



Contractor Instructions for Fiscal Year-End Accrual Estimate Activity

Introduction

This document will outline each step necessary for completing the fiscal year-end accrual estimate activity. These instructions are intended to supplement the letter requesting fiscal year-end accrual estimates for BPA Fish and Wildlife contracts. If you have further questions, please contact the following:

Tracy Hursh, Accountant.....503-230-4532
Patty Baltazar, Program Analyst.....503-230-4760

Your BPA Project Manager or COTR

Expectations

- Submit a year-end accrual estimate for each contract, no matter the expected dollar amount. Estimates should be provided for both capital and expense contracts, regardless of whether they have contractually enforceable spending caps, or Council-defined spending limits.
- Make the most accurate estimate you can, using the step-by-step instructions and examples provided as your guide. Understand that significantly over or under estimating can hurt either your project or the overall program budget. **If you do not submit an year-end accrual estimate for this fiscal year, any accruals that come in for your contract will be paid out of your next fiscal year funds, effectively reducing your budget for that year.**
- 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** original form with estimates for each of your contracts should be received by BPA by **September 10 or as indicated in the instruction letter**. If your signed original will not arrive by mail on time, please fax a copy to (503) 230-3049 by September 10, and follow up by mailing the original to BPA. BPA **must** receive a signed original form from each contractor to satisfy the requirements of our auditors.



Steps for Completing the FY03 Year-End Accrual Estimate Activity

Definitions

A **fiscal year year-end accrual** is any expense for work (goods or services) incurred before September 30 for which BPA will not receive an invoice by September 30.

A **contractually enforceable spending cap** is a specific dollar amount, set by the terms of the contract, which limits what the contractor may spend for that contract in a fiscal year. BPA is not obligated to reimburse the contractor for costs in excess of the contract cap, unless the contractor has received written permission from the BPA Contracting Officer to exceed the cap. Contractually enforceable spending caps were added to those expense contracts that were initiated or renewed after April 31, 2003, based on Northwest Power and Conservation Council spending recommendations. Check your contract terms, or ask your COTR if you are unsure whether or not your contract has a contractually enforceable spending cap.

A **Council-defined spending limit** is a specific dollar amount, set for each contract by the Northwest Power and Conservation Council, of thatrecommended for how much a contract should spend within the fiscal year. While a Council-defined spending limit is not contractually enforceable if not included in the terms of the contract, BPA and the Council expect that each contractor will make a good faith to stay within their Council-recommended fiscal year limit.



Step	Description	Instructions
<p>1. Review List of Contracts</p>	<p>You must provide a fiscal year-end 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"> • On the back of the letter you received, you should find a form listing your contracts. • Verify that the contract numbers are correct, and make corrections to the form if necessary. • If any of your contracts are not listed, please add these to the form. • Because this is the same form you will use to communicate the year-end accrual estimate, this is how you will let BPA know that a contract was missing. • In addition, discuss any updates or corrections of information with your COTR.
<p>2. Validate Billing To-Date</p>	<p>Make sure you know which invoices have already been received by BPA. The year-end 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, contact your COTR, who can validate your billings-to-date with BPA's records.
<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 30, the charges for that invoice should not be included in your year-end 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 30, 2003, do <u>not</u> include it in your year-end accrual estimate. • If an invoice is not likely to reach BPA before September 30, then the invoice amount <u>should</u> be included in your fiscal year-end accrual estimate. • Make sure you and your COTR both understand how invoices in-progress will be counted in your fiscal year-end accrual estimate.
<p>4. Determine Work Already Performed That Will Not Be Billed In The Current Fiscal Year (for which billings are not already in progress)</p>	<p>For each contract, determine the value of work that has been performed but will not be billed to BPA by September 30, 2003. Questions about invoices in progress should have been addressed in step 3.</p>	<ul style="list-style-type: none"> • Determine the invoice amount of work that has been performed but will not be invoiced to BPA by September 30, 2003. • Include any subcontractor costs that will not be billed to BPA by September 30, 2003. If your subcontractor has billed you for work already performed, but you have not billed BPA, you should include the subcontractor charges in your year-end accrual estimate. • Consult with your subcontractors to determine the value of any work performed before September 30 for which they have not billed you. As in the bullet above, what's important is when these charges will be billed to BPA. Any charges not billed to BPA before September 30, 2003 must be included in your year-end 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 And Will Not Be Billed In the Current Fiscal Year</p>	<p>Any work performed between the time you submit your estimate and the end of the fiscal year (September 30, 2003) should be counted in the year-end accrual estimate.</p>	<ul style="list-style-type: none"> • Estimate the value of work that will be performed before September 30, 2003. • Consult with your subcontractors to determine the value of work they plan to perform by September 30, 2003 that they will not bill to you in time for you to bill BPA by September 30, 2003.
<p>6. Compile Your Fiscal Year-End Accrual Estimate</p>	<p>Based on steps 2 – 5, calculate an accrual estimate for each contract.</p>	<ul style="list-style-type: none"> • Your year-end accrual estimate equals the sum of all work performed, by the contractor or subcontractor, by September 30, 2003, for which BPA will not receive an invoice by September 30, 2003. • See illustrations below for more guidance.
<p>7. Determine How Many Invoices Make Up Your Year-End Accrual Estimate</p>	<p>If your year-end 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 is necessary to satisfy the requirements of our auditors.</p>	<ul style="list-style-type: none"> • Work with your accounting department to determine how fiscal year-end work will be invoiced. Will one invoice be sent for all fiscal-year end 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 2003. • 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 two invoices: one for the August work (\$2,000) and one for the September work (\$4,000). The total accrual estimate is still \$6,000, but must be broken out to show the two invoices: <ul style="list-style-type: none"> → \$2,000 for August 1 – August 31, 2003 → \$4,000 for September 1 – September 30, 2003 • See Example 1 (Page 8) for more guidance.
<p>8. Verify Your Fiscal Year-End Accrual Estimate With Your COTR</p>	<p>For each contract, review your fiscal year-end accrual estimate with your COTR.</p>	<ul style="list-style-type: none"> • Be sure to discuss any assumptions and decisions you made to derive the estimate.
<p>9. Compare to Spending Cap (Council-Defined Spending Limit)</p>	<p>Validate that your fiscal year-end accrual estimate plus the billings to date do not exceed your spending cap (Council-defined spending limit).</p>	<ul style="list-style-type: none"> • Add the billings to-date determined in step 2 to your fiscal year-end accrual estimate and compare to your spending cap (Council-defined spending limit). • Validate the outcome with your COTR. • If you have a spending cap (Council-defined spending limit) in your contract, BPA will not reimburse you for costs that exceed your cap, unless the BPA Contracting Officer has approved an exception in advance.



<p>10. Complete and Sign the Accrual Estimate Form</p>	<p>Year-end 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 back of the letter requesting your year-end accrual estimate should list each of the contracts you have with BPA. • Use this form to document an accrual estimate for each contract. • 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 30, 2003; one for August 2003 charges and one for September 2003 charges, your year-end accrual estimate for that contract should show the charges for August invoice and the charges for the September invoice as separate items.
<p>11. Mail Your Year-End Accrual Estimate Form to BPA</p>	<p>Your completed and signed year-end accrual estimate form must be received by BPA by September 16, 2003.</p>	<ul style="list-style-type: none"> • Before mailing, verify that you have provided an estimate for each contract you have with BPA. • Mail your completed form to: Bonneville Power Administration ATTN: KEWB-4/Accrual Estimates PO Box 3621 Portland, OR 97208-3621 • The form may be faxed to BPA at: (503) 230-3049. However you must still mail the original form to BPA.

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

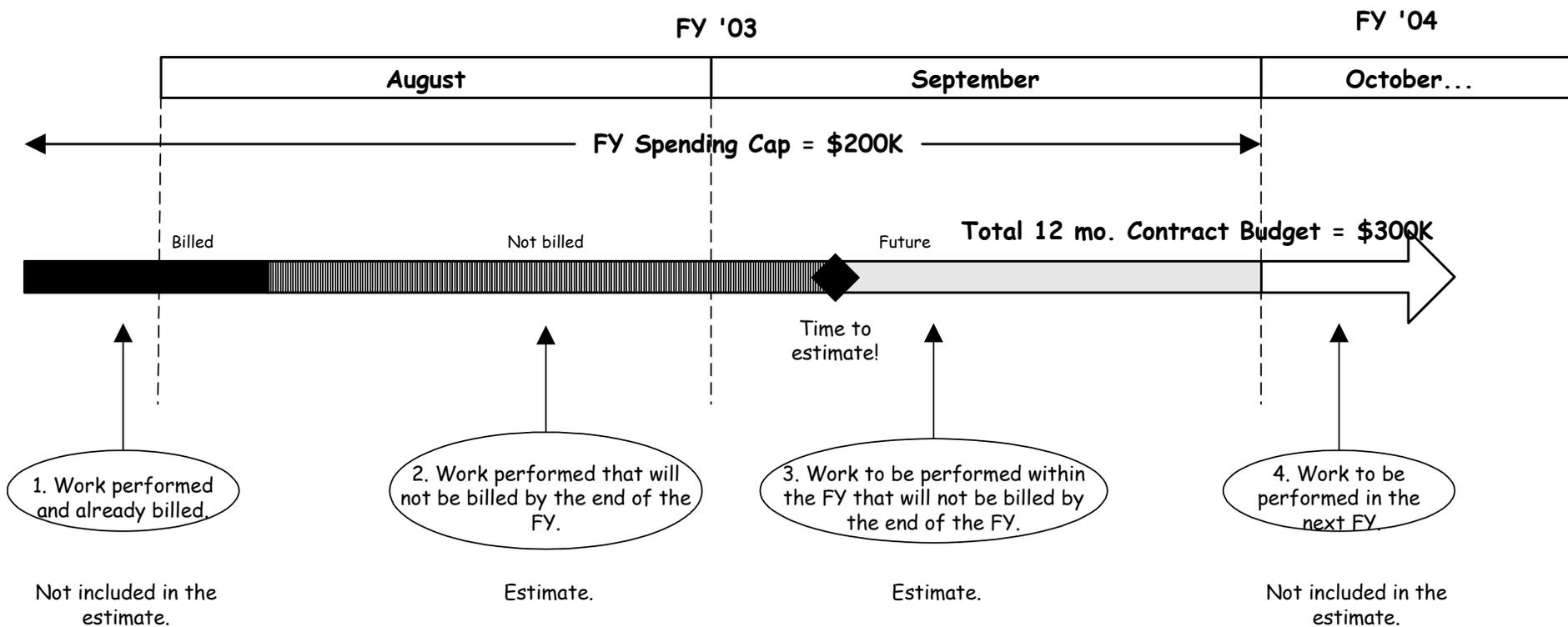
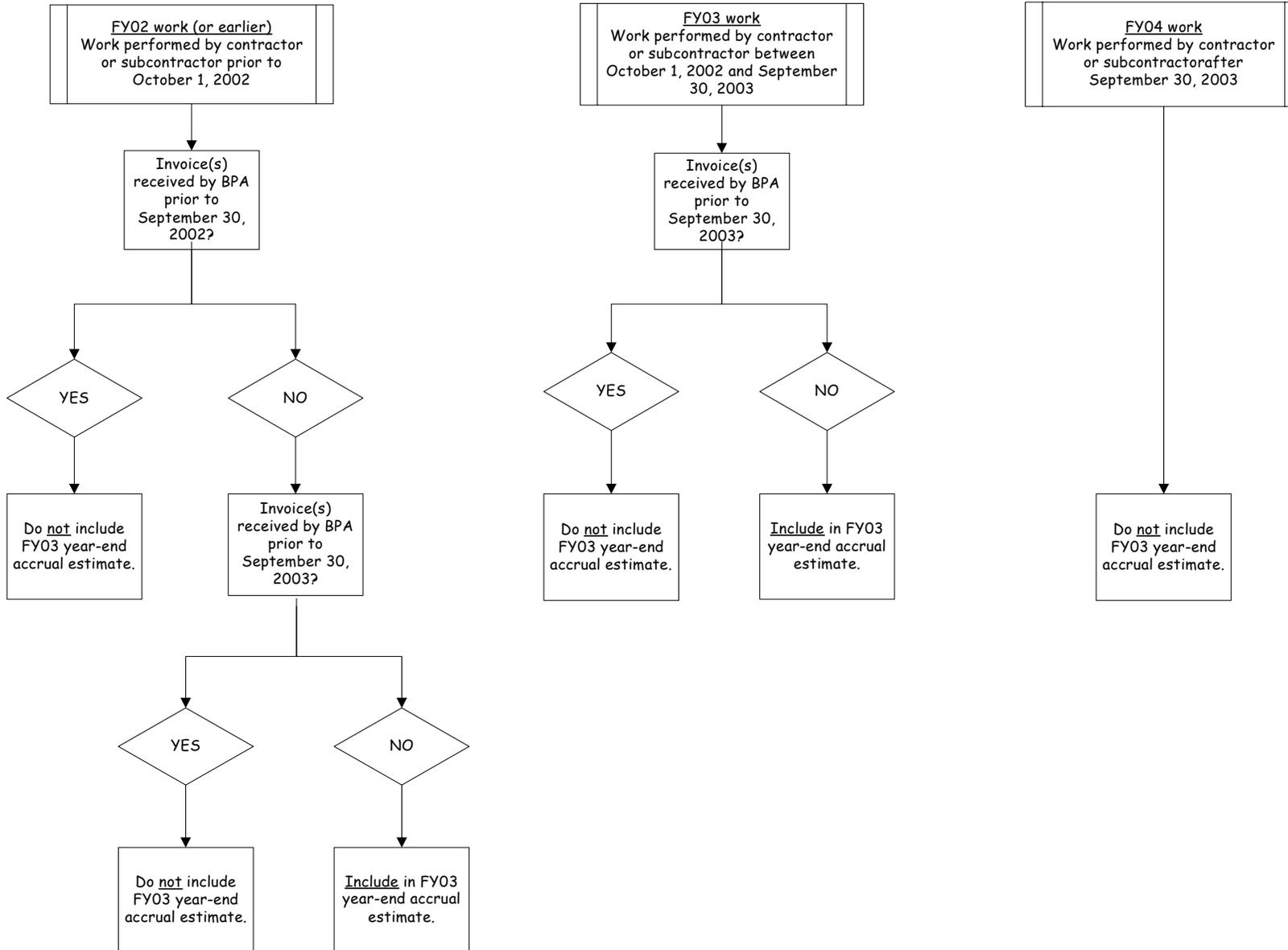


Illustration B: What should be included in the FY03 accrual estimate?





Example 1

Contract 105647 is listed correctly on the back of the letter requesting accrual estimates. (Step 1)

Contract 1 has:

- \$109,000 in billings-to-date for FY03 (Step 2)
- One \$8,000 invoice that will be sent to BPA on September 15 for work performed by the contractor Aug 1 – Aug 31 (Step 3)
- \$6,000 worth of work performed by the contractor Sept 1 – Sept 15, for which BPA will be billed on October 15 (Step 4)
- \$13,000 worth of work performed by a subcontractor August 1 – Sept 15, 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 Sept 15 - Sept 30 that won't be billed until November (Step 5)
- \$2,000 worth of work that will be performed by a subcontractor Sept 15 - Sept 30 that won't be billed until December (Step 5)
- A spending cap (Council-defined spending limit) of \$200,000 for FY03

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

	\$6,000
+	\$13,000
+	\$3,000
+	\$2,000
=	\$24,000

Note: The \$8,000 invoice was not counted as part of the accrual estimate because it is likely to reach BPA by the end of the fiscal year (September 30). BPA only needs an estimate for those items that won't be received by the end of the fiscal year.

- The COTR concurs with the estimate (Step 7), and the billings-to date plus the year-end accrual estimate (\$109K + \$8K + \$24K) is \$141K, well within the spending cap, or Council-defined spending limit (Step 8).

How should the fiscal year-end accrual estimate for this contract be documented?

If the fiscal year-end accrual estimate is made up of multiple invoices, each invoice must be listed separately. And although two invoices have the same performance period, these invoices will arrive at BPA separately – one in November and one in December – 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 – Sept 15 = \$13,000 • 1st invoice for work performed Sept 15 – Sept 30 = \$3,000 • 2nd invoice for work performed Sept 15 – Sept 30 = \$2,000

NOTE: An invoice may not contain charges that cross fiscal years. For example, an invoice may not combine charges for work performed during September 2003 and October 2003, because September and October are in different fiscal years. The contractor may submit two separate invoices, one for each fiscal year, in the same mailing to BPA.



Example 2

Contract 105648 is *not* listed on the back of the letter requesting accrual estimates. (Step 1) The contractor has written it in and notified the COTR.

Contract 2 has:

- \$340,000 in billings-to-date for FY03 (Step 2)
- no invoices in progress (Step 3)
- \$47,000 worth of work performed by the contractor July 1 – Sept 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 Sept 15 - Sept 30 that won't be billed until October (Step 5)
- a spending cap (Council-defined spending limit) of \$360K for FY03, which is part of the contract terms

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

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

- A year-end accrual of \$68,000 would result in the contractor exceeding the Council-defined spending limit 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
 - b) defer some of the work planned for September 15 – 30 to next fiscal year, or
 - c) request written permission from the CO to exceed the cap.

The contractor, COTR and CO jointly determine that \$5,000 worth of work can be postponed until after September 30, 2003. However, \$3,000 worth of the planned work cannot be postponed and is critical to the project. The CO provides written permission for the contractor to exceed the cap by \$3,000.

How should the fiscal year-end 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 July 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 \$63,000, and the contractor attaches a copy of the CO's written permission to exceed the cap by \$3,000.

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>	<i>Accrual estimate for work performed July 1 – Sept 30 = \$63,000 (see attached documentation from CO)</i>