



Contractor Instructions for the September 2005 FY05 Year End Close Accrual Estimate Activity

Introduction

This document will outline each step necessary for completing the accrual estimate activity for the September 2005, financial closing. This year, the cut-off date for processing invoices in FY05 is **September 26** rather than September 30. BPA must receive your invoice no later than September 26 in order for it to be **excluded** from your accrual estimate. Any costs you will incur through September 30, for which BPA will not receive an invoice by September 26, must be included in your accrual estimate. For example, if you invoice BPA on September 22 for costs incurred September 1 – 15, you should also submit an accrual estimate for costs incurred September 15 – 30 (for which you won't bill BPA until after September 26).

These instructions are intended to supplement the letter requesting FY05 accrual estimates for BPA Fish and Wildlife contracts by September 16, 2005. If you have further questions, please contact:

Steve Cramer, Accountant503-230-3437
Patty Baltazar, Program Analyst.....503-230-4760
Your BPA Project Manager or Contracting Officer's Technical Representative (COTR)

Expectations

- Submit an accrual estimate for each contract, no matter the expected dollar amount. Estimates should be provided for both capital and expense contracts.
- Make the most accurate estimate you can, using the step-by-step instructions and examples provided as your guide. Work with your field staff, accounting office, subcontractors, and BPA COTR to make sure that all relevant information is included in the estimate.
- Your **signed** form with estimates for each of your contracts should be received by BPA by **September 16, 2005**.
- You have **two** options for submitting your signed form:

<p>MAIL:</p> <p>Bonneville Power Administration ATTN: KEWB-4/Accrual Estimates PO Box 3621 Portland, OR 97208-3621</p>	<p>FAX:</p> <p>(503) 230-3049 ATTN: KEWB-4/Accrual Estimates</p>
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Steps for Completing the FY05 Year End Close Accrual Estimate Activity

Step	Description	Instructions
<p>1. Review List of Contracts</p>	<p>You must provide an accrual estimate for each of the contracts you have with BPA. First, validate the list of contracts that belong to you.</p>	<ul style="list-style-type: none"> • With the email notice you received, you should find a form listing your contracts. • Verify that the contract numbers are correct. Make corrections to the form if necessary. • If any of your contracts are not listed, please add them to the form. • Discuss any updates or corrections of information with your COTR.
<p>2. Validate Billings To Date</p>	<p>Make sure you know which invoices have already been received by BPA. The accrual estimate should not include charges for work that has already been billed to BPA.</p>	<ul style="list-style-type: none"> • Contact your bookkeeper or accounting office to obtain a list of invoices that have already been paid by BPA, so that these don't get included in your estimate. • If you are unsure if an invoice has been paid by BPA, you may check the "Running Balance Report" for your contract, posted at http://www.efw.bpa.gov/reports/vendor_contract_list.aspx • Scroll down to find your organization's name (listed alphabetically). Next, select the appropriate contract number to see payments to date for your contract.
<p>3. Determine Billings in Progress</p>	<p>Your accounting department may have invoices in progress that will be sent to BPA in the next few weeks. If an invoice will be received by BPA before September 26, the charges for that invoice should not be included in your accrual estimate.</p>	<ul style="list-style-type: none"> • Work with your accounting department to identify any invoices that are planned but not yet sent to BPA. • Determine when pending invoices are likely to be received by BPA. Factor in your accounting department's processing time as well as the number of days it will take for the invoices to reach BPA by mail. • If an invoice is likely to be received by BPA by September 26, 2005, do <u>not</u> include it in your accrual estimate. • If an invoice is not likely to reach BPA before September 26, then the invoice amount through September 30 <u>should</u> be



		<p>included in your accrual estimate.</p> <ul style="list-style-type: none"> • Let your COTR know how invoices in-progress will be counted in your accrual estimate.
<p>4. Determine Work Already Performed That Will Not Be Billed In The Current Period (for which billings are not already in progress)</p>	<p>For each contract, determine the value of work that has been performed or goods that have been received but will not be billed to and received by BPA by September 26, 2005.</p>	<ul style="list-style-type: none"> • Determine the invoice amount of work that has been performed though September 30 but will not be invoiced to (received by) BPA by September 26, 2005. • Include any subcontractor costs that will not be billed to BPA by September 26, 2005. If your subcontractor has billed you for work already performed, but you have not billed BPA, you should include the subcontractor charges in your accrual estimate (or invoice BPA for these costs before September 26). • Consult with your subcontractors to determine the value of any work that has been performed for which they have not billed you. As in the bullet above, what's important is when these charges will be received by BPA. Any charges not received by BPA before September 26, 2005 must be included in your accrual estimate. • Conduct any required consultations with other project managers, subcontractors, or accounting counterparts to validate your perspective on work completed but not billed.
<p>5. Determine Work That Has Yet To Be Performed (Before September 30 only) And Will Not Be Billed Before September 26</p>	<p>Any work performed between the time you submit your invoice and September 30, 2005 should be counted in the accrual estimate.</p>	<ul style="list-style-type: none"> • Estimate the value of work that will be performed before September 30, 2005 for which BPA will not receive an invoice until after September 26. • Consult with your subcontractors to determine the value of work they plan to perform by September 30, 2005 that they will not bill to you in time for you to bill BPA by September 26, 2005.
<p>6. Compile Your Accrual</p>	<p>Based on steps 2 – 5, calculate an accrual estimate for each contract.</p>	<ul style="list-style-type: none"> • Your accrual estimate equals the sum of all work performed, by the contractor or subcontractor, by September 30, 2005, for

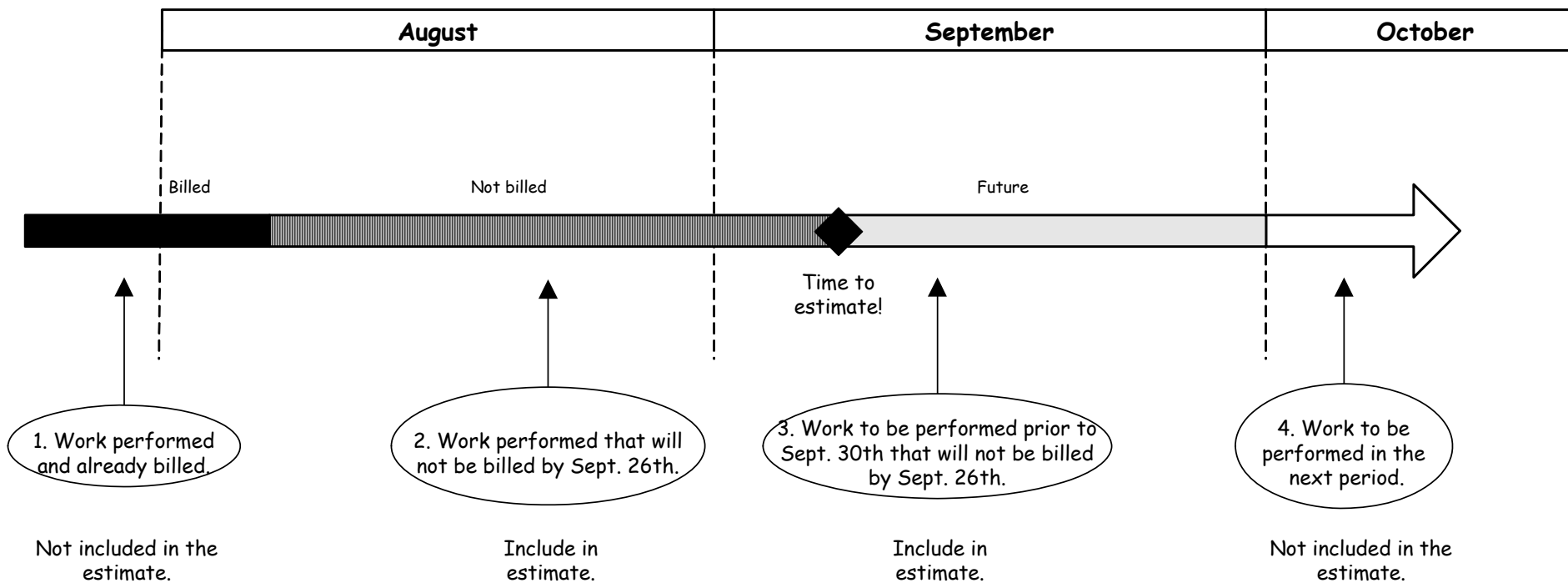


Estimate		<p>which BPA will not receive an invoice by September 26, 2005.</p> <ul style="list-style-type: none"> • See illustrations below for more guidance.
<p>7. Determine How Many Invoices Make Up Your Accrual Estimate</p>	<p>If your accrual estimate is made up of multiple invoices, BPA requests that you list each invoice separately with estimated charges and performance period for the work performed. This step will help us match your accrual estimate with your invoices when they arrive, and is necessary to satisfy the requirements of our auditors.</p>	<ul style="list-style-type: none"> • Work with your accounting department to determine how work will be invoiced. Will one invoice be sent for all work that has not yet been billed to BPA? Or will more than one invoice be sent? • For example, let's say a contractor had \$2,000 worth of work performed in August, and \$4000 worth of work performed in September. The contractor will send one invoice, combining the August and September charges, to BPA on October 15. Therefore, the accrual estimate is the total, \$6,000, with a performance period of August– September 2005. • As a second example, let's take the same contractor above. This time let's say that instead of one invoice, the contractor will send three invoices: one for the August work (\$2,000) and two for the September work (\$4,000). The total accrual estimate is still \$6,000, but must be broken out to show the three invoices: <ul style="list-style-type: none"> → \$2,000 for August 1 – August 31, 2005 → \$3,000 for September 1 – September 15, 2005 → \$1,000 for September 1 – September 30, 2005 • See Example 1 (Page 8) for more guidance.
<p>8. Compare to Contract Balance</p>	<p>Validate that your accrual estimate plus the billings to date do not exceed your remaining contract balance. You may view your contract balance at http://www.efw.bpa.gov/reports/vendor_contract_list.aspx</p>	<ul style="list-style-type: none"> • Add the billings to date determined in step 2 to your accrual estimate and compare to your remaining contract budget balance for the current performance period. • Validate the outcome with your COTR if you are uncertain. • BPA will not reimburse you for costs that exceed your contract balance.



<p>9. Complete and Sign the Accrual Estimate Form</p>	<p>Accrual estimates must be provided in writing, using the form provided, with the signature of the person completing the form.</p>	<ul style="list-style-type: none"> • The form requesting your accrual estimate should list each of the contracts you have with BPA. • Use this form to document an accrual estimate for each contract, even if the estimate is \$0. • If an accrual estimate for a contract is based on more than one invoice, please list each invoice amount separately. • For example, if you plan to submit two invoices for the same contract after September 26, 2005; one for August 2005 charges and one for September 2005 charges, your accrual estimate for that contract should show the charges for August invoice and the charges for the September invoice as separate items.
<p>10. Mail or Fax Your Accrual Estimate Form to BPA</p>	<p>Your completed and signed accrual estimate form must be received by BPA by September 16, 2005.</p>	<ul style="list-style-type: none"> • Before mailing, verify that you have provided an estimate for each contract you have with BPA, and that you have amended any incorrect information on the form. • Mail your completed, signed form to: Bonneville Power Administration ATTN: KEWB-4/Accrual Estimates PO Box 3621 Portland, OR 97208-3621 • Or fax your form to BPA at: (503) 230-3049, ATTN: KEWB-4/Accrual Estimates. • Either faxing or mailing are acceptable means of submitting your accrual estimate form to BPA, as long as it has been completed and signed, and will arrive on or before September 16, 2005.

Illustration A: What should be included in the FY05 fiscal year accrual estimate?





Example 1

Contract 105647 is listed correctly on the form provided. (Step 1)

Contract 1 has:

- \$109,000 in billings-to-date for FY05 (Step 2)
- One \$8,000 invoice that will be sent to BPA on September 15 for work performed by the contractor August 1 – August 31 (Step 3)
- \$6,000 worth of work performed by the contractor September 1 – September 15, for which BPA will be billed on October 15 (Step 4)
- \$13,000 worth of work performed by a subcontractor August 1 – August 31, for which the prime contractor will bill BPA on October 15 (Step 4)
- \$3,000 worth of work that will be performed by the contractor September 15 - September 30 that won't be billed until October 15 (Step 5)
- \$2,000 worth of work that will be performed by a subcontractor September 1 - September 30 that won't be billed until November 15 (Step 5)
- A remaining contract balance of \$78,500

The total accrual estimate for this contract (Step 6) is:

	\$6,000
+	\$13,000
+	\$3,000
+	<u>\$2,000</u>
=	\$24,000

Note: The \$8,000 invoice was not counted as part of the accrual estimate because it will reach BPA by September 26. BPA only needs an accrual estimate for those items that won't be billed to and received by September 26, 2005.

- The billings-to date plus the accrual estimate (\$109K + \$8K + \$24K) is \$141K, well within the remaining contract balance (Step 8).

How should the September accrual estimate for this contract be documented?

If the accrual estimate is made up of multiple invoices, each invoice must be listed separately (Step 7). Although two invoices have the same performance period, in the example above these invoices will arrive at BPA separately – one in October and one in August – so they are listed as separate invoices. So the estimate for this contract is documented on the form as follows:

Contract Number	Contract Release	Contract Title	Accrual Performance Period and Estimated Accrual Amount (for each invoice, if multiple invoices)
105647	N/A	Restoration of Fictitious Creek	Total accrual estimate = \$24,000 <ul style="list-style-type: none"> • Invoice for work performed August 1 – August 30 = \$13,000 • 1st invoice for work performed September 1 – September 30 = \$9,000 • 2nd invoice for work performed September 1 – September 30 = \$2,000

NOTE: If an invoice contains both FY05 and FY06 charges, make sure to identify that portion that relates to the FY05 portion and label it "Cost of work prior to October 1, 2005." For example, an invoice that combines charges for work performed during September 2005 and October 2005 must have this information separated in order for us to match the portion incurred prior to October 1 to the accrual estimates that were provided.



Example 2

Contract 105648 is *not* listed on the form provided (Step 1). The contractor has written it in and notified the COTR.

Contract 2 has:

- \$340,000 in billings-to-date for FY05 (Step 2)
- no invoices in progress (Step 3)
- \$47,000 worth of work performed by the contractor September 1 – September 15, for which BPA will be billed in October (Step 4)
- no subcontractors (Steps 4 and 5)
- \$21,000 worth of work that will be performed by the contractor September 15 - September 30, for which BPA will be billed in October (Step 5)
- A remaining contract balance of \$60K

Therefore, the total accrual estimate for this contract (Step 6) is:

	\$47,000
+	\$21,000
=	\$68,000

- An accrual of \$68,000 would result in the contractor exceeding the contract balance by \$8,000 (Step 8). The contractor confers with the COTR (Step 7), who explains the contractor's options, which are:
 - a) pay for the extra \$8,000 out of his agency's own funds, or
 - b) request a within-year budget increase from the Budget Operations Group (forms and instructions available at <http://www.cbfwa.org/mods/intro.cfm>).
- The contractor chooses to apply for emergency within-year funding, because the extra \$8000 is needed for the failure and replacement of project-critical equipment.

How should the accrual estimate for this contract be documented?

The contractor must write in the contract number, release and title, since it was not included on the form. All work performed September 1 – September 30 will be grouped on one invoice, so only the total accrual estimate is listed, with the performance period for the work covered by the invoice. The accrual estimate has been reduced to \$60,000; the contractor may not bill for the remaining \$8000 until the Budget Operations Group (BOG) has approved the request.

Contract Number	Contract Release	Contract Title	Accrual Performance Period and Estimated Accrual Amount (for each invoice, if multiple invoices)
<i>105648</i>	<i>0003</i>	<i>Sample River Hatchery</i>	Accrual estimate for work performed September 1 – September 30 = \$60,000

End of instructions.

For further assistance, contact your COTR or the contact persons listed on page 1 of this document.