Playbook for the Prevention of Funds Control Violations (Illustrative Only)

An Additional Help for ADS Chapter 634

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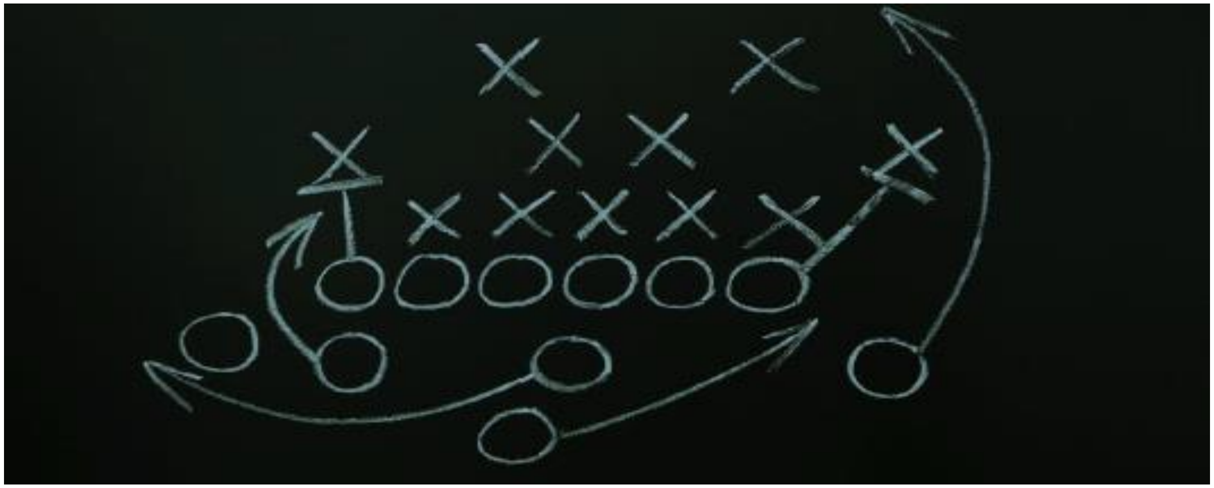

This Playbook is a collection of scenarios gathered from Funds Control Violation (FCV) Board decisions and are designed to provide practical and helpful information for users, covering ten different categories:

- Travel
- Allowances
- Personal Services Contractors (PSC)
- Interagency Agreements (IAAs)
- Assistance Awards
- Purchase Orders
- Training
- Leases
- Institutional Service Contracts (ISCs)
- Other Salary & Benefits

The Playbook provides a summary of potential approaches, solutions, and explanations that provide context aligned with policy and business operations. The Chief Financial Officer's goal is to support USAID/Washington (USAID/W) and the Missions in making determinations about how best to meet the requirements of ADS Chapter 634, Administrative Control of Funds. The content of this Playbook does not supersede or replace existing regulations, policies, or guidance and any recommendations are only illustrative. Judgment by management should be used on a case-by-case basis.

What is the Antideficiency Act?

The Antideficiency Act (ADA) is a unique feature of U.S. governance. While it is frequently invoked in the particulars of budget execution and interagency accounting, it reflects a powerful concept enshrined in the U.S. Constitution – the separation of powers. Arising across highly varied areas of public policy, the ADA acts as a check on the executive branch in the stewardship of the taxpayer dollars and serves to buttress the legislative branch's exercise of the power of the purse. As is written in the GAO Redbook, GAO-16-463SP (Washington, D.C.: March 2016): "Government officials may not make payments or commit the United States to make payments at some future time for goods or services unless there is enough money in the 'bank' to cover the cost in full. The 'bank,' of course, is the available appropriation."

What are Funds Control Violations?

ADS 634, Administrative Control of Funds, is the Agency's directive related to FCV. FCV are actions that **obligate/over-obligate or expend/over-expend USAID funds in advance or more than an appropriation and can arise from accepting voluntary services**. There are two types of FCV - statutory and administrative. An administrative FCV begins after the allotment budget level, and a statutory FCV is also referred to as an ADA violation. The ADA was enacted by Congress to prevent the obligation of government funds that are not available. The actions that violate the ADA can be found under ADS 634.3.5.1. Further guidance is also available in OMB Circular A-11 and ADS 621.

The differences between a **Statutory and Administrative** FCV depends on what budget level (e.g., above/below the allotment level) the violation occurs. An example of the thresholds for violations is listed below:

Violation	Budget Level
Statutory (ADA)	Appropriation: budget level provided by Congress
	Apportionment: budget level provided by the Office of Management and Budget (OMB) (usually connected to a time period)
	Allotment: budget level provided to Agency Bureau level (thru F for Program Funds, with a cc to the Bureau for Management, Office of the Chief Financial Officer, Central Accounts and Reporting Division (M/CFO/CAR) and thru the Bureau for Management, Office of Management Policy, Budget, and Performance (M/MPBP) for Operating Expense (OE) Funds)
Administrative FCV	Allowance: budget level provided to the individual Operating Unit (OU)
	Sub-Allowance: budget level to individual program area
	Distribution: budget level by the distribution field (could be the same as the allowance level or segregated further to distinguish between Washington and Overseas portions of the same allowance)
	Activity: budget level distinguished to the program element level (usually for the purpose of reporting)

What is an Unauthorized Commitment?

FCV sometimes result from an unauthorized commitment (see Federal Acquisition Regulation (FAR), FAR 1.602-3 for acquisition awards). ADS 303.3.19(a) defines unauthorized commitments for assistance awards as occurring: “When a USAID official, who does not have the authority to do so, acts in a way that leads a recipient or potential recipient acting in good faith to believe that USAID has committed to make a specific award; change the amount of an existing award; or, revise an existing award budget, program description, or any of the terms and conditions of the award, the official has made an unauthorized commitment. It is against U.S. Government and USAID policy to enter into unauthorized commitments."

An unauthorized commitment results in goods or services being received outside of a formal agreement. In this case, USAID personnel acted without the authority and without following policies, regulations, and procedures; therefore, USAID is not obligated to pay the contractor/recipient/vendor, unless the unauthorized commitment is ratified.

Per ADS 634, unauthorized commitments (for acquisition and assistance awards) can only be ***ratified*** by the USAID Director, Bureau for Management, Office of Acquisitions and Assistance (M/OAA/Director). Ratification obligates USAID to pay the contractor/recipient. This "ratification" process requires multi-bureau clearances and an admission of wrongdoing by the individual who made the unauthorized commitment. Ratified unauthorized commitments typically result in an administrative FCV (see ADS 634sab).

How to Report a FCV?

The identification and reporting process begins when a potential FCV has been identified in the OU by any individual. Per ADS 634.3.5.3, "any individual with knowledge of a potential FCV or knowledge of any proposed action that may lead to a FCV, either statutory or administrative, must contact the Allotment Holder[1] (or designee) or the Director, M/CFO/FPS immediately. Allotment Holders (or designee) must report potential violations." Then a case is opened in the Agency's official FCV system of record, ASIST CACS-FCV, and sent to the FCV Review Board FCVBoard@usaid.gov. A FCV is considered to have been officially reported once the case is submitted in CACS, in a folder specifically designated for the reporting/OU. The completion of required fields is carried out by the role of "submitter" who is typically an employee in the cognizant Bureau/Independent office/OU or another individual in the OU who is knowledgeable of funding requirements (see ASIST FCV Guide).

[1] An Allotment Holder is any Bureau, Independent Office, or Operating Unit that receives an allotment of funds.

What are some common scenarios?

Frequently, different details will derive a different conclusion and any recommendations made are ***illustrative only***. Usually, judgment by management should be used on a case-by-case basis. If the case is a potential ADA violation, please reach out to the Director, M/CFO/FPS as soon as possible. **As an immediate recommended action, proceed to commit and obligate then prepare and submit a potential FCV via ASIST-CACS**.

Travel		
Facts	**Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
1. An employee traveled (domestic or international) without a funded travel authorization (TA).	**FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation; or **ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	1. All TAs must be prepared using the E2 Travel System prior to travel (see ADS 522). 2. Missions and OUs should only issue paper TAs on a limited/exception basis. 3. Whenever possible, travelers should anticipate all expenses, especially uncommon or infrequent expenses.
2. A voucher examiner receives a travel voucher supported with a paper TA and doesn't fund an obligation in Phoenix.	**FCV: ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System.	
3. A traveler's TA was not amended for a trip that incurred more expenses than estimated in the TA (i.e., more miscellaneous expenses).	This is a difference in estimate and **not a FCV** and can be addressed with an upward adjustment.	

Travel		
□ **Facts**	□ **Possible FCV Conclusion**	⭑**Illustrative Preventive Measures**
4. A traveler's TDY is extended to include more days for consultation, but the TA is not amended.	This is a change in scope and requires additional authorization (by the obligating official) and more funds to be added to the TA. The scenario constitutes a FCV because funds were not committed and obligated prior to the change in scope. **FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	Whenever possible, travelers need to anticipate changes to travel and proactively address prior to incurring additional costs.
5. A traveler's voucher is not processed because there were no Bureau/OU funds available.	Properly funding the TA from the outset will prevent this from occurring. Improperly funded TAs require a request for additional funds from the Bureau/OU and constitutes a FCV. **FCV: ADS 634.3.5.2(a)** Cumulative over-obligation or over-expenditure of an individual fund available below the allotment level **and ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System**.**	Bureau/OUs and travelers can ensure prior to embarking on travel, all associated expenses are fully funded. This provides a smooth vouchering process and reduces any issues with payment or corresponding FCVs.

Purchase Orders		
□ **Facts**	□ **Possible FCV Conclusion**	★**Illustrative Preventive Measures**
1. Refreshments were overlooked for an important host government event I was in charge of. I ordered refreshments from the venue on the day of the event, assuring the vendor that USAID would pay. I let the Executive Officer (EXO) know the next day I was back in the office. This is an unauthorized commitment (assuming the individual who informed the vendor did not have obligating authority). You may be personally liable for these expenses unless the unauthorized commitment is ratified.	If there is a subsequent ratification of the unauthorized commitment to create a legal obligation, then a FCV transpired when expenses were incurred prior to the obligation. **FCV:** **ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation **or** **ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	Set up a Miscellaneous Obligation Document (MOD) for your office for these types of anticipated and recurring expenses.
2. A USAID purchase cardholder used the purchase card to procure mission critical supplies, above the purchase cardholder's allowed threshold. This is an unauthorized commitment. A USAID purchase card holder has delegated authority to contract on behalf of USAID, from the	The purchase cardholder lacked obligating authority and made a purchase above their delegated authority threshold. M/OAA will need to ratify the unauthorized commitment. **(If the unauthorized commitment is ratified) FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	An original request for a one-time increase to procure mission critical supplies may be processed as an ad hoc, one-time increase. The OU can establish modified procedures for emergency procurements.

Purchase Orders

□ Facts	□ Possible FCV Conclusion	⋆Illustrative Preventive Measures
MOAA Director, up to a certain threshold.		
3. Refreshments were overlooked for an important host government event I was in charge of. I ordered refreshments from the venue **after getting verbal okay** from the EXO. This is still a FCV if the EXO did not confirm the availability of funds and commit them in advance of the verbal approval **and not an unauthorized commitment** (based on the EXO's (as the obligating authority) verbal approval).	The additional violation of the untimely recording of a valid obligation in the financial system may also apply if the documentation and obligation processing is delayed (or forgotten). **FCV**: **ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording USDH salary expenses **and** **ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System**.**	Set up a MOD for your office for these types of anticipated and recurring expenses.
4. The Mission issued a Purchase Order (PO) to a local hospital to provide pre-employment and pre-travel medical check-ups for local staff. The Mission realized the PO had insufficient funds to cover the services rendered to the potential employment candidate.	This is an FCV when pre-employment health services were received in advance of (incremental) funding of an obligation. **FCV**: **ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System.	As a best practice, Missions should periodically review existing POs and MODs to ensure that obligated amounts remain sufficient to cover all anticipated associated costs.

Purchase Orders		
Facts	**Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
5. Our Mission's annual website subscription services (Flickr Pro) needed to be paid and was processed as an auto-renewal based on the purchase card information entered on the website by the purchase card holder in the prior year.	This is a FCV when the website services subscription was renewed by purchase card without a reservation or obligation of funding in the financial system. **FCV: ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording USDH salary expenses; and **ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System.	Periodically review subscription services and ensure a commitment and a corresponding MOD/other obligating document exists and an obligation is recorded in Phoenix to cover auto- renewals. Also, ensure that any auto-renewal terms are funded in advance and do not exceed Agency forward funding guidelines.

Allowances		
Facts	**Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
1. Pre-departure subsistence expenses in Washington (such as hotel and Meals and Incidental Expenses (M&IE)) are incurred before departing for a new (overseas) post without advance funds obligation.	Pre-departure expenses require advance approval and funds obligation. Failure to obligate funds in advance of incurring these expenses will result in an FCV. **FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	Employees should ensure that pre-departure expenses are approved and obligated in advance. Proceed to commit and obligate using the SF-1190 by the new (gaining) Mission's EXO.
2. A dependent was approved by the Department of State MED for Special Needs Education Allowance (SNEA, DSSR 276.8) in October, retroactively for expenses that commenced in August. The Mission EXO didn't receive the cable notification until November, so no funds were committed or obligated. Be sure to use the appropriate OE funds, otherwise improper use of funds may trigger an FCV.	**This is not a FCV.** SNEA can be retroactively approved by the Department of State MED (and for a prior fiscal year). The Mission EXO will rely on this approval to support a bona-fide need for the obligation. The bona-fide need does not exist until the cable is issued and the Agency is not obliged to reimburse the employee before the cable is issued. This ***could be*** a FCV if the EXO approves the expense (i.e., the EXO legally obligates funding), but there are no funds available to the Agency (improbable). This allowance type is "reimbursement" and subject to being "granted."	Obligate using SF-1190 and SNEA cable. It is preferable for the Mission to use carryover funding (OE x1/x2) to avoid any doubt about the validity of funds used. If necessary, based on the bona fide needs rule, the Mission is justified in using one-year OE funds, following issuance of the cable. The Missions duty is to avoid using prior-year funds that pre-date cable issuance because the expense spans two fiscal years.

Allowances		
Facts	**Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
3. An employee forgot to request the cost of living allowance (COLA) on the SF-1190, so the obligation was not created.	This is a FCV because the EXO grants the allowance and the employee earns the allowance (based on pay period) which is the period of performance for the obligation. The obligation is recorded in the financial system prior to payment of the COLA. **FCV**: **ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	Be sure to check all applicable boxes on the SF-1190 as soon as requested by the EXO or as soon as you arrive at post, whichever occurs first, so that funds can be obligated for all allowances and other entitlements. The process for obligating funds for post COLA is the EXO approval of the SF-1190 which is subsequently recorded in the financial system.
4. A Mission FSO and his accompanying family returned to post and found a mold problem in their government provided housing. They quickly moved to a hotel that same day and notified the Department of State General Services Officer (GSO) and the Mission EXO the next day. Within a few days, the GSO decided unilaterally to issue a purchase order to cover the lodging costs directly to the hotel and later advised the Mission EXO. According to the Department of State Facility Manager, the Mission EXO confirmed that it would cover the lodging costs.	This is a FCV because the EXO's prompt concurrence with the Department of State's Facility Manager to cover the lodging and other costs constituted a legal obligation without reservation and obligation of funds in the core financial accounting system. **FCV: ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording United States direct hire (USDH) salary expenses; and **ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made	The Mission should have reserved and obligated funds for that purpose. Unfortunately, this instance quickly progressed due to safety and security concerns. So, there's very little that the Mission could have done to avoid a FCV. However, based on the criteria in **ADS 634.3.5.2,** this is still a FCV.

Allowances		
☐ **Facts**	☐ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
	after the period of performance begins for the obligation.	

Personal Services Contractors (PSCs), Other Salary & Benefits		
☐ **Facts**	☐ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
1. A PSC continues to perform services after obligated funds were fully expended on an active contract.	The active contract is an obligation which is no longer reflected in the financial system once fully expended. If the Mission opted to not pay the PSC - even though work continued - with no valid contract in place, USAID is effectively accepting voluntary services. Accepting voluntary services is augmenting an appropriation, and creates a potential ADA violation. **FCV:** ADS 634.3.5.2(f) Failure to timely record a valid obligation or Sub-	1. The PSC could have been asked to stop work pending funding approval. 2. Use funds tracking mechanisms for PSCs or close monitoring using the quarterly accrual process/reporting. 3. Incremental funding needs to be timely processed and sub-obligated for the active contract.

Personal Services Contractors (PSCs), Other Salary & Benefits		
□ **Facts**	□ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
	obligation in the Phoenix accounting System.	
2. A personal services contract did not have sufficient funds obligated to meet expenses for payroll and incremental funding was not added before funds were fully spent. Payment was made by the Department of State U.S. Disbursing Officer (USDO) and USAID received the charges later through Standard Form (SF) 1221. .	Failure to record the overdue incremental funding obligation for an active contract in the financial system. **FCV: ADS 34.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System.	Timely amend PSC contracts based on the scope of the original obligation before they expire to prevent running out of funds. The obligation already existed in a legal form because the end date of the contract was still valid.
3. An Eligible Family Member (EFM) appointment was confirmed by the EXO with a tentative start date; however, the Office of Financial Management was not informed of the EFM's start date nor was any obligating document issued. The Mission planned to use program funds under a bilateral agreement for this purpose.	Funds need to have been sub-committed and sub-obligated (assuming this was under a bilateral agreement) before the EFM began work. **FCV: ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	Establish clear guidance for processing EFM appointments that consider minimum lead times necessary to ensure timely obligations. Provide periodic reminders on funds control during staff meetings.

Assistance Awards		
□ Facts	**□ Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
1. The Mission and the host country government signed an implementation letter (IL) (under an existing bilateral agreement) for technical services to support the country's agribusiness with the defined activities to be executed. At the end of the original period of performance of the IL, the Mission received a request for an extension of the IL, but did not respond to the host country government's formal extension request. The host country government continued to provide services without the Mission's request. The Mission Director later approved the extension.	The lack of response from the Mission resulted in expenses incurred for technical services outside of a formal agreement, since the implementation letter expired without ensuring that funds were available to continue the assistance program. **FCV: ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	The Government Agreement Technical Representative (GATR) should maintain a log of incoming requests from the host government and follow up on the implementation. The obligating official must commit and obligate the extension to the IL.

<table>
<tr><th colspan="3">Assistance Awards</th></tr>
<tr><th>□ Facts</th><th>□ Possible FCV Conclusion</th><th>⋆Illustrative Preventive Measures</th></tr>
<tr><td>2. An Agreement Officer (AO) signed an award using a fund which was allowed by the Bureau and obligated in GLASS/Phoenix. However, the fund used for this award was subject to Congressional Notification (CN) and had not expired. The Mission sent a required CN related to the funds which would be used for this sub-obligation. The Mission should have waited for a notification from the Bureau that the 15-day waiting period had lapsed. However, the Bureau offered an available alternative valid fund to use for the award, instead of the funds related to the CN.</td><td>This is a FCV for using a fund that had not received CN approval. The funds should only be committed after the CN expires and when available at the Mission level. This could have been an ADA violation if the agency did not have a valid fund that existed from the same time the mistake happened, until the time the correction was made.

FCV: ADS 634.3.5.2(g) Obligation or Sub-obligation of funds not made for the purpose of the available funds.
[Based on the case facts, an ADA violation did not occur because another valid fund existed during the period from the time the error happened until the time the correction was made.]</td><td>1. The Mission should de-obligate the fund subject to the CN, and re-obligate using the valid fund provided by the Bureau, and then report the potential FCV via ASIST-CACS.
2. As a best practice, Mission Program Offices generally maintain a full list of funds allowed to the Mission and under CN. As part of this tracking, CN expiration dates and corresponding funds availability dates should be included and frequently updated. Also, recurring communication with well-established stakeholders at the Mission, Program, OAA, OFM and technical offices supports fiscal control.</td></tr>
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Training		
□ Facts	**□ Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
1. A new USPSC paid the registration fee to attend a virtual conference. As a new USPSC, they were not aware of the required prior approvals and the funding process. Funds were later committed and obligated as part of the SF-182 process, after the virtual conference had already occurred.	The Mission was not liable to make the obligation, but once the Mission decided to do so, a FCV (i.e., funds were obligated after costs were incurred) transpired. **FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation; or **ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	Ensure that all employees are aware of the basic standards for funds control and how to avoid FCV in the normal course of business. In both cases, the employees should have been aware of the approval process for training.
2. A Mission employee obtained approvals from the immediate supervisor and the office director (second-line supervisor) for the Individual Learning and Training Plan (ILTP). The employee relied on the ILTP approvals and paid the training fees with a personal credit card. The employee attended the online training course without funding.	When the Authorization of Training (SF-182) is approved retroactively, this is a FCV. The employee cannot be reimbursed for the online training without a completed and signed SF-182. **FCV: ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	

Training		
Facts	**Possible FCV Conclusion**	**⋆Illustrative Preventive Measures**
3. A Mission employee sent an email to the EXO to request approval to take an online training course. There were several emails from the EXO responding to the inquiring employee confirming the training was ‘approved’ and that the employee could ‘register and be reimbursed’ without elaborating further on the required process. Relying on this communication, the employee proceeded to pay tuition and enrolled in the course. When the employee sought reimbursement, the FMO became aware that the employee paid tuition for the course without first obtaining formal approval (SF-182) with funding.	This is a FCV when the EXO authorized an employee to enroll in training and pre-pay tuition prior to processing an SF-182. While the Mission EXO’s written approval can be construed as a legal obligation, there was no corresponding recording of a commitment and recording of an obligation in Phoenix. **FCV: ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording USDH salary expenses; and **ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	Employees should confirm that all necessary steps have been taken prior to incurring costs for training, such as requesting a copy of the approved SF-182.

Leases		
□ **Facts**	□ **Possible FCV Conclusion**	⭑**Illustrative Preventive Measures**
1. The Mission received a signed rental lease agreement for employee housing and recorded a fund commitment and obligation for this agreement. The lease in question was managed by the Department of State's GSO of the U.S. Embassy. In this case, the GSO entered into a lease for housing already assigned to the Mission employee; however, the Mission did not commit or obligate funds prior to the beginning of the rental lease agreement.	A FCV occurred when services (in the form of rental occupancy) were received, and an obligation made without a fund commitment in place. This is a very common occurrence because GSO can obligate funds via signing a lease, without awareness that the USAID funds to be used are **NOT** yet obligated. Generally, leases are paid for by the Department of State, who will then request a funds cite from USAID later on. **FCV: ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording USDH salary expenses.	Careful coordination between USAID EXO, OFM and Department of State GSO/Management team is required. This scenario can easily be avoided if all parties proactively plan and obligate for lease agreements in advance.

Leases		
□ **Facts**	□ **Possible FCV Conclusion**	★**Illustrative Preventive Measures**
2. The Department of State had ownership of an existing lease agreement that was utilized for the purpose of housing employees from other agencies at post. The Department of State requested USAID make a payment to the landlord for a period of lease occupancy by a USAID employee. Two months of this period had elapsed already, and USAID did not have a commitment or obligation in place.	A FCV occurred because of an error in timely reconciling existing operating expense obligation levels to approval of a corresponding lease agreement. The violation is owned by the fund holder (USAID), not the violator (State). **FCV**: ADS 634.3.5.2(d) Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	Communication between the EXO and the Department of State is highly encouraged. **See recommendation directly above as an additional best practice.**
3.USAID entered into a five-year lease agreement for office space in Washington, D.C., obligating funds in advance of an appropriation. Indemnification provisions in the lease subjected the Agency to indefinite liability and no other funds were available and appropriate to cover these costs.	**ADA violation**: **ADS 634.3.5.1(a)(2)** Obligation occurred in advance of an appropriation. If the clause/statement “subject to availability of funds” were inserted by the CO/AO, the Agency could have avoided this ADA violation.	1. Once funding is restored via the normal budget process, USAID can proceed to commit and obligate. 2. The obligating official needs to have the necessary knowledge and training to execute this transaction. If the CO/AO is uncertain regarding the availability of funds prior to entering into an award or lease, consultation with colleagues in OFM and/or GC is necessary.

Inter-Agency Agreements (IAAs)		
☐ **Facts**	☐ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
1. USAID signed a reimbursable agreement (i.e., expenditure transfer) as a buyer (i.e., we are purchasing services from another Agency) and did not record the fund commitment or the obligation for the agreement before the start date. Further, the selling Agency begins implementing services using their own funds, one month before the agreement start date. The fund commitment and the obligation are subsequently recorded. ⚠ If a Mission or OU finds itself in this situation, please contact M/CFO/FPS for help and consultation as needed.	This is a FCV for USAID. This case could be an ADA violation for the selling agency, depending on the authority used. **FCV: ADS 634.3.5.2(c)** Obligations or sub-obligations incurred prior to the commitment or sub-commitment of funds, except for recording USDH salary expenses and **ADS 634.3.5.2(f)** Failure to timely record a valid obligation or Sub-obligation in the Phoenix accounting System.	IAAs do not deviate in any way with regard to the basic requirements for funds control, from any other type of Agency obligating mechanism. Bureaus and Missions have to ensure that a commitment of funds, followed by a signed agreement (in tandem with recording of an obligation in Phoenix), all occur prior to service implementation (see ADS 621, 306).
2. USAID is acting as the seller in an IAA (i.e., we are providing services for reimbursement from another Agency) and the IAA has not been signed or obligated by the buyer agency prior to USAID beginning activities. ⚠ If a Mission or OU finds itself in this situation, please contact	This could be a ***potential*** ADA violation for USAID (seller) because USAID funds are not appropriated for the purchase of another agency's services or goods. **ADA violation: ADS 634.3.5.1(a)#1, 5, and 6**	

Inter-Agency Agreements (IAAs)		
☐ **Facts**	☐ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
M/CFO/FPS for help and consultation as needed.		
3. USAID is a buyer in an OE-funded reimbursable agreement effective October 1st, and USAID has not forward funded the agreement obligation from the prior year. ⚠ If a Mission or OU finds itself in this situation, please contact M/CFO/FPS for help and consultation as needed.	This is a FCV and unless USAID has a no-year fund to cover the first few months of the fiscal year, this can be elevated to an ADA violation. **ADA violation: ADS 634.3.5.1(a)1 or 634.3.5.1(a)2 or (if no-year funds are available) FCV as per ADS 634.3.5.2(d)** Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation.	1. Forward funding is the proper funding source to be used if the agreement starts on October 1st. 2. Per ADS 603, forward funding (obligating current fiscal-year-fund amounts to cover the cost of goods and services that will be received in a subsequent fiscal year) is the proper funding source to be used if the agreement starts on October 1st. Alternatively , the agreement start date has to be during a period where USAID has an apportioned and allotted current fund. In the case of OE funds, no-year money can be used to reduce this to the level of a FCV because OE no yearfunds would have been available and remained available throughout the time that these events occurred (see ADS 601, 602, 603).

Institutional Support Contracts (ISCs)/Field Support		
☐ Facts	**☐ Possible FCV Conclusion**	**⭑Illustrative Preventive Measures**
1. A Bureau/OU contracted to hire a communications consultant using an ISC or Field Support. The ISC started work without commitment and obligation of funds. Note: The ISC contractor could not have started work without instructions given from the Bureau Contracting Officer Representative (COR) utilizing funds that belong to other Missions or OUs. If this happens, the Agency may be subject to a purpose violation that can be elevated to an ADA violation.	This is a FCV when the Bureau/OU onboarded or hired the communications consultant without sub-commitment and obligation of funds. **FCV: ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	There should be an internal standard operating procedure for the use of ISCs and Field Support to ensure that funds are obligated in advance of the commencement of ISC contractor work in the future.
2. The Mission's Field Support mechanism expired without timely renewal; however, the project/program activities continued without contract renewal.	A FCV occurred when the contract continued without a commitment and obligation and timely funding of the contract before it lapsed. **FCV: ADS 634.3.5.2(e)** Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that Sub-obligation.	Establish internal procedures to periodically review the status of field support mechanisms and identify/renew expiring contracts.

Institutional Support Contracts (ISCs)/Field Support		
☐ **Facts**	☐ **Possible FCV Conclusion**	⋆**Illustrative Preventive Measures**
3. The Mission entered into a field support instrument that was properly committed and obligated. The services were completed and there were funds remaining that were not being utilized. The Bureau COR did not return the funds back to the Mission and held it, to be used in the future for the Mission. Two years later, the Mission requested, and the COR agreed, to use the funds for new field support services. ⚠ If a Mission or OU finds itself in this situation, please contact M/CFO/FPS for help and consultation as needed.	This case is a **potential** ADA violation for using funds not for the purpose for which it was appropriated and apportioned. Further, a bona fide need did not exist at the time a decision was made to keep the funds for future use and the obligation lacked the basic element of validity. **FCV: ADS 634.3.5.2(g)** Obligation or sub-obligation of funds is not made for the purpose of the available funds. This could possibly be an **ADA Violation #5:** Prior year money may have expired or been used without being re-apportioned for a new purpose.	The Mission should obtain the residual money (via de-obligation) after field support completion and should not agree to keep it for future use.

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