



## Contractor Instructions for the Year End Close Accrual Estimate Activity

### Introduction

This document will outline each step necessary for completing the accrual estimate activity for the September 30 financial closing. The cut-off date for processing invoices is **September 23** rather than September 30. BPA must receive your invoice no later than September 23 in order for you to **exclude it** from your accrual estimate. Any costs you will incur through September 30, for which BPA will not receive an invoice by September 23, 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 23).

If you have questions, please contact the following:

Siu-Kheng Lee, Accountant.....503-230-3419  
Alicia Mendenhall, Program Analyst .....503-230-3774  
Your BPA Project Manager or Contracting Officer's Technical Representative (COTR)

### Expectations

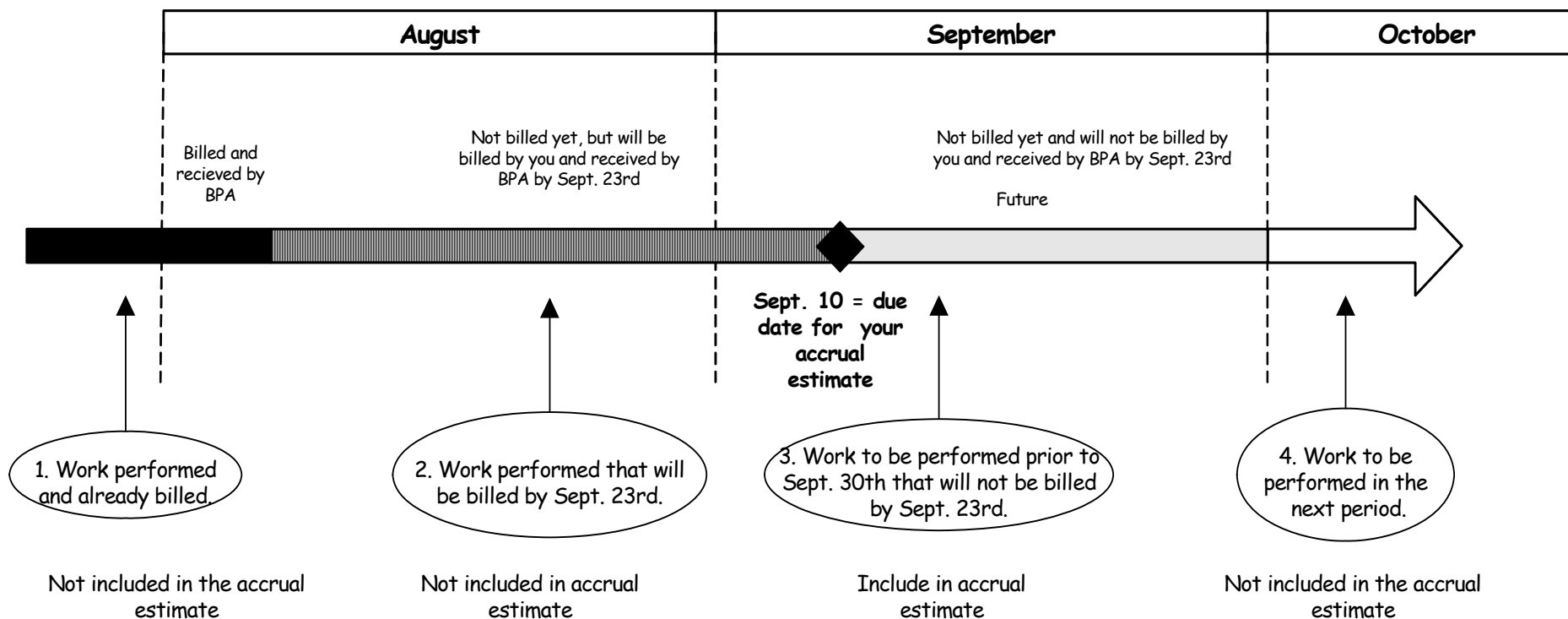
- Submit an accrual estimate for each contract, no matter the expected dollar amount. Estimates should be provided for both capital and expense contracts.
- Make the most accurate estimate you can, using the step-by-step instructions and examples provided as your guide.
- Work with your field staff, accounting office, subcontractors, and BPA COTR to make sure that all relevant information is included in the estimate.
- Enter your accrual estimate directly in Pisces by **September 10**. Help is available: contact your COTR or [fishsupport@bpa.gov](mailto:fishsupport@bpa.gov).

## Steps for Completing the Fiscal Year End Year End Close Accrual Estimate Activity

Step	Description	Instructions
1. Review List of Contracts	You must provide a period-ending accrual estimate for each of the contracts you have with BPA. First, validate the list of contracts that belong to you.	<ul style="list-style-type: none"> <li>Log on to <a href="#">Pisces</a>. If you do not have a Pisces account, or have forgotten your password, please contact <a href="mailto:fishsupport@bpa.gov">fishsupport@bpa.gov</a>.</li> <li>Verify that the contract numbers are correct, and that all contracts you have with BPA are listed. If you need to make corrections, or add contracts not listed, please contact <a href="mailto:fishsupport@bpa.gov">fishsupport@bpa.gov</a>.</li> </ul>
2. Validate Billings To Date	Make sure you know which invoices have already been received by BPA. The accrual estimate should <b>not</b> include charges for work that has already been billed to BPA.	<ul style="list-style-type: none"> <li>Note that the amount for each contract in the “Balance Remaining” column is a hyperlink. Clicking on these hyperlinks will take you to the “Contract Payment and Balance History” report for each contract, which lists the invoices BPA has paid for that contract. NOTE: these reports are updated once daily; so there is a 24-hour lag time in posting.</li> <li>If you are still unsure if an invoice has been paid by BPA, contact your bookkeeper or accounting office, or your BPA COTR.</li> </ul>
3. Determine Billings in Progress	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 23, the charges for that invoice should not be included in your accrual estimate.	<ul style="list-style-type: none"> <li>Work with your accounting department to identify any invoices that are planned but not yet sent to BPA.</li> <li>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.</li> <li>If an invoice is likely to be received by BPA by September 23, do <u>not</u> include it in your accrual estimate.</li> <li>If an invoice is not likely to reach BPA before September 23, then the invoice amount through September 30 <u>should</u> be included in your accrual estimate.</li> <li>Let your BPA COTR know how invoices in-progress will be counted in your accrual estimate.</li> </ul>
4. Determine Work Already Performed That Will Not Be Billed In The Current Period (for which billings are not already in progress)	For each contract, determine the value of work that has been performed or goods that have been received through September 30, but will not be billed to and received by BPA by September 23. Questions about invoices in progress should have been addressed in step 3.	<ul style="list-style-type: none"> <li>Determine the invoice amount of work that has been performed though September 30 but will not be invoiced to (received by) BPA by September 23.</li> <li>Include any subcontractor costs that will not be billed to BPA by September 23. 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 23).</li> </ul>

		<ul style="list-style-type: none"> <li>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 billed by you and received by BPA before September 23 must be included in your accrual estimate.</li> <li>Conduct any required consultations with other project managers, subcontractors, or accounting counterparts to validate your perspective on work completed but not billed.</li> </ul>
<b>5. Determine Work That Has Yet To Be Performed (Before September 30 only) And Will Not Be Billed Before September 23</b>	Any work performed between the time you submitted your last invoice and September 30 should be counted in the accrual estimate.	<ul style="list-style-type: none"> <li>Estimate the value of work that will be performed before September 30 for which BPA will not receive an invoice until after September 23.</li> <li>Consult with your subcontractors to determine the value of work they plan to perform by September 30 that they will not bill to you in time for you to bill and be received by BPA by September 23.</li> </ul>
<b>6. Compile Your Accrual Estimate</b>	Based on steps 2 – 5, calculate an accrual estimate for each contract.	<ul style="list-style-type: none"> <li>Your accrual estimate equals the sum of all work performed, by the contractor or subcontractor, by September 30, for which BPA will not receive an invoice by September 23.</li> <li>See illustrations below for more guidance.</li> </ul>
<b>7. Compare to Contract Balance</b>	Validate that your accrual estimate plus the billings to date do not exceed your remaining contract balance. The remaining balance for each contract is listed in the "Remaining Balance" column in the accrual entry column in Pisces.	<ul style="list-style-type: none"> <li>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.</li> <li>Validate the outcome with your BPA COTR if you are uncertain.</li> <li>BPA will not reimburse you for costs that exceed your contract balance.</li> </ul>
<b>8. Complete and Submit Your Accrual Estimate in Pisces</b>	Accrual estimates must be entered in Pisces by September 10.	<ul style="list-style-type: none"> <li>The accrual screen in Pisces should list each of the contracts you have with BPA. Use this screen to document an accrual estimate for each contract.</li> <li>You can enter accrual data over multiple sessions if necessary; just click the Save button on the Pisces toolbar.</li> <li>Don't forget to click the Submit button when you are completely finished (when each of your contracts has an accrual estimate).</li> </ul>

**Illustration A: What should be included in the FISCAL YEAR END fiscal year accrual estimate?**



## Example 1

### Contract 1 has:

- \$109,000 in billings-to-date for the current fiscal year (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>
=	<b>\$24,000</b>

**Note:** The \$8,000 invoice was not counted as part of the accrual estimate because it will reach BPA by September 23. BPA only needs an accrual estimate for those items that won't be billed to and received by September 23.

- The COTR concurs with the accrual estimate (Step 7), and the billings-to date plus the accrual estimate (\$109K + \$8K + \$24K) is \$141K, well within the remaining contract balance (Step 8).
- The contractor enters \$24,000 as the accrual estimate for this contract in the Pisces accrual screen.



## Example 2

### Contract 2 has:

- \$340,000 in billings-to-date for the current fiscal year (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 \$60,000.

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

	\$47,000
+	\$21,000
=	<b>\$68,000</b>

- 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 the contractor'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>).

How should the accrual estimate for this contract be documented?

The contractor may only claim \$60,000 in total accruals, so as not to exceed the contract remaining balance. Should they choose to request a within year increase, the contractor may not bill for the remaining \$8000 until the Budget Operations Group (BOG) has processed the request and BPA has approved it.