



USAID
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ADS Chapter 621

Obligations

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ADS 621 – Obligations

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ADS 621 – Obligations

621.1 OVERVIEW

Effective Date: 09/15/1997

This chapter provides the policy directives and required procedures for the obligation and management of funds that Congress appropriates to the United States Agency for International Development (USAID). It incorporates statutory requirements and Federal guidelines to ensure that USAID obligations are valid and managed in accordance with sound financial management principles.

Note: Because of USAID's reorganization and the implementation of the Foreign Assistance Framework, the references to strategic objectives in this document can also be interpreted to mean program areas and activities can be interpreted to mean program elements.

621.2 PRIMARY RESPONSIBILITIES

Effective Date: 09/27/2007

a. The Bureau for Management, Office of the Chief Financial Officer (M/CFO)

- Establishes and maintains sound financial management practices;
- Directs USAID financial management operations worldwide;
- Provides an annual certification to the Department of Treasury on the obligation balances in each appropriation account ; and
- Develops and issues Agency-wide financial management policies and procedures, including the establishment of standard accounting practices.

b. The Office of the Director of Foreign Assistance, Coordinator for Resource and Appropriation (F/CRA)

- Establishes budgetary controls on Bureau obligations in the annual operating year budget and monitors budget execution;
- Provides Agency policy and procedures on forward funding, funding sources, and reobligation (see [ADS 601](#), [602](#), [603](#), [610](#), and [Reobligation Policy](#));
- Monitors the Agency's pipeline levels in relation to budget planning; and
- Redistributes deobligated funds (**recoveries**) to the Bureaus.

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c. Mission Directors

- Establish and maintain sound financial management practices;
- Directs mission financial management operations;
- Ensure that obligation balances are needed in the activities for which they were obligated, excess funds are deobligated, and that the amount of remaining funding is consistent with Agency guidelines for forward funding; and
- Ensure the implementation of Agency-wide financial management policies and procedures, including the established standard accounting practices.

d. The Bureau for Management, Office of the Chief Financial Officer, Washington Financial Services Division (M/CFO/WFS)

- Processes centrally-funded commitments and obligations;
- Assists Bureaus/Independent Offices in the deobligation of funds including prior year TA obligations;
- Processes upward adjustments to obligations; and
- Initiates AGENCY-WIDE quarterly verification reviews of CTO Name and CTO Office information in the Accruals Query.

e. Mission Controllers

- Process mission commitments and obligations;
- Assist mission offices in the deobligation of residual funds;
- Process mission upward adjustments to obligations; and
- Coordinate with Obligation Managers, authorized obligating personnel, and Program Offices to ensure proper monitoring of pipelines and forward funding policies.
- Ensure that obligating documents meet the criteria for valid obligations.

f. Program Officers must ensure that the percentage of pipeline does not exceed Agency standards.

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g. The Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reports Division (M/CFO/CAR)

- Administers the financial control and reporting, at the appropriation and account level, of all foreign assistance funds appropriated for Agency program activities and operation expenses;
- Determines the availability of prior-year funds for upward adjustment in **all** cases; and
- Compiles a quarterly “Recoveries” report and requests apportionment from OMB to make the funds available for reobligation.

h. The Bureau for Management, Office of Administrative Services, Travel and Transportation Division (M/AS/TT) assists Bureaus/Independent Offices in the deobligation of current year TA funds.

i. The Bureau for Management, Office of Acquisition and Assistance, Cost, Audit and Support Division (M/OAA/CAS) for awards issued by M/OAA processes contract/award closeouts and ensures deobligation of residual balances.

621.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 09/27/2007

621.3.1 Financial Documentation Responsibilities

Effective Date: 05/29/2007

Financial documentation is any documentation that impacts on or results in financial activity. It is not limited to documentation within Controllers’ or CFO operations, but includes any source material causing or resulting in a financial transaction. CTOs, Loans/Grants Officers, SO teams, etc., are responsible for retaining financial documentation and ensuring its availability for audit.

Basic financial documentation retention rules follow:

- If an action will result in a financial transaction, it must be documented;
- Source documentation must be readily available for audit (by either the Office of Inspector General or a responsible audit entity);
- Refer to retention by document type in [ADS 502](#), The USAID Records Management Program. The specific financial Records Disposition Schedules are located in the mandatory reference section of ADS 502, under Records Disposition Schedule, USAID/W, Chapter 15, Fiscal Management Records; and Records Disposition Schedule, USAID, Chapter 35, Financial Management Records. See also the National Archives and Records Administration (**NARA**)

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General Records Schedules (GRS) 6, Accountable Officers' Account Records;
and GRS 7, Expenditure Accounting Records.

621.3.2 Valid Obligations

Effective Date: 06/22/2000

A valid obligation is

- Supported by written evidence;
- For a purpose authorized by law;
- Executed by an individual who is authorized to incur an obligation;
- Required to fill a bona fide need in the period of availability of the appropriation or fund used; and
- Executed during the period of availability of the funds. The validity of an obligation is determined at the time of its execution if not expired or excessive.

As stated in 31 U.S.C. Section 1501(a), "An amount shall be recorded as an obligation of the United States Government only when supported by documentary evidence of:

- a.** A binding agreement between an agency and another person (including an agency) that is:
 1. In writing, in a way and form, and for a purpose authorized by law; and
 2. Executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided;
- b.** A loan agreement showing the amount and terms of repayment;
- c.** An order required by law to be placed with an agency;
- d.** An order issued under a law authorizing purchases without advertising:
 1. When necessary because of public exigency;
 2. For perishable subsistence supplies; or
 3. Within specific monetary limits.

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- e. A grant or subsidy payable:
 1. From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;
 2. Under an agreement authorized by law; or
 3. Under plans approved consistent with and authorized by law;
- f. A liability that may result from pending litigation;
- g. Employment or services of persons or expenses of travel under law;
- h. Services provided by public utilities; or
- i. Other legal liability of the Government against an available appropriation or fund.” (See [31 U.S.C. Sec. 1501\(a\)](#))

621.3.3 Commitment of Funds

Effective Date: 06/22/2000

Commitments or sub-commitments must be established to set aside funds prior to obligation or subobligation. In USAID/W, designated staff must commit funds in the procurement or accounting system. The Controller or his/her designee must commit or sub-commit funds for Mission obligations. (See [ADS 634.3.4](#), Commitment and Obligation of Funds)

621.3.4 Types of Obligations and Documentary Evidence

Effective Date: 11/18/2011

The most common types of obligations and sub-obligations, and the minimum documentation required to establish each as a valid obligation, are outlined below. One or more Obligor Officials must sign the obligating document within the appropriation’s period of availability. This list is not intended to be all-inclusive. If there are questions as to whether a particular grant, cooperative agreement, contract, or interagency agreement should be recorded as an obligation, the official recording the obligation must consult with the CO/AO immediately. Once the CO/AO has signed the document, it is a valid obligation and M/CFO must immediately put the document in the accounting system to avoid a potential anti-deficiency violation. Questions regarding other obligating documents and the minimum documentation required to establish a valid obligation may be directed to M/CFO or the Office of the General Counsel (GC).

- a. **Grants to Foreign Governments:** A grant by USAID to a foreign government may take the form of a strategic objective agreement (SOAG), bilateral assistance agreement, Limited Scope Grant Agreement, Commodity

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Import Program Grant, or Cash Transfer Grant. The minimum documentation required for establishing validity is the grant agreement. The grant agreement must be signed by both parties to be an obligation unless the major purpose, funding, and terms and conditions are settled. In this case, only a USAID signature is required. (See [ADS 350](#), Grants to Foreign Governments, for more information.)

b. Assistance Awards to Non-Governmental Organizations (NGOs):

Assistance to NGOs may be provided in the form of a grant or cooperative agreement. The minimum documentation required for establishing validity is the grant agreement or cooperative agreement. Only a USAID signature is required for an assistance award to be an obligation, unless there are major issues that are unresolved between USAID and the grantee, in which case both parties must sign the award. In other words, as long as the AO accepts the recipient's application without substantial modification, or obtains the applicant's agreement to any changes negotiated with the applicant, the grant letter may be considered an approval of the application, and the AO's signature is sufficient to obligate the funds. (See [ADS 303](#), Grants and Cooperative Agreements, Obligation of Funds for Assistance Agreements, for more information on assistance awards to NGOs.)

c. Contracts: A contract for the purchase of supplies or services may take the form of the following:

- Awards and notices of awards,
- Job orders,
- Task letters issued under basic ordering agreements,
- Letter contracts,
- Fixed price contracts,
- Cost-reimbursable contracts,
- Purchase orders (**POs**),
- Leases, etc.

For most contracts, the minimum documentation required for a valid obligation is the contract document, signed by both parties. However, there are cases where a valid contract may exist through a series of documents that together constitute the contract. All of these documents taken together must demonstrate a meeting of the minds through an offer and acceptance.

For POs, a copy of the PO is the minimum documentation. POs are often signed only by a USAID Contracting Officer and do not need a signature from the contractor if the contractor accepts the PO by performing services or delivering goods. It may be necessary near the end of the fiscal year to get written acceptance if performance will not begin until

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after the end of the fiscal year. (See [ADS 302](#), Direct Contracting, for more information on contracts.)

d. Interagency Agreements (IAAs): There are a number of authorities for IAAs. The most notable are [Sec. 632 \(b\) Authority of the Foreign Assistance Act of 1961](#) and the Economy Act, 31 USC 1535. Using IAAs USAID may obligate funds to reimburse another Federal agency for development work it does under the IAA. IAAs are expenditure transfers and USAID accounts for and reports on these agreements as it would on a contract. For example, International Cooperative Administrative Support Services (**ICASS**) interagency agreements are IAAs.

An IAA with another Federal agency may be in the form of a Participating Agency Program Agreement (**PAPA**), Participating Agency Service Agreement (**PASA**), or Non-PAPA/PASA Interagency Agreement. The minimum documentation required for a valid obligation is the form [AID 306-1 \(PAPA\)](#), form [AID 306-2 \(PASA\)](#), or an interagency agreement signed by both parties. (See [ADS 306](#), Interagency Agreements, for more information.)

In contrast, Section 632(a) agreements are not obligations. [Sec. 632 \(a\) of the Foreign Assistance Act of 1961 \(FAA\)](#), provides that USAID may execute non-expenditure transfers of funds to other Federal agencies to implement activities authorized by the Foreign Assistance Act. USAID does not report on the obligations against transfers; the reporting is done by the receiving agency. Sec. 632(a) Authority also provides that USAID may execute allocations, which are transfers of obligation authority, to other Federal agencies. The CFO must ensure that these obligations are reported to Treasury. In practice, USAID often arranges to have the receiving agency report directly to Treasury via Treasury's FACTS system.

e. Procurement Authorization (PA): USAID uses the PA to obligate ocean and inland freight. The minimum documentation for a valid obligation is the form [AID 1160-4](#), Procurement Authorization.

f. Travel Authorizations/Orders (TAs): USAID obligates official travel and transportation expenses for the movement of effects that are obligated with form [AID 5-8](#), Request and Authorization of Official Travel. The minimum documentation required for a valid obligation is the properly approved [AID 5-8](#). The amounts for per diem and transportation must appear as separate line items on the TA. (See [ADS 522](#), Performance of Temporary Duty Travel in the U.S. and Abroad, and [ADS 633](#), Financial Management Aspects of Temporary Duty Travel, for more information.)

g. Training Orders: Employee training through an external vendor is authorized on [Standard Form \(SF\) 182](#), Request, Authorization, Agreement,

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and Certification of Training. The minimum documentation required for a valid obligation is the properly approved SF-182.

h. U.S. Government Bill of Lading: USAID uses the bill of lading to obligate funds for the shipment of goods and commodities (except the shipment of employee household effects or privately owned automobile, for which the TA is the obligating document). The minimum documentation required for a valid obligation is the properly approved form **SF-1103**, U.S. Government Bill of Lading.

i. Credit Card Orders: USAID obligates purchases on the Government Purchase Authorization Card on the form [AID 530-3](#), Credit Card Purchases Transaction Form. The minimum documentation required for a valid obligation is the [AID 530-3](#). (See [ADS 331](#), Simplified Acquisitions, Micro-Purchases, and Use of the USAID Worldwide Purchase Card, for more information on credit card purchases.)

j. Building Support Services: USAID obligates funds for building services provided by the General Services Administration (**GSA**) on a [GSA Form 2957](#), Reimbursable Work Authorization. The minimum documentation required to establish validity is the properly approved GSA Form 2957. (See [ADS 519](#), Building Support Services, for more information.)

k. Foreign Transfer Allowance (FTA) and Home Service Transfer Allowance (HSTA):

- **FTA:** USAID uses the [SF-1190](#), Foreign Allowances Application, Grant and Report, to obligate this allowance. Application for Advance of Allowances, and the **TA** are required in addition to the SF-1190. (See [Foreign Transfer Allowance \(FTA\) and Home Service Transfer Allowance \(HSTA\) Obligations](#))
- **HSTA:** USAID also uses the [SF-1190](#) to obligate this allowance. An [AID Form 621-1](#) and the **TA** are required in addition to the SF-1190. (See [Foreign Transfer Allowance \(FTA\) and Home Service Transfer Allowance \(HSTA\) Obligations](#))

l. Miscellaneous Obligation: A miscellaneous obligation (MO) occurs when USAID acquires goods and services of a recurring or continuing nature (such as communication services, public utilities) or procures goods and services primarily on an over-the-counter cash basis. It also occurs for costs, such as interest penalty payments, taxis, dispatch agent obligations, interpreter services, or other legal liabilities on a case by case basis.

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Most MOs are incurred through written binding agreements, such as a Utility Company Form authorizing that electrical service be provided for a residence for an indefinite time period until cancellation.

Section 632(b) and the Economy Act are also authority for intra-agency reimbursements, e.g. to reimburse a working capital fund from other accounts or to reimburse Operating expense account from program accounts for the cost of personnel and other costs. Such intra-agency or inter-account transfers are obligations of funds of the paying account and are often recorded as obligations using a MO.

Some MOs are incurred by USAID with no formal written agreement. These situations normally occur in an overseas environment, under the “Class B” cashier authority, where vendors require a cash payment and timing is of the essence or issuance of a purchase order is not beneficial. They usually are characterized by a high volume of minimum value transactions for maintenance goods or services acquired by the EXO in support of residential, vehicular, and office operations.

In the Missions, a journal voucher is normally used to record obligations of a recurring or continuing nature. The journal voucher should reference the underlying legal obligating instrument or supported by other documentation, such as the primary written agreement or other projections of cost to be incurred. The journal voucher should be cleared by the Controller as defined under section. In USAID/W, MOs for communication services must be supported by an agreement signed by a warranted Contracting Officer and the vendor.

For more information about obligations, see [Mandatory Reference 621mag, ADS Chapter 621 Obligation Management – Phoenix Accounting Procedure for Program-Funded USDH Salary & Benefits \(S&B\)](#).

For more information about operating expenses, see [Mandatory Reference 621mah, Guidance - ADS 621 Series – Modified Carryover Process](#).

621.3.5 Authority to Incur Obligations

Effective Date: 09/27/2007

Only individuals who have delegated authority (or “Obligating Officials”) may incur obligations on behalf of the Agency. The delegations of authority to obligate USAID funds are provided in the Automated Directives System (**ADS**), USAID Acquisition Regulations (**AIDAR**), Mission Orders, position descriptions, Phoenix Roles Reports, and other sources of authorities. (See [ADS 103](#), Delegations of Authority)

Obligating Officials (Contracting/Agreement Officers, EXOs, AAs, Deputy AAs, Mission Directors, or other individuals, including USPSCs and non-U.S. Citizen Employees, with obligating authority in accordance with [ADS 103](#)), obligate and deobligate Agency funds

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and must ensure that obligations conform to the applicable regulatory requirements (Note: M/AS/TT is the Obligor Official for USAID/W-issued TAs).

In USAID/W, when making an award in the procurement system, Obligor Officials will:

- Designate a CTO by selecting a “CTO Name” from the pick-list in consultation with the Bureau/Independent Office, and
- Issue a CTO designation letter.

Note: The CTO will notify the Obligor Official of a pending CTO reassignment and ensure that documentation associated with the obligation (active or expired) is transferred to the new Obligor Manager. (See [Updating CTO Name and Managing Organization Information in Phoenix](#), and [ADS 302.3.7.1](#) and [ADS 303.3.17d](#).)

Obligor Officials will maintain the official file (i.e., keep the original documents) for obligor documents and supporting documentation. In field Missions, the Mission Controller will maintain files and related documentation in support of Mission obligations recorded in the financial records.

621.3.6 Recording Obligations

Effective Date: 09/27/2007

Obligations are recorded when the federal government places an order for an item or service, awards a contract, or enters into similar transactions that will require payments in the same or a future period. Once the required documentary evidence is complete as outlined in **621.3.2**, and **621.3.4**, the Obligor Official (or obligation recorder for interagency agreements and certain grants) or the Mission Controller must promptly record obligations in the procurement or accounting system. (See [USAID Expanded Object Class Codes Table](#) for specific accounting codes.)

In USAID/W, in coordination with Obligor Managers, Obligor Officials will ensure the following:

- The availability of funds,
- Use of the proper appropriation account, and
- The integrity of data recorded in the systems.

In field Missions and USAID/W, it is the responsibility of the individual approving the commitment of funds to ensure that the funding source used is correct and in accordance with policy. (See [ADS 601](#), Funding Source Policy).

In field missions, the Mission Controller will ensure the following:

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- The availability of funds, and integrity of data recorded in the accounting system, and
- Advise on the use of the proper appropriation account (i.e., funding source). (See [ADS 601](#), Funding Source Policy).

621.3.7 Estimated Obligations

Effective Date: 09/27/2007

The precise amount of the government's liability should be recorded as the obligation, when that amount is known. However, where the precise amount is not known at the time the obligation incurs, the obligation should be recorded on the basis of the agency's best estimate. Where an estimate is used, the basis for the estimate must be shown on the obligating document. As more precise data on the liability becomes available, the obligation must be periodically adjusted.

Obligation Managers (CTOs, Activity Managers, Strategic Objective Team Leaders, EXOs, or others, including USPSCs and non-U.S. Citizen Employees) must develop budgets and other documentation that serve as the basis for the obligation of Agency funds (see [ADS 202](#), Achieving).

621.3.8 Forward Funding

Effective Date: 09/27/2007

Obligations must be consistent with Agency forward funding guidelines as outlined in [ADS 602](#), Forward Funding of Program Funds, and [ADS 603](#), Forward Funding Policy, Non-Program Funds.

In USAID/W, Obligation Managers must ensure, in coordination with the Administrative Management Services (**AMS**) or Executive Management Team (**EMT**) Office for OE funds and the Program Office for program funds, that obligations are consistent with Agency forward funding policies. In field Missions, Obligation Managers must ensure, in coordination with the Mission Controller for OE funds and the Program Office for program funds, that obligations are consistent with Agency forward funding policies.

In USAID/W, Obligation Managers, in coordination with the Obligating Official, must ensure that approvals to deviate from the forward funding policy are documented and maintained in the official file along with the obligating documents. In field Missions, Obligation Managers, in coordination with the Mission Controller for OE funds and the Program Office for program funds, must ensure that approvals to deviate from the forward funding policy are documented and maintained in the official file along with the obligating documents.

Program Offices must monitor pipelines of program-funded obligations for compliance with the Agency's forward-funding policy for program funds. The Obligating Official, in the Mission EXO office and in the USAID/W offices, that manage only non-program

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funds (i.e., AMS or EMT offices, Management Bureau Cost Centers, and Independent Offices) must monitor pipelines of OE-funded obligations (e.g., credit card orders, MOs, TAs, training orders) for compliance with the Agency's forward funding policy for non-program funds.

621.3.9 Deobligation

Effective Date: 09/27/2007

Obligated funds must be deobligated when a determination is made that the funds are no longer needed for the purposes for which they were obligated. If the funding exceeds forward funding guidelines without proper authorization, the Obligating Official, in coordination with the Obligation Manager, must ensure that the next incremental funding amount is adjusted so that compliance with the forward funding guidelines is achieved.

The CTO, in consultation with the CFO's office must review the status of an obligation for outstanding advances and unpaid vouchers in the accounting system in order to determine what funds are available for deobligation. A proper and unliquidated obligation should not be deobligated unless there is a valid reason for doing so, e.g., cancellation of a trip, vendor's failure to perform (out of stock item), over-estimation of shipping costs, etc.

Absent a valid reason, it is improper to deobligate funds solely to "free them up" for new obligations. This would risk violating the Antideficiency Act. For example, if a government check, issued in payment of a valid obligation, cannot be promptly negotiated, (if, for example, it is returned as undeliverable), it is improper to deobligate the funds and use them for new obligations. An Antideficiency Act violation would occur if the payee of the original check subsequently shows up and demands payment but the funds are no longer available because they have been reobligated and the account contains insufficient funds. (See [GAO Principles of Federal Appropriations Law, Chapter 7, Obligation of Appropriations, pages 7-52](#), and [ADS 634](#), Administrative Control of Funds)

Obligation Managers must continuously monitor unexpended obligated balances and request the Obligating Official to deobligate excess or unneeded funds. In field Missions, Obligation Managers will provide confirmation to the Mission Controller that residual funds are available for deobligation. (**Note: EXOs are usually the Obligations Managers for TAs**).

Except for TAs, the Obligating Official is always required to issue a modification and/or provide his/her approval, indicating that the necessary documentation are included in the contract files to support his/her conclusion that the funds are no longer needed, before deobligating residual funds. The [Deobligation Guidebook](#), Section IV, describes the limited circumstances under which the Obligating Manager may only need to provide his/her approval, rather than issue a modification, to authorize the

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deobligation of residual funds in an obligation. In USAID/W, Obligor Officials deobligate excess balances at the request of the Obligor Manager and record deobligations in the procurement or accounting system. In the case of interagency agreements and certain grants, Obligor Officials ensure that deobligations are recorded. (See [ADS 202](#), [ADS 306](#), [ADS 308](#), and the [Deobligation Guidebook](#)) (See [Deobligation Guidebook](#), Section IV, paragraph I, for roles and responsibilities in the deobligation process.) In field Missions, Obligor Officials provide authorization documents to the Mission Controller to enter into the accounting system.

When deobligating residual fund balances in TAs, the properly designated staff in the Mission Controller's office, M/AS/TT, or M/CFO/WFS may deobligate residual funds without a formal deobligation action by the Obligor Official, provided that, before doing so, he/she takes the following steps:

- In field Missions: If the traveler has submitted a travel voucher or if a balance remains on the TA for six months or more (see **621.3.13c**), the designated staff must document that sufficient supporting evidence is in the file before deobligating residual funds. The designated staff will maintain all documentation supporting the deobligation, including the Obligor Official's clearance.
- In USAID/W: M/AS/TT and M/CFO/WFS designated staff will deobligate residual funds in current-year and prior-year TAs, respectively, after review and concurrence by the Bureau/Independent Office. The designated staff is responsible for maintaining the deobligation request memo from Bureau/Independent Office. (See [Improving the Determination Process for Deobligating Unliquidated Balances in Prior-Year Travel Authorizations](#))

Program Offices will monitor the status of deobligations using the deobligations report generated by the accounting system and coordinate the reprogramming of recoveries to the deobligating office within the Bureau or Mission.

621.3.10 Expired Awards

Effective Date: 09/27/2007

In USAID/W, for prior-year funding in expired awards, Obligor Managers will ensure that, after final vouchers have been submitted or the period of time available for submission of final vouchers has expired, these awards are marked for closure in the quarterly Accrual Reporting System (**ARS**). The M/OAA/CAS Administrative Closeout Official will process the closeout of M/OAA-obligated awards and the subsequent deobligation of residual funds.

In field Missions and for awards obligated outside of **M/OAA** in USAID/W, Obligor Officials must ensure administrative closeout of awards and deobligation of any residual balances.

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Obligation Managers must inform the Obligor Official of the individual in the operating unit who will carry out closeout responsibility. (See [CIB 90-12, Guidance for Missions – Closing Out Contracts, Grants and Cooperative Agreements](#); [ADS 306, ADS 308](#), and the [Deobligation Guidebook](#)).

[Note: M/OAA is expanding ADS 308 to cover detailed closeout procedures similar to the closeout procedures outlined in ADS 306.]

621.3.11 Section 511 of USAID’s Appropriations Act

Effective Date: 11/17/2011

Since FY 2002, Section 511 of USAID’s appropriations acts have authorized most USAID appropriated funds to remain available for an additional four years from the date on which the availability of the funds would otherwise have expired, if the funds are initially obligated by the end of the original period of availability. [prior to FY 2002, Section 511 or Section 517 authorized obligated balances from annual or multi-year appropriation accounts to be “available until expended” (i.e. “no-year” or “X” accounts).]

In other words, USAID appropriated funds that are obligated within their initial period of availability, will be available for four additional years for deobligation and reobligation. For accounting purposes, the funds will be moved into an appropriation designation that is four years longer than the original designation (i.e. 2002/2003 funds would become 2002/2007 funds). At the end of the four years, the funds “expire” and are no longer available for new obligations. The funds are then subject to “M Account” legislation (31 U.S.C. 1552) which allows the funds to remain available for expenditures and valid upward adjustments for another five fiscal years at the end of which the account closes. For example, 2002/2003 funds subject to section 511 and obligated within the original period of availability, is then available for deobligation and reobligation until 2007, and for expenditures and adjustments from 2007-2012. The unobligated 2002/2003 fund will be retained in the original appropriation account and will remain available for upward adjustments only (i.e. not new obligations) for an additional five years beyond the initial period of availability, i.e. until 2008.

Note: All funds from FY 2001 appropriations and prior, including multi-year 2001/2002 appropriations, will continue to be subject to the “X” conversions at fiscal year-end.

Funds deobligated after the initial period of availability for obligation are subject to regular deobligation and reobligation procedures, unless the deobligation is related to a subobligation under a SOAG or similar bilateral assistance agreement, in which case the funds go back to the SOAG or agreement. Section 511 funds must be apportioned and follow the regular funds control process prior to reobligation. The authority of section 511 is specific to the year of appropriated funds and is provided annually in the appropriations act unless otherwise specified. (See [Deobligation Guidebook](#);

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

[Reobligation Policy; Overview of USAID Appropriations and Special Authorities; Recap on Deobligations, Reobligations, and Upward Adjustments](#))

For more information about funds, see [Mandatory Reference 602maa, ADS 600 Series Funding Guidance Millennium Challenge Account](#).

621.3.12 Circumstances That May Result in Excess Funding

Effective Date: 06/22/2000

In conducting reviews of unexpended obligated balances to identify funds that must be deobligated, Obligation Managers and others involved in the review process must consider the following circumstances, which could result in excess or unneeded obligation balances:

- a. Situations where the activity budget exceeds what is necessary to meet activity objectives, for example:
 - (1) When the originally planned activity has been or can be accomplished with less than the funds budgeted; the activity has been reduced in scope (**modified, amended, restructured, terminated**); the focus has changed; or the activity has been transferred to another activity and will not be carried out as planned; or
 - (2) When significant fund balances will remain at the completion date due to slow or non-implementation of activities and extending the date may be unjustified, considering other priorities and the marginal benefits expected from continuing the activity.
- b. Situations involving troubled and marginally progressing activities where:
 - (1) The activity has gone off course and is no longer effective or is not meeting objectives;
 - (2) The activity has had serious longstanding (**two years or more**) implementation problems;
 - (3) Activity implementation progress is deemed to be excessively slow;
 - (4) Delays in implementation preclude achievement of the activity purpose;
 - (5) There have been extended delays in accomplishing initial implementation actions, such as meeting conditions precedent or inability to reach agreement on final design of the activity;

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- (6) The activity is seriously under-achieving critical outputs such that the attainment of activity objectives appears unlikely;
- (7) There has been an unfavorable change in the activity purpose assumptions;
- (8) Mistaken environmental assumptions for the activity result in marginal progress or effectiveness;
- (9) The cooperating country has failed to use the funds and provide required management attention to the activity;
- (10) Demand for activity funds did not materialize to the degree and over the time frame envisioned in the activity agreement **(especially applicable to private enterprise-type activities)**;
- (11) The activity is deemed unlikely to be sustained by the host country upon completion;
- (12) The activity cannot be completed on time because of uncontrollable circumstances, such as continuing hostilities in the activity area; or
- (13) The activity no longer conforms to Agency policies and goals or country and sector strategy, and redesign of the activity proves unsuccessful or not worth the effort.

c. The following situations may also reflect that remaining balances are no longer needed:

- (1) There is an unliquidated balance that has remained unchanged for 12 months or more and no evidence of receipt of services/goods during that same 12-month period;
- (2) A TA was issued six months or earlier and a balance remains;
- (3) A private training vendor has not provided a bill within six months of training dates;
- (4) Funds remain on an MO for more than 12 months after the planned completion date; or
- (5) The final travel voucher for home service transfer allowances has been submitted and paid.

621.3.13 How Deobligations are Processed in the Accounting System

Effective Date: 09/27/2007

The Agency's accounting system, Phoenix, processes deobligations based on the funding source and year as follows: (See [NMS Deobligation Processing](#) [Please note that this is only available to those individuals with access to the USAID intranet.]

- If the deobligation is current-year availability, the funds are returned to the Program Office's funding source. The interface simultaneously generates a de-commitment in Phoenix. A separate de-commitment is not necessary.
- If the deobligation is related to a SOAG, or similar bilateral assistance agreement, the funds go back to the SOAG or agreement.
- If the deobligation is from a previous-year unilateral obligating assistance instrument, the funding is recorded as a recovery and is re-recorded at the appropriation level. No de-commitment is generated, because the commitment has already expired.

621.3.14 Reobligation

Effective Date: 09/27/2007

After program funds have been deobligated, apportioned by OMB, and made available in the accounting system for reprogramming, F/CRA will use the funds to cover unbudgeted requirements, after taking out amounts necessary to fund upward adjustments. This is true for all fund accounts, including those that are designated for specific Bureaus (i.e., Assistance for Eastern Europe and the Baltic (**AEEB**), FREEDOM Support Act (**FSA**), Office of Transition Initiatives (**OTI**), International Disaster and Famine Assistance (**IDA**), Development Credit Authority (**DCA**), etc.).

However, earmarked funds will be returned in full to the Bureau and should be used for the original earmarked purpose. Bureaus should consult with GC regarding the legal requirements of an earmark. Operating Expense (**OE**) Funds are not available for return to recovering offices since projected recoveries of prior year balances are incorporated into the Operating Year Budget (**OYB**) levels. (See [Reobligation Policy](#))

[Future additional guidance will be issued, based on the outcome of the Business Transformation Executive Committee (BTEC's) assessment of the procedures for deobligating and reobligating field support funds.]

621.3.15 Upward Adjustments of Obligations

Effective Date: 09/27/2007

There are basically two types of upward adjustments – those made to obligations that arise in the current year, and those made to obligations that arose in a prior year. Different funding sources are used for these two different types:

** An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.*

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a. Current-Year Obligations

An upward adjustment to a current-year obligation may be made to provide funding for additional goods and services. However, it can only be made from current-year allotments.

An upward adjustment to a current-year obligation is authorized to the extent that:

- (1) The obligation was incurred in the current year;
- (2) There is a lawful need for the increase;
- (3) Funds for the purpose are available; and
- (4) Appropriate approval has been received.

An upward adjustment may or may not require an amendment to the original obligating document. Obligations, such as TAs and POs for freight, are recorded on the basis of an estimate. As more precise data becomes available, the obligation may be adjusted without amending the original obligating document unless there has been a change in the scope (e.g., additional travel days, additional stops, etc.). The Obligating Official must be consulted regarding the need for an amendment if the initial obligation was not recorded on the basis of an estimate. In some cases, such as with balances from TAs or POs (in field Missions), the Mission Controller may delegate authority to upward adjust funds to other individuals.

b. Prior-Year Obligations

An upward adjustment to a prior-year obligation may be made from the original funding source in order to provide additional funding to pay for goods and services that were ordered in the prior year. This additional funding may not be used to provide additional goods and services. For example, a contract may obligate an amount for overhead costs that later increases because of a change in overhead rates, not because additional goods and services were provided. Another example would be instances when the original obligation was recorded on the basis of an estimate, such as with travel, or when the increased cost would have constituted a valid obligation if it had been known during the fiscal year in which the original obligation was incurred.

Cost increases for goods or services under a SOAG or bilateral agreement may not be treated as an upward adjustment to a prior-year obligation, since the total amount set forth in the SOAG or agreement is the maximum monetary contribution the United States is obligated to make. Additional funding for

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services or materials required for completing the activities must be provided for in current-year funds.

In general, funding is provided from downward adjustments of prior-year obligations in the same prior-year allotment account, or from funds in prior-year expired appropriations (31 U.S.C. 1502). Appropriated amounts that were not obligated during the period of availability specified in the annual appropriations act are commonly referred to as “expired accounts.” While not available for new obligations, these accounts remain available for an additional five fiscal years beyond expiration for upward adjustments to prior-year obligations and for disbursement (31 U.S.C. 1552). At the end of the five years, the account formally “closes.” M/CFO/CAR withdraws all unobligated current-year amounts at the end of each fiscal year.

Only in special circumstances may funding for upward adjustments to prior-year obligations be made from current-year allotments. Specifically, if an expired account closes and an upward adjustment is needed for a prior-year obligation that is properly chargeable to the closed account. The amount of available current-year funds may not exceed one percent of the total appropriations for that account (31 U.S.C. 1553).

In Missions, when sufficient deobligations have been recorded in the same budget allowance in the same month in which a valid upward adjustment must be recorded, the Mission Controllers are authorized to use such funds for upward adjustments in the same fiscal year as the deobligated funds. Missions must consult the Bureau for Management, Office of Financial Management, Central Accounting and Reports Division (**M/CFO/CAR**) in all other cases to determine the availability of prior-year unobligated funds for upward adjustments.

(See [Recap on Deobligations, Reobligations, and Upward Adjustments](#), and [FAQs on Monitoring Obligations](#))

621.3.16 Operating Under a Continuing Resolution

Effective Date: 06/22/2000

The purpose of a Continuing Resolution (**CR**) is to allow for the continued operation of the Agency at the beginning of a new fiscal year until enactment of a new appropriation act. The CFO will provide specific guidance on the obligation of funds during a CR.

621.3.17 Review of Unexpended Obligated Balances

Effective Date: 09/27/2007

The Review of Unexpended Obligated Balances is also referred to as a Section 1311 Review (Section 1311 of the Federal Managers Financial Integrity Act). This review is conducted at a minimum, annually to determine the amount of unexpended obligation remaining for each Phoenix funding line.

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Unexpended obligated balances must be monitored to ensure that the level of funding is consistent with Agency forward funding guidelines and that balances are deobligated when no longer needed for the purposes for which they were initially obligated. A careful review of unexpended obligated balances strengthens the Agency's internal controls by deleting balances from the accounting system that are no longer required for future payments. This helps to identify funds that can be reprogrammed for current requirements. In addition, the review supports the Agency's formal year-end certification to the Department of Treasury.

Obligation Managers must continuously review the status of obligated funds. They must request deobligations when:

- A determination is made that the funds are no longer needed to accomplish activity objectives and the amount to be recovered exceeds a threshold of the \$100,000 dollar amount established by M/OAA, or
- The funding exceeds forward funding guidelines without proper authorization.

The CO/AO must record deobligations in the procurement system and the Obligating Official or individuals with delegated responsibility must record deobligations in the USAID/W accounting system. Mission Controllers record deobligations in the accounting system.

Program and AMS or EMT Offices in USAID/W and Mission Controllers in field Missions must coordinate an annual review of unexpended obligated balances to verify that excess and unneeded balances have been identified and deobligated. (See [ADS 202](#), and [Deobligation Guidebook](#)) This can be done on a quarterly basis, in conjunction with accruals of expenditures. (See [ADS 631](#), Accrued Expenditures)

621.3.18 Annual Certification of Validity of Obligations

Effective Date: 09/27/2007

Assistant Administrators (**AAs**), Management Bureau Office Directors (with Obligating Officials in the office), Independent Office Directors (with Obligating Officials in the office), and Mission Controllers must ensure that obligating documents meet the criteria for valid obligations. These individuals must provide an annual certification, as required by the Federal Managers' Financial Integrity Act, to the CFO regarding the obligations incurred during the fiscal year. The certification must state the following:

"I certify that all (Bureau, Office, or Mission) obligations incurred during the fiscal year:

- (1) Are consistent with the requirements of ADS 621.3.2 and 31 U.S.C. 1501(a);**

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- (2) **Have been recorded in the Agency accounting or procurement system; and**
- (3) **Are supported by adequate records maintained in accordance with Agency guidelines for record retention.”**

In the event that an obligation does not meet these requirements, the certification must read as follows:

“I certify that, with the exception of the obligations noted in the attachment, (Bureau, Office, or Mission) obligations incurred during the fiscal year:

- (1) **Are consistent with the requirements of ADS 621.3.2 and 31 U.S.C. 1501(a);**
- (2) **Have been recorded in the Agency accounting or procurement system; and**
- (3) **Are supported by adequate records maintained in accordance with Agency guidelines for record retention.”**

The attachment should provide a list of the obligations that do not meet the requirements and an explanation. For any unrecorded obligations, the listing must include the obligation number, date signed, fund account and allowance, amount obligated, and the reason it was not recorded in the procurement or accounting system.

AAs must certify only those funds obligated in USAID/Washington, since Mission Controllers certify Mission obligations. In addition, AAs certify only those funds obligated in their Bureau (e.g., not M/OAA or travel obligations).

The certification must be addressed (not sent) to the CFO and sent to M/CFO/APC by the most efficient means for the sender (scanned signed copy attached to an e-mail, fax, or hard copy). The due date for the certification is established by the CFO on an annual basis, but is generally during the month of October. This deadline must be met in order to allow for completion of final auditable financial statements for the fiscal year.

In support of this annual certification, the Program, Administrative Management Services (AMS), and/or Executive Management Team (EMT) offices in USAID/W and Mission Controllers in field Missions must develop procedures for ensuring that obligating documents meet the criteria for valid obligations and that proper controls are in place and are effectively implemented.

621.3.19 Annual Certification of Unexpended Obligated Balances

Effective Date: 08/04/2005

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

Obligation Managers must annually review all unexpended obligated balances. In reviewing these balances for potential deobligation, they must consider the circumstances that may result in excess funding (**ADS 621.3.17**) and comply with the procedures outlined in [ADS 602.3.7](#), Program Management.

AAs, Independent Office Directors, and Mission Directors must annually certify whether unexpended obligated balances are necessary for both on-going and expired programs and whether the amount of funding is consistent with Agency policies on forward funding in [ADS 602](#) and [ADS 603](#). The certification must be in one of the following forms, whichever is applicable:

- a. “I have directed a review of unexpended obligated balances and hereby certify that the balances are needed in the activities for which they were obligated, excess funds are deobligated, and that the amount of remaining funding is consistent with Agency guidelines for forward funding.”
- b. “I have directed a review of unexpended obligated balances and identified funds that are either no longer needed in the activities for which they were obligated or are inconsistent with Agency policies on forward funding. I hereby certify that steps have been taken to deobligate unneeded funds and that the annual budget request takes into consideration excess funding currently obligated so as to bring funding levels back into compliance with forward funding policies.”

The certification must be addressed (not sent) to the CFO and sent to M/CFO/APC by the most efficient means for the sender (scanned signed copy attached to an e-mail, fax, or hard copy). The due date for the certification is established by the CFO on an annual basis, but is generally during the month of October. This deadline must be met in order to allow for completion of final auditable financial statements for the fiscal year.

In support of this annual certification, the Program and AMS or EMT offices in USAID/W and Mission Controllers in field Missions must develop procedures for obligations monitoring and ensure that proper controls are in place and are effectively implemented. Mission Controllers will coordinate with Obligation Managers, authorized obligating personnel, and Program Offices to ensure proper monitoring of pipelines and forward funding policies.

Obligation and pipeline reports are available in Phoenix and the Business Objects Enterprise (BOE) reporting tool. You may find Phoenix Report R0201 (Obligation by Fiscal Year) and BOE Report R0203 (Unliquidated Unilateral and Subobligation Detail Report) particularly useful for this exercise. There are short descriptions of each of the BOE reports, and/or Quick Reference Guides for each report, within the Phoenix Reports folder on the BOE webpage. If you encounter any problems, please contact the IRM Help Desk at IRM-HelpDesk@USAID.GOV. If you have suggestions for report improvements, please send an email to PhoenixReports@usaid.gov.

** An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.*

NOTE: Please pay particular attention to obligations remaining in old budget fiscal years that may have little or no activity during the current fiscal year and that may no longer be valid.

Obligation and pipeline reports are available in Phoenix and the Business Objects Enterprise (BOE) reporting tool. The following reports are particularly useful for this exercise:

- BOE Report # R0203 (**Unliquidated Unilateral and Subobligation Detail Report**),
- Phoenix Report #R0201 (**Obligation by Fiscal Year**)

To access the BOE Web site, use Internet Explorer and go to <http://boe.usaid.gov>. There are short descriptions of each of the BOE reports, and/or Quick Reference Guides for each report, within the Phoenix Reports folder on the BOE webpage. If you encounter any problems, please contact the IRM Help Desk at IRM-HelpDesk-USAID@usaid.gov. If you have suggestions for report improvements, please send an e-mail to PhoenixReports@usaid.gov.

621.3.20 External Reporting Requirements

Effective Date: 06/22/2000

The CFO must certify that obligation balances reflect proper existing obligations and that expenditures were supported by a proper obligation of funds and meet the criteria of 31 U.S.C 1501(a). This certification states the following:

“Pursuant to authority vested in me, I transmitted to the Financial Management Service of the Department of Treasury, by electronic means, my certification that the obligation balances in each appropriation account of the agency reflect proper existing obligations and that expenditures from the account since the preceding review were supported by a proper obligation of funds and otherwise meet the criteria of 31 U.S.C. 1501(a). In doing so I submit my electronic certification.”

The certification must accompany the electronic submission of the TFS 2108, Year-End Closing Statement, which breaks out the unpaid obligations by undelivered orders and accounts payable, reflecting pipeline on both an accrued basis and a cash basis. The due date for the certification is established by the Department of Treasury on an annual basis, but is generally during the month of November.

621.4 MANDATORY REFERENCES

Effective Date: 11/17/2011

621.4.1 External Mandatory References

Effective Date: 09/27/2007

** An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.*

- a. [GAO Principles of Federal Appropriations Law: Volume II, Chapter 7, Obligation of Appropriations](#)
- b. [OMB Circular A-11, Preparation, Submission, and Execution of the Budget, Part 1, General Information](#)
- c. [Treasury Financial Manual, Volume 1, Part 2, Chapter 4200, Agency Reports on Unexpended Balances of Appropriations and Funds \(FMS Form 2108: Yearend Closing Statement\)](#)
- d. [31 U.S. Code \(U.S.C.\) 1108 – Preparation and Submission of Appropriations Requests to the President](#)
- e. [31 U.S.C. 1301 - Application](#)
- f. [31 U.S.C. 1341 - Limitations on Expending and Obligating Amounts](#)
- g. [31 U.S.C. 1501\(a\) – Documentary Evidence Requirement for Government Obligations](#)
- h. [31 U.S.C.1502 – Balances Available](#)
- i. [31 U.S.C. 1552 – Procedures for Appropriation Accounts Available for Definite Periods](#)
- j. [31 U.S.C. 1554 – Audit, Control and Reporting](#)
- k. [NARA](#)

621.4.2 Internal Mandatory References

Effective Date: 11/18/2011

621.4.2.1 ADS Chapters

Effective date: 09/27/2007

- a. [ADS 103, Delegations of Authority](#)
- b. [ADS 202, Achieving](#)
- c. [ADS 302, Direct Contracting](#)
- d. [ADS 303, Grants and Cooperative Agreements](#)
- e. [ADS 306, Interagency Agreements](#)

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

- f. [ADS 308, Grants and cooperative Agreements with Public International Organizations](#)
- g. [ADS 331, Simplified Acquisitions, Micro-Purchases, and Use of the USAID Worldwide Purchase Card](#)
- h. [ADS 350, Grants to Foreign Governments](#)
- i. [ADS 502, The USAID Records Management Program, Mandatory References: the Records Disposition Schedules Appendix 6A, Chapter 15; Appendix 6B, Chapter 35 and the General Records Schedule](#)
- j. [ADS 519, Building Support Services](#)
- k. [ADS 522, Performance of Temporary Duty Travel in the U.S. and Abroad](#)
- l. [ADS 601, Funding Source Policy](#)
- m. [ADS 602, Forward Funding of Program Funds](#)
- n. [ADS 603, Forward Funding, Non-Program Funds](#)
- o. [ADS 630, Payables Management](#)
- p. [621maq, ADS Chapter 621 Obligation Management – Phoenix Accounting Procedure for Program-Funded USDH Salary & Benefits \(S&B\)](#)
- q. [621mah, Guidance – ADS 621 Series – Modified Carryover Process](#)
- r. [ADS 631, Accrued Expenditures](#)
- s. [ADS 633, Financial Management Aspects of Temporary Duty Travel](#)
- t. [ADS 634, Administrative Control of Funds](#)

621.4.2.2 Additional Internal Mandatory References

Effective date: 08/04/2005

- a. [CIB 90-12 – Guidance for Missions - Closing Out Contracts, Grants and Cooperative Agreements](#)
- b. [Deobligation Guidebook](#)
- c. [Delegation of Authority, Duty, or Responsibility to USPSCs and Non-U.S. Citizen Employees](#)

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

- d. [Foreign Transfer Allowance \(FTA\) and Home Service Transfer Allowance \(HSTA\) Obligations](#)
- e. [Guidebook for Managers and Cognizant Technical Officers on Acquisition and Assistance](#)
- f. [Reobligation Policy](#)
- g. [Updating CTO Name and Managing Organization Information in Phoenix](#)
- h. [Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations](#)
- i. [USAID Expended Object Class Codes Table](#)

621.4.3 Mandatory Forms
Effective Date: 08/04/2005

- a. [Form AID 5-8, Request and Authorization of Official Travel](#)
- b. [Form AID 306-1, PAPA](#)
- c. [Form AID 306-2, PASA](#)
- d. [Form AID 530-3, Credit Card Purchases Transaction Form](#)
- e. [Form AID 621-1, Application for Advance of Allowances](#)
- f. [Form AID 1160-4, Procurement Authorization](#)
- g. [GSA Form 2957, Reimbursable Work Authorization](#)
- h. [SF-182, Request, Authorization, Agreement and Certification of Training](#)
- i. [SF-1034, Public Voucher for Purchases and Services Other than Personal](#)
- j. SF-1103, U.S. Government Bill of Lading
[Note: GSA states “This is an Accountable Form which cannot be placed on the website. It can be ordered by calling Federal Supply customer assistance (817) 978-2051.”]
- k. [SF-1190, Foreign Allowances Application, Grant and Report](#)

621.5 ADDITIONAL HELP
Effective Date: 09/27/2007

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

- a. [FAQs on Monitoring Obligations](#)
- b. [Recap on Deobligations, Reobligations, and Upward Adjustments](#)
- c. [NMS Deobligation Processing](#)
- d. [Overview of USAID Appropriations and Special Authorities](#)
- e. [CFO Bulletin 05-1001, Incremental Funding of Personal Service Contracts \(PSC\)](#)

621.6 DEFINITIONS

Effective Date: 08/04/2005

The terms and definitions listed below have been incorporated into the ADS Glossary. See the [ADS Glossary](#) for all ADS terms and definitions.

AA Obligation Recorder

The individual in a Bureau/Independent Office designated to record the obligation in A&A on behalf of a Bureau/Independent Office Assistant Administrator or Deputy Assistant Administrator. (Chapter 621)

Accruals

The estimated cost of goods or services or other performance received but not yet paid for by the Agency. Accruals are calculated for specific agreements and help provide current information on the financial status of an activity (or group of activities), agreement, or program. In the case of construction, they may be based on percent completed. (Chapters [200](#), [201](#), [202](#), [203](#), 621, [631](#))

Activity Manager

Member of a Strategic Objective (SO) Team or sub-team who is responsible for the day-to-day management of one or more specific activities. The Activity Manager is selected by the SO Team, and may or may not also have the delegated authorities of a Cognizant Technical Officer (CTO), whose authority to carry out contract management functions is designated by a Contracting/Agreement Officer. (See "Cognizant Technical Officer (CTO)") (Chapters [200](#), [201](#), [202](#), [203](#), [303](#), [306](#), [591](#), [592](#), 621)

Appropriation

A form of budget authority provided by law that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. (Source: CFO Council) (Chapters 621, [634](#))

Appropriations Act

A statute, under the jurisdiction of the House and Senate Committees on Appropriations, that generally provides legal authority for Federal agencies to incur

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obligations and make payments out of the Treasury for specified purposes. (Chapter 621)

Budget authority

The authority provided by law to enter into obligations for specified purposes that will result in immediate or future outlays of Federal Government funds. The basic forms of budget authority are appropriations, authority to borrow, contracting authority, and spending authority of offsetting collections. (Source: CFO Council) (Chapter 621)

Cognizant Technical Officer (CTO)

The individual who performs functions that is designated by the Contracting or Agreement Officer, or is specifically designated by policy or regulation as part of contract or assistance administration. In other parts of the U.S. Government, the synonymous term is usually Contracting Officer's Technical Representative (COTR). (See "Activity Manager" and ADS Series 300) (Chapters [200](#), [201](#), [202](#), [203](#), [306](#), 621, [631](#))

Commitment

An administrative reservation of funds in anticipation of their obligation. (Chapter 621)

Continuing Resolution (CR)

Enacted legislation that provides budget authority for Federal agencies or specific activities to continue in operation when action on appropriations is not completed by the beginning of a fiscal year. The continuing resolution usually specifies a maximum rate at which the obligations may be incurred, based on levels specified in the resolutions, e.g., not exceeding the current rate, the lower of amounts provided in the House-passed or Senate-passed appropriation bills, etc. If enacted for the entire fiscal year, it will usually specify amounts provided for each appropriation account. (Source: CFO Council) (Chapters [603](#), 621, [634](#))

Contract

A mutually binding legal instrument in which the principal purpose is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal government, or in the case of a host country contract, the host government agency that is a principal, signatory party to the instrument. (Chapters [302](#), [304](#), [305](#), 621)

Contracting Officer

A person representing the U.S. Government through the exercise of his/her delegated authority to enter into, administer, and/or terminate contracts and make related determinations and findings. This authority is delegated by one of two methods: to the individual by means of a "Certificate of Appointment". SF 1402 as prescribed in FAR 1.603-3, including any limitations on the scope of authority to be exercised, or to the head of each contracting activity (as defined in AIDAR 702.170), as specified in AIDAR 701.601. (Chapters [302](#), [331](#), [535](#))

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Deobligation

The process of removing unneeded funds from an obligating instrument. This step is typically done upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for the original purpose.

Deobligations are also referred to as the cancellation or downward adjustment of a previously recorded obligation. (Chapters [200](#), [201](#), [202](#), [203](#), 621, [635](#))

Disbursements

Payments made using cash, check, or electronic transfers. Disbursements include advances to others as well as payments for goods and services received and other types of payments made. (Source: CFO Council) Note: The Agency often uses the term “disbursements” to mean only “payments that liquidate obligations,” which actually is the definition for “outlays.” (Chapters [200](#), [201](#), [202](#), [203](#), 621, [631](#))

Employee

A direct-hire employee of USAID or a Participating Agency. ([Chapters 306](#), 621)

Expenditure

With respect to provisions of the Antideficiency Act and the Congressional Budget and Impoundment Control Act of 1974, a term that has the same definition as “outlay,” which means a payment to liquidate an obligation (other than the repayment of debt). (Source: GAO Budget Glossary) The total of goods and services or other performance received, whether paid for or not. Accruals plus disbursements equal expenditures. Expenditures are estimates of the total costs incurred by the Agency for a given activity (or group of activities), agreement, or program. (Chapters [200](#), [201](#), [202](#), [203](#), 621, [631](#))

Expired account

Appropriation or fund accounts in which the balances are no longer available for incurring new obligations because the time available for incurring such obligations has expired. (Source: CFO Council) (Chapter 621)

Expired obligation

The expiration or “end” date of an obligation document. (**See “obligation”**) (Chapter 621)

Field support

The process by which missions and other technical operating units acquire specific commodities or services through provision of funds to the Pillar Bureaus for use in acquisition and assistance mechanisms. (Chapter 621)

Forward funding (program funds)

The availability of funds to support future expenditures for a specified time period after a planned obligation. This definition of forward funding applies to the use of program funds. ([Chapters 602](#), 621)

* An asterisk and yellow highlight indicate that the adjacent material is new for this chapter or substantively revised.

Forward funding (non-program funds)

Obligating, from current year funds, amounts to cover the cost of goods or services to be received/provided in a subsequent fiscal year. Rules for forward funding will vary somewhat depending on the goods/services under consideration. See Chapter 602 for definition as it relates to program funds. (Chapters [603](#), 621)

Miscellaneous Obligation

A miscellaneous obligation (MO) occurs when USAID acquires goods and services of a recurring or continuing nature, such as communication services, public utilities, rent, or procures goods and services primarily on an over-the-counter cash basis. It also occurs for costs such as interest penalty payments, taxis, dispatch agent obligations, interpreter services, training services from another government agency, or for other unanticipated needs. (Chapter 621)

Managing Organization

The organization selected to manage a designated activity. (Chapter 621)

Obligated balance

Represents net unpaid obligations that will result in budget outlays of the account being reported, i.e., the total amount of unliquidated obligations of an appropriation or fund account less the amount collectible as repayments from other Federal agencies that will be credited to that account. Offsetting collections that will be credited to a receipt account are excluded from the computation of net unpaid obligations. Receivables from the public, loans, and other long-term receivables, amounts due at some future date under credit sales, and deferred charges are not deducted in computing the net unpaid obligations. (Source: CFO Council) (Chapter 621)

Obligating Official

USAID officials with the delegated authority to sign obligating documents. This includes the authority to negotiate, execute, amend, and administer agreements obligating USAID funds. The Obligating Official may be an Agreement Officer, Contracting/Agreement Officer, Executive Officer, Assistant Administrator, Deputy Assistant Administrator, or other official. (Chapters [603](#), 621, [634](#))

Obligation

Obligations reflect the amounts of orders placed, contracts awarded, services rendered, and similar transactions requiring payments. The total of such obligations in any year is financed by budgetary resources. Obligations reflected in the budget must conform with applicable provisions of law and must be supported by the documentary evidence required by 31 U.S. C. 1501. (Source: CFO Council) (Chapter 621)

Obligation Manager

The individual responsible for managing a specific obligation. The Obligation Manager may be the Cognizant Technical Officer, Activity Manager, Strategic Objective Team Leader, Executive Officer, or other official. (Chapters [202](#), [303](#), [603](#), 621, [631](#))

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Outlays

Outlays (expenditures) generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of the public debt. (Source: OMB Circular No. A-11) (Chapter 621)

Period of availability

The timeframe specified in the Appropriations Act during which new obligations may be incurred. (Chapter 621)

Pipeline

The amount of funds obligated but not expended; the difference between cumulative obligations (the total amount that has been obligated in an agreement) and cumulative expenditures (the total amount that has been expended), including accruals. Also referred to as obligation balance. (Chapters [202](#), 621)

Reobligation

The obligation of an amount that has been obligated and deobligated in prior transactions. (Chapter 621)

Residual funds

The funds remaining in an obligation after the purpose of the obligation has been fully met. (Chapter 621)

Section 511

A section of the FY 2002 Foreign Operation, Export Financing and Related Program Appropriations Act which provides that funds appropriated for the purposes identified in Section 511 remain available for an additional four years from the date on which the availability of such funds would otherwise have expired, if such funds are initially obligated before the expiration of their respective periods of availability. (Chapters 621, [634](#))

Travel Authorization/Order

The Travel Authorization/Order (TA) is used to obligate funds for the purchase of goods and services associated with temporary duty (TDY) travel, post assignment travel, retirement travel, Personal Services Contract (PSC) travel, and donated travel. (Chapter 621)

Unexpended balance

The amount of appropriations or other funds or authority remaining after deducting outlays from total available resources. This balance includes cash with Treasury (and on hand and in banks, when included in Treasury reports), and investments in U.S. Government securities. The unexpended balance of an account is the sum of the total amount available less expenditures. (Source: CFO Council) (Chapter 621)

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Unliquidated obligation balance

An amount that has been obligated but not disbursed and remains as un-invoiced unpaid; the difference between the total amount that has been obligated in an agreement and the total amount that has been disbursed. (Chapters [202](#), 621, [631](#))

Unobligated balance

The balance of budgetary resources that have not yet been obligated. (Source: CFO Council) (Chapters 621, [635](#))

Upward adjustment

To increase the amount of a previously recorded obligation when the actual amount is determined and it is larger than the estimated amount. An upward adjustment may require an amendment to the original obligating document. (Chapter 621)

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