

## CHAPTER 7

## Cost Accounting Procedures

7-1 Purpose. This chapter prescribes uniform cost accounting procedures for all military activities. Objectives are:

a. To provide for uniform cost accounting whether performed by the Government or by CPFF contractors.

b. To provide controls over construction costs in line with any demand for speedy construction and to avoid overrun of directive limitations.

c. To provide a means, through cost records, of:

(1) Determining under existing conditions whether work is being performed economically.

(2) Forecasting the ultimate cost of a project during progress of the work.

(3) Comparing actual costs during construction with estimated costs.

(4) Furnishing sufficient and reliable data on completed work for historical record purposes and for use in the preparation of estimates of cost for similar work.

(5) Furnishing data for the preparation of reports.

d. To describe the requirements for maintaining the cost accounts listed in Chapter 6, and thereby facilitate reconciliation thereof with related general ledger accounts.

7-2 Definitions and Abbreviations. As used herein, the following definitions and abbreviations of terms will apply:

a. Abbreviations -

AE - Architect Engineer  
CPFF - Cost-Plus-A-Fixed-Fee

b. Area Office. See ER 10-1-3.

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c. CPFF Prime Contractor. Primary CPFF construction contractor or AB directly responsible to the Government for performance of work.

d. CPFF Subcontractor. A subcontractor performing work on a CPFF basis for a CPFF prime contractor.

e. Construction Features. Principal components of the construction work as a whole, the costs of which are to be separately accumulated line items.

f. Construction Line Items. Authorized construction as reflected by line items in a construction directive.

g. Construction Location. An officially designated post or station, such as a cantonment, an ordnance plant, a storage depot, a port of embarkation, a staging area, etc.

h. Construction Plant Facilities. Temporary construction facilities or items acquired, installed, or constructed (a. outlined in accounts 500 to 589, Chapter 6) for use in connection with construction operations, but not forming a part of the completed construction features. This group does not include items of\*mobile construction equipment as defined below.

i. Construction Project. A line item or group of related line items in a design or construction program which are authorized by the same public law and, except for certain "packaged" or classified projects not identifiable by geographical location, are to be accomplished at the same installation or in the same general area.

j. Cross Earnings of Lump-Sum and Unit-Price Contractors and Subcontractors. Gross cost to the Government for work performed by such contractors, excluding deductions for retained percentages and liquidated damages.

k. Mobile Construction Equipment. Mobile units of equipment that move under their own power or are operated in conjunction with other units of self-propelled equipment, regardless of value (accounts 590 - 599, Chapter 6).

7-3 General. a. The cost accounting procedures prescribed herein will be applied, subject to exceptions and limitations stated in pertinent sections, to all military activities (except repairs and utilities work performed by Post Engineers) for which the Chief of Engineers is responsible and which are under the direction of Division and District Engineers.

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b. This chapter together with Chapters 6 and 8 describes the military cost accounting system used by the Corps of Engineers. The system can be expanded or contracted to meet operating needs. For projects requiring special treatment, the establishment of additional subfeatures within the cost account structure is authorized. Where accounting treatment not provided herein appears to be required, particulars thereof should be submitted to the Chief of Engineers, with proposed method of accounting for approval.

c. Regardless of methods or combinations of methods employed to prosecute work or perform services, cost accounts and fiscal accounts will be maintained separately but will be reconciled monthly.

d. When military construction, as well as other military activities, are in progress at any given location, nothing contained herein will be interpreted as precluding the adoption of applicable procedures prescribed for construction work to such other military activities. This rule is stated to allow consistency in procedures and use of standard forms within organizational units.

e. Where work is transferred between Districts or to other offices, the responsibility thereafter for maintaining adequate cost records and submitting required cost reports will rest with the District or other office to which the work has been transferred.

f. (1) Gross costs will be compiled on the same basis as the directives for Corps of Engineers work are prepared, i.e., all elements of authorized costs will be recorded whether or not paid from funds made available for the work. The cost of material, labor, and equipment (including construction equipment, installed building equipment and equipment in place used in the completed facility), which are furnished without reimbursement from construction funds, will be taken into applicable accounts if the DD Form 1391, on which the authorizing legislation was based, included the value of such material, labor or equipment in the budget estimate. In this case "free issue" will be accounted for on estimates, job authorizations, and directives as unfunded costs (see also para 2d, ER 415-345-42). Such of the above costs as are not chargeable to the funds made available for the work will be covered by contra credits to offsetting accounts established for this purpose (see 900 series of accounts, Chapter 6).

(2) At the discretion of the District Engineer, the use of offsetting account 946 is not required for design costs chargeable to separate design authorizations. However, when compiling the total costs of construction, all applicable design costs should be included.

(3) Where design costs are incurred in one or more districts applicable to construction performed in another district, the design costs transferred pursuant to the provision of para 7-33 will be established

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in separate cost accounts identified with the related construction work and offset in account 946.

g. All earnings will be credited to applicable cost accounts. In the case of appropriation reimbursements and collections creditable to general fund receipts (Miscellaneous Receipts), applicable cost accounts will be credited and contra debits will be made to offsetting debit balance accounts in the 900 series established for this purpose.

h. Costs which are not chargeable to the funds made available for the work or services to be performed, and which will ultimately be billed to debtors, will be charged to an account entitled "Work in Progress for Others." Account 774 has been designated for this purpose.

\* i. Periodic field inspections will be made by key finance and accounting employees, and close contact and understanding maintained between accounting personnel and the organization in charge of the work. Such inspections are necessary in order that those employees may familiarize themselves with the actual field work and accordingly be better qualified to detect and correct erroneous charges and to properly analyze costs. Since cost accounting is a very important branch of general accounting and records compiled are primarily for use of the engineer, and work supervisor, accountants necessarily must have a thorough understanding of the principles of general accounting, as well as a general understanding of technical work methods.

j. All cost transfers must be reviewed by an appropriate supervisory accountant. Cost transfers must be adequately justified and supported by written documentation from appropriate project management level personnel. \*

7-4. Maintenance of Construction Cost Accounts. a. Construction costs, representative of the value of work in place, will be developed by line items, as established by directive and/or AF Form 37-8. This is accomplished by currently distributing and posting fixed-price contractors\* gross earnings, costs of allocated materials, labor and material costs on CPFF and hired labor work, mobile construction equipment charges, construction plant facilities costs, and general charges and expenses. In cases where a line item or portion thereof is subject to cost limitations imposed by Congress, such as those included in ER 415-345-10, Congressional Limitations and Reporting Requirements, it will be necessary to establish sub-line item accounts under the line item for the portions subject to limitations, with the remaining costs under the line item not subject to limitation carried under another sub-line item account.

b. Under each line item, or sub-line item, separate subaccounts will be maintained currently for direct construction costs and for each cost classification under indirect costs, other construction costs (formerly Government costs) and other costs not charged or credited to project funds (offsetting accounts in the 900 series, see Chapter 6). If it is impracticable to maintain the latter accounts separately by line items or sub-line items an equitable distribution will be made as to the amount of those accounts applicable to each line item or sub-line item. The above subaccounts maintained for indirect and other construction costs will reflect the distributed portions of clearing accounts maintained for accounts in the 500-589, 590-599, 701-749, groups of accounts, accounts 775 and the 800 series accounts and charges made direct to the latter (see para 7-8b).

c. Maintenance of the cost accounts by line items will: (1) Afford a direct tie-in between official cost records and progress reports and thereby assist operating officials in the preparation of those reports.

(2) Provide conformance to current concepts of having available cost information comparable to established budgets and current directive authorizations.

d. The uniform chart of construction cost accounts contained in chapter 6, modified as necessary to meet the district\*s requirements under the provisions of paragraph 7-3b and the construction cost accounting procedures prescribed herein will be used on all military construction (including that outside of the continental United States) for which the Chief of Engineers is responsible.

e. The cost accounts will be maintained in the District Office Cost Accounting Section or, in the case of CPFF contracts, by CPFF contractors\* employees at the construction location if preferable. The District Engineer is provided a Cost Accounting Section whose functions are to maintain the cost accounts, prepare cost reports, and furnish cost data and analyses to operating officials as needed. Hence, no cost accounts will be maintained by the technical divisions of the district office. The technical divisions have a need for maintaining support data for the preparation of current working estimates, which is an element of basic control. However, data required for this purpose consist principally of known amounts of contracts already let, modifications thereto, overruns and underruns, estimates of "other construction costs" (engineering, supervision, and administration) and estimates for work in the planning and design phases and not yet placed under contract. Together with the officially maintained accounts these form a basis for effective control through reports showing the relationship of costs, estimates, schedules, etc.

f. Lump-sum and unit-price prime contractors and subcontractors will not be required to maintain the accounts or observe the procedures prescribed herein, but distribution of lump-sum and unit-price prime contractors\* and subcontractors\* gross earnings to applicable feature accounts will be effected as outlined herein, based upon analysis of payment estimates covering such work. In the establishment of bid and payment items, specification writers will give consideration to the directive items so that such items, insofar as practicable, can be readily combined to establish charges to applicable accounts.

\* g. All costs for materials, supplies, and miscellaneous services - other than those for lump-sum and unit-price contractors\* earnings and for labor, which are covered by specific instructions herein - will be charged to applicable cost accounts upon receipt of the items evidenced by a receiving report and ENG Form 4480 (Auto) (COEMIS - accounting entry/reference document).

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h. Amounts shown in construction directives as being withheld for suballotment to other technical services or agencies, or as being reserved for telephone facilities, etc., will be taken into applicable cost accounts at directive-stated value and contra credits therefor will be made to account 955. Overhead will not be applied to such items.

i. Costs of free issue materials, equipment, etc., will be developed currently in such a manner as to furnish the information required for report purposes.

j. Cost accounts maintained by the Government will be on ENG Form 17A (Costs). Separate sheet or group of sheets for each line item will be maintained with columnar breakdown for the following:

(1) Construction Contractor\*s Earnings.

(2) Hired Labor. Includes labor cost of employees actually engaged in construction work at the project site.

(3) Government Furnished Materials and Services. Includes costs of all materials and supplies, regardless of method of procurement, including distributed portion of account 775, and of services which may be furnished a contractor under terms of the contract, and value engineering costs.

(4) Construction Plant Facilities. Includes distributed portion of the 500-589 group of accounts.

(5) Mobile Construction Equipment. Includes distributed portion of the 590-599 group of accounts.

(6) Engineering, Supervision and Administration; Fixed Fees, Indirect Job Charges, etc. Separate column for each applicable account in the 800 series will be maintained. Includes direct charges made to the individual accounts, where practicable, and distributed portions of individual accounts maintained at project level covering indirect line item costs.

k. Accounts maintained by a CPFF contractor will be similar to the above for hired labor with columnar breakdown changed if and as required.

\* 1. Entries to cost accounts maintained by the Government will originate from the cost portion of ENG Form 4480 (Auto). Entries to cost accounts maintained by a CPFF contractor will be \*

from the same source documents or other acceptable forms designed and used by the contractor with the approval of the Contracting Officer.

- \* m. Construction costs applicable to direct fund cite procedures (i.e., contract paid by other than a Corps office) must also be recorded in the construction cost accounts. The value of work in place as derived from the construction pay estimate is recorded as Memo Placement utilizing accounting element 512, Contract Charges Paid by Other Than CE, and transaction code SE. The SE transaction code is programmed to automatically apply supervision and administration (S&A), when applicable, by inserting a 4 in column 18 of the ENG Form 4480 (Auto). Recording memo placement provides an audit trail to support the FY Cost-Budget Summary-Military Activities Report and the Military Construction S&A Report. \*

7-5. General Ledger Control. a. The cost accounts will be controlled by appropriate general ledger accounts described in chapter 2 and as shown in the chart, relating cost accounts to general ledger controls, contained in chapter 6.



b. Construction Project Line Items. Cost accounts for construction project line items, gross costs and related undistributed cost accounts are controlled by three general ledger accounts representing three general stages of construction completion and cost reporting, as follows:

<u>Cost Subsidiary</u>	<u>General Ledger Account No.</u>
(1) Costs applicable to current work in progress	1801
(2) Completed work current fiscal year	1802
(3) Completed work prior fiscal years	3011

c. Other Military Activities. Subsidiary cost accounts representing expenses for military activities other than construction projects are controlled by general ledger accounts, as follows:

<u>Cost Subsidiary</u>	<u>General Ledger Account No.</u>
(1) Expenses applicable to current fiscal year	7000, 7199 and 7822
(2) Net expenses at the close of each fiscal year	3011
(3) Net expenses applicable to prior fiscal years	3011

These current fiscal year net expenses are controlled in the general ledger by accounts 7000 O&MA Expenses, 7199 Undistributed Expenditures, and 7822 Accounts Receivable Charged Off, which are closed at the end of the fiscal year into general ledger account 3011 Net Investment from Appropriations.

d. Certain cost accounts, including offsetting accounts, under specific construction projects and other military activities are not controlled by the general ledger accounts shown in the preceding subparagraphs b and c. These cost accounts with initial controlling general ledger accounts are listed in the chart contained in Chapter 6.

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e. Reconciliation of Cost Accounts with General Ledger Control Accounts. Reconciliation of current construction project and other military activities cost accounts, with the general ledger controls will be effected at the end of each month. This reconciliation will be recorded on a worksheet listing all pertinent military projects with amounts applicable to each general ledger account. To facilitate this reconciliation, there will be maintained currently in the cost ledgers, for each separate construction project (by BAAN or BSN) and other military activity, summary Cost Control accounts identified with related general ledger control account numbers. Summary postings will be made to these Cost Control accounts at the end of each posting run to detail cost accounts. For example, the net total amount of postings in a single posting run to detail project line item costs and deferred, clearing, etc., accounts which are controlled by general ledger account 1801, will be posted as one amount to summary cost control account 1801. The net total of these summary cost control accounts should balance with the detail cost accounts under each project. The following summary cost control accounts will be maintained on ENG Form 17a as required for each program or project:

- 1100 Accounts Receivable
- 1327 Work in Process, Contractors' Plant
- 1328 Work in Process, Other Government Plants
- 1401 Advances to Employees (from Air Force funds only)
- 1421 Working Fund Advances
- 1801 Work in Progress - Real Estate Acquisition and Construction
- 1802 Completed Work, Current Fiscal Year - Real Estate Acquisition and Construction
- 1811 Construction Materials and Supplies
- 1812 Construction Facilities and Equipment
- 1813 Operation and Maintenance of Construction Facilities and Equipment
- 1814 General Overhead
- 1819 Other Unapplied Costs
- 2892 Cumulative Depreciation - Construction Facilities and Equipment
- 3011 Net Investment from Appropriations
- 3013 Appropriation Revenues
- 3014 Deposits to Treasury
- 3021 Gains from Donations
- 3031 Loss due to Donations
- 3043.- Military Personnel Services
- 3051.1 Transfers without Reimbursement - Costs
- 3052 Transfers of Accounts Receivable
- 5351 Costs under Suballotments Issued
- 7000 O&MA Expenses
- 7199 Undistributed Expenditures
- 7822 Accounts Receivable Charged Off

7-6 Applied Costs.

a. Each cost ledger account should be identified with the construction project or other military activity and related general ledger control account. In addition, on construction projects, the construction category code number and specific job and line item number as authorized in directives will be shown. Category code numbers on accounts are for information in connection with quarterly reporting on cost and progress reports. General ledger control account numbers will facilitate accumulation of information for reconciliation with general ledger controls. During work progress subsidiary cost accounts are controlled by general ledger account 1801; completed job costs, or portions of line items transferred by DD Form 1354 during the fiscal year become subsidiary to general ledger account 1802; after the close of the fiscal year during which work is completed the subsidiary accounts are controlled by general ledger account 3011 for all the work completed and transferred in the prior year(s). Therefore, it is necessary to change the general ledger control account reference on the subsidiary cost accounts accordingly. "Completed Costs, FY (show FY when completed) will be noted on the line item cost account \* when the entire line item work is completed. On 1 Oct of the following fiscal year, accounts entirely subsidiary to general ledger account 3011 will be filed separately and marked "Completed Work, Prior Fiscal Years." Recording of cost of construction completed during the current fiscal year will be based initially on DD Form 1354 covering structures or facilities physically completed and turned over to the using service. Journal entries will be made to record cost of construction completed, including related design during the current fiscal year. These entries transferring costs from general ledger account 1801 to 1802 will be made whenever DD Form 1354 is submitted and at the end of each fiscal year for adjustments to completed work. Completed work on which no DD Form 1354 is required, such as for real estate acquisition costs not tied in with construction facilities, deleted construction items for which costs have been incurred, including related final design (whether or not completed) will be transferred to completed work on the basis of a journal entry.

b. In cases where a portion of a line item is completed and transferred to the using service on DD Form 1354, the estimated cost (or actual cost as provided in subpara e following) of each structure or facility, including installed property, covered in the transfer will be determined and entered on DD Form 1354 prior to forwarding to the commanding officer.

c. In order to maintain control over total line item costs and also record the value of completed construction in the subsidiary cost records with corresponding adjustment of general ledger accounts 1801 and 1802, the following accounts will be established in the project subsidiary cost ledger utilizing ENG Form 17A:

(1) A credit account (498) will be established for the line item immediately following the account for the total line item costs. This credit account will be identified with the project job number, and line item and show subheading "Credits for Value of Completed Work Transferred to Using Service." These credit accounts will be subsidiary to general ledger account 1801 until the entire line item is completed at which time the credit account will be closed out as described hereinafter.

(2) A summary debit account (499) will be established for each job under a project to which will be charged the amounts recorded in the line item credit accounts established in accordance with sub-paragraph (1) preceding. This account will be maintained on ENG Form 17A in total by jobs under each project. Entries will be identified with specific line items in the explanation column of the account only. The credit accounts (498) will furnish the segregated detail by line items. This debit account (499) will be identified with the project job number and current fiscal year, and show subheading "Portions of Line Items Completed and Transferred to Using Service FY (show FY during which completed)." This debit balance account (499) will be subsidiary to general ledger account 1802 during the fiscal year of completion. As of 1 Oct of the following fiscal year this account (499) becomes subsidiary to general ledger account 3011 and should be so noted. Accordingly, account 499 should be transferred, as of 1 Oct of each year, to the section of the posting tray for "Completed Work, Prior Fiscal Years" under the appropriate project and job.

d. Transfer and Adjustment of Final Costs of Completed Line Items.

(1) Upon completion of an entire line item, a portion of which previously has been transferred to completed work in accordance with subpars (1) and (2) preceding, the cost of the final portion will be determined and transferred to completed work in the same manner as the portion previously completed. This will result in the line item credit account (498) being equal in amount to the regular (debit) line item cost account. As of 1 Oct of the following year the line item credit account (498) representing completed work, will be closed into the summary debit account (499) for the appropriate project and job, after which the completed regular (debit) line item cost account becomes subsidiary to general ledger account 3011, following the procedure outlined in subparagraph a preceding

(2) In subsequent fiscal years, adjustments to completed line item costs will be accounted for by line items as prior years\* completed work adjustments under the current program. As of 1 Oct of the following fiscal year these costs (adjustments to prior years\* completed work) should be transferred to the section of the posting tray or storage binder for "Completed Work, Prior Fiscal Years" for the appropriate project, job, and line item as provided in subparagraph a preceding for other completed line item costs. However, if desired, construction costs of line items physically completed and turned over to the using service but not financially completed may be transferred to completed work using procedures set forth in para c above, for partially completed line item construction costs. Cost adjustments reflecting financial completion would then be recorded in the basic line item cost accounts, thus eliminating the need to establish separate line item cost accounts to record such adjustments.

e. In the event the establishment of the estimated costs of completed structures or other facilities in accounts 498 and 499, as provided in subparagraph b preceding, would result in a net credit in summary cost control and general ledger control account 1801 (Work in Progress) for the project job as authorized in construction directive, only actual costs as reflected in the cost records will be shown on DD Form 1354 and recorded in accounts 498 and 499. This applies in the case of a single line item under a construction directive or for partial line item transfers.

7-7 Financing Deferred or Distributive Type Costs. a. In the case of districts and divisions financed directly from military funds (such as overseas districts having only military activities and no civil works Revolving Fund), certain costs of a deferred or distributive nature which cannot be related to applicable projects at the time of the transaction must be financed from selected project funds for later distribution to using projects. Illustrations of such types of unapplied construction costs are represented by the following accounts:

(1) 500-588, 590, 591, 596, Construction Facilities and Mobile Equipment.

(2) 701-750, Construction Materials and Supplies

\* (3) 776, Value Engineering costs. \*

(4) 460, District Organizational Accounts

(5) 465 Military Construction Supervision and Administration (S&A)

b. Determination of the specific project funds to be used as a carrier fund to finance the deferred or distributive costs will be as follows:

(1) A project fund will be selected to finance the activities involved which has a large enough balance to insure that its use as a carrier fund will not interfere with the regular project work for which the funds were made available.

(2) A project should be used which will result in a minimum amount of funds adjustments. The project financing the activity should, if possible, be the project which will eventually be charged with the major portion of the cost distributed.

c. If there is no single project with sufficient funds to finance the common unapplied construction costs within the above concepts until such costs are properly distributed, one or a combination of the following or similar procedures may be used as appropriate:

(1) Advance billings may be made for estimated cost distributions covering a period of time (up to a year if feasible) or covering the estimated total requirements of each other project served, if practicable. Billings may cover estimated cost of construction facilities and equipment, or construction facilities and supplies. Amounts of the advances will be off-

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set by actual costs charged and will not cover a period of time beyond which funds of the advancing project are available for obligation. Cost account 780 (par 6-3), maintained for each project, will be debited (advancing project) and credited (carrier project receiving the advance) for the amount advanced, and credited and debited, respectively, for actual costs distributed from the carrier project and charged to line items and other accounts under the advancing project.

(2) Two or more projects may be used to finance the original costs, each project being used to finance certain predetermined activities. One project fund might be used for original financing of district overhead. Another project fund might be used to finance stock of materials and supplies procured for use at the various projects, etc.

(3) Accelerated billing, and reimbursement will be effected between funds as often as necessary to prevent depletion of the carrier funds.

7-8 Distributive Costs. a. Costs in the 500 and 800 series of accounts under specific construction projects are controlled by general ledger account 1801. Costs charged to "Unapplied Construction Costs-General" are controlled by the general ledger accounts shown in the chart in Chapter 6 until apportioned to specific project costs or otherwise disposed of.

\* When depreciable items are disposed of, general ledger account 2892 will be charged with the book cost of the item and credited with the receipts or transfer value at time of transfer if transferred without reimbursement "Unapplied Construction Costs - General" are those costs which are initially charged to a specific project and financed from a specific project's funds but the anticipated ultimate charge is to be to more than one project with appropriate reimbursement, or other cost adjustment, to the project charged initially.

b. Items of cost included in the 800 series accounts will not be charged to clearing accounts therefor if they can be equitably charged to appropriate subaccounts under the applicable line item (see par 7-4b). Accounts 820 and 830 can be distributed equitably to line items in most cases on the "Budget - percentage" basis explained in par 7-19e. Costs incurred during the design phase of a project should be charged direct to the appropriate subaccounts under the line item or distributed thereto while the design directive is still current by the use of appropriate 800 series accounts. (See Chapter 6 for description of accounts).

c. Distribution will be credited to the applicable accounts, so that the 500-589, 590-699, and 701-749 groups, accounts 775 and 776, and accounts in the 800 series, will be maintained on a net balance basis. To illustrate, costs incurred under accounts in the 500-589

group would be transferred monthly (or less frequently, if so desirable) to a control account for the group. The amount distributed would be credited to the control account, the balance of which will represent the undistributed portion of the account group.

d. The cost of storekeeping, receiving, inspecting, and issuing of materials, as well as ocean transportation and port service costs applicable to materials and supplies, will be charged to "Material Burden" account (775). Distributions thereof to line item level will be made on the basis of a percentage factor applied to the value of materials and supplies issued.

7-9. 900-Series Accounts.

\* a. The 900-series account, by categories, is:

(1) Memorandum account 900 for lost and deleted line item design effort. This account will be maintained as provided in the definition of the account in Chapter 6 and in para 7-32.

(2) Memorandum account 901 for GSA Space Costs funded by Department of the Army. GSA Space Costs will be allocated to Civil, Postal, and Military activities on the basis of the relative number of personnel occupying GSA space. Space costs allocated should include a proper share of common space, i.e., conference rooms, parking lots, etc. Space costs applicable to Military activities will be funded to OCE by HQDA from O&MA funds. Payment to GSA will be made by OCE. GSA space costs applicable to Military activities will be recorded in memorandum cost account 901. General ledgers are not applicable as the costs will not be distributed to line items. Account 901 will be allocated between S&A, E&D, and Others, and included by footnote on ENG Form 3018c for use by OCE in preparation of the Annual MILCON Report.

(3) Memorandum accounts 902.-, 904.-, and 905.- for certain unfunded military personal services. These accounts will be maintained in cost ledgers in the section for "Current Work in Progress" through 30 June of each fiscal year, then transferred to the section for "Completed Work Prior Fiscal Years. Amounts in these accounts will be reported on ENG Form 3018c as provided in Chapter 8.

(4) Memorandum offsetting account 910 for suballotments received from other than OCE - to facilitate reconciliation of costs to obligations. Maintain in the manner and for the purpose stated in para 7-26.

(5) Offsetting accounts in the 940 and 950 series to facilitate reconciliation of costs to obligations.

(6) Offsetting accounts in the 960, 970, and 980 series - to facilitate reconciliation of the Government and CPFF contractor records as to Government-furnished materials, supplies, and services, and vouchers submitted for payment.

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- \*            b.    FMS Work. Generally, Foreign Military Sales (FMS) programs to include FMS Funded by Credits cannot utilize 900-series cost accounts. However, Military Assistance Program funded FMS cases may utilize 900-series cost accounts. \*

- c.    (Reserved.)

- d.    (Reserved.)



e. Offsetting accounts in the 940 and 950 series.

- (1) The following offsetting accounts will be maintained in the cost subsidiary ledgers in the section for "Current Work in Progress" through 30 Sept of each fiscal year, then transferred to the section for "Completed Work, Prior Fiscal Years":

<u>Account Number</u>	<u>Account Title</u>
940	Property Transferred and Services Rendered Without Charge to Components Within the Department of Defense (Dr)
947	Gains from Donations (Cr)
948	Loss Due to Donations (Dr)
949	Unfunded Military Personal Services (Cr)
950	Costs under Suballotments Issued (Cr)
951	Centrally Procured Material not Chargeable to Project Funds (Cr)
952	Property and Services received without Charge from Components within the Department of Defense (Cr)
955	Funds withheld by Chief of Engineers for Work to be Performed by other Services or Agencies (Cr)
956	Unapplied Damages Assessed Contractors (Cr)
957.-	Appropriation Reimbursements and Expenditure Refunds
957.12	Accounts Receivable - Appropriation Reimbursements (Dr)
957.2	Collected (not creditable to project funds) (Dr)
957.3	Accounts Receivable charged off (Dr)
957.4	Accounts Receivable Transferred (Dr)
958.-	Miscellaneous Receipts
958.1	Accounts Receivable (Dr)
958.2	Collected (Dr)
958.3	Accounts Receivable Charged off (Dr)
958.4	Accounts Receivable Transferred (Dr)

- \* As of 1 Oct of each years the ledger sheets on which the previous fiscal years transactions have been recorded will either be moved to a section in the project cost ledger for "Completed Work, Prior Fiscal Years" or the balances, as of 30 Sept, transferred to corresponding accounts in the "Completed Work, Prior Fiscal Years" section of the cost ledger. Under either method the balances in these accounts, as of the end of the fiscal year, become subsidiary to general ledger account 3011 with the exception of accounts 957.12 and 958.1 which remain under general ledger account 1100 until collected or charged off.

(2) Account 957.11 Accounts Receivable - Expenditure Refunds (Dr) will remain in the Current Work in Progress" section of the project cost subsidiary ledger under general ledger control account 1100 until collected or charged off.

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(3) Accounts 946 and 954 are not transferred on the same basis as the accounts listed above. As line items or portions of line items become completed and are transferred to completed work, related portions of accounts 946 and/or 954 are likewise transferred which offset amounts included in line item costs represented thereby.

(4) Materials, supplies and equipment transferred to a project without charge to project funds will be recorded at fair value (par. 7-18i(4)) or appraised value (par. 7-20L(1)(b)) upon receipt. Applicable cost accounts will be charged, and account 947 or 952 as appropriate will be credited. For such property transferred from a project without credit to project funds, applicable cost accounts will be credited and account 940 or 948 as appropriate will be charged. "Equipment" as used in this paragraph includes items incorporated or to be incorporated in work in place as well as other items for which the District Engineer assumes accountability that are employed in the performance of work. For equipment used but not included in the accountability of the District Engineer, see (5) below.

(5) For free issue construction equipment for which the District Engineer does not assume accountability (e.g., troop construction battalion equipment), the asset value will not be included in the financial accounts. Instead, the rental value of such equipment, determined in accordance with ER 415-345-42, will be charged to applicable cost accounts and credited to applicable account 947 or 952.

(6) For accounting for the costs of unfunded military and other personal services, see para 7-17.

f. Accounts in the 960, 970, and 980 series. These accounts will be maintained for the purposes indicated in the Chart of Accounts in Chapter 6 and in paragraph 716. The Government accounts 961 and 962 will be maintained in cost subsidiary ledgers in the section for "Current Work in Progress" until the related projects are completed, then transferred to the section for "Completed Work, Prior Fiscal Years."

7-10 Division and District Office Costs. Provisions of this paragraph apply only to divisions and districts financed directly by military funds, See paragraph 7-7 for funding. Divisions and districts financed initially from Civil Works funds (ED&M and Revolving Fund) will be governed by applicable provisions of ER 37-2-10.

a. Effective, economical accomplishment of the executive, advisory, administrative and technical staff functions of the Division and District is an essential factor in the successful operation of the two organizations. The costs of performing these functions are significant, and it is essential that such costs be budgeted and continuously controlled to the fullest extent practicable. The division and district office cost accounts provide valuable management accounting information with respect to:

- (1) The cost of performing Division and District Office Functions.
- (2) Comparisons between budgeted amounts and actual costs.
- (3) The distribution of district overhead costs.

b. The organizational accounts for district and division offices (460 and 439 series accounts listed in Chapter 6 maintained separately for each office) are designed to provide the following:

- \* (1) The labor , travel, and other costs of staff elements (Gross costs). \*
- (2) The amount of these costs charged direct to specific items of work (direct charges).
- (3) The amount of these costs remaining as overhead or undistributed indirect technical costs.
- (4) The amount of other (miscellaneous) costs charged to district overhead.

c. These accounts are established on an organizational basis and will include the total costs of operation and maintenance of the division and district offices proper (i.e., exclusive of laboratories, garages, printing plants, etc., for which separate accounts are maintained). They will be charged with the gross costs of the executive, advisory, and administrative branches and technical divisions. In addition to the costs of the principal functions assigned, costs of the following will be charged to the accounts for the organizations in which the costs are incurred: training; management and manpower surveys; programing, budgeting and scheduling; review and evaluation of management improvement projects and suggestions; training USAR Officers and foreign personnel; quarterly review and analysis; preparation of charts and exhibits for meetings, staff visits, etc.; drafting service to executive, advisory and administrative elements; and speeches. Direct charges from these to other accounts will be limited to the following services:

(1) District Office.

(a) Executive, Advisory and Administrative Services - Accounts 460.01 to 460.10 and 460.20.

1 Administrative support of other agencies on a reimbursable basis. Charges for such services will be made on the basis of agreement between parties concerned.

2 Any other service for others on a reimbursable basis.

3 Activities for which specific funding is provided.

(b) Technical Services - Accounts 460.12 to 460.19.

1a Personal services are charged directly when one hour or more of a technical division employee\*s time during a day is applicable to a specific feature or other account. (Exception: supply division employees - see 2 below.)

1b Personal services are charged indirectly when less than one hour of a technical division employee\*s time during a day is applicable to a specific feature or other account. Labor efforts of a general nature not applicable to a specific job or project should also be charged indirectly. This includes training (including employees attending colleges and universities full time), staff meetings, professional seminars, recruiting efforts, committee meetings, and other such activities.

1c Technical Division chiefs, their assistants, branch and section chiefs, are working supervisors. Consequently, the one-hour rule applies to their productive and review efforts. Their effort applied to general supervision and administration should be charged indirectly. Also, some of the effort of technical division stenographic, secretarial, and clerical personnel is indirect in nature. However, the one-hour rule is appropriate when they perform work obviously traceable to a specific end product, for example, when typing contractual documents or design engineering statements.

\* 1d A technical division\*s indirect costs will be distributed as an add-on percentage of the division direct labor charges to projects and studies. Develop a predetermined rate for each technical division by relating the technical division\*s estimated direct labor costs to its estimated indirect costs. Rates will be reviewed not less frequently than quarterly and adjusted as necessary to absorb the indirect costs during the fiscal year. Only nominal amounts may be undistributed or over distributed at fiscal year end.

\*

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\* 2 Supply Division functions will be costed according to the function being performed. Those employees engaged in procurement activities will generally be costed to overhead except when making field inspections of materials and equipment, performing central procurement or COR activities for other districts or agencies, or when the effort of procuring materials and supplies for hired labor jobs are of such significance as to constitute an identifiable charge. Employees engaged in issuing plans, specifications, invitation for bids, requests for proposals, preparing contracts and modifications will be charged direct to project accounts such as 800.12 or 802.22, as applicable. \*

3 Costs of temporary duty travel and transportation in connection with services specified in 1a thru 1d and 2 above will be charged to the accounts to which the personal services are charged.

\* 4 Technical division indirect cost should not be applied to direct labor costs applicable to services of an employee loaned to work under direction of the borrowing office. Supervision of the work of a loaned employee is substantially accomplished by the borrowing office; therefore, billing of technical division indirect cost on loaned employee services is inappropriate. However, where services are performed for others, under direction of the employing office, indirect cost should be charged and billed.

\* 5 Engineer interns\* personal services and travel costs will be charged to the technical division functional account or the resident, area or project office where training costs are incurred. These costs will be included with other indirect charges and distributed to military projects based on direct labor charges of the office where training. However, direct charges will be appropriate when training at a project office having supervision over only one project. All costs of engineer interns while training with Army Facilities Engineers will be shared by the Engineering, Planning, Construction, and Operations Divisions in direct proportion to the direct labor costs of only those technical divisions. This may be done by charging these costs to a facility account under the Carrier fund and allocating to military projects using indirect costing techniques tied to direct labor.

(c) Miscellaneous Expenses - Account 460.25. District office miscellaneous expenses include such items as transportation of things, communications services, rents and utilities, printing and reproduction, supplies and materials, ADP services and other contractual services. These expenses identified to specific projects or facilities will be charged directly to the project or facility. Those identifiable to specific technical organizations (460.12-460.19 and 460.22, except 460.15) will be charged as technical indirect costs to that technical organization.

Miscellaneous expenses incurred for the Executive, Advisory and Administrative (460.01-460.10 and 460.15) organizations or incurred for over-all district use, such as supplies and materials for a central stock room or library, will be charged to the 460.20 account and distributed as overhead.

- \* (d) Permanent Change of Station, and Suggestion and Incentive Awards. Permanent change of station, suggestions and incentive awards expenses for technical organizations and facilities will be charged to the technical organizations and facilities accounts. Those expenses incurred for the Executive, Advisory and Administrative organizations will be charged to the Administrative accounts as appropriate and distributed as overhead. \*

(e) Pro Rata and Other Charges - Account 460.25. Pro rata expenses and other charges will be charged to the 460.25 account and distributed as overhead with the following exceptions:

1 Centralized Audit Service covering audits of contract work will be charged direct to projects.

2 Central payroll charges will be allocated based upon the number of employees serviced in each technical, field, facility, or overhead organization. Charges applicable to the Executive, Advisory and Administrative organizations will be charged to the 460.25 account and distributed as overhead. Charges applicable to technical, field, or facilities organizations will be charged to those organizations.

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\* (2) Personal Services and Travel Expenses - HQUSACE/OCE and Division Office Personnel. The pay and travel expenses of Military functions personnel assigned to HQUSACE/OCE and division offices may only be charged to project funds when the services or travel performed are directly related to the project and the project benefits specifically from such services or travel. The general rule is that a project benefits directly only when the services performed would or could, under existing Engineer Regulations, be performed by district personnel if the district were adequately staffed or had the technical expertise to perform the service. For example, the pay of HQUSACE/OCE or division office personnel "actually engaged" in design or redesign, as well as any travel costs incurred in connection therewith, are properly chargeable to project funds. The term "actually engaged" covers only those HQUSACE/OCE and division office personnel engaged directly in the design or redesign, not those engaged in supervision and review of design or redesign performed in lower echelons. Consulting services and technical assistance provided by HQUSACE/OCE and division office personnel and travel associated with such services may be charged to project funds only in those instances in which the services are requested in writing by the District Commander and benefit the project exclusively. Under no circumstances should consulting services or technical assistance of a general nature be charged to project funds. This policy is specifically applicable where a Division serves as an Operating Division, and supervises subordinate districts as well. \*

d. (Reserved)

e. The labor and travel of the Division and District Commanders and of those Executive Assistants who are assigned to discharging the functions of the executive office will be charged to Account 460.1 or 439.1, as applicable. The cost of special assistants (including the Value Engineering Officer), consultants, etc., will be charged to the account for the organizational unit where the principal duty is performed.

f. The Government\*s share of CSR, FICA, ELIF and EHBf, for each military payroll will be charged to Account 460.22- or 439.22-, Government Contributions for CSR, FICA, ELIF and EHBf, as applicable. Labor cost distributions will include the portion of Government contributions related thereto and the aggregate of such contributions will be credited to Account 460.22- or 439.22-, as applicable. It is intended that any balance in these accounts will represent pending charges or credits and will therefore approach zero as of the close of an accounting period. The ledger, Form 17a (Costs) maintained for Accounts 460.22- and 439.22- will provide four debit columns for "CSR," "FICA," "ELIF" and "EHBf," a single credit column for distributions, and a column for balance. Such balance will not be considered in the computation of overhead rates.

g. (Reserved.)

\* h. Costs of labor, travel, and other costs applicable to accounts 460.1 - 460.19 will be posted to three separate debit columns therefor, with the technical staff division costs chargeable directly to features or other accounts being entered in two separate credit columns, so that applicable balances will equal amounts subject to distribution as district overhead. Normally, charge-s will not be transferred between the "Executive, Advisory, and Administrative" and "Technical" staff accounts. However, when an employee of one organization is assigned temporarily to the supervisor of another organization, cost of his services and temporary duty travel will be included in the gross costs of the organization to which assigned and excluded from the organization from which normally assigned.

h.1 (Reserved.)

i. Account 460.30 will be credited for overhead distributed.

7-11 Overhead. The provisions of this paragraph apply only to divisions and districts financed directly by military funds. Divisions and districts financed initially from Civil Works funds (ED&M and Revolving Funds) will be governed by applicable provisions of ER 37-2-10.

a. Overhead costs represent charges accumulated in the 460 series accounts listed in Chapter 6, less direct charges to construction features and other accounts made in accordance with procedures in paragraph 7-10, the net of which is credited upon distribution to Account 460.30. Basis for distribution is indicated below.

b. Division Office Military Expenses. At the beginning of the fiscal year each Division Engineer will inform the District Engineers under his jurisdiction of the estimated amount of division expenses which will be charged to their districts during the fiscal year for work for foreign governments.

c. (Rescinded.)

\* d. OCE Pro Rata Expenses. Costs of OCE long-range training, and field activities expenses are accumulated by the office maintaining accounts for OCE for billing to divisions and districts.



OCE will inform each division and district prior to the beginning of each fiscal year the estimated amount which will be billed. Billings for the actual costs will be made quarterly.

e. Distribution of District Overhead (General Administrative) Costs.

(1) District overhead costs will be distributed to military jobs monthly on the basis of weighted labor dollars. Activity base titles, weights, and definitions are as follows:

- \* (a) Engineering and Design (Weight 1.1). Covers work described under that title in Chapter cost account 800), and similar work for others including NASA.
- \* (b) Real Estate Administration (Weight 1. 0). Covers work described in paragraph 6-30(2), and similar work for others including NASA.
- \* (c) Construction (Weight 1. 1). Covers construction work (except engineering and design, and real estate administration) including Supervision and Administration thereof; and similar work for others including NASA.
- \* (d) (Reserved.)
- (e) (Reserved.)
- \* (f) Other Activities (Weight 2.0). Includes all work not covered above. Examples of such work are master planning for military installations; central procurement and COR activities; subsurface explorations for others; inspection services for others; loan of plant or hopper dredges (lending district will apply weight of 2.0; borrowing district will apply overhead according to specific classifications above).

(2) Overhead expenses in connection with the operation of district offices remain somewhat constant throughout the year. The rates for distribution of district overhead are determined at the beginning of each fiscal year, and revised as necessary during the year. The general procedures outlined below and illustrated in subparagraph (g) should be observed.

\* (a) Estimate the regular and overtime labor costs applicable to each activity base for the fiscal year. \*

(b) Estimate the total district overhead to be incurred during the fiscal year for all military activities.

(c) To the estimates developed in (a) above, apply the weights stated in paragraph 7-11e(1), above. Deviation from these weights will be made only with approval of the Chief of Engineers. Any requests for deviations will state reasons in detail, specify the impact upon pertinent appropriations, and must show that the weights are grossly inequitable with Corps-wide implications. On the basis of these weighted costs, compute the proportionate amounts of estimated overhead in (b) chargeable to the military activities in (a) above.

(d) To the overhead amounts determined under (c) above, add any applicable balance of undistributed overhead remaining at the end of prior fiscal year.

(e) (Rescinded.)

(f) The total estimated overhead costs for each work classification will be divided by the corresponding estimated unweighted cost bases to establish predetermined overhead rates.

(g) The general method of computing overhead rates outlined in the preceding paragraphs is illustrated in the following example:

REVENUE FROM THE FEDERAL GOVERNMENT - FISCAL YEAR 1970

ACTIVITY	REVENUE FROM THE FEDERAL GOVERNMENT (1)	PERCENTAGE OF TOTAL REVENUE (2)	REVENUE FROM THE FEDERAL GOVERNMENT (3)	PERCENTAGE OF TOTAL REVENUE (4)	REVENUE FROM THE FEDERAL GOVERNMENT (5)	PERCENTAGE OF TOTAL REVENUE (6)	REVENUE FROM THE FEDERAL GOVERNMENT (7)	PERCENTAGE OF TOTAL REVENUE (8)	REVENUE FROM THE FEDERAL GOVERNMENT (9)	PERCENTAGE OF TOTAL REVENUE (10)	REVENUE FROM THE FEDERAL GOVERNMENT (11)	PERCENTAGE OF TOTAL REVENUE (12)	REVENUE FROM THE FEDERAL GOVERNMENT (13)	PERCENTAGE OF TOTAL REVENUE (14)
<b>CONSTRUCTION DIVISION</b>														
Military Construction	1,200,000	1.0	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4
Naval Construction	300,000	1.0	300,000	2.7	300,000	2.7	300,000	2.7	300,000	2.7	300,000	2.7	300,000	2.7
Construction for others	1,200,000	1.0	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4	1,200,000	10.4
Other Activities	20,000	1.0	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2
Technical Support	(3,000,000)	(1.00)	(3,000,000)	-27.3	(3,000,000)	-27.3	(3,000,000)	-27.3	(3,000,000)	-27.3	(3,000,000)	-27.3	(3,000,000)	-27.3
	200,000	1.00	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8
<b>OPERATIONAL DIVISION</b>														
Military S & B	1,000,000	1.7	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1
Naval S & B	500,000	1.7	500,000	4.5	500,000	4.5	500,000	4.5	500,000	4.5	500,000	4.5	500,000	4.5
S & B for others	1,000,000	1.7	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1	1,000,000	9.1
Other Activities	50,000	1.0	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4
Technical Support	(1,000,000)	(1.00)	(1,000,000)	-9.1	(1,000,000)	-9.1	(1,000,000)	-9.1	(1,000,000)	-9.1	(1,000,000)	-9.1	(1,000,000)	-9.1
	200,000	1.00	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8	200,000	1.8
<b>MAIL SERVICE DIVISION</b>														
Military Mail Service	50,000	1.0	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4
Naval Mail Service	50,000	1.0	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4
Mail Service for others	50,000	1.0	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4	50,000	0.4
Other Activities	(50,000)	(1.00)	(50,000)	-0.4	(50,000)	-0.4	(50,000)	-0.4	(50,000)	-0.4	(50,000)	-0.4	(50,000)	-0.4
Technical Support	13,000	1.00	13,000	0.1	13,000	0.1	13,000	0.1	13,000	0.1	13,000	0.1	13,000	0.1
<b>GENERAL DIVISION</b>														
General Government & OMB Activities	20,000	1.0	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2	20,000	0.2
	7,000,000	1	7,000,000	62.8	7,000,000	62.8	7,000,000	62.8	7,000,000	62.8	7,000,000	62.8	7,000,000	62.8

(1) Department of military personnel payable from Civil Funds who will perform direct or indirect functions for the program, distributed to

(2) Mail sent in preparation to amounts in column (1).

(3) Miscellaneous Services used for foreign operations. Paragraph 7-11.5 (D)

(4) Other per cost center, based on percentages in column (3).

f. Application of Overhead. The overhead rates will be applied on regular and overtime labor except overhead will not be applied to:

(1) Labor on work performed by another CE installation and/or by various governmental elements (e.g., Post Engineer, municipalities, States, independent agencies).

(2) Labor costs to be billed to OCE for inclusion in OCE prorata expenses which are distributed to others as overhead.

(3) Executive, Advisory and Administrative labor which will be charged to and distributed as district overhead.

g. Special Procedures.

(1) The general procedures outlined above will be altered to the extent necessary to effect modified distributions of overhead prescribed for certain categories of work, e.g., NASA.

\* (2) Reserved

(3) Overhead will be computed on indirect labor charged to the technical indirect accounts. Overhead so computed will be included with the other indirect costs. These costs will be identified only as indirect costs when distributed to projects or the uniform flat rate account.

- \* (4) Division office expense applicable to work for foreign government, will be separately billed to Districts performing such work. District offices will charge these amounts to Account 460. 25.

h. Overhead costs incurred by district/operating division offices during the fiscal year should be distributed in full by the end of the fiscal year. Nominal balances of over (or under) distributed overhead may be carried forward from one fiscal year to another if complete distribution during the fiscal year would be inequitable. A nominal balance is defined as an amount not to exceed plus or minus five percent (+/-5%) of the overhead expenses for the last quarter of that fiscal year. In order to assure that overhead costs are completely distributed or that only a nominal balance remains, a review of the estimated overhead expenses and the estimated overhead base for the fiscal year will be made at least quarterly and overhead rates revised as required in accordance with para 7-11e, above.

- \* i. Inter-district Billing. The amount and rate of overhead will be shown separately in the bill for reimbursement prepared by the billing district. Overhead will not be assigned to or billed for loan of "Executive, Advisory, Administrative staff; i. e., "overhead" employees. Overhead applicable to loan of "Technical" staff employees will be charged and billed. Overhead will not be charged by the billing office for labor costs of personnel on PCS house hunting. \*

7-12 Engineering, Supervision and Administration; Fixed Fees, Indirect Job charges, etc.

a. Cost accounts under this heading comprise the 800 series accounts listed and described in Chapter 6.

\* b. Detailed accounts will be maintained, by columnar breakdown on ENG Form 17A for each directive line item to which direct charges will be made wherever practicable. Also, these accounts will be maintained at project level for accumulation of costs not charged to particular line items at time incurred, to be distributed to the line item accounts monthly. Labor and travel costs of district office technical staff personnel will be charged to specific feature, line item or project accounts as outlined in para 7-10. Labor and travel costs of field office personnel which are applicable to a specific feature or line item of work will be charged thereto; such costs which cannot be identified directly with a line item or feature, will be charged initially to accounts at the project level. All other costs (such as vehicle operations for supervision and inspection applicable to a project) may be charged initially to accounts at the project level.

c. Distribution of costs accumulated at project level will be made on a basis that will equitably charge the construction line item accounts with the portions of these costs that properly apply to work in place. In some cases (particularly for Accounts 820 and 830, Mobilization and Demobilization, respectively) it will be found practicable to effect this distribution on a "budget percentage" basis. Under this procedure, the percentage relationship of the estimated total cost of charges to the particular 800 series account on completion of the work, to the estimated gross total cost of the work on completion less the estimated total cost of the 800-series costs on completion, is established. In this connection, costs of labor and equipment may be a fair base for distributing Accounts 820 and 830. For supervision, inspection, etc., distributions to feature and line item accounts may be made on the basis of direct supervision, inspection, etc., charges made thereto.

\* d. In certain instances, such as the influx of a large number of O&MA orders at one time, it may not be feasible to work under the one-hour rule. Engineering Supervision (not actual design) associated with contract E&D of a specific group of small customer orders or several projects on one customer order may be initially charged to a Revolving Fund 459.- or Carrier Fund 800.12 account. Costs so charged must be distributed at least monthly to each applicable order or project on an equitable basis. This procedure should be used only when in the opinion of the District Engineer the advantages outweigh the disadvantages.

7-13 Supervision and Administration (S&A).

\* a. Subject to c. below, the applicable uniform Corps-wide rate will be applied to direct construction costs at line item or job level to cover related costs recorded at district level in the 465 (MILCON S&A) and 466 (O&M S&A) series of accounts. The distribution rates will be modified by HQUSACE periodically for application to work placed, according to the status of the overall account(s). The goal is to operate each account overall on a "break-even" basis; i.e., without a significant gain or loss annually. Following is a list of rates used in cost distribution and the periods for which effective: \*

<u>Rate</u>	<u>Period</u>
7.5%	1 Jan 63 thru 28 Feb 65
7.0%	1 Mar thru 30 Jun 65
6.7%	1 Jul thru 30 Sep 65
6.5%	1 Oct 65 thru 31 Oct 66
6.0%	1 Nov 66 thru 30 Jun 67
5.8%	1 Jul 67 thru 31 Dec 70
5.6%	1 Jan 71 thru 30 Jun 71
5.4%	Completed line items during period 1 Jul thru 31 Dec 71
5.1%	1 Jul 71 thru 30 Jun 72
5.0%	1 Jul 72 thru 30 Sep 78
5.2%	1 Oct 78 thru 30 Sep 79
5.0% CONUS	1 Oct 79 thru 30 Sep 83
6.5% Overseas	1 Oct 79 thru 30 Sep 83
* 5.5%	1 Oct 83 thru 31 Mar 85
5.5% MILCON	Commencing 1 Apr 85
7.5% (O&M)	Commencing 1 Apr 85

(The distribution rate effective 1 Jul 71 was originally 5.4%, but was retroactively changed to 5.1% in Jan 72. All financially completed line items during the period 1 Jul 71 thru 31 Dec 71 were distributed at the 5.4% rate. Retroactive refunds to line items remaining financially open were made as follows: FY 72, 0.6%; FY 73, 0.15%; FY 74, 0.4%; FY 76, 0.12%; and FY 77, 0.2%.)

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b. Account 805, Supervision and Administration (S&A) will be established at the line item or job level. This account will be charged with S&A costs applied at the Corps-wide rate. Care will be exercised \* to insure that accounts 805 are charged and account 465.806 or 466.806 is credited in the same month in which the related direct costs are recorded in the line item or job accounts.

c. The Corps-wide S&A rate will be applied to the direct casts recorded in the line item or job accounts for all military construction except the following:

- (1) (Reserved)
- (2) Civil Defense Activities.
- (3) (Reserved)
- (4) Engineering and Design.



(5) MAP work.

(6) Work financed from foreign currency generated from sales of surplus agricultural commodities under Title I, PL 83-480 (AR 35-40), both MAP-type work under FT 580 and surplus commodity housing under FT 581 accounts.

(7) NASA and AID work.

(8) Construction performed for other non-military agencies and organizations, including non-appropriated funds.

(9) Government property furnished free by using services.

(10) Work performed for the Corps of Engineers by Installation/Base organizations (e.g., Facility Engineer).

\* (11) Work performed by the Corps chargeable to Foreign Military Sales (FMS) cases.

d. Where application of a revised Corps-wide rate to a project under contract or in process of award would cause costs to exceed a statutory limitation (including maximum adjusted station authorization limitations), the case will be submitted with full statement of facts to CDR USACE (DAEN-RMF), WASH DC 20314-1000 for decision on action to be taken.

e. The Corps-wide S&A rates will be charged on the funded costs of materials and equipment furnished contractors including items obtained through central procurement by procuring district from the construction appropriation, in accordance with ER 415-35-1. The procuring district will furnish the constructing district with descriptive data covering all significant aspects of the items procured, together with contract cost of the items and the amounts of inspection and overhead costs. The constructing district will:

(1) Credit the total cost to project account 951.

(2) Charge the value of the procurement to the applicable construction line item.

(3) Charge inspection and overhead initially to project cost account 774, and bill the total to the 465 or 466 series accounts as an expenditure refund.

(4) Include the value of the procurement in the direct construction costs to which the Corps-wide S&A rates will be applied.

The net charge to the construction project funds, in connection with centrally procured material, will be the amount of the S&A charge applied in accordance with (4) above, less the refund to the project in accordance with (3) above.

f. Architect-Engineer contracts for supervision and inspection of construction (S&I) to which the uniform Corps-wide rate applies are chargeable to account 465.802.1 or 466.802.1 and will be obligated as follows:

(1) Districts Having a Revolving Fund.

(a) Separate contracts for S&A only will be financed from the Revolving Fund.

(b) For A/E contracts which include engineering and design, and S&I, the portion applicable to S&I will be financed from P6700 funds, and such contractors\* earnings for S&I will be billed to the Revolving Fund.

(2) Districts Not Having a Revolving Fund. All S&I by contract will be financed from the applicable military carrier fund.

g. Districts not having a Civil Works Revolving Fund will finance the S&A costs from the military carrier fund. Any difference between actual S&A costs and amounts distributed at the Corps-wide rate will be transferred to Omaha District as explained in h, below.

h. Districts not having a Civil Works Revolving Fund will transfer the balance monthly in accordance with the following:

(1) The net balance in accounts 465.802.- thru 465.806 and 466.802- thru 466.806 will be transferred to Omaha District by SF 1080 to reach Omaha District by the 15th of the following month. Copy of SF 1080 will be forwarded directly to CDR USAGE (DAEN-RMF-C), WASH DC 20314-1000. The description of the voucher SF 1080 will read as follows:

	465 Account	466 Account	
Current Month Work Placement	<u>\$XXX,XXX,XXX</u>	<u>\$XXX,XXX,XXX</u>	
Current Month Income	\$XX,XXX.XX	\$XX,XXX.XX	
Less:			
Current Month S&I Expense	XX,XXX.XX	XX,XXX.XX	
Current Month General Overhead Expense	XX,XXX.XX	XX,XXX.XX	
Current Month Gain or (Loss)	<u>\$XX,XXX.XX</u>	<u>\$XX,XXX.XX</u>	*

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- \* To provide information on the status of the S&A accounts to the Directorate of Engineering and Construction, cumulative CFY information will be telecopied to CDR USAGE (DAEN-RMF-C) by the 9th of each month to read as follows:

	465 Account	466 Account
FYTD Work Placement	\$XXX,XXX,XXX	\$XXX,XXX,XXX
FYTD Income	XX,XXX,XXX	XX,XXX,XXX
Less:		
FYTD Supervision and Inspection Expense	XX,XXX,XXX	XX,XXX,XXX
FYTD General Overhead Expense	XX,XXX,XXX	XX,XXX,XXX
FYTD Gain or (Loss)	XX,XXX,XXX	XX,XXX,XXX
Current Month Gain or (Loss)	XXX,XXX.XX	XXX,XXX.XX
(please Include cents here only)		

This information should be sent to telecopier number 272-0970 FTS or (202) 272-0970 Commercial. In an emergency the information should be telephoned.

If income does not equal the product of the applicable S&A rate times the related direct cost to which total income applies, appropriate explanation should be attached to copy of SF 1080 mailed to DAEN-RMF-C.

Explanation: Income is understated by X,XXX  
due to the following:

- a. X,XXX .....
- b. XXX .....
- c. XXX .....

\*

(2) In the case of net credit balance, the SF 1080 will show Omaha District as the creditor district and the transferor district as the debtor. A copy of the SF 1080 will be sent to Omaha District accompanied by Treasury check in payment.

(3) A net debit balance will be liquidated by a normal billing. When MCA P6700 is used as the carrier fund, collection of these SF\*s 1080 will be treated as appropriation reimbursements. Under any other military carrier fund, such collections will be treated as appropriation refunds.

7-14. Lump-sum and Unit Price Contract Work. a. Gross earnings of lump-sum and unit-price prime contractors and subcontractors will be charged to applicable feature accounts prescribed herein under the procedure set forth in the following paragraphs.

b. Gross earnings of lump-sum and unit-price prime contractors and of lump-sum and unit-price subcontractors under contracts executed by CPFF prime contractors or CPFF subcontractors, will be distributed to applicable construction line item cost accounts based upon analysis of payment estimates while such contracts are in progress. To the extent determined in accordance with paragraph 4-8, cost records will be kept up-to-date for the current month on the basis of engineering estimates of unpaid earnings, based on line item placement, where approved estimates are not available for inclusion in cost accounts for the month in which work is accomplished.

c. Gross earnings of lump-sum and unit-price subcontractors doing work under contracts executed by lump-sum or unit-price prime contractors (or by lump-sum or unit-price subcontractors performing work under contract with CPFF prime contractors or CPFF subcontractors), will not be separately distributed to cost accounts. Distribution of such earnings will be afforded through distribution of the payment-estimate bid or payment items of the lump-sum and unit-price prime contractors (or of the lump-sum and unit-price subcontractors performing work under contract with CPFF prime or subcontractors) letting the work.

d. Damages (specific or liquidated damages) and other charges assessed contractors or sureties for extra casts to the Government will be accounted for as provided herein.

(1) Some examples of extra costs to the Government are:

(a) S&A costs, such as for: added inspection time; replacing stakes and other marks destroyed by contractor; retesting materials after failure to meet requirements in initial test; and review of shop drawing after rejection of initial shop drawing.

(b) E&D costs of additional reviews required to meet performance standards of construction design effort and for additional engineering supervision of contract E&A, resulting from delinquent performance by contractors.

(c) Costs for terminating defaulted contract and completing facility or service by other contract or Government forces.

(d) Other costs resulting from delinquent performance by contractors, such as for: providing substitute facilities; standby time of technicians; and storage of equipment.

(2) Pending final determination by the contracting officer, the amount of damages (actual or liquidated) assessed contractors for failure to complete the contracted work within the time specified by the contract, damages withheld under the terms of the contract should be carried as accounts payable. Upon final determination, accounts payable will be liquidated and damages assessed will be credited to project cost accounts as follows.

(a) Damages finally assessed in connection with E&D will be credited to account 800.4.

(b) Damages assessed for extra S&A costs and liquidated damages assessed under the Work Hours Act of 1962, other than such damages assessed against contractors performing construction to which the Corps-wide S&A rates apply, will be credited to account 802.3.

(c) Damages assessed against contractors performing construction to which the Corps-wide S&A rates apply will be credited to account  
\* 465.802.3 or 466.802.3.

(d) Assessments for other kinds of extra costs to the Government chargeable to funds administered by the District Commander will be credited to the accounts which include such costs.

(e) Assessments for extra costs to the Government, but chargeable to other than funds administered by the District Commander, will be credited to account 956.

(f) Damages accounted for as above will be treated as an offset against engineering supervision or supervision and administration costs, as applicable, and not as a reduction of contractors' earnings.

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e. Costs of allocated materials, in cases where such materials are set up in lump-sum or unit-price contracts in lump-sum amount, will be distributed to applicable accounts on the basis of information furnished by such contractors, or, dependent upon which procedure is authorized for material cost distribution, either on the basis of quantity surveys and inspectors\* reports or on the basis of coded stores requisitions.

f. Costs of materials, supplies, services, and equipment furnished by the Government, without charge, to lump-sum and unit-price contractors, will be distributed to applicable accounts on the basis of information furnished by such contractors, or, dependent upon which procedure is authorized for material cost distribution, either on the basis of quantity surveys and inspectors\* reports or on the basis of coded stores requisitions.

7-15 CPFF Contract and Hired Labor Work, a. At construction locations where a CPFF prime construction contractor is engaged, the CPFF prime contractor may maintain all cost records for all organizations at the construction location if such procedure meets with the approval of both the CPFF prime contractor and the District Engineer having jurisdiction. In such cases, however, provision will be made to insure that all accounts, including those covering general charges and expenses, are segregated so that charges incurred by Government forces and those incurred by each CPFF contractor engaged at the construction location will be separately identifiable on the cost records.

b. At construction locations where a CPFF prime construction contractor is engaged and the procedure set forth in the preceding paragraph is not adopted, cost accounts will be maintained by Government forces for work prosecuted by Government forces, and by CPFF contractors for work prosecuted by them, but there will be no duplication of cost records between these entities at any such construction location.

c. Costs on CPFF contract and hired labor work will be accumulated generally as follows:

(1) Labor costs will be charged directly to applicable cost accounts. Labor chargeable to Assembly and Shop and to Aggregate and Batching Plant operating costs will be cleared through suitable clearing accounts established therefor (see pars 7-21 and 7-22).

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(2) Material costs will be charged to construction feature accounts and to other applicable accounts on the basis of "quantities in place" or on the basis of coded stores requisitions (see par 7-18).

(3) Costs of mobile construction equipment (including staff transportation facilities) will be accumulated in suspense accounts while construction is in progress. Charges for the use of such equipment, however, will be made to construction feature accounts and to other applicable accounts on the basis of pre-determined, standard, hourly cost distribution rates (see par 7-20).

(4) General and processing equipment costs, and costs of expense materials and supplies, will be charged directly to construction feature accounts and to other applicable accounts.

(5) Gross earnings of lump-sum and unit-price subcontractors will be charged directly to applicable cost accounts. Damages assessed contractors will be accounted for in accordance with para 7-14d.

d. Coding of basic cost distribution records (time cards; equipment operators\* reports; and stores requisitions, where applicable) will be done either by field personnel (either foremen, timekeepers, timecheckers, storekeepers, or field clerks) or in the Cost Accounting Section -- as mutually agreed upon, on CPFF work, by the CPFF contractor and the Contracting Officer, or, in the case of other contract and hired labor work, as found most practicable by the District Engineer. Where coding is to be done in the field, field code books will be prepared and maintained for use by field coding personnel to facilitate such coding (see par 7-24).

e. Government cost accounting personnel will periodically review CPFF contractors\* cost accounting procedure to ascertain that such procedures conform to those prescribed herein and will ascertain each month that cost accounts of CPFF prime contractors, and of CPFF subcontractors (where applicable), are in reconciliation with general ledgers. Detailed audits of cost accounts by Government forces will not be made.

f. At construction locations where work is being prosecuted by CPFF construction contract and the CPFF prime construction contractor is not maintaining all cost records for all organizations at the location, work sheets will be used by Government forces to consolidate all costs for the construction location.

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g. On CPFF work, penalties and disallowed costs incurred by CPFF contractors will not be included in cost accounts on CPFF contractors\* books. Separate accounts will be established in the contractors\* general ledger for such penalties and disallowed costs.

h. Responsibilities and procedures for contracting officers and comptrollers in the administration of CPFF construction contracts are set forth in ER 415-345-270.

7-16 Terminated Construction Contracts.

a. The cost of construction, that may be included in termination settlement amounts will be charged to applicable construction feature accounts regardless of whether such costs cover fully or partially completed line items.

b. contractor termination inventories will be charged to the applicable project plant, equipment, materials, etc., accounts.

c. Termination costs other than the amounts covered by subparagraphs a and b above will be charged to Account 760.

\* 7-17 Labor Costs.

a. Government Personnel.

(1) Civilian Employees.

(a) Actual Pay Method. The following procedures are for payrolls paid initially from military funds at FOAs performing only military functions.

1 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 or 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.

2 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 Fund (CSR), Federal Insurance Contributions Act (FICA), Employees Life Insurance Fund (ELIF), and Federal Employees Health Benefits Fund (EHSF).

3 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.



4 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 465 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.

(b) Effective Rate Method using Civil Revolving Fund. The following procedures are for payrolls paid from the Civil Works Revolving Fund for services of employees engaged on military functions.

1 Labor costs are computed under provisions of ER 37-2-10 and identified as such in the billings from the Revolving Fund.

2 Labor charges billed from the Revolving Fund will be costed on the same basis as billed; i.e., effective time worked.

(c) Effective Rate Method using a Military Carrier Fund. FOA\*s without a Revolving Fund may desire to charge labor at effective time rates. In such cases, an accrued leave and a government contribution 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.

\* (2) Unfunded Military personnel.

(a) Direct construction. Costs of the services of military personnel engaged in direct construction will be computed in accordance with ER 415-345-42 and charged to line items. These costs will be offset in account 949.

(b) Supervision and administration of military construction. Costs of the services of military personnel engaged in supervision and administration of military construction will be computed in accordance with AR 37-108.

1 Services of military personnel engaged in direct supervision and inspection of construction, during the construction phase, to which the Corps-wide S&A rate applies will be recorded only in account 902.-. Similar services relating to military construction to which the Corps-wide S&A rate does not apply will be charged to account 802.2-, with contra credit to account 949.

2 Services of military personnel engaged in general overhead functions (i.e., general administration and indirect supervision) applicable to all military construction will be recorded only in account 904.-.

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\* (3) Funded Military Personnel. Includes Foreign Military Sales (FMS) work.

(a) Direct construction. Costs of the services of military personnel engaged in direct construction will be computed in accordance with ER 415-345-42 and charged direct to line items.

(b) Supervision and administration of military construction. Costs of the services of military personnel engaged in supervision and administration of military construction will be computed in accordance with AR 37-108.

1 Services of military personnel engaged in direct supervision and inspection of construction, during the construction phase will be charged to account 802.2-. Appropriate COEMIS "G" levels are prescribed in EP 37-345-1.

2 Services of military personnel engaged in general overhead functions (i.e., general administration and indirect supervision applicable to all military construction) will be recorded only in account 804.- as appropriate. Should this circumstance occur for organizations on the COEMIS F&A subsystem, appropriate assignment of COEMIS "G" levels will be requested from DAEN-RMF-C. \*

(c) Cost of military personnel expenses will be maintained at the level prescribed by the Army Management Structure, AR 37-100-XX and in sufficient detail to accumulate cost data for Report of Military Personnel Strength (RCS CSCAB-242) and other reports prescribed by OCE Supplement 1 to AR 37-108. The total cost of military personnel expenses accumulated will equal general ledger account 3043. The provisions in AR 37-108 will be followed subject to the following:

1 Direct military personnel expenses for other than O&MA appropriation will be identified by the parent service, i.e., Army, Air Force, Navy, Marine Corps, and accumulated at the appropriation level for reporting purposes, and to develop a base for computing amounts to be distributed in accordance with paragraph 4 below. For this purpose, time of military personnel paid from MPA will not be assigned to Civil Works activities. Likewise, time of military personnel engaged on Civil Works activities and paid from civil appropriations will not be assigned to military activities. It is considered that the time of military personnel under MPA spent on civil activities is offset by time spent on military activities by military personnel paid from civil appropriations.

2 To provide equitable accounting and flexibility in assignment of company grade officers, all company grade officers will be considered as assigned to training. Labor costs of company grade officers assigned to a military TDA are recorded as an unfunded cost to the military project or account where the officer is assigned for training.

3 The cost of personnel assigned to specific projects or activities will be charged to the related budget program, project or subproject.

4 The cost of personnel performing executive, administrative or similar functions will be distributed on prorata or other equitable basis to the principle Division, District, or separate field operating activities.

5 Charges to Department of the Air Force funds allocated to the Chief of Engineers (allotments prefixed 077-) will be recorded as "Billed to Air Force" and accumulated for reports required by OCE Supplement 1 to AR 37-108.

b. Other unfunded labor costs. Costs of the unfunded personal services of other than U. S. military personnel will be computed in accordance with ER 415-345-42 and charged to construction line items. These costs will be offset in applicable account 947 or 952.

c. District Commanders will determine the most practicable means of developing source data for accumulating and recording unfunded labor costs.

d. Cost-Plus-A-Fixed-Fee (CPFF) Contractor Employees. The same principles of accounting for Government civilian employees on military rolls, outlined above, will apply Insofar as practicable to CPFF contractor employees.

e. Timekeeping and Reporting - Funded Labor Costs.

\* (1) The source of information regarding labor cost is the authorized daily or biweekly labor cost report. Daily labor reports will be utilized for activities as the District Commander deems desirable (or the CPFF contractor with the approval of the contracting officer). ENG Form No. 1 (Employee\*s Daily Labor Report) is for use in machine shops, mobile equipment, etc. ENG Form No. 1A (Daily Labor Report (Short)) is for use on other activities where daily labor reports are required. When daily labor reports are not required, biweekly time and attendance reports, such as ENG Forms Nos. 1301 and 1301a will be used. ENG Forms Nos. 1301 and 1301a are used where personnel are engaged on numerous jobs during the period. Separate biweekly time and attendance report for payroll purposes is required when daily labor cost reports are used. CPFF contractors may, with the approval of the contracting officer, use forms of their own design in lieu of the above for labor reporting purposes. \*

(2) On CPFF contracts, daily labor reports, as prepared by foremen or field clerks, will show badge numbers, total hours, rate, occupational code, description of work done, and distribution of hours worked. Cost coding will be done by field personnel or in the Cost Accounting Section by personnel familiar with the details and technicalities of the construction. In either case, personnel inserting cost codes will sign the forms in the space provided therefor. The forms will also be signed by foremen and will be forwarded to the payroll department daily. The payroll department will insert total money value on each card, post pay hours to the payroll, and forward the time cards, daily, to the Cost Accounting Section. The same procedure applies to Government hired labor, except that time and attendance for payroll purposes is covered by separate biweekly reporting on prescribed forms.

(3) If cost coding is being done in the field, coding will be carefully reviewed by designated personnel of the Cost Accounting Section who are familiar with the details and technicalities of the construction, and will be revised where necessary. Discrepancies will be clarified with the personnel, preparing and approving the reports in question without delay.

(4) Computations of labor distributions will be made by personnel responsible for submitting the labor cost reports insofar as practicable. They will be checked in the Cost Accounting Section to insure that the distributions are in agreement with actual payments. An average hourly labor rate may be established and used for costing labor of employees engaged in a common activity such as shops, central batching plants, executive, and administrative functions. Equitable costing as well as economy are prerequisites for use of the average labor rate method.

\* (5) Labor costs initially determined from information on individual time reports will be (and for group time reports, may be) summarized by account numbers chargeable, on ENG Form No. 2 (Summary of Distribution of \_\_\_\_\_) or other suitable form, and posted to applicable accounts not less frequently than monthly.

(6) Estimated Labor Costs for Incomplete Pay Period at End of Month. Except where the daily labor report is used as the basis for distributing 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:

(a) 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.

(b) 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.

(c) 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.

(7) Employers Contributions. The total labor charges to each account for the period will be increased by percentages for employers contributions (e.g., compensation insurance, social security taxes, etc.) as applicable.

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f. Labor in connection with repair work, as shown on time reports, will be charged to the following accounts:

<u>Account</u>	<u>Purpose</u>
Construction Line Item	- Repairs to permanent- construction features.
Account 589	- Repairs to construction plant facilities, except aggregate and batching plants
Account 592	- Repairs, to mobile construction equipment
Account 796	- Repairs to aggregate plant equipment
Account 797	- Repairs to central batching plant equipment

7-18 Material Costs. The provisions of this paragraph apply to acquisitions of materials supplies and warehousing activities financed from military funds whether performed by the Government or by a CPFF contractor.

a. On CPFF contract and hired labor construction work, distribution of material costs to construction features and other applicable accounts may be effected on the basis of "quantities in place" (utilizing the 701-749 group of accounts) or on the basis of coded stores requisitions (utilizing Account 750).. The use of either of these procedures will be authorized by the Division Engineer after considering recommendations of the District Engineer having jurisdiction over the work. A combination of both procedures will not be utilized at a single construction location. Issues from stores to a Government fixed-priced contractor at the sites will always be on the basis of specific requisitions.

b. In selecting one of the two foregoing procedures, careful consideration will be given to the following factors:

(1) Relative overall economy of operating the two system as applied to the construction location under review. Salient points to be considered:

(a) Field personnel required to insure accuracy of stores-requisition use-descriptions and coding.

(b) Number of high-salaried personnel required to operate quantities-in-place procedure.

(c) Probable daily volume of stores requisitions.

(d) Personnel required to price and extend all stores requisitions.

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(2) Comparative probable accuracies in cost distribution. Salient points to be considered:

(a) Probable extent of "hijacking" of materials between points within the job site once they are requisitioned.

(b) Provision in construction organization for checking ultimate destination of requisitioned materials.

(c) Availability of accurate and currently revised quantity surveys.

(3) Physical controls to be employed at the construction location to prevent loss of materials in the absence of accounting (dollar) control of stores.

(4) Availability of technically qualified personnel required to operate quantities-in-place procedure.

(5) Effect of deferring material cost distribution until different units of the construction are completed.

c. Procedures under "quantities in place" system. (1) Distribution of material costs on the basis of quantities in place will be made monthly.

(2) On CPFF work, quantity surveys, prepared in accordance with standard engineering practice, will be made by the Architect - Engineer and/or the CPFF Prime Construction Contractor (as applicable) from approved plans and specifications, as soon as such plans and specifications are available. On hired labor work, where there is no contract Architect - Engineer such quantity surveys will be prepared by Government forces under the supervision of the officer or engineer in charge of the construction. Quantities established will include waste allowances, in accordance with standard practice. These surveys will be currently modified to reflect revisions in plans and specifications made as the work progresses, and copies thereof, and of revisions thereto, will be furnished the Cost Accounting Section as soon as they are completed.

(3) The Cost Accounting Section, upon receipt of such quantity surveys and revisions thereto, will process for each

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construction feature (or item of construction plant, where applicable) involving materials to be distributed on the basis of quantities in place:

(a) Form No. 67R(Costs) - Field Inspector's Report of Materials in Place (see par 7-37).

(b) Form No. 68R(Costs) - Computation of Material Cost (see par 7-37).

(4) Form 67 R(costs) - Field Inspector\*s Report of Materials in Place

(a) In preparing this form, care will be exercised to insure that only those work-items involving materials to be accounted for on an in-place basis are listed--in the columns captioned "Item Number", "Description", "Unit", and "Estimated Quantity Required". Work to be done under lump-sum or unit-price prime or subcontract, and general and processing equipment or other items to be charged direct to construction feature accounts, will not be included in the items listed.

(b) For cost purposes, these forms will be distributed to the project engineering field inspectors at each month-end, for their use in recording the degree of completion of each listed work-item by visual inspection of the construction. Inspectors will record percentages of completion in the "Percent Complete" column and any pertinent comments in the "Remarks" column. Where sub-structure work-items are completed, inspectors will record on the form (in addition to the percentage of completion of such items) quantities actually installed or used, based on visual inspection. (In the case of concrete items, inspector\* s placing reports should be referred to in this connection). This procedure will be followed so as to make available to the Project Cost Accounting Department the actual quantities of variable items installed, for use in revising the current working estimate.

(c) When theme reports have been completed by the engineering field inspectors at each month-end, they will be returned to the Cost Accounting Section where the necessary computation. will be made to establish the quantities installed or used for entry on the form in the column so captioned.

(5) Form 68R(Costs) - Computation of Material Cost. (a) In preparing this form, only those items or work that have been listed, in each case, on the Field Inspector\*s Report of Materials in Place will



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be listed--in the columns captioned "Item Number", "Item of Work", "Unit", and "Quantity Required". The entry to be shown in the column captioned "Original Estimate - Material Cost", will be the original estimated material cost for each item of work shown -- as developed from or on the quantity survey. The "Original Estimate" columns will not be modified from month to month, except in cases where changes in quantity survey quantities have been made, occasioned by revisions in plans and specifications.

(b) The columns captioned "Current Estimate" will be completed during approximately a 10-day period beginning with the 20th of the month, for use in material-cost computations for that month. In completing this column, consideration will be given to current revisions in estimated quantities required, and to fluctuations in average unit material costs, thus establishing the currently estimated total material cost for each work-item shown on the form. (Current average unit material costs will be maintained in a commodity file in the Purchasing Department). In the case of centrally batched concrete, where this material is not contracted for on a unit-price basis, the cost per cubic yard will be developed from the cost records of the central batching and aggregate plants. Aggregate costs, where required, will be developed from aggregate plant cost records.

(c) When the Field Inspector\*s Reports of Materials in Place are returned to the Cost Accounting Section from the field, work-items will be summarized by accounts and the column captioned "Quantities Used" (on the form "Computation of Material Costs") will be completed.

(d) The column captioned "Percent Complete" will then be computed--as the percentage relationship of the quantities shown in the "Quantity Used" column to the quantities shown in the column captioned "Current Estimate - Quantity Required".

(e) These percentages will then be applied to the currently estimated total material costs ((as shown in the column captioned "Current Estimate - Material Cost") to establish the material cost to date for entry in the column so captioned.

(6) Construction feature and construction plant material costs established on the basis of quantities in place will be posted to cost ledger sheets monthly. Upon completion of all construction work at the location, adjustments will be made to bring into agreement the value of materials charged on the basis of quantities in place and the value of materials to be so accounted for, it being noted, in this connection, that aggregate plant and central batching plant operating costs comprise a portion of the value to be accounted for.

d. Procedures under coded stores requisition system.

(1) On construction work, where distribution of material costs on the basis of coded and priced stores requisitions has been duly authorized by the Division Engineer having jurisdiction, the "Stock Control Account" (Account 750) will be utilized as the clearing account for all materials taken into storehouses, a subaccount being established thereunder for each separately supervised storehouse.

(2) Materials and supplies ordered for, and chargeable directly to, specific work items and which are not taken into storehouses for subsequent re-issue, will be charged to applicable cost accounts upon receipt. Costs of all materials taken into storehouse, however, will be charged to the Stock Control Account, and issues will be cleared therefrom, monthly on the basis of summaries of stores withdrawals prepared by storekeepers from coded, priced and extended stores requisitions, and furnished to the Cost Accounting Section, where entries crediting Account 750 and charging construction feature and other accounts will be recorded. ENG Form 3059, Requisition on Warehouseman, will be used for requisitioning materials and supplies, and care will be exercised by all concerned to insure that such requisitions bear adequate use-descriptions, proper foreman's approval, signature for receipt, and applicable cost codes. Requisitions will be priced and extended, using unit prices recorded on Warehouse Stock Record Cards, ENG Form 3055. CPFF contractors may use these or similar forms.

(3) Materials requisitioned for cost centers (including aggregate and central batching plants) will be charged upon issue, to the cost center operation accounts prescribed in the chart of construction cost accounts and will be cleared therefrom upon transfer of finished batches, assemblies, etc., from such cost centers to construction features.

(4) A report of receipt and issue of materials and supplies will be prepared by the warehouse and submitted to the Cost Accounting Section at the close of each month. The report will show book value of stock on hand at beginning of month, list of the amounts of all voucher charges to stock during the month, total credit to stock during the month as summarized in accordance with (2) above, amounts of adjustments during the month, and remaining book value at the end of the month. The ending balance will be reconciled with the balances in the general ledger and cost control accounts. Monthly, if practicable, and not less often than quarterly, the money values on stock record cards will be totaled and reconciled with the ending balance on the report. ENG Form 4A will be used for the report by Government-operated warehouses, Warehouses operated by CPFF contractors may use that or a similar form. Inventory adjustment reflected on the report will be entered as a debit or credit, as the case may be, to account 750 with contra entry to account 775.

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e. A percentage factor to cover material burden will be applied to the material costs derived from "quantities in place" computations or warehouse issues, subparagraphs c and d above, included in the total materials charge, and credited to Account 775. For description of Account 775, Material Burden, see Chapter 6. (Also see par 7-8d.)

f. Costs of equipment, materials, supplies, etc., regardless of purpose for which purchased, will be charged at the time received or when issued from storehouses (under coded-stores-requisition basis of material cost distribution), as applicable, as indicated below:

<u>Item</u>	<u>Distribution</u>
Equipment and repair parts for construction facilities (other than mobile construction equipment).	Directly to construction features or other applicable accounts.
Repair parts bought specifically for repairing mobile construction equipment	Account 593-Repair Parts Purchased Specifically for Mobile Construction Equipment.
All other repair parts.	Account 720-Repair Parts or Account 750 (except those purchased specifically for mobile construction equipment).
Gas, oil, tires, and other operating supplies for mobile construction equipment.	Account 595-Gas, Oil, Diesel Fuel, Grease, Tires, Etc.
Mobile construction equipment	Account 590-Outright Purchases of Mobile Construction Equipment.
Rentals & recapture payments on mobile construction equipment	Account 591-Rental and Recapture Payments on Mobile Construction Equipment.
Operating supplies bought specifically for aggregate plants	Account 796-Aggregate Plant Operating Costs
Operating supplies bought specifically for central batching plants	Account 797-Central Batching Plant Operating Costs.
Supplies and services classified as expense	800 Series of Accounts
All other materials and supplies not bought for specific construction features or accounts.	701-719 and 721-749 groups of Accounts, or Account 750

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g. Repair parts purchased specifically for mobile construction equipment will be charged in the first instance to Account 593. All other repair parts will be charged to Account 720, if material costs is distributed on quantities in place basis, or to Account 750 if the coded requisition method is in use. Material used for repair work (other than to mobile construction equipment) will be charged to:

(1) Repairs to construction features (construction line item accounts).

(2) Repairs to construction facilities (Account 589)

(3) Repairs to aggregate plant (Account 796)

(4) Repairs to central batching plant (Account 797).

based on lists of material turned in by foremen to the Cost Section at the end of each shift with approximate values computed thereon or on summary of coded requisitions, and credited to the 701-749 group of accounts end Account 750, respectively.

h. Repair parts for mobile construction equipment will be issued on requisitions, regardless of the method of material cost distribution employed at the construction location, and will be identified thereon by equipment number. Storekeepers having such repair parts in their charge, will forward requisitions for such parts to the Cost Accounting Section, where they will be sorted by piece of equipment. Those requisitions covering repair parts for CPFF-contractor-owned and third-party equipment will be priced and the repair parts cost posted to the detail ledger sheets (or cards) for these pieces of equipment. Requisitions covering repair parts for Government-owned equipment will be filed by piece of equipment for use when and if required to develop repair costs on an individual piece of equipment.

i. Transfers to Projects or to Contractors.

(1) Materials, supplies, etc., furnished by the Government, without charge, to lump-sum and unit-price contractors will be distributed to construction features and to other applicable accounts on the basis of information furnished by such contractors or on the basis of quantity surveys and inspectors\* reports, if the distribution thereof has not been effected on the coded-stores-requisition basis.

(2) Materials, supplies, etc., furnished by the Government, without charge, to CPFF prime contractors will be charged, on Government project cost records, to account 961, "Materials, etc., Furnished to CPFF Prime Contractors Without Charge", and credited to the cost accounts originally charged. Distribution of such costs to construction features and to other applicable accounts will be effected by the CPFF prime contractor

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using the materials, supplies, equipment, etc., and recorded on his records, the credit on his records being to account 971.

(3) Materials, supplies, equipment (except mobile construction equipment), etc., furnished by CPFF prime contractors, without charge, to CPFF sub-contractors will be distributed to cost accounts on the records of the CPFF sub-contractors using the materials, supplies, equipment, etc. and account 983 credited. The CPFF prime contractor will charge the cost of such materials, supplies, equipment, etc., on his cost records, to account 973.

(4) Materials, supplies, equipment, etc., transferred in from other projects without charge will be recorded on Government records at fair values upon receipt, account 952 being credited and the applicable cost accounts charged.

(5) Government forces will reconcile, monthly, "offsetting" accounts (such as those for free materials, supplies, equipment, etc.) on its cost records, with those on CPFF contractors' cost records.

j. Stores Accountability

(1) Storekeepers will be held accountable for items in their care and responsible for maintaining stock record cards for warehoused items showing quantities received and issued, minimum and maximum quantity requirements, and, under the coded-stores-requisition system, average unit price thereof.

(2) Storekeeper\*s will ascertain that requisitions for warehoused items bear the approval of an appropriately designated foreman or other responsible employee, signature for receipt of the items issued, and purpose for which the material is to be used or other explanation as required.

(3) Stores requisitions will be serially numbered. In the case of "quantities-in-place" method, stores requisitions will show quantities issued only, for each item, whereas, for "coded-stores-requisition" method, the requisitions will be cost coded, priced and extended.

k. In certain overseas districts, where materials and supplies may be acquired and paid for stateside for shipment to the overseas location, it may be desirable to establish "in-transit" cost accounting for such items. To accomplish this overseas districts are authorized to use Account 749 for "Materials in Transit", which will be charged with the value of materials and supplies received stateside, based on copies of receiving documents. Upon receipt of the items at the overseas location, this account will be credited and the applicable accounts in the 701-748 group or Account 750 will be debited.

7-19 Construction Plant Facilities

a. Construction plant facility accounts, in the 500-588 group listed in Chapter 6, will be charged with the cost of acquiring, constructing, installing and dismantling such temporary construction plant facilities, and credited with values of salvage recovered upon completion of work. These accounts will not be charged with the cost of maintaining, repairing and operating such temporary construction plant facilities.

b. Direct costs of repairs to temporary construction plant facilities, will be charged to Account 589, "Repairs to Construction Plant (except Aggregate and Central Batching Plants)". Operation and maintenance costs will be charged to applicable line item and other accounts in connection with which the facilities are being used.

c. In cases where items of construction plant, originally installed for temporary use while construction is in progress, are made part of the permanent facilities at the construction location, the present value of such items will be transferred to applicable construction feature accounts by crediting the asset cost account for the book cost and charging the distributive cost account for the difference between book cost and amount transferred.

d. Individual accounts in the 500-589 group will be maintained at project level. Charges thereto will be transferred monthly to a control account for the group and distribution made therefrom to line item accounts as indicated below. Costs not identifiable as to specific projects at time incurred will be carried in "Unapplied Construction Costs-General" category of accounts (see sub par f below and Chapter 6) pending distribution thereof to projects.

e. Distribution of the 500-589 group of accounts to line items will be made monthly on a basis which will equitably charge line item costs with the portions of construction plant facility costs applicable to work in place. In most cases, distribution on a "budget percentage basis will be the most practicable. On this basis, the percentage relationship of the estimated total cost of construction plant facilities on completion of the work, to the estimated gross total cost of the work on completion less the sum of the estimated total cost of construction plant facilities and the estimated total cost of general charges and expenses (800 series account) on completion, is established. This percentage is then applied monthly to direct line item costs (contractors earnings, labor, material, equipment, mobile construction equipment, in total) as the construction plant facilities charge. The percentage should be modified

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as found necessary during progress of the work and, upon completion thereof, the distribution will be adjusted to actual cost. Accounts 519 and 520 are distributed separately to aggregate plant and central batching plant operations (Accounts 796 and 797).

f. Where the costs of construction plant facilities are charged initially to GL Account 1812, Construction Facilities and Equipment (500-588 group of cost accounts), amounts covering depreciation or amortization thereof will be charged to GL Account 1813, Operation and Maintenance of Construction Facilities and Equipment, with contra credit to GL Account 2892. Credit cost \* account for the group will be maintained in support of GL 2892. \* A clearing cost account will be maintained under GL 1813, for the 500-589 group of accounts, exclusive of 519 and 520, which will be charged with the above depreciation or amortization of construction plant facilities, except aggregate and batching plant equipment, and with repair costs chargeable to Account 589, separate columns for each. Distributions to projects from this clearing account, credited to GL 1813, will be generally on the same basis as outlined in subpar e above.

7-20 Mobile Construction Equipment.

a. Mobile construction equipment accounts, in the 590-599 group listed in Chapter 6, will be charged with the cost of acquisition, rental, repairs, operating supplies, and ocean transportation and port service costs. Costs of labor utilized in the operation of mobile construction equipment will be charged to the work on which engaged at time of operation.

b. Individual accounts in the 590-599 group will be maintained at project level. Charges thereto will be transferred monthly to a control account for the group and distribution made therefrom to line item accounts as indicated below. Costs not identifiable as to specific projects at time incurred will be carried in "Unapplied Construction Costs General" category of accounts (see subpar w below and Chapter 6) pending distribution thereof to projects.

c. Costs of ocean transportation and port services will be charged off on the basis of materials, supplies, mobile construction equipment, etc., shipped. The portion applicable to mobile construction equipment will be charged to Account 599 and absorbed in the operating rate established for mobile construction equipment (see below). See description of Account 775 in Chapter 6 as to absorption of the portion applicable to materials and supplies.

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d. Cards, or ledger sheets will be kept, one for each piece of mobile construction equipment, only the Cost Accounting Section of the CPFF prime contractor, without duplication on the part of Government cost accounting offices or CPFF subcontractors. However, see subparagraphs s, t, and u below. To these cards will be posted acquisition costs, rentals paid, recapture payments, repair labor costs, and hours worked. Repair parts costs, and the cost of repair work by commercial firms, will be posted, by piece of equipment, for CPFF-contractor-owned and third-party equipment only. Operating supplies will not be posted by piece of equipment. Copies of requisitions, showing materials and parts used, and cost accounting copies of invoices for repair work performed by commercial firm, will be filed by the CPFF prime contractor by piece of equipment.

e. The CPFF prime or subcontractor incurring costs or expenses for mobile construction equipment will charge such costs and expenses to appropriate accounts in the 590-599 group.

f. Government cost accounting sections and CPFF subcontractors will furnish the CPFF prime contractor with the necessary information on acquisition, rental and recapture costs, and on repair labor costs, repair parts costs, and the cost of repair work performed by commercial firm - for posting to detail mobile construction equipment records. These organizations will also furnish the CPFF prime contractor with their daily equipment operation cards (see subparagraph h., below) for use in effecting the distribution of mobile construction equipment charges to construction feature and other applicable accounts.

g. The detail cards or ledger sheets (excluding costs entered thereon applicable to accounts 593 and 594) kept in the Cost Accounting Section of the CPFF prime contractor will be balanced each month to the totals of accounts 590, 591, and 592, as consolidated for the Government and all CPFF prime and subcontractors.

h. Charges for the use of mobile construction equipment will be distributed monthly to cost accounts during progress of the work, at predetermined standard cost distribution rates, such distribution being made only on the cost ledgers of the CPFF prime contractor. However, see subparagraphs s, t, and u below. Charges will be distributed on the basis of operating hours. A Daily Equipment Operation Card, Form No.69R(Costs) will be filled out for each shift, for each piece of equipment, by the operator, repair mechanic, or other person handling the equipment. Differently colored cards will be used for each shift. These cards will show the equipment number, a brief description



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of the type of equipment (such as Diesel motor grader, back-filler, etc.) date, and shift number. The lower portion of the card, it will be noted, is divided into "feature tickets" to facilitate the distribution of charges to applicable, feature accounts. One feature ticket will be used for each applicable cost code, the equipment number, cost code, and operating hours chargeable thereto being shown on each feature ticket so utilized. If found advantageous, descriptions of work done, as well as cost codes, will be shown on feature tickets.

i. Cost coding of daily equipment operation cards may be done by field personnel or in the Cost Accounting Section by personnel familiar with the details and technicalities of the construction. In either case, personnel inserting cost codes will initial the cards. The cards will also be signed by the equipment operator and countersigned by the operator's foreman and by the inspector. These reports will be forwarded to the Cost Accounting Section daily, not later than the close of the following working day.

j. Where cost coding is done in the field, such coding will be carefully reviewed by designated personnel of the Cost Accounting Section who are familiar with the details and technicalities of the construction, and will be revised where necessary. Discrepancies will be clarified without delay, with personnel preparing and approving the reports in question.

k. A standard hourly cost distribution rate will be established for each item of mobile construction equipment, when the equipment is acquired. The same rate, averaged for purchased, free, and rented equipment, will be used for all pieces of equipment of the same model, make, or type. Such rates will be modified while work is in progress, as experience indicates the desirability of such modification.

l. The standard hourly cost distribution rate will be computed as the sum of the following factors:

(1) Equity Writeoff or Rental Allowance

(a) In the case of purchased equipment, an allowance to cover the estimated equipment writeoff to be charged to the job. This allowance will be based on the cost of the equipment set up on the job ready to operate, less the estimated salvage or appraised value at the end of the job. This net amount will be divided by the estimated hours of operation to develop a rate per operating hour.

(b) In the case of free equipment, an allowance to cover the difference between the appraised value at which the equipment is transferred to the job and the estimated salvage or appraised value at the end of the job. This allowance will include all costs incidental to setting up the equipment on the job ready to operate and will be divided by the estimated hours of operation to establish a rate per operating hour.

(c) In the case of rented equipment, an allowance to cover the estimated rental cost per operating hour.

(2) Maintenance and Operation Allowance.

(a) An allowance to cover the estimated cost, per operating hour, for minor and major repairs and maintenance, and the cost of operating fuel, lubricants, and other operating supplies. In connection with the establishment of allowances for overhauling and major repairs, reference is made, in the absence of more reliable information, to the publication, "Contractors\* Equipment Ownership Expense " published by the Associated General Contractors of America, Inc which lists the average experience in this respect for typical units of construction equipment. This publication may be used as a general guide in this connection, but in all cases consideration will be given to the conditions prevailing at the construction location in establishing the rates.

m. The daily equipment operation costs will be checked in the Cost Accounting Section to see that hours worked as shown on the top part, equal hours worked as shown on feature tickets (bottom part) and will be severed and sorted:

- (1) The top part by piece of equipment
- (2) The bottom part by construction feature

At the month-end, the hours shown on the tops will be totaled for each piece of equipment and will be posted to appropriate columns on the detail cards or ledger sheets.

n. Feature tickets will be sorted under each cost code by equipment number. At intervals during the month, and at the month-end, hours, by features, will be accumulated, and dollar charges, by cost accounts, computed. The hours distributed by features will be balanced with the total hours shown by the top parts of the cards for the month to date.

o. Feature tickets processed at intervals during the month will be banded together and a ticket or tape attached, plainly marked, to show total hours, total dollars (at standard cost distribution rates), and the dates covered. The batch

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tickets will be entered on a work sheet - by cost accounts, and the feature tickets filed. The number of intervals during the month will depend upon the volume of tickets.

p. At the month-end, the hours worked, and the dollar charges, will be totaled on the work sheet, by cost accounts. The total hours worked for the month, as shown on this work sheet, must equal the total hours worked as shown on the detail ledger cards. Entries will be made from the work sheet to the cost accounts at the close of each month, the credit being to the control account for the 590-599 group of accounts.

q. Where the clearing-credit account appears only on the books of the CPFF prime contractor, it must be compared with actual costs and expenses for mobile construction equipment, consolidated for all organizations.

r. On completion of the project, the accumulated charges to individual cost accounts for the use of mobile construction equipment will be adjusted prorata, so that, in total, they will equal the total cost of the charges to the 590-599 group of accounts.

s. Government forces will maintain detail cards or ledger sheets on mobile construction equipment, and will effect distributions of charges to construction features, and to other applicable accounts, for the use of mobile construction equipment, only if there is no CPFF prime contractor on the project. In such cases, the procedures will be similar to those outlined above.

t. On projects on which a CPFF construction contractor is engaged and such contractor is not maintaining all cost records for all organizations at the construction location, mobile construction equipment accounts will be maintained on Government records only for costs and expenses incurred by the Government for mobile construction equipment. Costs of this nature incurred by CPFF prime or subcontractors on such projects will not be recorded on Government records. Appraised values of mobile construction equipment transferred to such projects from other locations will be charged, on Government records, to control account 596, and if such mobile construction equipment is transferred to the project without charge, the credit will be to account 952.

u. On projects on which a CPFF construction contractor is engaged, Government forces will not transfer any amounts to the CPFF contractor's control accounts, covering equipment transfers, but will furnish the CPFF contractor with sufficient information to prepare the detail cards or ledger sheets.

v. Mobile construction equipment acquisition costs will not be transferred between Government and CPFF contractor\*s records, when such equipment, having been acquired by the Government, is utilized by the CPFF contractor.

w. Where the costs of mobile construction equipment are charged initially to GL Account 1812, Construction Facilities and Equipment (cost accounts 590, 591 (Recapture payments), and 596)accounts covering depreciation thereof will be charged to GL Account 1813, operation and Maintenance of Construction Facilities and Equipment with contra credit to GL Account 2892. These credits will be posted to a separate column in the above cost accounts in support of GL 2892. A clearing cost account will be maintained under GL 1813, for the 590-599 group of accounts which will be charged with the above depreciation and with amounts chargeable to accounts 591 (Rental payments), 592, 593,594, 595, and 599, separate column for each. Distribution to projects from this clearing account, credited to GL 1813, will be generally on the same basis as outlined above.

#### 7-21 Assembly and Shop Costs

a. As employed herein, the term "Cost Center" is considered to represent assembly and fabricating shops and yards where units comprising the completed construction are pre-fabricated or assembled before being incorporated in the finished work.

b. Aggregate plants, and central batching plants for concrete production, while ordinarily classified as cost centers, are treated separately in the procedures set forth in this Chapter.

c. Procedure Where Material Costs are Distributed on Basis of quantities in Place.

(1) Fabricating and assembly and other shop direct labor will be charged to Account 798 and subsidiary ledger accounts will be used to record the labor for each such cost center.

(2) All fabricating and assembly work will be authorized by work orders.

(3) Finished pieces and assemblies transferred from cost centers to construction features will be recorded on requisitions, which will be tabulated at the end of each month, by construction feature, and by piece of assembly.

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(4) The foreman of each cost center will furnish the Cost Accounting Section with a list, by items, of finished units on hand and not transferred out at the end of each month. Uncompleted items will be disregarded.

(5) The cost-center foreman, or others qualified, will estimate the unit direct labor cost of each different type of finished item transferred out during the month or still in the shop at the month-end.

(6) The Cost Accounting Section will apply these unit direct labor costs to quantities, and will adjust the unit direct labor costs so that all cost center direct labor is accounted for each month.

(7) Applicable construction feature accounts will be charged for cost center direct labor at the adjusted unit direct labor cost for assemblies transferred out during the month and these amounts will be credited to accounts 798.

(8) The balance in account 798 will represent cost center direct labor (at adjusted unit direct labor costs) in finished units not transferred out at the month-end.

(9) Materials used by cost centers will be charged, in all cases, as purchased, to the 700-749 group of accounts, not to the cost centers.

(10) The material cost of items fabricated or assembled in shops will be distributed to construction features through the monthly computation of quantities of materials in place.

(11) Labor used in cost center repairs will be charged to account 589, not to the cost centers. Materials used in cost center repairs will be charged as outlined in par 7-18g.

d. Procedure Where Material Costs are Distributed on Coded-Stores-Requisition Basis.

(1) Where material costs are distributed on the coded-stores requisition basis, the above procedures will apply with the following exceptions:

(a) Account 798 will be named "Cost Center Inventory at Month-end" and will be subdivided by cost centers as required.

(b) Applicable direct material costs, as well as costs of labor, will be charged to account 798. direct materials issued from storehouses being charged by stores

requisitions upon issuance from such storehouses, and such materials shipped direct to cost centers being charged thereto directly. Labor, materials, and supplies used in cost center repairs will be charged to account 589. Miscellaneous costs of operating cost centers will be charged to account 840.11  
Miscellaneous Indirect Job Charges.

(c) Estimates by cost-center foreman, or others qualified, of each different type of finished item transferred out during the month, or still in the shop at the month-end, will include unit direct material costs as well as unit direct labor costs, and charges to feature accounts will be based upon the itemized lists furnished by cost-center foreman.

(d) The balance in account 798 at the month end will represent cost-center direct labor and direct material costs included in work in process and in finished units not transferred out at the month-end.

7-22 Aggregate and Central Batching Plant Operating Costs.

a. Costs of labor, material. and supplies, mobile construction equipment, repairs, and equity write-off of the plants included in Accounts 519 and 520 will be accumulated by columnar breakdown in the respective operating accounts 796 and 797. Labor will include wages of mechanics, laborers, and foreman operating, repairing and maintaining aggregate plants, and operating mobile construction equipment used in aggregate production. Materials and supplies will include operating supplies, and materials used for repairing aggregate plants. Production materials will also be included under the coded-stores-requisition method of distributing materials.

b. Under the quantities-in-place method of distributing material costs, estimated unit costs of aggregate and of concrete will be computed at the start of the project to include the above elements of cost separately for production materials and operating costs. These estimated unit costs will be used to evaluate materials in place in construction line items to be charged thereto and credited to the 701-749 group of accounts and to accounts 796 and 797 respectively. Unit costs will be adjusted as necessary as work progresses to the end that all aggregate and central batching costs are equitably distributed to completed work.

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c. Under the coded-stores-requisition system of distributing material costs, accounts 796 and 797 will be maintained as clearing accounts for aggregate plant and central batching plant costs, being debited with all applicable production and operating costs and credited monthly with amounts charged to permanent construction features on the basis of production reports indicating units completed and delivered.

d. To facilitate the above, quantities of aggregate and of each class of concrete produced by each plant will be recorded throughout the life of the project.

e. The cost of conveying or transporting and placing concrete will be charged directly to construction features.

f. Where the costs of construction plant facilities are charged initially to GL Account 1812, Construction Facilities and Equipment (500-588 group of cost accounts), amounts covering depreciation of aggregate and batching plant equipment (Accounts 519 and 520) will be charged to GL Account 1813, Operation and Maintenance of Construction Facilities and Equipment, Cost Accounts 796 and 797, respectively, with contra credit to GL Account 2892 and to the credit cost account maintained for the 500-588 group in accordance with para 7-19f. Distribution to projects of Accounts 796 and 797, including the equity write-off (depreciation), credited to GL 1813, will follow the procedures outlined in preceding subparagraphs.

7-23 Cost Estimates. Current working estimates are necessary to establish standards against which actual costs may be measured. Reliable, accurate current working estimates are essential because, when recorded in appropriate records, they are part of the plan by which financial managers effectively maintain cost and fund control. At the option of the District Engineers, the current working estimate control records may be maintained within either the existing Comptroller or Technical organization.

a. For military construction, working estimates for design and construction as defined in ER 415-345-42 will be developed and documented in accordance with the above.

b. For real estate activities, the Work Order/Completion Report, ENG Form 3013, or other adequate estimate control document, will be processed.

c. For all other military activities, Work Order/Completion Report, ENG Form 3013, will be utilized. ENG Form 3013 will be prepared by a qualified employee of the technical staff in control of the work. Appropriate approval, as suggested by the format, will be obtained prior to the date work is to start.

7-24 Field Code Books.

a. The effectiveness of any system for the accumulation of construction costs is largely dependent upon the accuracy of coding,

b. In accordance with the general principles of the procedures prescribed in this Chapter, coding of basic cost distribution records (labor reports; equipment operation reports; and stores requisitions where applicable), may be done in the field, by either foreman, timekeepers, storekeepers, time checkers, or field clerks. In such cases, field coding will be under the supervision of a designated member of the Cost Accounting Section whose duties, among others, will include the preparation and maintenance of field code books for use by field personnel primarily as a field coding manual.

c. It is important that the member of the Cost Accounting Section to whom these duties are assigned, be thoroughly familiar with construction planning and scheduling, with the details of the construction proper, and with the manner in which construction operations are organized and controlled for the prosecution of the work. It will, therefore, be necessary for this employee to maintain close liaison with the architectural and engineering organization and with the construction organization's engineering and operating departments. This employee will also furnish field coding personnel with cross-references of plot-plan numbers and cost account codes.

d. Field code books will preferably be pocket-size and printed on durable stock. Revised editions will be clearly so noted, instructions being included in such editions to destroy superseded editions. Code books will include all cost codes for use on the project and will contain such definitions of cost accounts as are necessary to set forth concisely the nature of items chargeable to the different cost codes. Provision will be made to insure the prompt insertion in field code books of new or modified cost codes. When, in the course of construction, questions arise as to the nature of different types of charges, explanations covering these items will be inserted in the code books. Periodic meetings attended by field coding personnel, at which charges of this nature can be discussed for the benefit of all concerned, will be found helpful in this respect, particularly in the early stages of construction.

e. Careful instructions will be given to field coding personnel to insure that building site (pre-plan) numbers, equipment numbers, and job-order numbers are not confused with cost codes.



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7-25 Suballotments Issued.

a. On the basis of expenditures reported on the report on Status of Allotments submitted by the sub-allottee, amounts will be entered in the appropriate cost subsidiary ledger each month by journal entry as follows:

Dr. Line item or other applicable cost account (GL 1801)  
Cr. 950 Costs under Suballotments Issued (GL 5351)  
Posting Media: ENG Form 3007

If a suballotment is not identified with a specific line item, construction facility or other cost account, necessary detail to accompany the report on Status of Allotments should be requested from the suballottee

b. A separate subaccount under cost subsidiary account 950, Costs Under Suballotments Issued, will be maintained for each suballotment issued. As suballotments are reported complete during the fiscal year, the applicable subaccount will be so noted.

c. At the close of each fiscal year the balance in general ledger account 5351 will be transferred to general ledger account 3011 Net Investment from Appropriations by Journal entry as follows:

Dr. 5351 Costs Under Suballotments Issued  
Cr. 3011 Net Investment from Appropriations  
Posting Media: ENG Form 3007

- \* Accordingly the balance in cost account 950. as of 30 Sept each fiscal year becomes subsidiary to general ledger account 3011 after general ledger closing entries for the fiscal year have been posted.

7-26 Suballotments received, a. In accordance with the provisions of AR 37-108, suballotments received will be accounted for currently in the same manner as direct allotments. Accordingly, as costs are incurred which are applicable to suballotments received, the following entries will be made in the cost and general ledgers:

Dr: GL 1801. Work in Progress (line item or other applicable cost account)

Cr: GL 2100 Accounts Payable (No cost subsidiary account)

Posting Media: ENG Form 3005 or 3006.

ALSO

The following entry will be made in a cost memorandum offsetting account not affecting the general ledger:

Cr: 910 Suballotments Received from Other than OCE - Memo (Cr)  
(former account 943)

Posting media: This entry may be shown on the ENG Form 3005 or 3006 prepared to cover costs incurred under a suballotment received.

b. A separate memorandum offsetting subaccount under account 910 will be maintained for each suballotment received. As suballotments are completed during the fiscal year, the applicable subaccount will be so noted showing fiscal year of completion. The amounts recorded in completed subaccounts will be reconciled with disbursement records and amounts transferred, during the fiscal year, to general ledger account 5201 Disbursements from Completed Suballotment. Received, from general ledger account 3012 Disbursed Allotments, at the time a suballotment received is completed and declared final.. As of 1 Oct each year these cost memorandum offsetting accounts representing suballotments completed during the previous fiscal year will be transferred in the cost ledgers to the section for "Completed Work, Prior Fiscal Years."

c. These cost memorandum offsetting accounts will be utilized during the current fiscal year in determining amounts to be included under the heading "Costs not Charged or Credited to Project (or BSN) Funds" on cost and progress reports

7-27. Estimated Month End Cost Accruals and Distributions.

a. The submission date of the Status of Allotments or Approved Operating Budgets usually necessitates monthly closing of the allotment ledger accounts prior to recording all current month actual accrued cost allocations.. and prior to completion of necessary month end cost distributions and adjustments involving more than one allotment or fund limitation. Therefore, it is necessary to estimate these accrued costs and distributions to the extent determined in accordance with par 4-8, prepare ENG Forms 3005 (or 3006 and 3006a), enter them in appropriate registers (Accrued Expenditure and Accounts Receivable), and post them to the accounts prior to closing allotment accounts for the month. Cost account 799, Costs not Recorded or Distributed at Month End., will be utilized for recording these estimated accrued costs and cost adjustments for amounts due to or due from other allotments or fund limitations under construction projects or other military activities and civil activities\* funds.

b. Account 799, Costs Not Recorded or Distributed at Month End. (GL 1801, 7000 or 7199), will be debited with the estimated end of month cost distributions representing amounts due to other allotments or fund limitations under construction projects or other military activities\* and

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civil activities\* funds. It will be credited with cost distributions representing estimated amounts due from other allotments or fund limitations under construction projects or other military activities' and civil activities\* funds. Posting media will be Bureau Vouchers, ENG Form 3005 (or 3006 and 3006a) representing the estimated payables or receivables as appropriate. Separate subaccounts under account 799, properly identified, will be maintained at the same level as required for the allotment accounts.

c. After allotment accounts have been closed and prior to closing cost accounts for the month, line items and other applicable military cost accounts will be debited with actual costs and account 799, which was previously charged with the estimate, will be credited. Accordingly, credits to account 799 for estimated cost distributions due from other funds will be adjusted by crediting applicable line item or other cost accounts and debiting account 799 with the actual amounts as of the end of the month. This will result in line item and other cost accounts reflecting actual costs through the end of the month with the difference between the estimate and actual being reflected in account 799 (debit or credit) which will reconcile costs and allotment records as of the end of the month. Posting media will be Journal Entry, ENG Form 3007, as these cost entries will be within the same allotment or fund limitation and actual adjustment of funds will, not be accomplished at this time. Account 799 will be utilized for actual cost distributions and necessary adjustments after allotment accounts have been closed for the month even though estimates had not been made and recorded previously for particular items.

d. Account 799 may be utilized for recording estimated accrued contractor\*s earnings and other major items of cost when it is necessary to record these amounts prior to the time actual costs for the month have been determined, and before allocations to individual line items are available. When account 799 is utilized in this manner, it will be debited with the lump sum estimated cost chargeable to each allotment, or other fund limitation prior to closing allotment accounts for the month. Posting media will be Bureau Voucher ENG Form 3005. Prior to closing cost accounts for the month, account 799 will be credited and applicable line items or other cost accounts debited with actual allocations through the end of the month. Posting media will be ENG Form 3007.

\* e. (Reserved.)

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f. The balances in 799 subaccounts will either be closed out by use of ENG Forms 3005 (or 3006 and 3006a) as of the beginning of each following month or they may remain open and the balances taken into consideration in arriving at the estimated costs to be recorded at the end of the following monthly period.

7-28 Cost Accounting Instructions pertaining to Military Real Estate Activities - Cost Accounts for Military Real Estate Activities listed and described in Chapter 6, will be maintained in the manner outlined below. Cost accrued during the fiscal year and adjustments of prior years costs will be recorded as current fiscal year costs regardless of the fiscal year of funding.

a. (1) Cost accounts will be maintained separately for each Budget Program Account (BPA) covering all military real estate activities financed by O&M,A and similar activities performed for other agencies, as required for reporting on ENG Form 2942 (see par 8-10). Accounts will be maintained to record costs separately for Army, Air Force, and each other agency.

(2) Real Property Acquisition Activities (Administration Expense), except for ABC Acquisition, will be accounted for on an "activity" basis.

(a) For Army Acquisition, there will be maintained one set of detailed subaccounts 31.21 through 31.28 to record acquisition expenses incurred on all Army real estate directives including those subaccounts required for compliance with (3) below.

(b) A similar set. of accounts will be. maintained for acquisition expenses on all Air Force real estate directives including those subaccounts required by (3) below.

(c) For AEC Acquisitions, detailed subaccounts 31.11 (Acquisition, Resettlement and Damage Claims Payments) and 31.21 through 31.28 (Acquisition Activities) will be maintained for each real estate directive.

(3) The sets of accounts required by subparagraphs (2)(a) and (b) above will include detail subaccounts 31.21 through 31.28 maintained by real estate acquisition project (to include all real estate directives therefor) for two or three major military projects (Army and/or Air Force) to be selected by the District Engineer on the basis of importance for purposes of continuity of cost analyses and for study of plans against performance and planning of future acquisition.

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(4) Detail subaccounts, 31.11 (Acquisition, Resettlement and Damage Claims Payments) will be maintained for each real estate acquisition directive to record costs incurred for each Army or Air Force installation, budget station number, or budget authorization number under applicable authorizing Public Laws. For AEC and other acquisitions, this subaccount will be maintained for each acquisition directive.

(5) Detail subaccounts, 31.14 (Fee Simple, Easements and Lesser Interests - Contributions and Transfers) will, be maintained for each installation.

b. For purposes of cost accounting and to assure consistency with cost reporting and scheduling of real estate acquisition, ENG Forms 3005 will be prepared and costs recorded in the accounts at the time specified below:

(1) Acquisition by Direct Purchase (Fee, easements and lesser interests) - Immediately upon acceptance of the option by the contracting officer, and acceptance of transfer from another Government agency for those transfers requiring reimbursement.

(2) Acquisition by Condemnation - Declaration of Taking (Fee, easements, and lesser interests) - at the time check is required to be drawn for the Clerk of the U. S. Court.

(3) Acquisition by Condemnation - Complaint and Order of Possession without a Declaration of Taking (Fee, easements and lesser interests) - at the time check is required to be drawn for the clerk of the U. S. District Court for settlement by stipulation or judgment.

(4) Deficiency Judgement Payments - at the time the check, in satisfaction of the judgment is required to be drawn for the Clerk of the U. S. Court.

7-29 Cost Accounting for Administrative Support of Air Force Regional Civil Engineer (AFRCE) Regional Offices located at Division or District Offices. Administrative support furnished AFRCE regional offices in accordance with ER 1-1-6 will be accounted for as follows:

\* a. The nonreimbursable cost incurred as defined in para 10b(1) ER 1-1-6 will be charged to O&MA funds available for Division Office Military Expenses.

b. Expenses of administrative support (para 10b(2), ER 1-1-6) charged to the allotment for that purpose received from U. S. Air Force will be recorded in a single summary cost account. This cost account will be under the control of general ledger account 7199 during the current fiscal year. These accounts for prior fiscal years\* costs will be subsidiary to general ledger account 3011. These costs will not be charged with division and district overhead.

7-30 O&MA Activities Under Resource Management System. Costs will be accumulated in accounts according to the classification of expense accounts prescribed in AR 37-100 series (for examples, see para 6-2f(2)). The accounts should be subdivided as required to provide for assembling cost data according to FYDP program elements for which expense targets are established in Approved Operating Budgets.

7-31 Military Family Housing Projects.

a. A separate set of cost accounts will be maintained for each project.

\* b. Effective 1 October 1977 until 30 September 1982, Family Housing projects, except repair (O&M) projects, were charged a flat 3½% of direct construction costs for S&A. All Family Housing projects awarded after 1 October 1982 are charged S&A at the same uniform flat rate in effect for other military construction projects. Family Housing construction and/or improvement projects in progress at that date will be completed at the 3½% rate. \*

c. Engineer and design costs, including E&D during construction will be charged direct to the project and not to the S&A account.

\* 7-32 Accounting for Lost Design Effort and Design Breakage.

a. Lost Design Effort.

(1) Lost design effort is any design work which has been accomplished but which must be scrapped and redone prior to award of a construction contract because of changes in the scope of a project, criteria, weapon system requirements changes or any other reason which invalidates completed portions of design. Lost design is separate from design breakage unless the design of a project is terminated before completion or the construction of a project is cancelled, at which time all costs, including lost design, are transferred to design breakage. Design changes which do not result in increased design costs are not lost design. Close supervision will be maintained to ensure that the cost of lost design is determined and recorded so that the net cost of planning and design relatable to construction can be determined.

(2) The following memorandum field types are established to record lost design effort:

(a) Field Type 507 - Lost design effort incurred and determined in the current fiscal year (CFY).

(b) Field Type 509 - Lost design effort incurred in a prior fiscal year (PFY) and determined in the CFY.

(c) Manual records will be maintained so that entries to field types 507 and 509 can be identified as to 1) lost design effort caused by the using service such as changes in scope, criteria, and siting and 2) lost design effort caused by Corps of Engineers actions such as errors and omissions in design, false starts, and redesign to meet funding or cost limitations.

(d) Memorandum entries will be made so that amounts pertaining to each applicable 800 series account by project may be determined. These memorandum field types will not be controlled by any general ledger account, nor will amounts in the project cost accounts be adjusted by these entries. (See paragraph 8-13d for reporting cost of lost design effort.)

(3) Engineering estimates of lost design effort will be made and recorded when it is determined that work previously accomplished falls within this category. Current fiscal year entries will represent such determinations made during the current fiscal year although a portion or all of the costs may have been incurred during prior fiscal years. Engineering estimates should be subdivided to show separately the costs of current year and prior year planning and design work which was discarded. \*

(4) The entry prepared for posting to the field type will either be signed by a responsible employee of the technical division concerned, or the signed memorandum or other document on which the entry is based will be referenced on the journal entry or attached thereto. For documentation purposes) only sufficient records will be maintained so as to reflect the reasonableness of the estimates and the soundness of any assumptions included therein. Elaborate supporting documentation is not intended.

b. Design Breakage.

(1) Design breakage is defined as the total cost of (a) designs or portions of designs, studies or other projects, funded with planning and design funds, started and cancelled prior to completion, for whatever reason, including both in-house and contract work and (b) designs or portions of designs completed but not expected to be advertised for construction. The cost of a design or a portion of a design which has been completed and shelved temporarily because of deferral of the construction project or a part of the construction project to a subsequent year is not BREAKAGE but becomes BREAKAGE when and if the project is definitely cancelled rather than merely deferred Army projects will be considered cancelled when a cancellation directive (Code 8) has been issued by Headquarters DAEN. Air Force projects will be considered cancelled when notification has been issued by the appropriate AFRCE or OCE.

(2) The following memorandum field types are established to record design breakage:

(a) Field Type 508 - Design breakage incurred and determined in the CFY.

(b) Field Type 510 - Design breakage incurred in a PFY and determined in the CFY.



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is subsequently reinstated in the program, a notation to that effect, with appropriate references, will be made on the accounting entry document and the previous entries in general ledger account 1802 and memorandum field types reversed. The costs related to any unused portion of reinstated deleted design will be designated as lost design effort, in accordance with paragraph 7-32a.

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\*

7-33 Engineering and Design Performed for or by Another District. Where one district performs design for another district charged with the responsibility for construction of the work designed, the district performing the design will transfer the costs of the design to the district responsible for the construction. The transfer will be made on a nonreimbursable basis by journal voucher and will be reflected in separate accounts established therefor in the construction District, offset in account 946, Design Costs Financed with Other Funds (Cr). The transferor District will establish 800 Series credit accounts to reflect the transfer, offset in account 940, Property Transferred and Services Rendered Without Charge to Components Within the Department of Defense (Dr).

7-34 Fiscal Completion of Physically Completed Construction Line Items.

a. A firm policy should be established to effect financial completion of physically completed construction line items as expeditiously as possible. Insofar as practicable, a target of four months from the date of the DD Form 1354 transferring a completed line item to the using service will be established for accomplishing the above objective.

b. To help insure an early financial close-out, Division and District Engineers should exercise every facility at their command to expedite:

- (1) the correction of any deficiencies noted on the DD Form 1354 transfer document,
- (2) processing change orders and final payments to contractors,
- (3) payment of all outstanding bills,
- (4) settlement of all outstanding claims, and
- (5) allocation of all applicable government costs to physically completed line items.

c. The amounts of claims which are valid obligations will be recorded in the applicable line item cost accounts. If final settlement is made in an amount different from the amount obligated, the accounts will be adjusted.

d. In those instances where claims, properly chargeable to construction line items are administratively disapproved by the District and/or Division Engineer and forwarded to higher authority for final settlement, the cost of such claims will be recorded in the amount of final settlement at the time notice thereof is received.

\* e. Except as stated in sub-par f below, after making a determination of line item financial completion, as defined in paragraph 8-9, the line item cost accounts will not be adjusted to record any \* transactions amounting to less than 5% of the line item costs or \$500 whichever is lower. Such amounts will be absorbed in the costs of the remaining open project line items, except those subject to statutory cost limitations, under the same public law which authorized the financially completed line item. However, in the event that all the line items under the public law have been financially closed out, adjustments, if over \$2.5, will be costed to the line item to which they specifically pertain. Any adjustments amounting to \$25 or less will be absorbed in the district\*s overhead account.

f. The provisions of the preceding sub-paragraph are not applicable in respect to financially completed construction line items subject to statutory cost limitations. In such cases, completed line item accounts will be reopened and all applicable adjustments charged or credited thereto.

g. In effecting the above adjustments, care will be exercised to insure full compliance with all applicable fund and cost limitations.

7-25 Transfer of Projects Between Districts. Where construction projects are transferred between districts, the costs thereof will be included in the accounts of the transferee district and that office will assume responsibility for cost reporting thereafter for the transferred project. Such costs must be in complete agreement with accrued expenditures to date of transfer. Copies of the latest applicable cost reports relating to the transferred project (e.g., ENG Form 3018c-1-R) together with subsidiary costs ledgers, will be transferred to the receiving district. Other records and data will also be transferred to the extent necessary to assure uninterrupted operations (see also par 4-21)

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7-36 Rounding-off Minor Amounts. a. General. The rounding off of rates and amounts as outlined below will be utilized whenever it is advantageous and equitable to do so.

b. Rates. Computed labor rates may be rounded to the nearest tenth of a dollar, e.g., a rate computed at \$2.88 would be rounded to \$2.90. Rates utilized for computing charges for overhead, distributive facility accounts, etc., may be rounded to the nearest significant equivalent which would not result in inequity. This could result in the selection of rates rounded to the nearest \$0.001, \$0.01, \$.10, \$1, \$5, \$10, etc., depending upon the relative effect of the rounding.

c. Computations and Billings. Amounts computed for use in distribution of labor, overhead, (except "operating accounts"), etc., relative to internal installation transactions and billings, to Corps of Engineers installations may be rounded to the nearest dollar. For example, assuming an account is chargeable with eight hours of labor @ \$2.80, the computed amount of \$22.40 would be rounded to \$22. Billings to installations other than those of the Corps of Engineers and to private parties should be processed at the computed amount (in the above example \$22.40).

d. Rounding Principle. In rounding rates and amounts to the nearest selected unit, when an amount falls exactly halfway between, it will be rounded to the nearest even figure, e.g., both \$11.50 and \$12.50 will be rounded to \$12; both 75¢ and 85¢ will be rounded to 80¢.

e. Treatment of Differences. After labor costs have been distributed or work is billed on rounding principle, any differences remaining because of rounding will be debited or credited to account 460.255.

7-37 Forms. Due to limited use, the following prescribed forms, samples attached, will be reproduced in the field as required.

Form No.67R (Costs) - Field Inspector\*s Report of Materials  
in Place

Form No 68R (Costs) - Computation of Material Cost

Form No 69R (Costs) - Daily Equipment Operation Card

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**FIELD INSPECTORS REPORT OF MATERIALS IN PLACE**

**PROJECT:** \_\_\_\_\_

**BUILDING-  
UTILITY - DESCRIPTION:** \_\_\_\_\_

**INSPECTOR:** \_\_\_\_\_

**DATE OF INSPECTION:** \_\_\_\_\_

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY REQUIRED	PERCENT COMPLETE	QUANTITY INSTALLED OR USED	REMARKS

FORM 67-R (Costs)  
July 48

SIZE 8" x 11"

**COMPUTATION OF MATERIAL COST  
PROJECT:**

**BUILDING:** \_\_\_\_\_  
**UTILITY-DESCRIPTION:** \_\_\_\_\_  
**PERIOD ENDING:** \_\_\_\_\_  
**ACCOUNT NO.:** \_\_\_\_\_  
**COMPUTED BY:** \_\_\_\_\_  
**CHECKED BY:** \_\_\_\_\_

ITEM NO.	ITEM OF WORK	UNIT	ORIGINAL ESTIMATE		CURRENT ESTIMATE		QUANTITY USED	PERCENT COMPLETE	MATERIAL COST TO DATE	REMARKS
			QUANTITY REQUIRED	MATERIAL COST	QUANTITY REQUIRED	MATERIAL COST				

FORM 68-R (Costs)  
July 46

**DAILY EQUIPMENT OPERATION CARD**

PROVIDE DIFFERENT COLOR CARD FOR  
DAY, SWING & GRAVEYARD SHIFTS

<b>PROJECT:</b>			
<b>DAILY EQUIPMENT OPERATION CARD</b>			
<b>EQUIPMENT TYPE:</b>			
<b>EQUIPMENT NUMBER:</b>	<b>DATE:</b>	<b>SHIFT NO.:</b>	
<b>OPERATING HOURS:</b>	<b>REPAIR HOURS:</b>	<b>STANDBY HOURS:</b>	
<b>OPERATOR'S SIGNATURE:</b> _____			<b>BADGE NO.:</b>
<b>FOREMAN'S SIGNATURE:</b> _____			<b>BADGE NO.:</b>
<b>TIMECHECKER'S SIGNATURE:</b> _____			<b>BADGE NO.:</b>
<b>EQUIPT. NO.:</b>		<b>OPERAT'G HOURS</b>	<b>AMOUNT</b>
<b>COST CODE:</b>			
<b>EQUIPT. NO.:</b>		<b>OPERAT'G HOURS</b>	<b>AMOUNT</b>
<b>COST CODE:</b>			
<b>EQUIPT. NO.:</b>		<b>OPERAT'G HOURS</b>	<b>AMOUNT</b>
<b>COST CODE:</b>			

FEATURE  
TICKETS

FORM 69-R (Conts)  
July 48

**SIZE - 5" x 6 1/2"**  
**STOCK - TAGBOARD**