement (CSR), Social Security Taxes (FICA), Employees Life Insurance (ELIF) and Federal Employee Health Benefits (EHBF).

(3) Guidance for reporting requirements is furnished in Chapter 5.

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4-19 Reconciliation of Cash Blotter and Check Register with Funds Receipts and Disbursements Register. The cash blotter and check register will be reconciled daily with the Funds Receipts and Disbursements Register. ENG Form 3027, utilizing ENG Form 4013 (worksheet) to perform the reconciliation. Provision of Section XII, Chapter 4, AR 37-108. will be followed except for substitution of the register (ENG Form 3027) for the journals referred to therein.

4-20 (Reserved.)

4-21 Transfer of Projects Between Districts. When projects are approved for transfer between districts, financial transactions relative thereto will be processed as provided below.

* a. The transferring district will report to HQDA (DAEN-ECF-A) WASH DC 20314. the amount of funds allotted applicable to the project, simultaneous with release of appropriate adjusting directive (where required by ER 415-35-1), requesting either of the following actions: *

(1) Revocation and reallocation of the funds, if the amount is only part of an allotment.

(2) Change in accountable officers, without revocation action, if the amount is the total allotment and the allotment is current.

(3) In respect to completed total allotments, a revocation and a reallocation of these allotments or a change in accountable officers will not be requested. However, the allotment ledgers therefor will be transmitted to the transferee district in accordance with subparagraph d, below.

b. The transferring district will take the following action as of the close of an appropriate accounting period:

(1) Based on subsidiary cost, allotment and commitment records and supporting documents, determine amounts in applicable general ledger accounts pertinent to the transferred project in the form of a trial balance, and close out those amounts in the general ledger by journal entries as follows:

* (a) Close asset, liability, and investment accounts (except expenditures included in GL 3011 and 3012), representing net total costs, into "Funds with Treasury." (For example: Dr 2010, 2100, 3051; Cr 1100, 1801, 1802, 3011 (completed Work PFY)). Process DA Form 3970 for the resulting amount of collections (this installation) and of disbursements as a "Transaction for Others." Make collateral current fiscal year budgetary entry for total expenditures, including CFY and PFY, (Dr 3012; Cr 4501).

* 4-19

4-22

Prior year expenditures reflected in GL 3011 will become adjusted by normal fiscal year closing entry.

(b) Close undelivered orders and commitments into "Uncommitted Allotments," (Dr 4601, 4801; Cr 4501).

(c) Enter the advice of revocation or change in accountability, (Dr 4501; Cr 1020).

(d) Concurrent with the above entries (a) to (c), corresponding entries will be made in allotment and/or commitment ledgers in the amounts of disbursements, accounts payable, undelivered orders, advice of revocation, and outstanding commitments. Such amounts will be excluded when preparing the month-end summary posting to the general ledger. Also, appropriate notations as to transfer will be made opposite each applicable item in the accrued expenditure and accounts receivable register.

(e) Prepare lists of documents and amounts making up the accounts payable, accounts receivable, undelivered orders, and outstanding commitments, and verify totals thereof with the respective amounts included in entries described in (a) and (b), above.

(f) Action to develop the preceding entries maybe taken in advance, but postings thereof will be deferred until receipt of the advice of revocation or change in accountability and all entries will be made concurrently.

(g) No entries will be made in the cost accounts.

* (2) Furnish the transferee district copies of the journal entries and supporting lists, documents and files; copy of the DA Form 3970 mentioned in subpara (l)(a) above; and all cost ledgers for the project being transferred.

* c. In the case of a(2) above, the transferring district will process DA Form 3970 for the purpose of changing the fiscal station number for prior disbursements. Copy thereof, together with allotment ledger, transaction register, cost accounts, and supporting documents will be sent to the transferee district. Notations as to transfer of accounts payable and receivable will be made in the registers and journal vouchers will be processed covering entries to applicable general ledger accounts as described in subpara b above.

d. A summary sheet will be prepared by the transferring district listing the trial balance amounts for each general ledger account applicable to the project and columnar breakdown by journal entry showing disposition of each amount. Entry b(1)(a) will be footnoted to show amounts of completed allotments, detailed by serial numbers, to agree with the amounts reflected in allotment ledgers transferred. Entry b(1)(c) will be footnoted as being

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* for "Revocation of Allotment" or "Change in Accountability" as the case may be. The original summary sheet will be furnished the transferee district, along with the records and documents being transferred, and a copy thereof will be sent to HQDA (DAEN-ECF-A) WASH DC 20314. *

e. The transferee district will:

(1) Receive the records and documents mentioned in subparas b(2) and c above and make entries in the general ledger contra to those made by the transferring district, described in subparas b(1)(a) and (b) above. Also change by pen and ink, as appropriate, the fund citations appearing on the documents and advise the Finance and Accounting Officers to whom fund citations, sub-allotments, etc. had been issued of subject changes.

(2) Concurrently in the case of a(1) above, corresponding entries will be made in the allotment and/or commitment ledgers in the amounts of disbursements, accounts payable, undelivered orders, advice of allotment, and outstanding commitments. Such amounts will be excluded when preparing the month-end summary postings to the general ledger. For disbursements, the amount so posted will be * verified with the validated copy of DA Form 3970, "Transaction by Others," received from the accounts office. The undelivered orders and outstanding commitments will be entered by individual documents aggregating the amounts reflected in the journal entry described in subpara b(1)(b) above.

(3) Enter the accounts payable and accounts receivable in the respective registers by individual documents aggregating the amounts reflected in the journal entry described in subpara b(1)(a) above. Such amounts will be excluded from the month-end summary postings to the general ledger.

(4) Enter the advice of allotment or change in accountability concurrently with the other entries covering the transfer.

(5) Continue maintenance of transferred cost accounts and other records described in b(2) and c above.

(6) Continue liquidation of accounts payable, taking all possible steps to avoid delays in payment to creditors.

(7) Continue collection action on accounts receivable.

f. When considered advantageous to the district involved, arrangements may be made between the districts for the transferring district to continue certain payment and/or collection actions to completion, following transactions for others procedures.

g. Information other than that prescribed above will be exchanged by the respective districts as may be necessary to insure proper accounting treatment. Instructions relative to transfer of cost ledgers and other data are contained in Chapter 7.