

CHAPTER 5. GOODS AND SERVICES RECEIVED BUT NOT INVOICED

- 5-1 Purpose:** The purpose of this document is to establish a policy for estimating and recording accruals for goods and services received but not invoiced in the Department of Housing and Urban Development (HUD). HUD's consolidated financial statements are presented on the accrual basis in accordance with federal Generally Accepted Accounting Principles (GAAP) established by the Federal Accounting Standards Advisory Board (FASAB). Under the accrual methodology, HUD recognizes revenues when earned, and expenses when a liability is incurred, without regard to receipt or payment of cash.
- 5-2 Background:** HUD records goods and services received but not invoiced on an accrual basis, in keeping with federal GAAP. The Bureau of the Fiscal Service's Accounting Resource Center (ARC) is the shared service provider responsible for processing and recording accrual transactions, as described in the Service Level Agreement (SLA) with HUD. HUD's Office of the Chief Financial Officer's (OCFO) Accounting Center (CFOAC) is responsible for computing and providing these accrual transactions to ARC for processing.
- 5-3 Scope:** This policy applies to HUD's process for recording goods and services received but not invoiced. At the end of each quarter period, CFOAC is responsible for estimating and recording accruals to recognize expenses related to goods and services received but not invoiced.
- 5-4 Effective Date of This Policy:** August 2016. The policy will be reviewed annually and updated as needed.
- 5-5 Responsibilities:** Itemized procedures and responsibilities will be maintained separately by OCFO. These procedures will be reviewed annually and updated as needed. (See Appendix 10)
- 5-6 Goods and Services Received but Not Invoiced Accrual Methodology:** The goods and services received but not invoiced accrual methodology is estimated based on available data.
- 5-7 Monitoring:**
- A. The goods and services received but not invoiced accrual methodology is monitored and evaluated for adequacy on an ongoing basis by the CFOAC.
 - B. On a periodic basis, CFOAC will compare the accrual estimate recorded in the prior year versus the expenses paid. CFOAC will adjust the methodology as needed.