



Policy Post

2nd Quarter FY 2009

Fiscal year 2009 has brought a lot of changes to the Department of Energy's financial community thus far, and we are only half way through the year! The Office of Financial Policy (OFP) will be publishing quarterly newsletters to highlight changes that the DOE financial community should be aware of. Below are the 2009 changes to date, or changes anticipated in the near future:

American Recovery and Reinvestment Act

On February 17, 2009, the President of the United States signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). The purpose of the Recovery Act is to 1) Preserve and create jobs and promote economic recovery; 2) Assist those most impacted by the recession; 3) Provide investments needed to increase economic efficiency by stimulating technological advances in science and health; 4) Invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and 5) Stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Secretary Chu on the Recovery Act

The passage of the American Recovery and Reinvestment Act began a new era at the Department of Energy.

President Obama has set clear goals for this bill: creating or protecting 3.5 million jobs over the next two years, while lifting our country out of this economic crisis and reducing our dependence on foreign oil. To achieve those aims, the Department of Energy has been given new resources and new responsibilities.

Each of the ten initiatives will put Americans back to work and begin to transform the way we use energy. We will reduce our carbon emissions and create entire new industries based on America's resources, America's ingenuity, and America's workers – and these will be jobs that can't be outsourced.

The Department of Energy will carry out this economic recovery plan with the highest level of speed, transparency, and accountability. I recently announced a sweeping reorganization of the way the Department awards grants and loans, so we can begin creating jobs as quickly and wisely as possible...

Achieving the President's bold goals will take the hard work and collaboration of all of us – homeowners, scientists, local and state governments, small businesses, industry, and many others – but I am confident that, together, we will succeed. We will turn this time of economic crisis into an opportunity to build a clean, secure, and prosperous energy future for America.

The central location for all things Recovery is the iPortal at <https://iportal.doe.gov>. A Recovery tab has been established and will be populated with all Office of Management and Budget (OMB) and internal guidance and Recovery Act reporting.

Recent Financial Policy Changes

Costing of Grants

The *Interim Guidance on DOE Financial Assistance Award Cost and Accruals* memorandum, dated December 31, 2008, rescinded DOE's policy of costing financial assistance awards with DOE cost share of \$750,000 or less. All financial assistance awards are now subject to the same accrual procedures as other procurement awards. Furthermore, financial assistance awards fully costed prior to January 1, 2009 should not be de-costed. In response to this memorandum, OFP updated Accounting Handbook Chapters 11, *Liabilities*, and 14, *Grants, Cooperative Agreements, and Technology Investment Agreements*, to reflect this change in DOE financial policy. These chapter updates are posted to the OFP website at <http://www.cfo.doe.gov/policy/actindex/index.htm>.

GPP/IGPP Limit Increase

The *Increase to General Plant Projects (GPP) Limit* memorandum, dated March 24, 2009, increased the \$5 million GPP/IGPP limit to \$10 million. The Office of Construction and Engineering Management is updating DOE O 430.1B to include the increased limit.

On March 11, 2009, Omnibus Appropriation Act of 2009 became law and changed a provision of the Department's general plant projects. Specifically, Section 310 - *GENERAL PLANT PROJECTS*, permits Plant or construction projects for which amounts are made available under this and subsequent appropriation Acts with a current estimated cost of less than \$10,000,000 are considered for purposes of section 4703 of Public Law 107-314 as a plant project for which the approved total estimated cost does not exceed the minor construction threshold and for purposes of section 4704 of Public Law 107-314 as a construction project with a current estimated cost of less than a minor construction threshold. For more specific information please contact John Wall by phone at 202-586-5728 or via email john.wall@hq.doe.gov.

Heritage Assets and Stewardship Lands

Full implementation of SFFAS 29, Heritage Assets and Stewardship Land, is required for FY 2009. The main focus is to reclassify heritage assets and stewardship lands information as basic information with the exception of condition reporting, which is considered required supplementary information. Furthermore, the standard requires that entities with heritage assets and stewardship land must reference a note on the balance sheet that discloses information about these assets. However, no asset dollar amount must be shown. Instead, the note disclosure must provide (1) a description of major categories of heritage assets and stewardship lands; (2) physical unit information for the end of the reporting period; (3) physical units added and withdrawn during the year; (4) a description of the methods of acquisition and withdrawal; and (5) condition information, which may be reported as deferred maintenance. In addition to the above requirements, SFFAS 29 also requires two new disclosures for heritage assets and stewardship lands: (1) additional reporting disclosures about entity stewardship policies; and (2) an explanation of how heritage assets and stewardship land relate to the mission of the entity.

These new reporting requirements will be included in the third quarter and yearend data calls to the field sites to ensure that this information is accurately reflected in the third quarter financial statements. For more information on SFFAS 29, visit the FASAB website at http://www.fasab.gov/pdf/files/sffas_29.pdf. For DOE specific information please contact Stacy Bleigh by phone at 202-586-0452 or via email stacy.bleigh@hq.doe.gov.

Asbestos Liability

New to the environmental liability financial statement reporting this year is asbestos. All sites to determine the existence of asbestos in all facilities not currently categorized as contaminated for environmental liability purposes in the Active Facilities Data Collection System (AFDCS), for inclusion in the third quarter financial statements. For DOE specific information please contact Stacy Bleigh by phone at 202-586-0452 or via email stacy.bleigh@hq.doe.gov.

New Reporting Requirements for Pensions and PRBs

OFP will be issuing guidance in the FY 2009 pension and postretirement benefits other than pensions (PRB) information requests regarding disclosures about plan assets of the contractors' defined benefit pension and PRB plans. In addition to the plan asset information required last year for the Department's consolidated footnote, *Pension and Other Actuarial Liabilities*, we will issue updated guidance based on the Financial Accounting Standards Board (FASB) Staff Position (FSP) FAS 132(R)-1, which includes disclosures about valuation techniques used to develop fair value measurements of plan assets and significant concentrations of risk in plan assets. The requirements of FSP FAS 132(R)-1 are effective for the Department in FY 2010; however, DOE's early implementation of some of these requirements last year and the additional requirements in FY 2009 is timely with regard to the current economic conditions and helpful in

remedying any problems before FY 2010. For more information on FASB FSP FAS 132(R)-1, visit that FASB website at http://www.fasb.org/pdf/fsp_fas132r-1.pdf. For DOE specific information please contact Mike Lynch by phone at 202-586-6894 or via email mike.lynch@hq.doe.gov.

Tritium Standard Transfer Value

For the first time in 20 years OFP recently issued a new tritium Standard Transfer Value (STV) for inventory valuation. The issuance is due to the new tritium production started at the Department's Tritium Extraction Facility which will ensure an adequate supply of tritium for our nuclear weapons stockpile. Annually as costs are incurred, they will be analyzed to determine if a new STV is required. For more specific information please contact Barbara Caruso by phone at 301-903-3262 or via email barbara.caruso@hq.doe.gov.

Revision to Financial Closeout Chapter

OFP will be updating Accounting Handbook Chapter 21, *Financial Closeout*, to document a standard process for handling accruals for contracts in the closeout phase in response to recommendations disclosed in the Office of Internal Review's *Letter Report on Review of Selected Financial Management Areas*, dated July 31, 2008. A meeting was held on March 11th to discuss the actions necessary to fulfill the corrective action activities pertaining to this report. In response, OFP is currently working with NETL, Chicago, Golden Field Office, NNSA and the Office of Financial Control and Reporting to gain an understanding of how each site is handling these accruals and to develop a standard process. This chapter update is expected to be complete in the 3rd quarter. For more information please contact Stacy Bleigh by phone at 202-586-0452 or via email stacy.bleigh@hq.doe.gov.

Federal Accounting Standards Advisory Board

As part of an overall mission of maintaining up-to-date financial policies, OFP provides comments to various exposure drafts and participates in various subgroups of the Federal Accounting Standards Advisory Board (FASAB). The Accounting and Auditing Policy Committee (AAPC) is a permanent committee established by FASAB. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues within the framework of existing authoritative literature. The AAPC currently has four taskforces in place to address the areas of: Inter-entity Costs; Heritage Assets and Stewardship Lands; Credit Reform; and General Property, Plant and Equipment (PPE). Currently, OFP is participating on several of these taskforces. For general information regarding these AAPC projects, visit the AAPC website at <http://www.fasab.gov/aapc/aapc.html>. For specific information regarding the Department and our activities, please contact John Wall either by phone at 202-586-5728 or via email john.wall@hq.doe.gov.

Update on Technical Bulletin 2006-1 (Asbestos Reporting)

FASAB Technical Bulletin 2006-1 requires Federal entities to (1) estimate both friable and non-friable asbestos-related cleanup costs; and (2) recognize a liability and related expense for those costs that are both probable and reasonably estimable, consistent with the current guidance in Statement of Federal Financial Accounting Standards (SFFAS) 5, *Accounting for Liabilities of the Federal Government*; SFFAS 6, *Accounting for Property, Plant, and Equipment*, Chapter 4: Cleanup Costs; and Technical Release 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. As part of the AAPC taskforce addressing PPE disposal concerns, consideration is being given to requesting the FASAB delay the implementation of the technical bulletin. For more detailed information on this technical release, visit <http://www.fasab.gov/aapc/aapctr2.pdf>. For DOE specific information please contact Stacy Bleigh by phone at 202-586-0452 or via email stacy.bleigh@hq.doe.gov.

Participation in Government-wide Travel Initiatives

The Office of Financial Policy is responsible for developing travel and relocation policy for DOE and represents the Department on many of GSA's travel and relocation policy committees and groups, such as the Inter-agency Travel Management Committee, Executive Relocation Steering Committee, GovTrip Executive Group, and many others. For specific information regarding the Department's participation in these activities please contact Norbert Juelich either by phone at 202-586-3654 or via email norbert.juelich@hq.doe.gov.

Government's Contract City-Pair Fares

The Federal Travel Regulations mandates the use of the Government's Contract City-Pair Fares with limited exceptions. When establishing the contract city-pair fares and routes, GSA reaches out to Federal agencies to provide the agency's market requirements and estimated passenger counts. Recently, OFP was appointed to serve on the GSA's City-Pair Source Selection Board for the Government's City-Pair Contract for FY 2010. For DOE specific information please contact Umeki Thorne by phone at 202-586-4418 or via email umeki.thorne@hq.doe.gov.

Policy Facts

Did you know.....?

- ✓ Treasury's Financial Management Service Form 2958, "Delegation of Authority" is used to appoint delegating officials for disbursements. Various officials within DOE have this authority. Typically, delegating officials are provided authority to appoint certifying officers and data entry operators. The authority is valid for two years. Delegating Officials who wish to renew their authority after two years will need to submit a new FMS Form 2958, "Delegation of Authority" to the OFP for approval.

- ✓ Travelers on official business are encouraged to use lodging tax exemption forms (accepted by a limited number of states). Information on tax exemptions for lodging and the required forms to be completed may be found at <http://www.gsa.gov/statetaxforms>. Letters from the State Tax offices can be found at <http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter/index.cfm>.
- ✓ Prior approval must be obtained by your approving official and OFP for any use of Premium Class air travel.
- ✓ When the city or town does not appear on the GSA per diem listing that you are entitled to the per diem rate for the County which that city or town dwells in, and if the County is not listed that you are only entitled to the standard CONUS rate for that particular city or town.
- ✓ If you use a non-refundable ticket without obtaining prior approval from your approving official, that the Government will not reimburse you for additional fees and/or penalties incurred on the use of that ticket.