



Jefferson Science Associates, LLC

# **500 Accounting**

**Project Control System Manual  
Revision 5**



## 500 Accounting

- A. The Jefferson Lab Financial Management System is a key component of the Earned Value Management System. The purpose of the accounting system is to collect the actual costs incurred by a project, which when compared with Earned Value data, can provide project management with the status of a project's budget. Labor (in-house and contracted) and purchased material/equipment represent the bulk of a project's expenses. Accurate accounting for both expense categories is essential to gaining a true understanding of how a project is performing with regards to the Performance Measurement Baseline.
- B. There are five paths for project costs to enter the accounting system:
- Labor (payroll) via time sheets
  - Accounts payable via purchase order (PO) voucher
  - Travel via expense report
  - Accounts Payable via A/P voucher
  - Journal Entry
- C. All costs are assigned a Project/Organization/Account (POA) number which provides identification to the proper cost objective.

## 501 Cost Collection and Control

### 501.1 Cost Reporting and Collection

- A. The Projects module of the accounting system is used for cost reporting. The Project/Organization/Account alphanumeric numbering convention, shown below, makes reporting labor and material costs easy for tracking. The costs are reported by project, organization, and account combination.

Project Code:                    XXXXXX.XX.XX.XXX.XXX.XXX.XX.XX

Organization Code:        X.XX.XXX.XXXX.XX

General Ledger  
Account Code:            XXXX - XXX



- B. The Projects module in the Financial Management System and the MIS web Project Status Report permit Finance and Project Management & Integrated Planning to track costs for the life of the project.

### **501.2 Labor**

- A. The accounting system source data for labor entries is the time sheet for each individual. Time sheets must be signed electronically by the individual employee attesting to the time worked or by a supervisor or division coordinator in their absence. The time sheets are then electronically counter-signed by an individual authorized to approve labor charges. In some cases, an additional project signoff is required based on project requirements.
- B. Completed time sheets are received electronically in the Payroll Department. Costs are not entered into the payroll system directly. They are first captured in the timesheet module which allocates the cost to the cost accounts. Because Jefferson Lab is on a semi-monthly payroll system, the number of hours a person works in a pay period will vary.
- C. The Project Status report (Exhibit 11) provides a breakout of labor costs for each POA. This report is available on the Jefferson Lab MIS web portal to Control Account Managers, Associate Project Managers, and the Project Manager for review and verification.

### **501.3 Accounts Payable via Purchase Order Voucher**

- A. Processing of Purchase Requisitions

A Purchase Requisition (PR) is required for the acquisition of all Jefferson Lab goods and services except items purchased via a JSA P-Card or non-PO related items such as utilities, honorariums, etc. The PR is generated online via the Lab's requisition system by the requesting project office and must include a description of the goods/services required, the appropriate Project/Organization/Account (POA) number, and a cost estimate. The PR is routed electronically for signature approval based on the value of the request and on other Lab required verifications.

- B. Procurement Objectives and Constraints

In processing PRs and placing Purchase Orders (PO) with vendors, the Procurement Department (PD) must provide timely support to requisitioners in accordance with JSA's Acquisition Policy Manual, which is approved by the Department of Energy. Procurement guidance is available on the Lab's website to assist requisitioners in processing their requirements.



C. Processing of Purchase Orders

- When the PD reaches agreement with a vendor to provide the goods or services requested, a formal purchase order/subcontract is awarded/generated. At this time, the requisition becomes a PO/subcontract and is entered into the laboratory's Financial Management System. Status of the requisition is available through the Lab's requisition system.
- The accounting system tracks these commitments by the POA number and reports the commitment information until the goods or services are received. A commitment can be reviewed in the Outstanding Commitment Detail report (Exhibit 12) via the Jefferson Lab MIS web portal. The total commitment for a POA can be viewed in the Project Status Report in the column labeled 'Open PO Commits'. For multi-year procurements, only the dollar amount actually obligated to the vendor in the approved phase of the contract is included in the commitment listings. (For example, a phased subcontract with a total value of \$10,000,000 might only reflect a current-year commitment of \$300,000. According to a schedule stated in the subcontract, the remainder will become a commitment shortly after the beginning of each new fiscal year upon written notice to the vendor via a contract modification.)
- When goods are received by Jefferson Lab, they are entered into the accounting system by Shipping and Receiving, and both a receiving report and the goods are forwarded to the requisitioner for acceptance. At this time, the goods are classified as "received but not booked," but are still recognized as commitments in the laboratory reporting mechanism. At month end, commitments that have been received but not yet invoiced are accrued as costs and are not reported as commitments. This entry is reversed immediately in the next period and received items are recognized as open commitments.
- When an invoice is received and approved for payment, it is entered into the accounting system. Once there is a line-by-line match between the purchase order, the receiving report, and the invoice, the amount is removed from the commitment list and added to the Non-labor Detail report. It also moves the amount from the commitment column to the current, year-to-date and cumulative cost columns on the Project Status Report. These amounts are used by the Project Management & Integrated Planning Division at the end of the accounting period as part of the Earned Value reporting.



- Actual payment of the invoice is a financial function and depends on the terms and conditions of the Purchase Order.
- For large subcontracts, the process described above may result in understated actual costs if the vendor/subcontractor delays the submittal of an invoice or if the submittal falls just after the normal close of the accounting period. To assure these actual costs are not understated, subcontracts are accrued at month end as delineated by the Procedure for Procurement Accruals in the Jefferson Lab Subcontract Purchase Order Process document.
- Each month, the Project Status Report lists material and service expenses and commitments by POA.

#### **501.4 Travel**

- A. Travel is initiated by a Travel Authorization Request. This form includes a total estimate of the trip cost, the proper POA number, and a list of any prepayments (e.g. for registration) needed. The Travel Authorization is routed electronically for approval signature. Travel arrangements are coordinated through the Jefferson Lab travel agent by travel coordinators in the divisions. The Travel Authorization Request is sent to Travel Services.
- B. After completion of the trip, a Travel Expense Voucher is prepared in accordance with the Administrative Manual - Travel Section and matched up with the corresponding Travel Authorization Request. The completed forms are sent to Travel Services for processing. Based on the Travel Expense Voucher, actual costs are recorded in the accounting system to the approved POA.
- C. An accrual of travel costs is prepared at month end based on any open Travel Authorization Requests with a trip start date on or before the end of the month. This entry is reversed out the following month and is offset by the actual Travel Expense Voucher. Any differences fall in the month the Travel Expense Voucher is processed.

#### **501.5 Accounts Payable via A/P Vouchers**

A/P Vouchers are used to pay for non-purchase order expenses (e.g., utilities, honorariums, petty cash reimbursements, Job Related Training registration, etc.). Since there is no PO or receiving report entered into the system, these vouchers require approval by appropriate division personnel prior to data entry. Project cost is identified at time of voucher distribution posting.



### **501.6 Procurement Credit Cards (P-Card)**

- A. The P-Card is used by authorized users to purchase items in lieu of preparing a requisition or issuing a purchase order in accordance with JSA's Acquisition Policy. Purchased items are recorded in a credit card log by the card holder noting the date ordered, POA, vendor, item description, and amount. These entries are reflected on the MIS web Project Status Report.
  
- B. An accrual of P-Card costs is prepared at month end based on any unbilled/un-reconciled credit card log items for the end of the month and prior. This entry is reversed out the following month and is offset by the actual P-Card invoice. Any differences fall in the month the P-Card invoice is processed.

### **501.7 Journal Entry**

A Journal Entry is used to accrue and/or record various types of costs. Examples are materials received, but not yet vouched, credit card accruals, estimated travel expenditures, stockroom inventory withdrawals, etc. Journal entries are also used for adjusting/correcting the classification of costs to the proper POA.

### **501.8 Inventories**

Jefferson Lab maintains a stock supply inventory. Monthly distribution of these costs is based on actual withdrawals and charged to the using POA.

### **501.9 Machine Shop Service Center Costs**

The Machine Shop Service Center performs in-house machining services (jobs) at Jefferson Lab for various Projects/Organizations as requested. The in-house machining costs include salaries, fringe benefits, statutory payroll expenses, and other direct costs associated with operating the machine shop. These costs are allocated based on the actual number of machine shop labor hours used for each job. A target hourly rate is developed, monitored, and charged throughout the year. At year end, the target rate is replaced with the actual rate which is applied retroactively to all jobs for the fiscal year.

### **501.10 Indirect Costs**

The Chief Financial Office is responsible for managing all indirect costs at Jefferson Lab. Target indirect rates are calculated at the beginning of the fiscal year and monitored monthly. If there is a major deviation from the target, the rate is changed in the accounting system and retroactively adjusted back to the beginning of the fiscal year. At the end of the fiscal year, the target rate is



changed to equal the actual rate in order to reflect the year-to-date adjustment in the current month. Reference the JSA/JLab Cost Accounting Standards Disclosure Statement for details.

#### **501.11 Interface of Accounting System and Project Control System**

Each month, Project Management & Integrated Planning downloads actual cost data and commitments by POA from the Financial Management System. This file is then imported into the Cost Management System. Data from the Schedule Management System is then uploaded into the Cost Management System to measure the actual costs against the schedule and planned costs to provide Cost and Performance Reports.

#### **501.12 Correction of Mischarges**

Control Account Managers identify incorrect charges and submit corrections to Finance for appropriate action.

#### **501.13 Closing of Control Accounts**

The Project Management & Integrated Planning Division identifies project control accounts for which work has been completed (i.e., cumulative BCWP equals BAC) or for which there is no work scheduled during the year. They then meet with affected Control Account Managers and determine if the control accounts should be closed. PM&I takes appropriate action when deemed necessary.

### **502 Material Accounting System**

- A. The Material Accounting System provides full accountability of all material procurements. Material items purchased for Jefferson Lab projects are managed in accordance with the Jefferson Lab Property Management Manual to ensure that all property is properly acquired, inventoried, utilized and disposed. Cost accumulation for material procurement and assignment to the appropriate accounts (POA) are handled by the Lab's Financial Management System.
- B. This accounting system also provides for effective performance measurement of material acquisition effort. Planned purchases of material items are listed as activities in a project's Control Account Plans. Projected procurement dates are assigned to these activities, thus integrating material acquisition into the project's time-phased budget. Earned value for materials is normally credited when the item arrives at the Jefferson Lab Shipping and Receiving Office. As with direct labor, actual costs for material items are charged to the appropriate account by use of the Project-Organization-Account number.



Actual costs for material should be reported in the same accounting period that earned value is taken. This practice prevents distortions in the performance measurement data that would reflect incorrect progress status. In situations where earned value is claimed but the invoice has not been paid, estimated actual costs (accruals) are incorporated into the actual cost database from purchase order information, P-Card logs, Travel Requisitions, and journal entries.

**503 Exhibits**

11. Project Status Report Example
12. Outstanding Commitment Detail Report Example



Exhibit 11. Project Status Report Example



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[Download this file to Excel](#)

Status Report

For Fiscal Year 2005 Period 1

PROJ: SNS840  
 PROJ ID: SNSXXX.8202010000.408.400  
 PROJ NAME: ES&H & QA/QC Support  
 PROJ MANAGER:

	CURRENT PERIOD INCURRED	TOTAL YTD INCURRED	OPEN PO COMMITS	PENDING (Credit Cards, PR, Stock, Travel)*	FY05 SPENDING	TOTAL BUDGET (-% OF DIRECT BUDGET SPENT)	REMAINING BUDGET	TOTAL CTD INCURRED
<b>LABOR</b>								
Direct Labor	0	0	0	0	0	0	0	0
Statutory Fringe(0.000%)	0	0	0	0	0	0	0	0
Fringe Benefits(0.000%)	0	0	0	0	0	0	0	0
<b>TOTAL LABOR</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXPENSES</b>								
Supplies & Materials(6043)	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL DIRECT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OVERHEAD</b>								
G&A(30.000%)	0	0	0	0	0	0	0	0
<b>TOTAL WITH OVERHEAD</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



Exhibit 12. Outstanding Commitment Detail Report Example



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SURAJEFFERSON LAB - DOE FUND  
PURCHASE COMMITMENTS DETAIL REPORT  
Fiscal Year: 2005 Period: 7

Project Abv : 12CDR

Project Name : 12 GeV CDR

Owning Org : DIRGEN

PROJ	ORG	ACCT	PO ID	PO LINE NUM	PO LINE DESCRIPTION	PO OPEN AMOUNT
12CDR	DIRGEN	8046-003	04A1614006	2	TASK ORDER 4: REIMBURSABLE ESTIMATED-NOT TO EXCEED	\$1,000.00
12CDR	DIRGEN	8046-003	04A1614006	3	TASK ORDER 4: PROVIDE AE SERVICES AS DESCRIBED	\$31,437.21
12CDR	DIRGEN	8046-003	04A1614006	3	TASK ORDER 4: PROVIDE AE SERVICES AS DESCRIBED	\$6.29
<b>Total PO 04A1614006</b>						<b>\$32,443.50</b>
<b>Total</b>						<b>\$32,443.50</b>