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U.S. Army Corps of Engineers
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Change 9

CERM-F

Regulation
No. 37-1-30

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Financial Administration
ACCOUNTING AND REPORTING

1. This change 9 to Engineering Regulation 37-1-30, 30 September 2002:

a. Adds Chapter 5, Accounts Receivable and Collections;

b. Updates Chapter 6, Labor Costs and Labor Cost Corrections;

c. Adds Chapter 7, Cost Accounting for Civil Works Activities.

2. Substitute the pages as shown below:

Chapter	Remove page(s)	Insert page(s)
5	5-i	5-i 5-1 to 5-28
6	6-i 6-1 to 6-3	6-i 6-1 to 6-5
7	7-i	7-i 7-1 to 7-6

3. This change supersedes the following chapters of ER 37-2-10:

a. Chapter 4, Accounts Receivable and Collection Procedures;

b. Chapter 8, Project Cost (Subsidiary Ledger) Accounts;

c. Chapter 9, Appointment, Responsibilities and Treasury Check Procedures for Disbursing Officers and Deputies;

d. Chapter 20, Budgetary and Financial Reports of General, Special and Trust Fund Activities;

e. Chapter 21, Disbursement and Collection Reports.

FOR THE COMMANDER:

DIONYSIOS ANNINOS
Colonel, Corps of Engineers
Chief of Staff

Chapter 5

ACCOUNTS RECEIVABLE AND COLLECTIONS

TOPIC	PARA	PAGE
General	5-1	5-1
Policy for Accounts Receivable (A/R)	5-2	5-1
Billings	5-3	5-3
Long Term Receivables	5-4	5-6
Claims Receivable	5-5	5-6
Allowance for Bad Debt	5-6	5-7
Debt Management	5-7	5-7
Collections Policy	5-8	5-10
Categories of Collections	5-9	5-14
General Fund Receipt Accounts	5-10	5-14
Special Fund Receipt Accounts	5-11	5-17
Trust Fund Receipts	5-12	5-20
Deposit Funds and Clearing Accounts	5-13	5-21
Reimbursements	5-14	5-23
Refunds	5-15	5-26
Accounts Receivable and Collection Procedures	5-16	5-27

CHAPTER 5

ACCOUNTS RECEIVABLE AND COLLECTIONS

5-1. General. This chapter defines accounting policies for accounts receivable and collections in all U.S. Army Corps of Engineers (USACE) activities. The references below prescribe general policy and procedures for recording, reporting, aging, and crediting funds due the United States. USACE activities must follow these procedures except where Federal laws provide specific statutory authority for disposition of certain civil works and Revolving Fund (RF) collections. This chapter is used in conjunction with the following references:

a. Statement of Federal Financial Accounting Standards 33(SFFAS) No. 7: Accounting for Revenue and Other Financing Sources.

b. Treasury Financial Manual, Volume 1, Federal Agencies.

c. DoD Financial Management Regulation (DoDFMR) 7000.14-R.

d. DFAS-IN Regulation 37-1, Chapter 17, Accounts Receivable and Debt Management.

5-2. Policy for Accounts Receivable (A/R).

a. Accounts receivable arise from claims to cash or other assets of another entity. Receivables include, but are not limited to, amounts due for the sale of goods or services, sales of real and personal property, leases, royalties, claims, damages, audit disallowances, unrecouped travel advances, dishonored checks, fines, penalties, interest, overpayments, fees, rent, and any other event resulting in a determination that a debt is owed to the USACE.

b. The accrual basis of accounting requires that amounts due be recorded accurately in the accounting period during which the transaction or event giving rise to the receivable occurs. A receivable is recognized when a claim to cash or assets of another entity is established, either based on legal provisions, such as a payment due date, or goods or services provided. If the exact amount is unknown, a reasonable estimate is used. For reimbursable work, revenue is recognized based upon performance of work estimated to the end of the accounting period.

c. Intragovernmental receivables are reported separately from receivables from public/non-federal entities. The term “public/nonfederal entities” includes domestic and foreign persons and organizations outside the U.S. Government, including Nonappropriated Fund Instrumentalities (NAFI) and Foreign Military Sales (FMS).

d. An advance payment is required for orders from the public, including private citizens and state and local governments, unless otherwise exempt by law. The amount of the advance is based upon the actual or estimated cost of goods and services, except for cross-servicing agreements with foreign governments or Nonappropriated Fund Instrumentalities (NAFI) or any other exemptions authorized by law. An advance payment from foreign governments for FMS is held in the FMS Trust Fund.

e. Receivables are maintained until amounts due are collected or determined to be uncollectible, written-off, or waived. Accounts Receivable are aged, debt collection is aggressively pursued, and uncollectible accounts are minimized.

f. Interest is automatically accrued in the financial management system when an amount due is not received by the established due date. Penalties and administrative fees are also assessed. The provisions of 31 USC 3717 generally require all agencies to charge interest, administrative costs, and penalties on delinquent debts with the public. Nonappropriated funds (NAF), states, and local governments are not considered the public for purposes of accruing interest, administrative fees, or penalties due to late payment. Interest penalties and administrative fees for delinquent billings are deposited in the General Fund of the Treasury as miscellaneous receipts. When a debt is paid in partial or installment payments, amounts received are applied first to outstanding penalties, second to administrative charges, third to interest, and last to principal.

g. Commanders will ensure that events or agreements giving rise to receivables are coordinated with the Resource Management Office and recorded in the accounting system in the month the receivable occurs. USACE activities shall maintain documentation to support the amounts and events recorded in the accounting system. Supported activities are required to partner with the USACE Finance Center (UFC) to resolve billing issues, reduce delinquencies, and effect timely collection from all debtors.

h. Procedures in references 1.c. and 1.d. shall be followed to render billings, process collections and deposits, and manage debt, unless stated otherwise.

i. As the disbursing office for USACE and preparer of USACE financial statements and reports, the UFC publishes operational procedures for use by supported activities, accountable officials, employees and managers involved in processing financial transactions. In conjunction with policies and regulations published by HQUSACE, all USACE activities shall comply with these procedures to ensure that all financial statements and reports submitted to the Treasury Financial Management Service, the Office of Management and Budget, and others are accurate and timely.

5-3. Billings.

a. Issuance of Billings. All billings are generated in the Corps of Engineers Financial Management System (CEFMS). Responsibilities are as follows:

(1) All customer order billings are issued by the UFC.

(2) Billings for revenue generating agreements may be issued by the UFC or the supported activities, depending on the memorandum of understanding (MOU) between the activity and the UFC.

(3) When issues involving travel debt and miscellaneous debt are identified by the supported site, the supported site will coordinate with the UFC to generate the bill to the debtor. This policy ensures that all billing requirements are met and debtors are provided due process.

b. Bills are issued on a monthly basis or more frequently if required. The due date for a receivable is normally 30 days from the date of the billing or notice of payment due, unless a specific due date is established by statute, contract provision, or notice of indebtedness.

c. All bills will advise debtors to submit payment to the order of the Finance and Accounting (F&A) Officer of the district or field operating activity performing the work (e.g., "Finance and Accounting Officer, Baltimore District"). However, any remittance payable to the Treasurer of the United States is accepted and processed, notwithstanding the inscription. USACE activities shall not instruct remitters to make checks, money orders or other instruments payable to the F&A Officer by name.

d. All billings to public debtors must include a statement notifying the debtor of the requirement of the Debt Collection Act of 1982 (Public Law 97-365; 96 Stat 1749). The statement includes the current Treasury interest rate for late payment, notice of the 6% penalty and an administrative (handling) fee of $15. Example is as follows:

"Payment of this bill is due and payable upon receipt. In accordance with the Debt Collection Act of 1982 payment not received on or before _____ will be assessed an interest charge at the rate of _____% per annum, computed from the date of this bill. In addition, a $15 administrative (handling) fee is charged on all delinquent accounts and an additional 6% per annum penalty is assessed on accounts over 90 days delinquent. This penalty is computed retroactively to the date of the bill."

e. Treasury interest rates for delinquent accounts receivable are published annually. USACE activities will include a charge for late payment of amounts owed the U.S. Government in all contracts under which goods or services are sold outside the Federal government. The administrative (handling) fee is established by CERM-F based upon costs of performing collection actions and economies of scale. The fee is applied uniformly throughout USACE, regardless of the billing office.

f. The preferred method for issuing bills to other Federal agencies is through the Interagency Payment and Collections (IPAC) system. Bills issued to other Federal agencies reflect revenue earned. When advances are received from other Federal agencies, a statement of revenue earned during the period is provided to the debtor in lieu of a billing.

g. Transactions For/By Others (TFO/TBO). When billings to other DoD agencies cannot be processed by IPAC, procedures outlined in DFAS-IN 37-1 are used for interagency disbursing and collection of military funds.

h. Intra-district Transfers. The financial management system provides electronic transactions for collections and disbursements between civil and Revolving Fund accounts in the same financial management database. Referred to as "no-check-drawn" or "pass back" procedures, a Treasury check or IPAC transaction is not required to settle accounts payable and receivable transactions between civil and Revolving Fund accounts. This procedure is not available between civil and military accounts; therefore, IPAC transactions are used to settle payables and receivables affecting military funds within the activity.

i. Bills Issued to Department of Homeland Security (DHS) for Disaster and Emergency Management Support. Engineer Pamphlet (EP) 37-1-6 provides guidance on billing the Department of Homeland Security for disaster and emergency management support. The UFC processes DHS bills through IPAC and automatically pulls the payment. Supported sites are required to forward a copy of the bill, signed by the F&A Officer and the Chief of the Emergency Management Office, along with the required supporting documentation to DHS within 30 days. Payment is reversed if supporting documentation is not received by DHS in a timely manner.

j. Documentation to support all billings rendered shall be maintained for audit purpose. Documentation varies depending on the type of agreement and other reimbursement requirements. Typical documentation includes, but is not limited to:

(1) A copy of the bill generated by the financial management system;

(2) A copy of the authorizing document or agreement between the parties (contract, agreement, lease, customer order and acceptance, legal memoranda, supplemental agreements, amendments);

(3) Payment or amortization schedule, revenue calculation sheets;

(4) Labor cost detail report to support hired labor effort;

(5) Detail cost ledger;

(6) Purchase requests, travel orders, invoices, SF 1164, etc. to support expenses billed;

(7) For miscellaneous debt notices, jury duty wage receipt; request for travel advance, travel settlement, resignation letter, master pay history, leave availability report, transportation agreement, dishonored check, salary offset documentation;

(8) A copy of all notices provided to the debtor and any follow-up letters.

5-4. Long Term Receivables.

a. Long term receivables or notes are accounts receivable with the following minimum conditions:

(1) A promissory note or contract is made by one entity (or service provider) to another entity (customer);

(2) A written agreement is signed by both parties;

(3) The agreement contains an unconditional promise or order to pay a certain sum of money;

(4) The promissory note or contract is payable on demand or at a definite time which exceeds one year.

b. Contracts or agreements involving repayment of a principle amount with interest must contain an amortization schedule. The amortization schedule is the basis for establishing the long-term receivable in the financial management system.

c. Long term receivables are recorded for the full term of the agreement. However, where a termination clause exists, the receivable is limited to the period of the termination clause. For example, a thirty-year water supply contract with a five year termination notice is recorded on a five-year interval. Agreements containing an indefinite time period with no termination clause are recorded at a maximum of ten years.

d. Civil works out-grants and concession leases are not classified as long term receivables, as these leases include a 30 to 90 day termination notice. In addition, current receivables are computed based on a percentage of gross receipts, using the Graduated Rental System rate process, or a special provision allowing credits for work-in-kind.

5-5. Claims Receivable.

a. Claims receivable are accounts receivable or balances due which may not be collectible because of pending or subsequent litigation or adjudication or other reasons. The balance of the accounts receivable is reclassified in the financial management system if and when the collection becomes doubtful, in whole or in part.

b. Collections for Damage Claims (Civil). Upon favorable conclusion of litigation for damage claims due USACE from the

public and receipt of damage settlements, the Department of Justice forwards the settlement funds to the UFC. The UFC collects the funds as an appropriation reimbursement on the supported activity's financial management database. The resulting uncommitted balance is subsequently revoked by the Directorate of Civil Works (CECW). Under no circumstances are the funds collected in settlement of a damage claim available for local use. CECW publishes policy concerning allocation of funds collected as appropriation reimbursements.

5-6. Allowance for Bad Debt. The allowance for uncollectible accounts receivable due from the public is based on established percentages per aged category of the cumulative balance of delinquent public receivables. The calculation and financial transactions are performed automatically in the financial management system. USACE does not recognize an allowance for estimated uncollectible amounts from other Federal agencies. Claims against other Federal agencies are to be resolved between agencies.

5-7. Debt Management.

a. General. Debt is categorized on the basis of similarity of collection methods and the uniformity of subsequent actions upon delinquency. General provisions on indebtedness are contained in DoDFMR, Volume 5. Due process is provided to all debtors. Interest, penalties and administrative fees are applied when payment is not received by the due date and may only be waived on a case-by-case basis, as warranted by the circumstances. Collection is aggressively pursued using all means authorized by law, such as salary, retirement and administrative offset, and referrals to the Department of Treasury Offset Program (TOP). Debt is promptly referred to DFAS, Treasury, or other collection agencies, as appropriate, in order to effect collection.

b. Government's Right to Offset.

(1) The disbursing officer may, in the course of settling ordinary accounts, offset one debt against another when a claimant is both debtor and creditor and that practice has been sustained by judicial determination as legal and proper. 31 USC 3716 does not bar administrative offset even when the six-year statute of limitation applicable to action for money damages brought by the United States has expired.

(2) Administrative offset procedures under 31 USC 3716 are used to the extent that specific procedures are not covered

in other statutes. 5 USC 5514 provides general authority for salary offset of civilians and 37 USC 1007(c) provides general authority to offset the pay of members of the armed services.

(3) When collection is made by administrative offset, the statutes provide the debtor certain due process. See DoDFMR volume 5, Chapter 28.

c. Responsibilities.

(1) USACE Finance Center. The UFC serves as the primary debt collection office for USACE. The UFC publishes and maintains standard operating procedures for debt management.

(2) Supported Activities. Supported activities are responsible for performing certain debt management functions as identified in the standard operating procedures published by the UFC. These functions include, but are not limited to, collecting and/or resolving accounts receivable that are over 150 days delinquent and initiating payroll deduction for delinquent debt. All debt (civil, Revolving Fund, and military) is aged and analyzed on a monthly basis. The local resource manager must forward the aging and analysis to the activity Commander on at least a quarterly basis. Commanders may delegate authority to the resource manager to review interim or monthly reports.

(3) Commanders. It is the direct responsibility of the activity commander or other officials under which the transaction arose to effect collections due. Commanders are required to review the quarterly aging of accounts receivable to ensure that local collection procedures are timely and effective.

d. Debt Compromise, Suspension, Termination, Remission and Waiver (Military). DoDFMR Volume 5, Chapter 31 is followed in connection with any delinquent and uncollectible receivable pertaining to military funds under the jurisdiction of the Corps of Engineers.

e. Debt Compromise, Suspension, Termination, Remission and Waiver (Civil and Revolving Fund).

(1) 31 USC 3711(a) authorizes Federal agencies to avoid unnecessary litigation by compromising, suspending or terminating collection actions under certain conditions when the claim is not more than $100,000 (excluding interest) and has not been referred to another executive or legislative agency for further collection action.

(2) Debts owed the Federal Government pursuant to a Project Partnership Agreement or similar agreement that includes a cost-share required by law may not be compromised, suspended, or terminated, except by the Assistant Secretary of the Army for Civil Works (ASA(CW)), as specified by law.

(3) The authority to compromise, suspend, or terminate claims under AR 27-20 (Claims) - such as a Federal Tort Claims Act claim - may be delegated to the designated claims attorney at each USACE command. The designated claims attorney may be appointed by the commander with approval by the HQUSACE, Chief Counsel (CECC). Appointment, duties and authority arising out of civil functions of the Corps of Engineers are further provided in ER 27-1-1 (Claims, Litigation, and Procurement Fraud). Authorities to compromise, suspend, or terminate collections or claims are as follows:

(a) To Chief, Counsel HQUSACE (CECC) for claims of $20,000 or less.

(b) To division counsel (claims officer) for claims of $10,000 or less.

(c) To district counsel (claims officer) for $5,000 or less.

(4) Delinquent accounts receivable are reclassified as claims receivable when forwarded to the claims attorney. Documentation of all follow-up actions and the approval by the claims attorney is maintained and required for audit. The related interest and administrative fees are written off.

f. 5 USC 5514 provides authority for collection of debts by offset from the current pay accounts of an employee when a judgment is rendered against the employee in favor of the United States.

g. USACE Commands may not contract with public (non-governmental) collection agencies without prior written approval by the HQUSACE, Director of Resource Management.

h. Outstanding travel advances are considered pre-payments to the traveler and may not be waived. The Disbursing Officer is required to use all available collection options to collect the debt, such as, salary offset, retirement offset and Treasury offset.

i. Waiver of Erroneous Payment of Pay and Allowances. Requests for waiver are processed in accordance with DoDFMR Volume 8, Chapter 8.

j. Federal debt may not be written off.

5-8. Collections Policy.

a. In accordance with 31 USC 3302(a), "Except as provided by another law, an official or agent of the United States Government having custody or possession of public money shall keep the money safe without:

(1) lending the money;

(2) using the money;

(3) depositing the money in a bank; and

(4) exchanging the money for other amounts."

b. Safeguarding Public Monies. It is the direct responsibility of the commander or other official under which the collection transaction arose to:

(1) Place receipts under appropriate accounting control.

(2) Promptly deposit the money in the Treasury as prescribed in DoDFMR 7000.14-R, Volume 5, Chapter 5. Collectors shall deposit or transmit collections to the disbursing officer when funds reach or exceed $5,000. Deposits shall be made by Thursday of each week, regardless of the amount accumulated.

(3) Ensure that funds are properly safeguarded from the time of collection until deposited or transmitted to the disbursing officer. All collections including currency, coins, checks, money orders, drafts and other forms of negotiable instruments must be safeguarded in the same manner as cash. Collections will be used for the purpose for which collected and will not be intermingled with funds collected and held for other purposes. Cash remittances received shall not be used for cashing checks, making change (other than to remitters), making refunds for checks drawn in an amount greater than the amount due, or for making disbursements. Proper restrictive endorsement must be placed on checks immediately upon receipt.

(4) Maintain accurate records and documentation.

(5) Account for all receipts.

(6) Account for all deposits.

c. Segregation of Duties. Segregation of duties is an effective internal control in preventing the loss or misuse of cash receipts and concealment in the accounting records. In order to provide segregation of duties, officers and employees responsible for handling cash receipts must not participate in the accounting or operating functions relating to:

(1) Shipping of goods and/or billing for goods and services.

(2) Controlling accounts receivable and/or subsidiary ledgers.

(3) Preparing and mailing statements of balance due.

(4) Authorizing and approving credits for returns and allowances or for adjustments of amounts due.

(5) Making deposits to the Federal Reserve Bank (FRB) or a local depository.

d. Cashiers, Assistants to the F&A Officer and Authorized Collectors. Individuals authorized to collect monies and issue receipts on behalf of USACE are F&A Officers, authorized collectors, assistants to the F&A Officer and recreation fee cashiers. Activity commanders may appoint authorized individuals in accordance with DoDFMR Volume 5. All appointments are in writing. Authorized individuals must comply with UFC standard operating procedures (SOPs) in collecting and depositing government funds.

(1) Authorized Collectors. Authorized collectors are those individuals (not mail clerks) whose official duties require them to receive collections on behalf of the government for transmittal to the disbursing officer. Each authorized collector must be provided training, copies of applicable regulatory guidance and standing operating procedures (SOPs).

(2) Recreational Fee Cashier (RFC). This term is used to denote employees designated to receive monies from rangers at recreation areas (see ER 1130-2-550, chapter 9). The RFCs are required to sign a receipt for ENG Forms 4457 (User Permit), by serial number). RFCs are responsible for receiving the user fees and transmitting collections to the disbursing officer and

function as authorized collectors. When deemed necessary, the RFC or designated alternate will be made available on weekends and holidays to receive collections from the rangers.

(3) Alternate RFC. This term is used to denote employees designated to serve as RFCs in the absence of the regular cashier. The regular cashier may supply numbered permits to the alternate by means of a hand receipt showing the permits by serial numbers. Any turn-ins of cash to the disbursing officer by the alternate will show the name of the cashier to whom the permits were originally issued. Where the expected absence of a RFC is to be of long duration, the alternate cashier may obtain a quantity of permits issued in their own name from the source of supply.

(4) Rangers. User fees shall be received from the public by uniformed ranger personnel or contract gate attendants. Where sales of user permits are conducted by rangers in the course of their general duties, the user permits are issued to the rangers on hand receipts by a designated RFC. Rangers so supplied with user permits will function as authorized collectors under (1) above, except all collections are turned in to the RFC instead of the disbursing officer. A change fund not to exceed $50.00 may be provided by the disbursing officer to rangers upon written approval by the district commander. Rangers will account daily to the RFC for the number of unsold permits and turn-in cash received. Where it is not practical for a ranger to turn in monies collected at the end of an activity's normal business hours, a night depository at a nearby local bank, or other such comparable arrangement, may be used upon approval by HQUSACE (CERM-F).

(5) Contract Gate Attendants.

(a) The Comptroller General has approved the collection of receipts by contractors at recreation use areas on behalf of the Federal Government when:

- The contractor does not set the amount of the fees to be collected.

- The contractor assumes full responsibility by contract for payment in full of the receipts to the government.

- The contractor is fully bonded and insured. USACE policy for determining the amount of the bond or other authorized instrument is the greatest amount held at risk.

(b) Contract gate attendants may make deposits directly to the FRB. All documentation for recreation use permits, ENG Forms 3313 (Remittance Register) or DD Forms 1131 and a copy of the SF 215 (Deposit Ticket) is transmitted to the disbursing officer. Local policy may authorize contract gate attendants to transmit recreation user fees directly to the disbursing officer rather than through the RFC. Internal controls must be established to provide reasonable assurance against the loss or misuse of funds, to include on-site unannounced reviews.

(c) Contractors responsible for collecting fees may not enter collection data in the financial management system.

e. Over-the-Counter Sales and Collections. Where over-the-counter sales and collections are made (i.e., plans and specifications, and maps), the following is required:

(1) A designated employee other than the assistant to the F&A Officer will issue books of pre-numbered receipts (SF 1165, Receipt for Cash) or other approved forms to authorized collectors who make over-the-counter sales and collections. At the time each sale or collection is made, a receipt and one copy are issued to the purchaser or remitter.

(2) A locked receptacle is required near the authorized collector for the remitter to deposit a copy of the receipt.

(3) A sign is displayed requiring remitters to obtain a pre-numbered receipt for all purchases and remittances. The sign must also inform remitters to place a copy of the receipt in the locked receptacle.

(4) The cash or negotiable instruments collected, supported by a copy of each receipt, will be turned over by each authorized collector to the assistant to F&A Officer.

(5) The person designated by the F&A Officer empties the receptacle on a daily basis and verifies that each remittance is properly applied and deposited. This individual may not be the assistant to the F&A Officer who collected the money.

f. Collections by Mail. Although authorized to open mail, mail clerks are not authorized collectors whose official duties require them to receive collections on behalf of the government. Upon receipt of mail remittances when envelopes have not been opened, mail clerks may deliver checks to the F&A office through the routine mail flow. If the mail clerk opens the mail and finds a check, the mail clerk will either immediately hand

deliver the check or inform the F&A Officer for pickup before close of the day's business. F&A personnel prepare the collection voucher for mail remittances.

5-9. Categories of Collections. Collections are classified as receipts, reimbursements or refunds. Receipts are further categorized as General Fund, Special Fund, or Trust Fund Receipt Accounts. The general rule with respect to collections from sources outside the Federal Government is that all monies received for the use of the United States shall be credited to the Treasury as General Fund receipts unless special treatment is authorized by law (31 USC 3302(b)). Refunds and appropriation reimbursements are credited to the appropriation accounts. Other collections from outside sources are credited to appropriation accounts only when specifically authorized by law.

5-10. General Fund Receipt Accounts. General Fund receipt accounts are credited with all receipts not earmarked by law for a specific purpose. Receipts are not repayments to an appropriation and are unavailable for re-expenditure. General Fund account symbols are found in Treasury Financial Manual, Federal Account Symbols and Titles, Supplement to Volume 1. Receipts commonly collected in USACE are credited as follows:

a. Interest. Interest collected on delinquent accounts is credited to 96R1435, General Fund Proprietary Interest, Not Otherwise Classified (civil) or 21R3210.0013, General Fund Miscellaneous Income and Recoveries Not Otherwise Classified, Interest on Accounts Receivable (military).

b. Penalties. Penalties assessed on delinquent accounts are credited to 96R1099 (civil) or 21R1099 (military), Miscellaneous Fines, Penalties and Forfeitures.

c. Administrative Fees. Administrative fees assessed on delinquent accounts receivable are credited to 96R1099 (civil) and 21R1099 (military).

d. Freedom of Information Act (FOIA). FOIA collections related to civil works activities are credited to 96R3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other. FOIA collections related to military activities are credited to 21R3210, General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified. See AR 25-55, Section 5-210.

e. Maps Sold to the Public. All activities that sell maps to the public must use a local order form listing all available types of maps and the base price for each map. Payment

must be received prior to mailing maps. A shipping and handling fee of a minimum of $3.00 per order is added when mailing maps. In cases where the postage exceeds $3.00, the fee is increased to compensate for the additional postage. The handling fee is not charged for maps sold on the spot. Collections and handling fees are credited as follows:

(1) When the source of funds to print and mail the maps is civil works project funds, the proceeds are credited to 96R3220.

(2) When the source of funds for printing and mailing the maps is the Revolving Fund, the proceeds are credited to the Revolving Fund.

f. Receipts from Sales of Government Publications (Civil). 33 USC 557b authorizes the Chief of Engineers to provide for the sale of publications related to civil works activities. The section further states that money received from sales of such publications shall be deposited into the Treasury as miscellaneous receipts, except that in any case where the cost of reproduction has been paid from the Revolving Fund, proceeds shall be deposited to the credit of the Revolving Fund. Therefore, as a general rule, all sales of publications and plans and specifications related to civil works projects are credited to 96R3220. Reproduction costs may not be initially charged to the Revolving Fund for accounting convenience and then paid from civil or military funds just to bypass this requirement. Only in the event that the costs of publications and/or plans and specifications are properly chargeable to a Revolving Fund account may the proceeds of sale be credited to that account.

g. Cash Collections for Quarters (Civil). Cash collections for quarters or guest house furnished in connection with a civil works operations and maintenance project, including charges for utilities, are credited to 96R3220 (5 USC 5911(c)). Collections by payroll deduction are appropriation reimbursements.

h. Rentals of Land During Construction of Projects (Civil). Receipts derived specifically from rentals of land, including space for house trailers of government employees or contractors, and sale of land are credited to 96R3220 unless otherwise specified by law.

i. General Regulatory Functions (Civil). General regulatory permit or administrative penalty receipts are credited to 96R0891. USACE policy for surveillance and enforcement of

navigable waters of the United States, Clean Water Act, 33 USC 1319(g), can be found in 33 CFR parts 320-330. USACE is authorized to issue permits or assess administrative penalties for violation of the following:

(1) Dams, dikes or bridges (33 USC 401).

(2) Structures of work affecting navigable waters (wharves or piers) (33 USC 403).

(3) Discharge of dredge or fill material into water of the United States (33 USC 1344).

(4) Ocean dumping of dredge material (33 USC 1344).

j. Removing Wrecks (Civil). The owner, lessee, or operator of a vessel or craft causing an obstruction of navigable waters is liable for the cost of removal or destruction of the obstruction, including administrative costs. The cost of removing the wreck is initially charged to civil works appropriated funds. If the owner fails or refuses to reimburse the United States within 30 days after notification, the craft or cargo not destroyed in removal may be sold. Any amount recovered exceeding the actual costs of removal, destruction, and disposal is credited to 96R3220.

k. Collections from Contractors under the Work Hours Standard Act (Civil and Military). In accordance with the Contract Work Hours and Safety Standards Act (Public Law 87-581; 40 USC 3701, et seq.), laborers and mechanics must be paid for all hours in excess of 8 hours a day or 40 hours a week, whichever is the greater number, at not less than one and one-half times their basic hourly rate of pay. The act requires computation of liquidated damages for violation of the act. All amounts of liquidated damages assessed contractor under the Contract Work Hours and Safety Standards Act are retained as open accounts payable (A/P) in the project account until final determination is received from HQUSACE. If the determination is in favor of the contractor, the liquidated damages are released by disbursement to the contractor. If the violation is in favor of the government, the liquidated damages assessed are collected into receipt account 96R1030 (civil) or 21R1030 (military), Fines, Penalties, and Forfeitures, Immigration and Labor Laws.

l. Water Supply Act of 1958 (Civil). The Water Supply Act of 1958, PL 85-500 together with 43 USC 390 provide that local interests shall bear the cost plus interest at a rate to be determined by the Secretary of Treasury for any construction,

modification or replacement of project features allocated to water supply. In addition, the local interest is required to make annual payments for operations and maintenance cost for municipal and industrial water supply storage. Receipts are credited to 96R3220. Interest is credited to 96R1435.

m. Water Resources Development Act (WRDA) of 1986. WRDA 1986 requires non-Federal sponsors to contribute a statutorily defined percentage or share of the project costs during construction or by reimbursement over up to 30 years following completion of construction when approved by the ASA(CW). Amounts collected during construction are accounted for under a cost-share agreement. Amounts collected following construction are returned to the General Fund of the Treasury as miscellaneous receipts. Receipts are credited to 96R3220. Interest is credited to 96R1435.

n. Compensation received from airlines for overbooking is credited to 96R3220.

o. Collections overpaid or underpaid by $10.00 or less are credited to 96R3220 (civil) or 21R3210 (military).

5-11. Special Fund Receipt Accounts. Special fund receipt accounts are credited with receipts from specific sources and are earmarked by law for specific purposes. Unless otherwise stated, at the point of collection these receipts are either available immediately or unavailable for expenditure, depending upon statutory requirements.

a. Special Recreation Use Fees (Civil). USACE is authorized to charge and collect fair and equitable Special Recreation Use Fees (SRUF) at recreation facilities and campgrounds located at lakes or reservoirs under the jurisdiction of USACE. Types of allowable fees include daily use fees, admission fees, recreational fees, annual pass fees, and other permit type fees. The purpose of the fund is to maintain and operate the recreation and camping facilities. User fees are credited in 96R5007, Special Recreation Use Fees, Army, Corps of Engineers, Civil. USACE is authorized to offset the cost of Natural Resources Reservation Services (NRRS) contracts administered to collect fees at recreation sites against collections for SRUF. Receipts are otherwise unavailable for expenditure until CERM-B requests the Office of Management and Budget (OMB) and Treasury make the funds available to USACE. The funds are subsequently allotted under appropriation 96X3123 (16 USC 460l-6a).

b. Non-federal Use of Dredge Disposal Facilities (Civil). HQUSACE initially provides funding for the operation and maintenance of dredge disposal facility in the annual Operations and Maintenance (96X3123) appropriation. The Secretary of the Army for Civil Works may permit the use of any dredged material disposal facility under USACE jurisdiction by a non-federal interest if use will not reduce the availability of the facility for project purposes. Fees may be imposed to recover capital costs and operations and maintenance costs associated with such use. Receipts from the fees are credited to 96R5493.001, User Fees, Fund for Non-Federal Use of Disposal Facilities, Corps of Engineers (1033 USC 2326a). These receipts are unavailable for expenditure. A non-expenditure transfer is processed on an annual basis by the HQUSACE Directorate of Resource Management (CERM-B), OMB, and Treasury to transfer the amounts collected into the O&M account at Treasury level. This action does not result in increased project funds available at the district level.

c. Receipts from Leases of Land Acquired for Flood Control, Navigation and Allied Purposes (Civil).

(1) Proceeds including royalties from outlease of lands (grants) acquired by the United States for flood control, navigation, and allied purposes, including the development of hydroelectric power, (except lands taken from public domain or lands acquired by the U.S. for purposes other than water resources development), are credited to 96R5090, Receipts from Leases of Land Acquired for Flood Control, Navigation and Allied Purposes. USACE is responsible for returning 75 percent of these receipts to the states for the benefit of the counties in which such property is located (33 USC 701c-3). Funds are appropriated in the amount of 75 percent of the receipts in the following fiscal year and disbursed to the states. These funds may be expended by the states for the benefit of public schools and public roads of the county, or counties, in which such property is situated, or for defraying any of the expense of county government.

(2) Only the amount earned in the current fiscal year is credited to account 96R5090, except as provided in (3) below. As collections are received from out-leasing, the portion of the collection earned in the current fiscal year is credited to 96R5090. This action is taken whether or not the grant provides for refund of unearned amounts in the event of cancellation by the government. The remainder of the collected amounts, which will be earned in a future fiscal year, is retained in Deposit

Fund Account 96X6501. At the beginning of the fiscal year, the current year amount is transferred to 96R5090 as earned income.

(3) Where the lease period covered by a collection extends beyond the current fiscal year, and the portion of the collection applicable to future fiscal years is $500.00 or less, the total amount of the collection is credited to 96R5090 as current year income.

(4) When a grant is canceled which provides for a refund of unearned amounts in the event of cancellation, the unearned amount not previously credited to account 96R5090 is transferred to 96X6501. The refund of the unearned amount is charged to 96X6501. If the unearned amount was collected in 96R5090 in a prior month, the refund is offset against current month collections.

d. Lease Abatements (Civil and Military). In general, all agricultural and grazing leases receipts are immediately deposited into the lease rental accounts, 96R5090 (civil works) or 21F3875.3950 (military). An exception is required in cases involving abatements. When the grant provides for abatement of any payment contingent upon a particular event (maintenance, protection, repair or restoration of the leased property), the payment is held in clearing accounts (96X6501 or 21X6501) until the possibility of the abatement has passed.

e. Receipts from Hydraulic Mining in California, Tax, Debris Reservoirs (Civil). Hydraulic mines, through which debris flows in part or in whole to a body restrained by a dam or other work erected by the California Debris Commission, pay a tax as determined by the Federal Energy Regulatory Commission (FERC). The tax is paid annually on a date fixed by FERC. Taxes imposed under this authority are collected and expended under the supervision of USACE and the direction of Department of the Army. The purpose of the fund is for repayment of funds advanced by the Federal government or other agencies for construction, restraining works, settling reservoirs, and maintenance (33 USC 683). Collections are credited to 96R5066.

f. Maintenance and Operations of Dams (Civil). In accordance with 16 USC 810, the Federal Energy Regulatory Commission (FERC) levees fees for private licensees to construct, operate and maintain dams, conduits, and reservoirs. These fees are deposited into the General Fund of the Treasury of which 50 percent are warranted to the Corps of Engineers by the Treasury under appropriation 96X5125. The Federal Power Act also provides that the FERC shall determine and collect fees from private

licensees as a result of headwater improvements constructed by the Corps of Engineers. One hundred percent of these funds are warranted by the Treasury to the Corps under 96X5125.

g. Collections from Contractors for Underpayment of Wages. The Davis-Bacon Act (40 USC 1341 et seq.) stipulates that each laborer and mechanic employed on the contract work site must receive no less than the prevailing wage, including basic hourly rates and fringe benefits. The prevailing wage is determined by the Department of Labor and is included in each contract. Where violation of the Davis-Bacon Act is detected, sufficient funds are withheld from contract payments and retained in clearing accounts 96X6501 (civil) or 21X6501 (military), pending restitution to the employees by the contractor or subcontractor. Where the contractor or subcontractor fails to make restitution, or any of the employees involved cannot be located, SF 1093 (Schedule withholding Under Davis-Bacon Act and/or Contract Work Hours and Safety Standard Act) is prepared by the district. SF 1093 and payment are forwarded to Treasury with an information copy of the SF 1093 to HQUSACE (CECC-L).

h. Sale of Forest Products on Military Installations (Military). 10 USC 2665 provides for a state to share 40 percent of net proceeds from forest products sold from military installations or facilities located in the state and provides for 100 percent of the residual to be deposited in the forestry reserve account. The payment to states and deposit in forestry reserve account are performed by the Defense Finance and Accounting Service (DFAS).

(1) All proceeds from sale of forest products (i.e., timber and fire wood) on military installations are deposited to account 21F3875.3960 20-C S99999.

(2) Advances from contractors are deposited in suspense account 21X6501. Monthly, the amount of revenue earned is transferred from 21X6501 to 21F3875.3960 20-C S99999.

i. Additional guidance concerning military Special Fund receipt accounts is available in DFAS-IN Manual 37-100-FY.

5-12. Trust Fund Receipts.

a. Available Trust Fund Receipts. Available trust fund receipts, pursuant to law, are available as appropriations to a single agency for expenditure without further congressional action but must be released by a Treasury warrant prior to re-

use. In some fund accounts, use is restricted to investment only or is precluded by a limitation or benefit formula.

(1) Rivers and Harbors Contributed and Advance Funds. This fund is credited with collections of required and voluntary contributions to construct, improve, or maintain water resource development projects (33 USC 701h, 702f, and 703; 31 U.S.C. 1321). This fund is classified as a trust fund and uses both receipt and expenditure accounts. Advances from states and local entities are deposited in 96R8862.

(2) Flood Plain Management Service (FPMS) Fees. FPMS fees are recorded in 96X8862. See ER 1105-2-100, Appendix G.

(a) Advances are required for services provided to private persons or entities. A cost share advance account is required for collections based on the fee schedule or a negotiated amount. The advance account is linked to a cost share control record reflecting a Federal requirement of zero.

(b) FPMS services provided to other Federal agencies are recorded as a customer order in 96X8862.

(3) Voluntary Contributions for Environmental and Recreation Projects and Challenge Cost-Sharing (Partnership) Program for the Operation and Management of Natural Resources and Recreation. Statutes authorizing these programs require contributions to be recorded in 96X8862. Contributions are recorded using either of the following procedures:

(a) As a customer order with advance in 96X8862.

(b) As a cost share agreement. The advance account must cite 96R8862; the cost share control record is to reflect a required Federal amount of zero. This method provides the ability to use the management structure code of the Federal project for tracking purposes, as well as the ability to record non-cash contributions.

b. Unavailable Trust Fund Receipts. Unavailable receipts are defined as special receipts which, at the time of collection, are not appropriated and are not immediately available for obligation or expenditure.

5-13. Deposit Funds and Clearing Accounts. Deposit funds are used to collect deposits from outside sources for payment of goods and services received, such as payroll deductions, custodian deposits, disputed claims, and unidentified

remittances. Clearing accounts are used as a temporary suspense account until later paid by or refunded into another account, or when the Government acts as a banker or agent for others. As failure to classify revenues in the proper accounting period may result in reporting of erroneous information on the USACE financial statements, deposit funds and clearing accounts shall be reviewed by supported activities on no less than (NLT) a monthly basis to determine whether proper disposition of funds can be made. Excluding amounts related to future year income on long-term and revenue generating agreements, amounts must be held in these accounts no longer than necessary to classify the amount to the proper receipt or expenditure account. Collections should normally be reclassified to the correct account in the same accounting month as received. All such amounts shall be reclassified within 60 calendar days from the date of receipt.

a. Accounts 96X6501 (civil) and 21X6501 (military) are used to temporarily credit unclassified transactions from the public when there is a reasonable presumption that the amounts belong to USACE.

b. Proceeds from leases for agricultural and grazing purposes are deposited into a centrally managed Army suspense account (21F3875.3950 08-C S99999). DFAS-IN transfers funds between the suspense account and the operating appropriations.

c. Undistributed intra-governmental payments account, 96F3885(civil) Undistributed Intra-governmental Payments or 21F3885.0070 (military) Undistributed Intra-governmental Payments, is used to temporarily credit unclassified transactions between Federal agencies, including Intra-governmental Payment and Collection (IPAC) transactions.

d. Federal Transfer Technology Act (FTTA). The FTTA of 1986, PL 99-502 provides for the transfer of federally developed technology to the private sector for commercial exploitation. It authorizes federal agencies to enter into Cooperative Research and Development Agreements (CRDAs) to collect royalty income generated from these agreements and to distribute the income to employee inventors and the laboratories. Normally contracts under the FTTA specify that royalties are forwarded directly to the Defense Finance and Accounting Service (DFAS)

e. For amounts less than $100, if the supported activity and the UFC determine that further attempts to identify the proper account are not cost effective, then such amounts may be credited to 96R3220 (civil) or 21X3210 (military) on a case-by-case basis.

5-14. Reimbursements. Appropriation reimbursements are amounts earned and collected for goods and services furnished to the public, to another U.S. Government agency, or to the Revolving Fund. These receipts represent repayments to appropriations other than refunds and are authorized by law to be credited directly to specific appropriations or fund accounts. These repayments are available to the appropriation for obligation and re-expenditure, subject to apportionment by OMB. Appropriation reimbursement activity generally falls within the following classifications:

a. Reimbursable Work (Civil and Military Activities). Interagency or intra-agency reimbursable agreements generally fall under either the Economy Act (31 USC 1535) or 41 USC 23, which covers project orders. Under 31 USC 1535, the period of availability of funds transferred pursuant to an Economy Act agreement may not exceed the period of availability of the source appropriation. Where the agreement between agencies is based on some statutory authority other than the Economy Act, 31 USC 1535 does not apply. 31 USC 1534 authorizes payments to be charged against appropriations or funds, temporarily, with accounting adjustments to the appropriations or funds to be ultimately charged.

b. Other Appropriation Reimbursement Activity (Civil and Military). Real Estate Administrative Fees and Imbedded Fees (Civil and Military). 10 USC 2695 authorizes activities to accept funds to cover administrative expenses related to certain real property transactions with a non-federal person or entity. Fees may be assessed in relation to out-grant transactions involving leases, easements, and licenses, exchanges of civil and military real property, disposal actions where USACE is the disposal agent, and shoreline use permits.

(1) Military real estate administrative fees and imbedded fees are accounted for as a customer order with an advance citing 21*2020, Operations and Maintenance, Army. Funds not obligated by the end of the fiscal year expire on 30 September.

(2) Real estate administrative fees and imbedded fees related to civil works projects are credited as appropriation reimbursements, referencing the related civil works project. These funds are subsequently re-allocated to the project by HQUSACE on a funding authorization document.

c. Other Appropriation Reimbursement Activity (Civil). USACE policy is that civil works appropriation reimbursements are

credited to appropriation level accounts. CECW establishes policy for allocation of collected funds following apportionment by OMB.

(1) Proceeds from Sale or Transfer of Property Acquired for River and Harbor or Flood Control. When any property which has been purchased or acquired for the improvement of rivers and harbors as well as flood control projects is no longer needed, or is no longer serviceable, it may be transferred or sold; the proceeds thereof may be credited to the appropriation for the work for which it was purchased or acquired (33 USC 558). Examples include sales of buildings or structures on non-excess land, equipment, miscellaneous property, used oil products, crops, timber sold separately from land, pine straw, firewood, sand, gravel, and quarry. 10 USC 2208 further states that all monies arising from disposition of material supplied to the Army by the Corps of Engineers will remain available for the purpose of the appropriation from which such materials were authorized to be supplied at the time of the disposition.

(2) Collections for Lost, Stolen or Damaged Property. Any amount collected from any persons or corporations as a reimbursement for lost, stolen, or damaged property; purchased in connection with civil works prosecuted under the direction of the Secretary of the Army and the supervision of the Chief of Engineers; whether collected in cash, by offset from Civil Service retirement accounts, or by deduction from amounts otherwise due such person, persons or corporations; shall be credited in each case to the appropriation that bore the cost of purchase, repair or replacement of the lost, stolen or damaged property (33 USC 571 and 701k).

(3) Damages to Navigational Structures. Damages to navigational structures caused by a boat, vessel, scow, raft, or other craft are credited to the appropriation for the improvement or waterway in which the damage occurred (33 USC 412).

(4) Sale of Timber (Civil). Receipts from sale of timber sold separately from land are appropriation reimbursements. Proceeds are credited to the construction appropriation (96X3122 or 96X3112) if the related project is under construction. Proceeds are credited to the operation and maintenance appropriation (96X3123 or 96X3112) if the construction project is physically and financially complete.

(5) Sale of Utilities. Sales of utilities at civil works projects, excluding receipts from sale of electric energy to

occupants of government quarters, are classified as appropriation reimbursements (5 USC 5911).

(6) Collections for Quarters. Collections by payroll deduction for government furnished quarters at civil works project sites and any associated utilities are appropriation reimbursements (5 USC 5911(c)). Cash collections are miscellaneous receipts.

(7) Cash Collections for Subsistence and Quarters on Floating Plant. Cash collection for subsistence furnished to occasional guests and transient military and civilian personnel on civil works floating plant under the provisions of ER 1125-2-307 are credited to the Revolving Fund account which bore the cost of the raw rations. Cash collections for quarters on Revolving Fund floating plant are also credited to the Revolving Fund.

(8) Receipts for Authorized Rental of Plant and Equipment (Civil). Receipts for the authorized rental of plant or equipment owned by the government in connection with river and harbor work shall be deposited to the credit of the appropriation to which the plant belongs (33 USC 559).

(9) Collections from Liable Parties, Formerly Used Sites Remedial Action Program (FUSRAP). Any sums recovered under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for response actions, or recovered from a contractor, insurer, surety, or other person to reimburse USACE for any expenditures for response actions are credited to the account used to fund response actions on eligible sites and are available for response action costs for any eligible site (42 USC 9601). Collections are credited to 96X3130.

d. Repayments to the Revolving Fund. These receipts represent repayments (income) to the Revolving Fund, which pursuant to law, are credited (offset) with reimbursements or advances and are available for use without apportionment by OMB:

(1) The cost of equipment, facilities, and services furnished at rates which include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave;

(2) Working fund advances under authority of 31 USCs 1535 and 1536 are excluded.

5-15. Refunds.

a. Refunds represent repayments to appropriations and are available for expenditure without apportionment by the OMB. These receipts are collections which include repayments of advances and recoveries of erroneous payments or overpayments. These receipts are usually identified to a specific obligation or contract charged with advances, erroneous payments or overpayments. These collections are not reimbursements to appropriations but are in effect reductions of previous payments.

b. Examples of appropriation refunds are:

(1) Collection of salary overpayments. Salary overpayments are credited to payroll account RF9310.

(2) Recoveries of jury fees and witness fees. These amounts are credited to payroll account RF9310.

(a) Juror and witness fees paid to government employees by state or municipal courts for serving on juries or as government witnesses while on court leave from their agencies are to be remitted to their agencies for deposit (5 USC 5515). Jury fees may be retained by government employees when the jury service occurs in a state or municipal court on a non-workday (normally a weekend or holiday) or when the employee is in a non-pay status.

(b) Employees may not elect to take annual leave in order to retain jury duty fees. No charge may be made to annual leave for the court leave.

(c) Government employees who serve as a juror in a state or municipal court are not required to remit to their agency that part of compensation received from the court to cover travel or meals expense when it is clear that a specific amount is received for those purposes.

(3) Collections of overpayments made to commercial concerns because of erroneous or incorrect computation of invoices.

(4) Amounts collected for items rejected and returned.

(5) Collections made on account of suspensions or disallowances by the Comptroller General.

(6) Collection of charges for transportation purchases (for both persons and things) where the whole or part is required to be paid by the traveler, such as amounts for baggage or property transported in excess of the established allowance.

(7) Recoveries of repayment for contractual services, such as rent and transportation purchased, where such contracts are canceled and adjustments are made for the unused portion.

(8) Allowances for articles retained but which were not satisfactory.

(9) Payments which have been recorded as disbursements but which are subsequently canceled.

(10) Repayments against advances made to contractors.

(11) Amounts recovered as a result of price re-determination agreement, forward pricing agreements, and other adjustments in price, when such agreements are a part of the original contract provisions.

(12) Voluntary refunds made by contractors pursuant to specific contract provisions for price re-determination.

(13) Recoveries of deposits on containers.

(14) Refunds of state gasoline taxes and government furnished equipment taxes.

(15) Collection for unofficial use of government facilities, such as use of telephone, cell phone, or government equipment. USACE policy is that phones and equipment are for official use only.

(16) Rebates received under the Government Travel Charge Card program are collected in the Revolving Fund by the UFC as appropriation refunds. These amounts are used to reduce billings for support services provided by the UFC.

(17) Rebates received under the Government Purchase Card Program are processed as refunds to specific obligations on the cardholder’s statement.

5-16. Accounts Receivable and Collection Procedures. Accounting procedures for accounts receivable and collection activities are available as follows:

a. Finance and Accounting Policy Division webpage.

b. USACE Finance Center publications webpage.

c. CEFMS User Manual.

Chapter 6

LABOR COSTS AND LABOR COST CORRECTIONS

TOPIC	PARA	PAGE
General	6-1	6-1
Policy	6-2	6-1
Labor and Labor Costs Corrections Procedures	6-3	6-3
Accounting Procedures	6-4	6-5

CHAPTER 6

LABOR COSTS AND LABOR COST CORRECTIONS

6-1. General. This chapter prescribes the accounting policy for recording labor costs and correcting labor errors. The objective is to ensure that each Corps of Engineers employee understands the importance of correctly recording labor costs in the Corps of Engineers Financial Management System (CEFMS). This chapter applies to all Corps of Engineers employees.

6-2. Policy.

a. The Corps of Engineers is a project-oriented organization. Labor costs are appropriately charged to the benefitting project, customer, facility, overhead or leave account.

b. Labor costs are subject to the provisions of 31 USC 3512(e) and the Statement of Federal Financial Accounting Standard #4, paragraph 49, which requires each agency to record, accumulate and allocate managerial costs on an accrual basis. Labor costs are recorded through the end of each month using the early labor cutoff procedures in CEFMS.

c. Pursuant to 31 USC 1301, labor hours actually worked on a specific project or customer order are charged to that project or customer order. Accordingly, legitimate labor costing errors or corrections to estimated labor must be processed promptly. Under no circumstances will labor hours actually worked on a specific project or customer order be charged or transferred to another project or customer order, a departmental overhead account, a general and administrative overhead account, or a shop and facility account to:

(1) Compensate for funding shortfalls;

(2) Liquidate or reduce balances in accounts with funds that will expire at the end of the current fiscal year;

(3) Eliminate or avoid credit balances in accounts resulting from posting of labor actually worked;

(4) Mask potential anti-deficiency act violations;

(5) Mask cost overruns;

(6) Facilitate performance of work in advance of receipt of funds;

(7) Avoid reprogramming actions.

d. It is the policy of the Chief of Engineers to identify the recording of labor costs and other applications of fiscal performance measures as part of performance standards for all labor certifying supervisors or work leaders, program/project managers, and division/staff office chiefs.

e. Program, project or facility account managers will direct all team members to **stop work** on a project or other work order upon exhaustion of funds and notify customers that work is being stopped until the funding issue is resolved.

f. Methods of Determining Labor Cost Rates. Employees are initially paid from the USACE Revolving Fund. The labor and payroll account is charged with the gross earnings of these employees and credited with labor cost distributions. USACE uses the 'Effective Time Method.' Under this method, the labor cost rates for the regular tour of duty and overtime consist of actual pay rates increased to include the cost of government-provided benefits and a factor for all paid leave. Labor costs for night differential and holiday pay are computed at the actual pay rate. The effective time method provides the means to:

(1) Charge projects or customer orders for time actually worked at a rate which will absorb the amount of pay for annual and shore leave accrued, sick or other leave taken, holidays, administrative leave granted, severance pay entitlement, and continuation pay for traumatic job-related injuries.

(2) Accumulate a balance in the labor and payroll account to approximate the monetary value of annual leave, shore leave, restored leave, compensatory time, travel compensatory time, and credit hours, to include the associated amounts for Medicare (MDCR) and Old Age/Survivors Disability Insurance (OASDI) due employees.

(3) When employees receive cost of living allowances (COLA), it is necessary to compute the COLA on the effective pay rate. This provides the reserve from which the labor cost is absorbed when the employee is on leave.

(4) Average Rates for Groups of Employees. Under this method, an average effective time hourly rate is established and used for costing labor of employees engaged in a common activity such as shops, floating plant, and executive, advisory and administrative functions. Equitable costing as well as economy are prerequisites for use of the average effective labor rate method.

g. Supervisors are required to maintain documentation of each employee’s labor submission for audit purposes. See ER 37-1-30, chapter 9.

h. Resource management officers are responsible for ensuring that policies outlined in this chapter are in place and working effectively. They are responsible for leading the effort to provide local training regarding project labor costing and fiscal responsibility.

6-3. Labor and Labor Costs Corrections Procedures.

a. Labor charges will automatically post to the cited work item regardless of funds availability. Labor charges made in excess of a labor purchase request available balance will reduce the appropriate funding account and can result in a negative fund account balance. When this occurs the responsible employee for each work item is notified via electronic mail from CEFMS. Appropriate action must be taken immediately as, if not corrected in a timely manner, an Anti-Deficiency Act violation can occur.

b. Costs charged to programs, projects, facilities, or customer orders are based on actual work performed. Departmental Overhead and General and Administrative overhead costs are allocated based on direct labor charges, ensuring an equitable distribution of overhead in accordance with accounting standards. Overhead adjustments (cost transfers) are not processed for the purpose of decreasing or expending the balance on a completed work activity or customer order, or for the purpose of concealing a shortage of funds in a program, project, facility or customer order.

c. Labor costs transfers will be prepared by the initiator and approved by the employee, the employee's supervisor, and either the program manager, project manager, facility account manager, program analyst, or responsible employee for the funded work items on both sides of the transaction. The following information is required:

(1) Identification and signature of the individuals who determined the need for the labor cost transfer;

(2) The timeframe for the transaction;

(3) Erroneous labor charge code and correct labor charge code;

(4) Cost hour type;

(5) Organization code;

(6) Number of hours to be adjusted;

(7) Explanation/justification for the transfer.

d. The initiator enters the labor cost transfer into CEFMS and submits the approved form to the Resource Management Office (RMO). RMO personnel ensure that the transaction is properly supported and the justification is appropriate prior to approving the transaction.

e. Mass transfers of labor costs do not require signatures by each employee and each supervisor; however documentation detailing appropriateness and rationale for the mass transfer is required for audit purposes.

6-4. Accounting Procedures. Accounting procedures for labor and labor cost corrections are available as follows:

a. Finance and Accounting Policy Division webpage.

b. CEFMS User Manual.

Chapter 7

COST ACCOUNTING FOR CIVIL WORKS ACTIVITIES

TOPIC	PARA	PAGE
General	7-1	7-1
Appropriation Definitions	7-2	7-1
Cost Account Requirements	7-3	7-5
Financing Reimbursable Damages to Civil Works Property	7-4	7-6
Cost Accounting Procedures	7-5	7-6

CHAPTER 7

COST ACCOUNTING FOR CIVIL WORKS ACTIVITIES

7-1. General. This chapter provides cost accounting requirements for civil works projects, programs, and reimbursable work, excluding the functions of the Civil Works Revolving Fund. Cost accounts are maintained for the purpose of accumulating cost information needed to meet requirements for budgeting, programming, execution, and reporting.

7-2. Appropriation Definitions.

a. Investigations, Corps of Engineers, Civil 96X3121. For expenses necessary for the collection and study of basic information pertaining to rivers and harbors, flood control, shore protection and storm damage reduction, aquatic ecosystem restoration, and related projects, restudy of authorized projects, miscellaneous investigations, and when authorized by law, surveys and detailed studies, plans and specification of projects prior to construction.

b. Construction, Corps of Engineers, Civil 96X3122. For expenses necessary for the construction of rivers and harbors, flood control, shore protection and storm damage reduction, aquatic ecosystem restoration, and related projects, authorized by law; for conducting detailed studies, and plans and specifications, of such projects (including those involving reimbursable requests for goods and services from States, local governments, or private groups) authorized or made eligible for selection by law (but such detailed studies, and plans and specifications shall not constitute a commitment of the Government to construction).

c. Operation & Maintenance, Corps of Engineers, Civil 96X3123. For expenses necessary for the operation, maintenance, and care of existing rivers and harbors, flood control and storm damage reduction, aquatic ecosystem restoration, and related projects authorized by law; for providing security for infrastructure owned and operated by, or on behalf of, the United States Army Corps of Engineers (USACE), including administrative buildings and facilities, laboratories, and the Washington Aqueduct; for the maintenance of harbor channels provided by a State, municipality, or other public agency that serves essential navigation needs of general commerce, where authorized by law;

and for surveys and charting of northern and northwestern lakes and connecting waters, clearing and straightening channels, and removal of obstructions to navigation.

d. Expenses, Corps of Engineers, Civil 96X3124. For expenses necessary for general administration and related civil works functions in the headquarters of the United States Army Corps of Engineers, the Offices of the Division Engineers, the Humphreys Engineer Center Support Activity, the Institute for Water Resources, the United States Army Engineer Research and Development Center, and the United States Army Corps of Engineers Finance Center.

e. Flood Control & Coastal Emergencies, Corps of Engineers, Civil 96X3125. For expenses necessary to prepare for flood, hurricane, and other natural disasters and support emergency operations, repairs, and other activities in response to such disasters as authorized by law.

f. Regulatory Program, Corps of Engineers, Civil 96X3126. For expenses necessary for administration of laws pertaining to regulation of navigable waters and wetlands.

g. Mississippi River and Tributaries, Civil 96X3112. For expenses necessary for the flood damage reduction program for the Mississippi River alluvial valley below Cape Girardeau, Missouri, as authorized by law.

h. Washington Aqueduct Capital Improvements, Corps of Engineers, 96X3128. This appropriation provides funding authority for capital improvements and repairs to the Washington Aqueduct.

i. Formerly Utilized Sites Remedial Action Program (FUSRAP), Corps of Engineers, 96X3130. For expenses necessary to clean up contamination from sites in the United States resulting from work performed as part of the Nation’s early atomic energy program.

j. Maintenance & Operation of Dams and Other Improvements of Navigable Water, 96X5125. In accordance with the Federal Power Act as amended (16 USC 792-825r), (Civil) fees collected by the Department of Energy from private licenses to construct/operate/maintain dams, conduits, and reservoirs in streams or other bodies of water over which Congress has jurisdiction are credited to a special receipt account at the U.S. Treasury. The collected fees include those that are for

benefits accruing directly to the private licensees as a result of headwater improvements constructed by the Corps of Engineers. These fees are deposited into the Treasury of which 50 percent are warranted back to the Corps of Engineers by the Treasury under appropriation 96X5125. The Federal Power Act also provides that the Federal Energy Regulatory Commission (FERC) shall determine and collect fees from private licensees as a result of headwater improvements constructed by the Corps of Engineers. One hundred percent of these funds is warranted by the Treasury to USACE in 96X5125. Funds are subsequently allotted to Districts for the maintenance and operation of dams and other improvements of navigable waters.

k. Hydraulic Mining in California, Debris, 96X5066. These are fees paid by mine operators in the Sacramento and San Joaquin Basins for depositing mine debris. The funds are used for maintenance of the Sacramento and San Joaquin Rivers and Tributaries.

l. Payments to States, Flood Control Act of 1954, 96X5090. These payments are collected by the Corps of Engineers from the lease of lands acquired for flood control, navigation, and allied purposes. Seventy-five percent of the amount collected is returned to the states in which the property is situated for expenditures on public schools, roads, or other expenses of county governments. These funds replace lost property taxes. A list of amounts attributable to each county is provided to the state on an annual basis.

m. Payment to the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund, 96X3129. The Secretary of the Treasury warrants USACE $10M annually which is transferred to the state of South Dakota to fund wildlife habitat restoration.

n. Office of Assistant Secretary of the Army (Civil Works), 96X3132. For expenses necessary for the construction of rivers and harbors, flood and storm damage reduction, aquatic ecosystem restoration, and related projects authorized by law, including a portion of the expenses for the modifications authorized by section 104 of the Everglades National Park Protection and Expansion Act of 1989; for conducting detailed studies, and plans and specifications, of such projects authorized or made eligible for selection by law.

o. Rivers & Harbors Contributed and Advance Funds, Corps of Engineers, Civil 96X8862. Funds contributed by local interests for expenditure in connection with funds appropriated by Congress for any authorized work of public improvements of

rivers and harbors. This includes cash contributions required by terms prescribed in Local Cost-sharing Agreements (LCA) with non-federal interests for study, design, construction, and maintenance of authorized federal projects. Certain other amounts contributed are credited to this appropriation when specified by law.

p. Mississippi River and Tributaries – Recovery Act, Corps of Engineers, Civil 96-3113 (2009/2010). For expenses necessary for the flood damage reduction program for the Mississippi River alluvial valley below Cape Girardeau, Missouri, as authorized by law in the American Recovery and Reinvestment Act of 2009.

q. Investigations – Recovery Act, Corps of Engineers, Civil 96-3133 (2009/2010). For expenses necessary for the collection and study of basic information pertaining to rivers and harbors, flood control, shore protection and storm damage reduction, aquatic ecosystem restoration, and related projects, restudy of authorized projects, miscellaneous investigations, and when authorized by law, surveys and detailed studies, plans and specification of projects prior to constructions, as authorized by law in the American Recovery and Reinvestment Act of 2009.

r. Construction – Recovery Act, Corps of Engineers, Civil 96-3134 (2009/2010). For expenses necessary for the construction of rivers and harbors, flood control, shore protection and storm damage reduction, aquatic ecosystem restoration, and related projects, authorized by law; for conducting detailed studies, and plans and specifications, of such projects (including those involving participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such detailed studies, and plans and specifications shall not constitute a commitment of the Government to construction), as authorized by law in the American Recovery and Reinvestment Act of 2009.

s. Operation & Maintenance – Recovery Act, Corps of Engineers, Civil 96-3135 (2009/2010). For expenses necessary for the operation, maintenance, and care of existing river and harbor, flood and storm damage reduction, aquatic ecosystem restoration, and related projects authorized by law; for providing security for infrastructure owned and operated by, or on behalf of, the United States Army Corps of Engineers(the Corps), including administrative buildings and facilities, laboratories, and the Washington Aqueduct; for the maintenance of harbor channels provided by a State, municipality, or other

public agency that serves essential navigation needs of general commerce, where authorized by law; and for surveys and charting of northern and northwestern lakes and connecting waters, clearing and straightening channels, and removal of obstructions to navigation, as authorized by law in the American Recovery and Reinvestment Act of 2009.

t. Regulatory Program – Recovery Act, Corps of Engineers, Civil 96-3136 (2009/2010). For expenses necessary for administration of laws pertaining to regulation of navigable waters and wetlands, as authorized by law in the American Recovery and Reinvestment Act of 2009.

u. Formerly Utilized Sites Remedial Action Program (FUSRAP) – Recovery Act, Corps of Engineers, 96-3137 (2009/2010). For expenses necessary to clean up contamination from sites in the United States resulting from work performed as part of the Nation's early atomic energy program, as authorized by law in the American Recovery and Reinvestment Act of 2009.

v. Expenses – Recovery Act, Corps of Engineers, Civil, 96X3138. For the expenses of management and oversight of the programs, grants, and activities funded by civil works appropriations under the American Recovery and Reinvestment Act of 2009.

7-3. Cost Account Requirements. Cost accounts will be maintained by project, class, or category of work under each appropriation in accordance with the uniform code of accounts. Cost accounts will be established within this structure on the basis of programming documents and/or approved Work Orders, ENG Forms 3013.

a. Category, Class, Sub-class (CCS). These codes identify specific activities, purposes, and descriptions of work to be performed.

b. Work Category Code (WCC). These codes are used to accumulate cost data to meet requirements for budgeting, programming, execution and reporting.

c. Work Category Elements (WCE). The WCE is an extension of the WCC and provides a further breakdown for capturing costs. WCE codes are optional and are not maintained by HQUSACE.

d. Resource Codes. Resource codes are used to classify categories of obligations and expenditures. They are classified according to the initial purpose rather than the end product or

service provided. The resource codes are rolled up at object class level for financial reporting purposes.

7-4. Financing Reimbursable Damages to Civil Works Property. The Comptroller General of the United States has ruled (B 129084) that the Civil Revolving Fund may not be used to initially finance the costs of repairs resulting from damage to civil projects property when the repairs are reimbursable. The repair costs referred to are those that stem from damages to the property for which the persons are monetarily responsible as a result of liability arising from the provisions of Section 14, River and Harbor Act, 3 March 1899, 30 Stat. 1152, 33 USC 408. Additionally involved are repairs that are performed by the Government prior to the receipt of funds from the parties responsible. Accordingly, such costs should be financed by project funds and treated as Claims Receivable pending reimbursement from the responsible parties.

7-5. Cost Accounting Procedures. A listing of valid cost accounting codes for each appropriation is available in the financial management system on the Finance and Accounting Policy Division webpage.

d. Chapter 20, Budgetary and Financial Reports of General, Special and Trust Fund Activities;

e. Chapter 21, Disbursement and Collection Reports.

FOR THE COMMANDER:

DIONYSIOS ANNINOS
Colonel, Corps of Engineers
Chief of Staff