Department of the Army
U.S. Army Corps of Engineers
Washington, DC 20314-1000

CERM-F

ER 37-1-30

Regulation
No. 37-1-30

30 September 2002

FINANCIAL ADMINISTRATION
Accounting and Reporting

Major Subordinate Commands are hereby granted the necessary authority to supplement this regulation with further detailed policy that adds additional control measures.

1. Purpose. This regulation establishes the framework for financial management within the Corps of Engineers. It combines all Civil Works, Military and Revolving Fund policies.

2. Applicability. This regulation is applicable to all Divisions, District Offices, Laboratories and USACE Centers engaged in Civil Works, Military and Revolving Fund activities.

3. Distribution. Approved for public release, distribution is unlimited.

4. References. References are provided in each chapter and those references are specific to each chapter.

5. Policy. This regulation sets forth the principles, policies and procedures to comply with standards issued by the Federal Accounting Standards Advisory Board (FASAB), Generally Accepted Accounting Principles (GAAP), Department of Defense Financial Management Regulation (DODFMR), the Defense Finance and Accounting Regulation (DFAS-IN 37-1), the Chief Financial Officers Act of 1990, and Title 18, Conservation of Power and Water Resources.

6. Background.

a. This regulation has been organized such that the numbered sections of each chapter begin with a general and a policy statement of USACE policy. Subsequent to the policy statement, clarifying language and appropriate examples supplement the policy to provide further guidance and enhance understanding.

This regulation supersedes ER 37-2-10, chapters 1,2,7,10,11 and 12

b. All finance and accounting policies, whether issued on a formal or informal basis, are null, void and superseded by the policies prescribed within this regulation unless re-issued in writing by CERM-F on a date subsequent to the effective date of this regulation.

FOR THE COMMANDER:

JOSEPH SCHROEDEL
Colonel, Corps of Engineers
Chief of Staff

Chapter 1

ACCOUNTING PRINCIPLES

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CHAPTER 1

ACCOUNTING PRINCIPLES

1-1. General.

a. Purpose. This chapter sets forth the principles and standards governing the design and operation of the financial/cost accounting and reporting systems for U.S. Army Corps of Engineers (USACE). It is applicable to all Corps of Engineer offices engaged in Civil Works, Revolving Fund and/or Military funded activities. The statements of policy, principles and standards include the objectives and characteristics of the system that are essential to effective financial management; outline the functions of the various phases of the accounting and reporting processes to meet those requirements; and furnish guidelines for the performance of those functions. The principles and standards provide a basis for interpretation and development of the financial accounting system as required. The accounting system complies with the Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), the Accounting Principles and Standards for Federal Agencies prescribed by the Federal Accounting Standards Advisory Board, and where applicable, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) pursuant to the provisions of the Federal Power Act (16 USC 825b).

b. Requirements of the Accounting System. The Corps of Engineers Civil, Revolving Fund and Military activities financial management accounting system has been designed to meet both statutory and internal management requirements. The Budget and Accounting Procedures Act of 1950 requires the maintenance of an integrated accounting system that meets the requirements of Congress, the General Accounting Office, the U.S. Treasury Department, the Office of Management and Budget (OMB), and Office, Secretary of Defense (OSD). Also, since the Corps is a producer of electric power, it is required to record financial data in a manner that meets the needs of the Federal Energy Regulatory Commission so far as may be practicable, in accordance with applicable statutes. This system has also been designed to facilitate the Corps managerial accounting function. Moreover, the DOD Financial Management Regulation, Volume 1, chapter 3 also addresses the requirements of an adequate accounting system.

c. Project Delivery Team Concept. Once a project is authorized for USACE, a Project Delivery Team will be formed consisting of employees from technical elements as well as support elements. As key members of the Project Delivery Team,

managerial accountants, budget analysts, program analysts, and other resource management personnel will provide financial advice/opinions concerning interpretation of financial information and the function of the Corps' financial management system. Specific duties include ensure the integrity of data in the official accounting system; the analysis and verification of commitments, obligations, expense income and customer order data; research and reconciliation of data between general ledgers, subsidiary ledgers and accounting reports; and reviews and validations of financial information/data required by law. HQUSACE CERM-F is responsible for providing managerial accounting training to Divisions, Districts, Centers and Laboratory accountants.

d. Accounting Periods. The accounting period for recording actual accounting transactions and accruals is the calendar month. The fiscal year cycle for reporting purposes is from 1 October through 30 September as established by law.

1-2. Background. The organization, objectives, and functions of the Corps of Engineers are contained in the following publications:

a. ER 10-1-1, Organization and Functions - Mission and Command Organization of the Chief of Engineers.

b. ER 10-1-2, Organization and Functions - Division and District offices.

1-3. The Accounting Organization and Functions.

a. Policy.

(1) All officers and civilians of the Corps who order services or materials, or who supervise operations will ensure that the United States receives value commensurate with amounts expended.

(2) Oversight of the Corps accounting system is the responsibility of the USACE Finance and Accounting Officer. Major Subordinate Commands and District Finance and Accounting Officers are responsible for finance and accounting at their level.

(3) All financial transactions involving Corps funds will be recorded in the Corps financial management system.

(4) USACE financial information is owned by HQUSACE and the Director, Resource Management, is the proponent.

b. Director of Resource Management. USACE's Director of Resource Management and Finance and Accounting Officer are responsible for managing the total internal accounting function of the Corps of Engineers. These responsibilities include the awareness of statutory requirements (para 1-4); the requirements of other higher authorities; and liaison and coordination with General Accounting Office (GAO), OMB, Treasury Department, and the Office, Secretary of Defense (OSD).

c. Finance and Accounting Policy Division. The Corps of Engineers' Finance and Accounting Officer directs and coordinates the finance and accounting activities conducted within USACE and serves as chief of the Finance and Accounting Policy Division. As such this position:

(1) Exercises staff supervision over the financial and cost accounting functions and upward reporting, and holds decision-making authority for key/significant F&A issues. Upward reports will flow through CERM-F prior to release outside of the Corps of Engineers.

(2) Recommends the establishment of finance and accounting policies by the Director of Resource Management or the Chief of Engineers.

(3) Monitors and provides staff supervision over finance, cost and budgetary accounting and upward reporting in the Corps. Oversees compilation of consolidated Corps financial statements and reports reflecting the status of finance and budgetary accounts. Approves final reports and financial statements prior to release outside the Corps.

(4) Monitors property acquisition and disposal functions.

(5) Processes general claims requiring adjudication which involve fiscal records or procedures.

(6) Overseeing career program development for Corps accountants and accounting technicians, to include proponency for: (a) Corps Accountant Career Guide; (b) Advanced Managerial Accounting Symposium for managerial accountants; and (c) "Nuts and Bolts" of Accounting seminars.

(7) Responsible for the oversight of future Corps financial system(s). This responsibility also includes conceptual development of business intelligence solutions for decision support.

d. Director, USACE Finance Center. The Director of the Finance Center serves as the head of the USACE Finance Center (UFC), a field operating activity of the USACE under the staff direction of the Director of Resource Management. As Director of the UFC, leads, directs, supervises, and manages the execution of the operational finance and accounting day-to-day support for USACE. Develops and maintains capability to mobilize F&A support services in response to national security and domestic emergencies, and to support other Federal initiatives as required. As Chief operational Finance and Accounting Program Manager, incumbent is responsible for analyzing, reconciling, recording and reporting the details of the USACE military, civil and revolving fund activities; continuing review, analysis, development, maintenance and deployment of cost effective accounting processes and systems within the USACE.

e. Director, Resource Management, Major Subordinate Commands (MSC). The Director, Resource Management, MSC, is the primary advisor to the Division Commander and MSC operating officials on all financial and resource issues. The Director working with and through the MSC Finance and Accounting Officer is responsible for overseeing all financial management and managerial accounting activities of the division. The MSC Director of Resource Management and Finance and Accounting Officer also provide staff guidance and assistance to USACE Districts on finance and accounting matters.

f. Resource Management Officer (RMO), District Office. The District RMO is the primary financial advisor for the District Commander and Staff. Working with and through the District Finance and Accounting Officer, the RM directs and coordinates all managerial accounting functions within the District.

g. Finance and Accounting Officer/Staff Accountant (MSC). The Division Finance and Accounting Officer/Staff Accountant is the principal staff assistant to the Director of Resource Management on all finance and accounting records. This individual is the senior accountant for the division and is responsible for the interpretation and dissemination of accounting policies, procedures and regulations for the division office and subordinate districts. The Division F&AO/Staff Accountant is also responsible for maintaining the official accounting records and reports for the division headquarters, providing the MSC Commander with analysis and advice regarding financial reports, and oversees the managerial accounting functions of the Division. The Division F&A Officer is also the principal staff assistant on accounting matters to the Regional Business Center. In addition, the Division F&AO is responsible

for the formulation, interpretation and dissemination of accounting policies for the division office, subordinate districts, and the Regional Business Center.

h. Finance and Accounting Officer, District. The District Finance and Accounting Officer is the senior accountant for the district and is responsible for maintaining, reconciling, analyzing and interpreting the official finance and accounting records for the district and oversees the managerial accounting functions. As such, the F&AO is responsible for reviewing and analyzing accounts, account balances, trends and conditions to provide the District Commander and operating officials with accurate and timely financial information. The F&AO also interprets accounting regulations and gives financial advice and recommendations based on law, regulations, and professional knowledge of generally accepted accounting practices.

i. Managerial Accountant. USACE managerial accounting functions are assigned to the Divisions, Districts, Centers, Field Operating Activities and Laboratories. Field level managerial accountant's primary functions are to perform analysis and validation of commitments, obligations and expenditures (cost) of all types of funds. Additionally, they actively participate in supporting the Project Delivery Team efforts. This involves the review and analysis of budgetary rates, operating budget and execution, program management, solvency of the Revolving Fund, internal controls, cost of doing business and reconciliation and interpretation of local/upward financial statements as required by the Chief Financial Officers Act and amendments.

1-4. Statutory Requirements and Higher Authorities. Corps activities will comply with all appropriate legislative and statutory requirements. This paragraph provides references to the principal statutes that have an impact on the Corps accounting and reporting system. Synopses are included for some of those statutes.

a. Policy.

(1) Establishment and Maintenance of Accounting System and Financial Reporting. The Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), provides the Congressional policy on the purpose and need for adequate accounting systems and financial reporting in the Federal departments and agencies. This Act places the responsibility upon the head of each executive agency to establish and maintain adequate systems of accounting and mutual control in conformance with principles, standards, and

related requirements prescribed by the Federal Accounting Standards Advisory Board (FASAB).

(2) General military accounting policy and procedures are provided in the Department of Defense Financial Management Regulation (DODFMR) and DFAS-IN Regulation 37-1, chapters 1, 2, and 6. This chapter is not intended to replace or duplicate the policy contained in DODFMR or DFAS-IN 37-1, rather, it provides additional supplemental guidance which is unique to the Corps business practices and not found in either of the DOD/Army regulations.

(3) The standards on accrual accounting contained in GAO Title II are prescribed by 31 U.S.C 3512(e) and allow obligation accounting where required for budgetary purposes. That law states that the head of each executive agency shall cause the accounts of that agency to be maintained on an accrual accounting basis. Thus, the accrual basis is the prescribed basis of accounting to be used by federal agencies. Accrual accounting is also the preferred method of accounting of the American Institute of Certified Public Accountants, the Securities and Exchange Commission, the Internal Revenue Service, and the Federal Accounting Standards Advisory Board. The US Army Corps of Engineers (USACE) has adopted this method as the basis for accounting for all appropriations (Civil Works, Military, and Revolving Fund).

(4) Cost-based Budgets. Section 216 of the Budget and Accounting Act of 1921, as amended (31 USC 1108) was further amended by PL 84-863, to require development and use of cost-based budgets. The term cost-based budgets is interpreted to mean a budget based upon functions, activities, and projects adequately supported by information on program costs and accomplishment, and by a review of performance by organizational units where these do not coincide with performance budget classifications. The statute requires that "(a) The requests of the Departments and establishments for appropriations shall, in such manner and at such times as may be determined by the President, be developed from cost-based budgets, and (b) for the purposes of administration and operations, such cost-based budgets shall be used by all Departments and establishments and their subordinate units. Administrative subdivisions of appropriations or funds shall be made on the basis of such cost-based budgets."

(5) Anti-Deficiency Act - Title 31, United States Code, sections 1341 and 1517 provide that obligations shall not exceed amounts appropriated or apportioned, or amounts allotted for administrative control. Public Law 84-863 amended the

Anti-Deficiency Act by adding the following: "In order to have a simplified system for the subdivision of appropriations of funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit."

(6) Documentary Evidence of Obligations. Section 1311, Supplemental Appropriation Act of 1955 (31 USC 1501) sets forth the criteria that govern the reporting of financial transactions as obligations.

(7) Objects for which Appropriations Made - Section 3678, Revised Statutes (31 USC 1301). This section states that except as otherwise provided by law, sums appropriated shall be applied solely to the objects for which they are respectively made. The objective of this statute is to assure that the agencies carry out the programs in accordance with the purposes and intent of the Congress.

(8) Liquidation of Obligated Balances of Expired Appropriations. Public Law 84-798, as amended (31 USC 1551-1557); provides for the system of payment of obligated balances of expired appropriations, and for the withdrawal and restriction of unobligated balances.

(9) Inventory Controls. The Federal Property and Administrative Services Act of 1949 (40 USC 483) requires agencies to maintain adequate inventory controls and accountability systems for property under their control.

(10) Federal Claims Collection Act of 1966. This Act, PL 89-508 (31 USC 3701-3711) authorizes an agency to settle claims for amounts owed to the Government by reason of the activities of such agency.

(11) Employment and Travel Expenses of Consultants and Experts. The Administrative Expenses Act of 1946, as amended, includes provisions relating to the employment of consultants and experts, and to the payment of the travel expenses (5 USC 3109).

(12) Revolving Fund. The Civil Functions Appropriation Act of 1954, PL 83-153, 1st Session, approved 27 July 1953, established the Civil Works Revolving Fund. The fund is available without fiscal year limitation, for expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil works functions. The fund shall be credited with reimbursements or advances for the cost of equipment, facilities, and services furnished, at rates which

shall include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave (See Chapter 19).

(13) Advance Payments.

(a) 31 USC 3324 provides that no advance of public money will be made except as provided by law.

(b) Advance payments are authorized for:

- Tuition (10 USC 2396).

- Authorized subscriptions to newspapers, magazines, or other publications.

- Flood control work, payments to cooperating public agencies for services (33 USC 701b-2). However, guidance in connection with current Treasury Department requirements should be requested from HQUSACE, CERM-F, Washington, DC 20314, prior to making such advances.

- Post office Box rental is authorized on an annual basis (25 Comp Gen 834 (1946)).

- Membership in professional societies or associations acquired in the name of the DoD component may be paid in advance. The purpose of the membership must be to acquire services for that component, not an individual.

(14) Receipt Disbursement, and Application of Funds.

(a) Authority of the Comptroller General. The Budget and Accounting Act, 1921 (42 Stat. 20; 31 USC ss 711-720) vested in the Comptroller General of the United States the authority to decide any questions involving a payment to be made by any agency and to investigate all matters relating to the receipt, disbursement, and application of public funds, and to make regular and special reports. It also made final and conclusive on the Executive Branch the decision of the Comptroller General and the balances certified by GAO in the settlement of public accounts. A disallowance by GAO may be only removed by the Comptroller General.

(b) Requests for Decision and Review by the Comptroller General. Section 8 of the Act of 31 July 1894 (Stat 208; 31 USC 3529; and ML 1949, Section 1653) provides that disbursing officers or the head of any executive department may apply for and the Comptroller General will render his decision upon any

question involving a payment to be made by them or under them, which decision, when rendered will govern GAO in passing upon the account containing said disbursement. Also, Section 8 of the Act of 31 July 1894 (28 Stat 207; 31 USC 3526; ML 1949, Section 1656); and Section 304 of the Act of 10 June 1921 (42 Stat 24; 31 USC 3526; ML 1949, Section 1646) provide that any person whose accounts may have been settled by GAO, or the head of the department, may request a review of the said account by the Comptroller General, whose decision upon such review will be final and conclusive upon the Executive Branch of the Government.

(c) Indebtedness. The Department shall collect indebtedness due the United States promptly in accordance with the Debt Collection Improvement Act of 1966, section 31001 of P.L. 104-134, the Debt Collection Act of 1982, P.L. 365, as amended, the Federal Claims Collection Standards, 4 C.F.R. Parts 101-105, 5 C.F.R. Parts 179 and 550 (Subpart K) and Department of Defense Financial Management Regulation, Volume 8, Chapter 8.

(d) Final Judgment Recovered Against the United States. The Acts of 3 March 1875 and 3 March 1933 (31 USC 3728) provide that when any final judgment recovered against the United States duly allowed by legal authority shall be presented to the Comptroller General for payment, and the plaintiff therein shall be indebted to the United States in any manner, whether as principal or surety, payment will be withheld of an amount of such judgment or claim equal to the debt thus due to the United States. If the plaintiff denies his indebtedness to the United States, or refuses to consent to the set-off, payment will be withheld of such further amount of such judgment, as will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment. If such debt is not already in suit, legal proceedings will be immediately commenced to enforce the same, and will be prosecuted to final judgment. If in such action judgment is rendered against the United States, or the amount recovered for debt and costs is less than the amount so withheld, as before provided, the balance will then be paid over to such plaintiff with interest thereon for the time it had been withheld from the plaintiff.

(15) Adjustment or Reimbursement between Appropriations. Public Law 89-473 (31 USC 1534) authorizes the charging of any appropriation available to an agency for the benefit of any other appropriation of the same agency for the procurement of materials and services, for which funds are available in both appropriations, with the provision that appropriate adjustment or reimbursement be made between the financing and benefiting appropriations during or as of the close of each fiscal year.

(16) Disposition of Receipts - General Authorities.

(a) The Act of 9 July 1918 provides that all moneys 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.

(b) Sales of Old Material, Condemned Stores, etc. 40 USC 485a provides that from the proceeds of sales of old material, condemned stores, supplies or other public property of any kind, before being deposited into the Treasury, either as general fund receipts or to the credit of the appropriations to which such proceeds are by law authorized to be made, there may be paid the expenses of such sales, so as to require only the net proceeds of such sales to be deposited into the Treasury, either as General Fund receipts or to the credit of such appropriations, as the case may be. (Where proceeds are for deposit to the credit of an appropriation available for payment of the expenses of the sale, there is no advantage or benefit to be derived by paying the expenses from the proceeds and depositing the net amount. In such cases, the gross amount of the sale should be deposited and the expenses paid in the usual manner.)

(17) Authority to Disburse. The Chief of Engineers is charged with the disbursement of funds appropriated for Civil Works and Military funds by a recurrent appropriation act provision, which, for the fiscal year concerned, constitutes a congressional directive to that end.

(18) Deputy Disbursing Officer. The Act of 31 July 1953 (67 Stat 296; 10 USC 2773) provides that in the event of the death, incapacity, or separation from office of a disbursing officer, the accounts of such disbursing officer may be continued and payments made in his name by his deputy disbursing officer for a period of time not to extend beyond the last day of the second month following the month in which such death, incapacity or separation shall occur. The deputy will be legally liable and responsible for all payments and official acts during such period until a new disbursing officer is appointed. If there is more than one deputy, the Director, USACE Finance Center will designate a deputy to disburse as principal in the name of the disbursing officer. Such accounts and payments shall be allowed, audited and settled in the manner prescribed by law; and the checks signed in the name of the former disbursing officer shall be honored by the Treasurer of the United States, in the same manner as if the former disbursing officer had continued in office.

(19) Payments in Excess of Appropriations Prohibited. The Act of 30 June 1906 (31 USC 1301) provides that no Act of Congress will be construed to make appropriations from the Treasury of the United States or to authorize the payment of money in excess of appropriations made by law, unless such Act does in specific terms so declare.

(20) Sale or Other Disposition of Funds. 31 USC 3341 provides that "A disbursing official of the United States Government may sell a Government warrant, check, draft, or obligation not the property of the official at a premium, or dispose of the proceeds of the warrant, check, draft, or obligation, only if the official deposits the premium and the proceeds in the Treasury or with a depositary for the credit of the Government." A disbursing official violating this shall be dismissed immediately.

(21) Responsibility for Rendering Money Accounts. The Act of 25 June 1948 (62 Stat 683; 18 USC 643) as amended 11 October 1966, P.L. 104-294 provides that "Whoever being an officer, employee or agent of the United States or of any department or agency thereof, having received public money which he is not authorized to retain a s salary, pay, or emolument, fails to render his accounts for the same as provided by law is guilty of embezzlement, and shall be fined under this title or in a sum equal to the amount of the money embezzled, whichever is greater, or imprisoned not more than ten years, or both; but if the amount embezzled does not exceed $1,000, he shall be fined under this title or imprisoned not more than one year, or both."

(22) Chief Financial Officers Act of 1990, P.L. 101-576. This act was intended to bring more effective general and financial management practices to the Federal Government. It provides for improvement, in each agency of the Federal Government, of systems of accounting, financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources. The act also provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and the Congress in the financing, management, and evaluation of Federal programs.

(23) Government Performance and Results Act of 1993 (GPRA). GPRA was intended to improve the confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results. The act initiated program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting

publicly on their progress. The act also improved Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. It helped Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. This Act was intended to improve internal management of the Federal Government.

(24) Government Management Reform Act of 1994, P.L. 103-356. Title IV, Financial Management. The act was designed to improve the efficiency of Executive Branch performance in implementing statutory requirements for financial management reporting to the Congress and its committees.

(25) Federal Financial Management Improvement Act, FFMIA of 1996, P.L. 104-208. The purpose of this act is to provide for consistency of accounting by an agency from one fiscal year to the next and uniform accounting standards throughout the Federal Government. It requires Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management. The act was intended to increase the accountability and credibility of federal financial management; improve performance, productivity and efficiency of Federal Government financial management; establish financial management systems to support controlling the costs of the Federal Government; and increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities. The Corps of Engineers shall implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

(26) Related Statutes. Following is a list of other statutes bearing on the Corps of Engineers accounting system for which synopses are not included:

(a) 10 U.S.C. 3036(d), The Chief's Economy Act.

(b) 31 U.S.C. 6505, Intergovernmental Cooperation Act.

(c) PL 88-767; 74 Stat 906, Federal Employees Compensation Act.

(d) PL 91-606, Disaster Relief Act of 1970.

(e) Miller Act, 24 August 1935, 49 Stat 794.

(f) Act of 3 March 1875, 18 Stat 481, Debts Due United States.

(g) Act of 3 March 1933, 47 Stat 1516, Buy American Act.

(h) Section 305 of the Budget and Accounting Act of 10 June 1921, 42 Stat 24.

(i) 31 USC 3727, Assignment of Claims.

(j) PL 85-480, approved 2 July 1918 to authorize the Chief of Engineers to publish information, pamphlets, maps, brochures and other material.

(k) Davis-Bacon Act or the Work Hours Act of 1962, PL 87-581.

(l) Flood Control Act of 28 June 1938, as amended.

(m) PL 90-616; 82 Stat 1212, Federal Employees, U.S. Claims for overpayment.

(n) Section 601 of the Economy Act, 31 USC 1535.

(o) Section 14, River and Harbor Act, 3 March 1899, 30 Stat 1152, 33 USC 480.

(p) Section 205 of 1948 Flood Control Act, as amended by PL 84-685.

(q) Section 107, 1960 River and Harbor Act.

(r) Section 2, 1937 Flood Control Act, as amended by Section 208 of 1954 Flood Control Act.

(s) Section 14, 1946, Flood Control Act.

(t) PL 88-578, Land and Water Conservation Fund Act.

(u) Water Supply Act of 1958.

(v) 55 Stat 375, 31 USC 3325, Act approved 29 December 1941.

(w) 31 USC 3526, Settlement of Accounts.

(x) RS 3646, as amended 31 USC 3331, Substitute checks.

(y) Section 1, PL 84-365, approved 11 August 1955.

(z) PL 83-566, Watershed Protection and Flood Prevention Act.

(aa) PL 84-984, Small Reclamation Project Act of 1956.

(bb) PL 89-298, Section 214, Public Works Project, Construction and Repair.

(cc) PL 78-534, Flood Control Act, Section 4.

(dd) PL 78-534, Flood Control Act, Section 7.

(ee) PL 90-542, Wild and Scenic Rivers Act.

(ff) PL 93-288, Disaster Relief Act of 1974.

(gg) PL 84-99, Flood Emergency Work, appropriation authority.

(hh) P.L. 104-106, Information Technology Management Act.

1-5. Corps Financial Management. The Corps will establish and maintain a system of financial management that ensures prudent utilization of funds, a system of cost accounting that complies with Generally Accepted Accounting Principles (GAAP), Federal Accounting Standards Advisory Board (FASAB) statements, and Department of Defense financial regulations.

a. Objectives of the Corps automated financial management system. Corps activities involve a wide range of functions and present diverse financial management requirements. Following are objectives and characteristics of the overall automated financial system.

(1) To provide for an efficient accumulation, recording and reporting of all financial transactions.

(2) To comply with the Federal Accounting Standards Advisory Board statements and Generally Accepted Accounting Principles and related requirements.

(3) To provide effective control over and accountability for all funds, property, and other assets for which the Corps is responsible and appropriate internal controls to prevent errors and fraud.

(4) To comply with the basic functions and internal controls described in DFAS-IN 37-1. The internal control review must be completed in accordance with the USACE management control plan and will be verified during HQUSACE Command Inspections.

(5) To ensure data integrity that produces reliable results that serve as the basis for the annual CFO audit preparation and support of Corps budget requests, control and execution of budgets, and for providing financial data required by OSD, OMB, GAO, the Congress, and the public.

(6) To integrate accounting and reporting that achieves the requirements of the Treasury Department.

(7) To provide for the separation of duties for financial transactions and proper assignment of authority and responsibility.

b. Characteristics of the accounting system as implemented in the Corps' automated financial management system.

(1) Accounts are maintained on an accrual basis of accounting (Ch. 4).

(2) The system is aligned with the basic principle of delegation of authority and responsibility. The responsibility for preparing source documents is assigned to the same organizational element as that which has delegated authority to obligate funds, administer activities, and enter transactions into the system.

(3) The Corps has one authorized system of Accounting. It is the system of original entry and financial record. Accounts are maintained in the Corps automated financial management system, or as otherwise authorized by this regulation. The ability to generate reports is made available to the individuals responsible for the programs within the financial system.

(4) Accounts are kept on the double-entry basis. The United States Standard General Ledger is maintained as the system of general and subsidiary ledgers within the Corps financial management system. All financial transactions are recorded in detail and/or summary, as appropriate within USACE.

(5) The accounting system is designed to prevent the over-obligation of funds, which would lead to potential violations of the Anti-Deficiency Act.

(6) Cost accounts for the power production function of

multiple purpose projects are maintained in a manner to be readily convertible to accounts required for reporting to the Power Marketing Agencies.

(7) Provides for the needs of Corps management, and is structured to meet the upward reporting requirements of OSD, OMB, Treasury Department, and the Congress. The system also supports the requirements of the Planning, Programming, Budgeting System (PPBS).

(8) Distinguishes between capital and revenue expenditures, charging the latter to current operations and the former to asset accounts. Both types of expenditures reduce the balance of available funds. Under this procedure, expenditures made for capital assets that are used in connection with the activities of the Revolving Fund or in connection with project revenue producing activities are eventually included in project operating costs in the form of depreciation.

c. Common Classifications. Common classifications are initiated at the planning stage of the management cycle with an objective of providing consistent financial data for long-range programs. They provide a capability for annual budget presentation for review and decision by the Chief of Engineers and the Assistant Secretary of the Army for Civil Works; and for the use of the operating managers. Common classifications associated with costs and related units of output permit the evaluation of performance against plans at all levels of management, and assist in the formulation and execution of budgets. Common classifications are designed to enhance the safeguarding of funds, property, and other resources for which a primary operating unit is responsible.

d. Financial Management Controls. The Corps financial management system is based upon a series of internal and external control mechanisms. Control mechanisms include automated financial system and programmatic controls that are supplemented with prudent judgement from management. Some examples of financial controls are funds control, management reviews, internal reviews, and external reviews.

e. Standard Forms. The Corps financial management system is integrated with multiple tables containing government standard forms required for generating financial information as listed below. Forms not provided in the financial management system must be published in DoD 7750. 7-L, AR 25-30 or at http://www.usace.army.mil/inet/usace-docs/forms/ep253-1.htm .

f. Document Transmittal. Document transmittals will

accompany hard copy documentation submitted for payment processing to USACE Finance Center.

g. Charts of General Ledger Accounts.

(1) The general ledger is designed so that any and all types of appropriations and funds are accounted for and separate trial balances are taken for each appropriation. The account structure represents an integrated system of budgetary and proprietary accounts. Subsidiary ledgers are maintained and reconciled to general ledger accounts. By use of data recorded in the general ledger accounts and supporting records, the requirements for regular reports prescribed by OSD, OMB, Treasury, and the Federal Energy Regulatory Commission are readily met.

(2) United States Government Standard General Ledger. The following site contains a listing of the US Government Standard General Ledger accounts and definitions:

http://www.fms.treas.gov/ussgl/index.html

(3) The General Ledger may be found in the Corps financial management system (GLCNVML).

1-6. Internal Control.

a. Policy. The Corps will maintain adequate systems of internal controls that achieve the intent of management, safeguard government assets, and prevent fraud, waste and abuse.

b. Corps systems of internal control will:

(1) Ensure proper authorization of transactions and activities and provide appropriate segregation of duties. An example is to assign different people the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets.

(2) Restrict obligations and costs to a minimum, consistent with efficiently and effectively carrying out the purposes for which the agency exists, within the limits of congressional appropriations and other authorizations and restrictions.

(3) Provide adequate safeguards from access to and use of assets to prevent waste, loss, or improper or unwarranted use.

(4) Assure that all revenues applicable to agency assets or operations are collected and properly accounted for.

(5) Assure the accuracy and reliability of financial, statistical, and other reports (both financial and non-financial).

c. Internal Control Objectives. The objectives of internal control in the Corps are achieved by:

(1) Carefully planning the organizational structure that provides for the proper assignment of responsibility among organizational units and between individuals so as to establish the necessary delegation of authority and definition of duties.

(2) Segregating responsibility for duties and functions between the authorization of the transaction, performance, recordkeeping, custody of resources, and review. This provides internal checks on performance and minimizes opportunities for carrying out unauthorized or fraudulent or other irregular acts.

(3) Advance planning designed to determine and justify requirements for financial, property, and personnel resources and to carry out operations efficiently and economically.

(4) Establishing procedures that provide for the safeguarding of funds, property and other resources and prevent misuse, unwarranted waste or deterioration, destruction, or misappropriation.

(5) Proper execution of procedures prescribed by management after careful consideration of the objective to be accomplished.

(6) Assigning responsibility and ensuring that each employee is held accountable for their actions. Additionally, fostering a proper awareness on the part of each employee of the importance of faithful, honest, and efficient performance of individually assigned responsibilities.

(7) Making provision for monitoring the effectiveness of prescribed procedures by those responsible for protecting the Government's interests, and review and examination by independent internal review reporting through the Department of the Army.

d. Segregation of Duties. Responsibility for assigned duties and functions will be segregated between the authorization of the transaction, performance, recordkeeping, custody of resources, and review to provide a system of checks and balances on performance and minimize unauthorized or improper acts. Particular emphasis will be accorded the following:

(1) Employees collecting revenues will not maintain or be in a position to adjust the related accounting records.

(2) Employees responsible for the maintenance of accounting records do not have authority to make entries to write off accounts receivable, property, or other assets unless so directed in writing by those holding such authority.

(3) Employees responsible for purchasing property will not keep related financial records or have sole authority to approve the transfers, sale, or other disposition of property.

(4) Employees responsible for custody or accountability of property will not be relied upon exclusively to take physical inventories.

(5) Employees responsible for purchases will not receive invoices directly from vendors, or the accounting copy of receiving reports directly from consignees. The only exception to this policy is the credit card holders.

1-7. Revisions. The Finance and Accounting Policy Division, Directorate of Resource Management, is responsible for maintaining this regulation. Revisions may become necessary because of changed, unusual, or special conditions. Proposed changes will be submitted for consideration to HQUSACE, ATTN: CERM-F, 441 G. Street N.W., Washington, DC 20314-1000.

Chapter 2

REVOLVING FUND CONCEPTS

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Chapter 3

FUND ACCOUNTING AND CONTROL PROCEDURES

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Chapter 5

ACCOUNTS RECEIVABLE AND COLLECTION PROCEDURES

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Chapter 6

LABOR COSTS AND LABOR COST CORRECTIONS

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Labor Costs and Labor Cost Corrections Procedures	6-3	6-3

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 team member understands the importance of correctly recording time and labor costs in the Corps of Engineers Financial Management System. This chapter applies to all Corps of Engineers team members.

6-2. Policy.

a. The Corps of Engineers is a project oriented organization and as such, time and labor must be appropriately recorded to the benefiting project.

b. Pursuant to the provisions of 31 USC 1301, labor hours actually worked on a specific project or reimbursable order must be costed and posted to that project or reimbursable order. Accordingly, legitimate labor costing errors must be promptly corrected using prescribed labor cost transfer procedures. Under no circumstances will labor hours actually worked on a specific project or reimbursable order be charged, transferred, or posted to another project or reimbursable order, a departmental overhead account, a general and administrative overhead account, or a shop and facility account to:

(1) Compensate for funding shortfalls.

(2) Clear or avoid labor rejects.

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

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

(5) Mask potential anti-deficiency act violations.

(6) Mask cost overruns.

(7) Facilitate performance of work in advance of receipt of funds.

(8) Avoid reprogramming actions.

c. It is the policy of the Chief of Engineers to identify the recording of labor costs and other application of fiscal performance measures. These requirements should be a part of

performance standards for all work leaders, labor certifying supervisors, project managers, and division and staff/office chiefs.

d. Methods of Determining Labor Cost Rates. Employees of division and district will be paid initially from the Revolving Fund. The labor and payroll account will be charged with the gross earnings of these employees and credited with labor costs distributed. Labor costs applicable to civilian employees will be determined by one of the following methods:

(1) Actual Pay Method. Under this method, the labor cost rates are equivalent to the actual pay rates, and the labor costs distributed for each pay period equal the amount of the gross earnings. This method is applicable to the services of (a) employees not entitled to annual or sick leave, (b) other employees entitled to leave with pay but who are transferred to district rolls for pay purposes only or for temporary purposes such as care and custody of excess military installations pending disposal, and (c) consultants.

(2) Effective Time Method. Under this method, the labor cost rates for the regular tour of duty consist of actual pay rates increased to include a factor for all leave with pay. Labor costs for night differential, overtime and holiday pay are computed at the actual pay rates. This method is applicable to the services of employees entitled to leave with pay <u>except</u> as provided in subparagraph (1) above. The effective time method provides the means to:

(a) Charge projects/work items 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 allowed, severance pay entitlement, and continuation pay for traumatic job-related injuries.

(b) Accumulate a balance in the labor and payroll account to approximate the monetary value of annual and shore leave due employees under the effective time method.

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

(3) 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, executive, advisory and administrative functions. Equitable costing as well as economy are prerequisites for use of the average effective labor rate

method.

e. Supervisors will maintain appropriate documentation that provides support for their subordinate's time, attendance and labor submission.

f. Project managers will direct all team members to **stop work** on a project upon exhaustion of funds and notify the customer that work is stopped until the funding issue is resolved.

g. Finance and Accounting Officers are responsible for ensuring that all financial transactions are valid and properly processed into the accounting system. Their responsibilities include coordinating with project managers to ensure that all dispute account transactions are promptly researched, corrected, and resubmitted, identifying characters, which indicate that the transaction is a labor cost transfer. F&A Officers are responsible for reviewing requests for labor cost transfers to ensure that justifications are reasonable and properly approved. The F&A Officer is responsible for immediately notifying the appropriate project manager of any funding problem.

h. RMO's 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. Accounting procedures for proper labor costing can be found at: http://www.usace.army.mil/inet/functions/rm/finance/finance.htm

Chapter 7

PROJECT COSTS (SUBSIDIARY LEDGER) ACCOUNTS

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Chapter 8

PAY AND ALLOWANCES OF MILITARY PERSONNEL

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Chapter 8

PAY AND ALLOWANCES OF MILITARY PERSONNEL

8-1. General. This chapter prescribes the accounting policy and procedures required for pay and allowances of military personnel assigned to the Corps of Engineers. This includes civil and military funded military personnel. The pay and allowances of military personnel of the Corps of Engineers will be processed in the manner prescribed by DoD Financial Management Regulation Vol. 7A, except as provided herein.

8-2. Policy.

a. Electronic Funds Transfer (EFT.) P.L. 104-134 requires all federal payments to be made via electronic funds transfer. Therefore, payments to military personnel will be processed via electronic funds transfer (EFT).

b. Military funded personnel are paid directly from the Military Personnel Army Appropriation.

c. Civil funded military personnel of the Corps of Engineers employed primarily on duty connected with non-military public works prosecuted under the direction of the Chief of Engineers, will, while so employed, be reimbursed their pay and allowances from the appropriation for the work or works upon which they are employed (33 U.S.C. 583a).

(1) If, during the period of an assignment to a civil works project, the soldier is detailed for duty on a military project, which is estimated to consume less than a significant portion of his time, the soldier will be considered as employed primarily on the civil works project. His full pay and allowances (including subsistence) for such time will be paid from civil funds. Significant is considered 25% or more. In situations where the work is greater than 25%, the costs will be distributed to the military supported project.

(2) Military personnel transferring from one duty station to another are paid by the losing activity up through the end of the month of the effective transfer date, as stated on their orders. Likewise, when a soldier transfers to a Civil function, payments will not be made from civil funds until after the end of the month of the effective transfer date on their orders.

(3) The pay and allowance cost of military reserve

personnel assigned to the Army Corps of Engineers for a Civil Works activity will be paid directly by the applicable military reserve appropriation and reimbursed by the Civil Works appropriation. (The funding action creates an appropriation refund for the Reserve Personnel Army appropriation). The authority to use a civil works appropriation to fund a military Reserve Officer is in accordance with 33 U.S.C. Section 583a. The Corps of Engineers is not authorized to fund military Reserve Officers for military activities from USACE military appropriations.

8-3. Pay and Allowances of Military Personnel Procedures. Accounting procedures for pay and allowances of military personnel assigned to the Corps of Engineers can be found at: http://www.usace.army.mil/inet/functions/rm/finance/finance.htm

CHAPTER 9

CIVILIAN PAYROLL AND LEAVE ACCOUNTING

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CHAPTER 9

CIVILIAN PAYROLL AND LEAVE ACCOUNTING

9-1. General.

a. Purpose. This chapter prescribes policy for payroll and leave accounting for Corps of Engineers civilian employees.

b. Responsibilities. The Director, Defense Finance and Accounting Service (DFAS) is responsible for the payroll system, and overall planning and general direction of the pay, leave, and allowance functions for payroll administration. The Corps of Engineers civilian employees are paid by DFAS through the Defense Civilian Pay System (DCPS). The Corps utilizes a network of timekeepers and customer service representatives (CSR) for processing bi-weekly pay. Timekeepers are responsible for data entry and accuracy of time and attendance. Supervisors are responsible for certification of the accuracy of the time and attendance. The CSR serves as the liaison with DFAS, ensuring the receipt and processing of all transactions, and corrections of DCPS error reports.

9-2. Policy. The basic policies governing the processing and accounting for payments to civilian personnel contained in Department of Defense Financial Management Regulation, DODFMR, DOD 7000.14-R, Volume 8 will be followed. For actions required to be submitted to higher authority, normal Corps of Engineers command channels of communication will apply.

a. Electronic Funds Transfer. Public Law 104-134, the Debt Collection Improvement Act of 1996, requires all Federal payments to be made by electronic funds transfer (EFT). Any request for waiver of this requirement must be formally submitted to DFAS. Department of the Treasury Financial Management Service issued final rule 31 CFR, Part 208, which implements the EFT requirements of the Act.

b. Regardless of the timing of recording T&A data, management must have in place a system of control techniques that gives reasonable assurance that the recorded information reflects time worked, leave taken, or other absences. Supervisors will certify the accuracy of time and attendance at the end of the pay period.

c. Alternate Work Schedules. Title 5, United States Code, Chapter 61, subchapter II permits a variety of flexible and Alternate Work Schedule, ENG Form 4704 (Auto), Alternate Work Schedule Time Record, is authorized to record time and attendance

for those employees working on an alternate work schedule. The form may be revised and reproduced locally using a local form number to meet district needs.

(1) ENG Form 4704 (Auto) must be signed by the employee, timekeeper and supervisor. The employee signs to affirm that the data is true, correct, and accurate. The timekeeper signs to verify that recorded information is true, correct and accurate to the best of their knowledge. The supervisor or other equivalent official, or higher-level manager signs to confirm to the best of their knowledge that the recorded information is true, correct and accurate, and in accordance with applicable laws and regulations and is approved for payment.

(2) Signatures on Eng Form 4704 (Auto) are in addition to the signatures required on the Time and Attendance Report.

d. Withholding from the Pay of Civilian Employees.

(1) The Act of 3 Aug 1950 (64 Stat 393) provides authority to withhold from the pay of employees without their consent to satisfy indebtedness arising from any erroneous payment made during previous employment by an agency of the Executive Branch of the Government where GAO has raised a charge for such erroneous payment against a disbursing or certifying officer.

(2) The Act of 15 July 1954 (68 Stat 482, 5 USC 5514) provides authority for making deductions from the pay of civilian employees without their consent to satisfy indebtedness resulting from any erroneous payment made by an establishment of the Department of Defense to or on behalf of such employees. Collection for salary overpayments will be made in accordance with DODFMR Volume 8, Chapter 4.

(3) Waivers of Erroneous Payments of Pay and Allowances. Authority is provided by 5 U.S.C. 5584 and 4 C.F.R. Parts 91 and 92 for the waiver of claims of the United States against a Corps civilian employee arising out of an erroneous payment of pay or allowances.

(4) Judgment Offsets. When a court of the United States, in an action or suit brought against Corps employees by the United States, determines that the employee is indebted to the United States and enters a judgement against the employee, section 124 of P.L. 97-276 allows collection of the debt by deduction from employee's current pay account.

(5) Garnishments. 42 U.S.C. 659 provides consent by the United States to garnishment and similar proceedings for enforcement of child support and alimony obligations against

Corps civilian employees. P.L. 103-94 authorizes the garnishment of Corps civilian employee's pay for commercial debts.

(6) Travel Charge Card Delinquent Debts. All travel charge card accounts that are in the 90 plus days delinquent category are subject to salary offset unless the person is specifically exempted. Exemptions may apply to members of collective bargaining units, those within 30 days of retirement, and potentially other unique circumstances.

(7) The Debt Collection Improvement Act of 1996 provides that:

(a) Civilian payroll debts that are $50 or less may be immediately deducted from an employee's next biweekly paycheck in full. A simultaneous notice will be sent to the employee to advise the employee of this offset.

(b) The payroll office may begin a 15% offset of the employee's future biweekly paychecks when a debt greater than $50 is discovered and corrected within 4 pay periods of the original transaction. A simultaneous notice will be sent to the employee to advise the employee of this 15% offset.

(c) All other civilian payroll debts require a full due-process notification letter sent to the employee prior to any collection actions being initiated by DFAS.

(8) Transfers of Annual and Shore Leave, Credit Hours and Compensatory Time.

(a) Annual Leave Transfers. When an employee transfers between two USACE Commands the value of accrued annual and shore leave due the employee will be transferred. The value will be computed by multiplying the hours of annual and shore leave transferred by the hourly salary rate in effect for the employee at the time of transfer. The Finance and Accounting (F&A) Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service Representative.

(b) Credit Hour Transfers. When an employee transfers between two USACE Commands that are in the same Defense Civilian Pay System (DCPS) the value of credit hours due the employee will be transferred. The value will be computed by multiplying the credit hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service Representative. DCPS will automatically pay Credit hours if the Agency, Major Claimant/Command changes, the employee does not remain on a FWS,

or is moved to a different database.

(c) Compensatory Time Transfers. When an employee transfers between two USACE Commands that are in the same Defense Civilian Pay System (DCPS) the value of compensatory time due the employee will be transferred. The value will be computed by multiplying the compensatory hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service representative. DCPS will automatically pay Compensatory time to the employee if the Agency changes i.e. the employee leaves Army or retires. If the agency does not change, the F&AO is responsible for paying the value of the Compensatory time to the gaining organization.

9. PCS House Hunting Trips. The regular duty time of an employee while on an advance house hunting trip will be reported as duty time to the extent authorized by PCS orders. Since the maximum period that may be authorized for a house-hunting trip, including travel time, is ten consecutive calendar days, charge to duty time will never exceed eight days. Regular duty time in excess of that authorized will be charged to annual leave or leave without pay as appropriate.

9-3. Civilian Payroll and Leave Accounting Procedures. Accounting procedures for payroll and leave of civilian personnel can be found at:
http://www.usace.army.mil/inet/functions/rm/finance/finance.htm

Chapter 10

WASHINGTON AQUEDUCT

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CHAPTER 10

WASHINGTON AQUEDUCT

10-1. General. This chapter prescribes accounting policy for Baltimore District, Washington Aqueduct Division and their wholesale customers. The construction, maintenance and operation of facilities associated with the collection, purification, and transmission to the wholesale customers of the water supply are civil functions of the Corps of Engineers. The Washington Aqueduct provides potable water to wholesale customers, the District of Columbia, Arlington County and the City of Falls Church. Water distribution and sales in these areas are the responsibility of the wholesale customers. Washington Aqueduct funds are primarily derived from water sales, which are made in accordance with water sales agreements between each wholesale customer and the Secretary of the Army. The Washington Aqueduct works with a wholesale customer board as defined in a Memorandum of Understanding (MOU) between the customers and the Chief of Engineers.

10-2. Policy. The Washington Aqueduct is responsible for rate setting and revenue collection to cover all costs of operation, maintenance, debt service and capital improvement. Washington Aqueduct will set customer rates to ensure all costs incurred are recovered. All work authorized and funded by the capital outlay appropriation will ultimately be a part of the Washington Aqueduct and authorized appurtenances and as such will normally represent a capital item. Capital Outlays will include permanent project features, including land improvements and relocations, as well as Engineering, Design and Supervision and Administrative Costs. This account will include all costs incurred for Work in Progress financed by Capital Outlay, Water Fund. Operation and Maintenance account will include all costs incurred for additions, improvements and replacements, financed with operating expense funds. Washington Aqueduct operating and capital improvement budgets are submitted to the Wholesale Customer Board annually.

10-3. Procedures. Accounting procedures specific to Washington Aqueduct Division may be found at:
http://www.usace.army.mil/inet/functions/rm/finance/finance.htm