

CHAPTER 1**ACCOUNTING OVERVIEW**

1. PURPOSE.

The purpose of the Financial Management Handbook (Handbook) is to present the Department of Energy's (DOE's) standards, procedures, and operational requirements in support of the accounting policies, principles, and applicable legal requirements contained in DOE Order 534.1B. Specifically, it provides guidance regarding the central agencies' accounting principles and standards—that is, the Office of Management and Budget (OMB), Department of the Treasury (Treasury), and Government Accountability Office (GAO) that must be followed. It also provides general guidance for accounting and financial management policies for functions and responsibilities not otherwise covered and that may be unique to DOE, such as the Nuclear Waste Fund.

2. APPLICABILITY.

- a. Departmental Applicability. The provisions of this Handbook apply to all Departmental elements.

The Administrator of National Nuclear Security Administration (NNSA) must assure that NNSA employees comply with their respective responsibilities under this Handbook. Nothing in this Handbook will be construed to interfere with the NNSA Administrator's authority under section 3212(d) of Public Law (P.L.) 106-65 to establish Administration-specific policies, unless disapproved by the Secretary.

In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 USC sections 2406 and 2511 and to ensure consistency through the joint Navy/DOE Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this Handbook for activities under the Director's cognizance, as deemed appropriate

- b. DOE Contractors. The provisions of this Handbook apply to site/facility management contractors and other major contractors performing work for the Department as provided by law or contract as implemented by the appropriate contracting officer. Contractors who are not site/facility management contractors or other major contractors shall follow the applicable standards and procedures as specified in this Handbook if provided in their contracts.
- c. Exclusions. The Bonneville Power Administration (BPA) is governed by the provisions of the Government Corporation Control Act and, as such, operates in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board. Therefore, BPA is exempt from the provisions of this Handbook.

3. REQUIREMENTS.

- a. DOE shall maintain a system of accounts in accordance with regulatory requirements established by Treasury. The system of accounts shall adhere to generally accepted accounting practices and procedures when not otherwise covered by Treasury regulations. Although a uniform classification of accounts is prescribed for DOE elements, each power marketing administration and Federal Energy Regulatory Commission may have a chart of accounts based on its own requirements.
- b. Heads of contracting activities or designees shall interpret the provisions of this Handbook and review and approve the practices and procedures necessary for the Department's site/facility management contractors and other major contractors to maintain a system of accounting acceptable to DOE. The site/facility management contractors and other major contractors contractor's customary accounting practices shall be accepted if they provide the necessary DOE financial reports and do not conflict with the provisions of this Handbook.
- c. The Department's standard general ledger account codes and definitions and related financial codes are maintained by the Office of Finance and Accounting. The standards, procedures, and operational requirements in this Handbook are consistent, as appropriate, with the Statements of Federal Financial Accounting Standards (SSFAS), or GAO title 2 in the absence of SFFAS.

4. RESPONSIBILITIES.

- a. Chief Financial Officer. The Chief Financial Officer approves or disapproves requests for exceptions or exemptions from the provisions contained in this Handbook except where authority has been delegated to the field organization.
- b. Director, Office of Risk Management and Financial Policy.
 - (1) The Director, Office of Risk Management and Financial Policy, addresses all inquiries about policy interpretations of, or proposed revisions to, this Handbook.
 - (2) As required in DOE Order 251.1C, *Departmental Directives Program*, DOE Field CFOs will be afforded a reasonable opportunity to review and comment on draft Handbook chapters that provide guidance, instruction or direction to Field CFOs.
 - (3) The process for updating this Handbook is contained in Attachment 1 to this chapter.
- c. Heads of contracting activities. Heads of contracting activities or designees shall interpret the provisions of this Handbook and review and approve the practices and procedures necessary for the Department's site/facility management

contractors and other major contractors to maintain a system of accounting acceptable to DOE.

5. REFERENCES.

- a. Statements of Federal Financial Accounting Standards (SSFAS), Pronouncements as Amended, issued by the Federal Accounting Standards Advisory Board contain the body of accounting concepts and standards for the U.S. government. <http://www.fasab.gov/codifica.html>
- b. Government Accountability Office Policy and Procedures Manual for Guidance of Federal Agencies. <http://www.gao.gov/special.pubs/ppm.html>

Attachment 1
Process for Revisions to the DOE Financial Management Handbook

This process establishes the timing and roles and responsibilities for updates and technical corrections to DOE Financial Management Handbook Chapters (Handbook). Changes to the Handbook may be necessary, for example, when:

- Regulatory requirements established by agencies such as OMB, GAO, Treasury and related central agency guidance is issued or revised;
- Significant organizational changes occur within DOE that affect Handbook responsibilities; or
- Corrections to Handbook content are required.

AUTHORITIES:

DOE Order 251.1 Departmental Directives Program

3. APPLICABILITY.

c. Equivalencies/Exemptions for DOE O 251.1C.

(4) Exemption. The Chief Financial Officer's Accounting Handbook. However, DOE Field CFOs will be afforded a reasonable opportunity to review and comment on draft handbook chapters that provide guidance, instruction or direction to Field CFOs.

DOE Order 534.1B, Accounting

5. RESPONSIBILITIES.

c. Chief Financial Officer.

(1) (b) Issues the DOE Accounting Handbook, which sets forth the financial and accounting standards and operational requirements to implement this Order.

e. Heads of Departmental Elements.

(1) Ensure that the most recent edition of the DOE Accounting Handbook is applied to functions over which they have program direction and management responsibilities, both in the field and at Headquarters, and that the requirements in the handbook are carried out.

6. REFERENCES

c. Department of Energy Accounting Handbook. The primary vehicle for DOE's accounting/financial reporting requirements.

Attachment 1. Contractor Requirements Document

Integrated Contractors. As an integrated contractor of the Department of Energy (DOE), you must maintain a separate set of accounts and records for recording and reporting all business transactions under the contract. Your books of account must be integrated with those of the Department through the use of reciprocal accounts. Your system of accounts must conform with generally accepted accounting principles, produce accurate results,

and provide the necessary DOE financial reports. Your system of accounts must not conflict with DOE O 534.1A or the *DOE Accounting Handbook* (versions in effect as of the date of contract award or contract modification). You must comply with subsequent revisions to DOE O 534.1A or the *DOE Accounting Handbook* when notified under the “Laws, regulations, and DOE directives” clause of the contract. You must follow the applicable standards and procedures in the *DOE Accounting Handbook*.

Nonintegrated Contractors. You must follow the applicable standards and procedures in the *DOE Accounting Handbook* (version in effect as of the date of contract award or contract modification). You must comply with subsequent revisions to the *DOE Accounting Handbook* when notified under the “Laws, regulations, and DOE directives” clause of the contract.

UPDATE PROCESS: MAJOR REVISION

A Major Revision is defined as any update that creates a substantive change to the policy.

1. Determination that update is needed: Office of Risk Management and Financial Policy management, in coordination with staff, determines that an update is appropriate. The determination could be triggered by multiple events, including:
 - a. New or revised legislative or regulatory requirements;
 - b. Comments, questions, or request for update by stakeholders;
 - c. Audit findings; or
 - d. A periodic review of the chapter by Financial Policy staff.
2. Preparation of initial draft for revised Handbook chapter:
 - a. Assignment to lead Financial Policy analyst for coordination.
 - b. Lead Financial Policy analyst will identify CFO stakeholders and subject-matter experts and will consult with these experts on:
 - i. The continued relevance of the chapter or chapters to be amended.
 - ii. The appropriate organization of the chapters’ content (retain in current chapters, move/consolidate with other chapters).
 - iii. Needed revisions to the chapter’s content and suggested language for the revisions.
 - c. If necessary for complex issues, the Financial Policy team may assemble a working group to assist in revising the chapter.
 - d. Based on input from the stakeholders and/or working group, Financial Policy staff prepares a draft chapter marked to show changes from previous revisions. In providing the draft for comment, Financial Policy will describe the reasons for the planned changes.
3. Review and comment process:
 - a. CFO Office Directors and staff, Field CFOs, and site/facility management contractor CFOs, Headquarters Program Offices, and any other key stakeholders with a reasonable opportunity to review and comment on the draft revision to the Handbook chapter. Typically, review and comment

- period should last at least two weeks, unless determined otherwise by Financial Policy management. In providing the draft for comment, Financial Policy management will describe the reasons for the planned changes.
- b. If no comments are received, Financial Policy will assume concurrence with the proposed revisions.
 - c. Financial Policy staff and management will review and document comments received and incorporate comments into the chapter as appropriate.
 - d. The proposed update is provided to the Deputy CFO and CFO for review and concurrence, along with a record of comments received and the disposition of those comments.
 - e. After CFO concurrence, the revised Handbook chapter will be posted on the appropriate CFO website and CFO Office Directors and staff, Field CFOs, and site/facility management contractor CFOs, Headquarters Program Offices, and any other key stakeholders will be notified.

UPDATE PROCESS: TECHNICAL REVISION

A technical revision clarifies existing policy but does not create a substantive change to the policy.

1. Financial Policy staff prepares a draft containing the technical correction marked to show the change from previous revisions.
2. The draft is forwarded to CFO Office Directors, Field CFOs site/facility contractor CFOs, Headquarters Program Offices, and any other key stakeholder for a comment period of no more than 1 week. In providing the draft for comment, Financial Policy will describe the reasons for the planned changes.
3. Comments are reviewed by Financial Policy staff and management and incorporated into the chapter as appropriate. Financial policy staff will document the reason for not incorporating comments.
4. Final approval of the revised chapter is delegated to the Director for Risk Management and Financial Policy.
5. After approval, the revised Handbook chapter will be posted on the appropriate CFO website and CFO Office Directors and staff, Field CFOs, and site/facility management contractor CFOs, Headquarters Program Offices, and any other key stakeholders will be notified.