Deobligation Guidebook

A Mandatory Reference for ADS Chapter 621

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I. OVERVIEW

USAID's adherence to Federal laws, policies, procedures, and the related USAID guidelines has been the subject of numerous audits conducted by the United States Government Accountability Office (GAO) and the USAID Office of Inspector General (OIG). It is important to ensure that the amount of funding obligated is not over-budgeted, improves the use of scarce financial resources before available appropriations expire, and achieves the desired strategic objective. The instructions in this mandatory reference will strengthen the Agency's ongoing and semi-annual review per the Section 1311 review process (see Public Law 83-663, 31 USC 1501 of the Federal Managers Financial Integrity Act). This review process is essential to determine whether all the unexpended obligations and sub-obligations are valid, meet forward funding guidelines, and are needed to fulfill the intended scope. As part of this review, expired awards awaiting closeout must be reviewed and any excessive residual funds should be identified for deobligation. In addition, for closeout Missions, the guidance and instructions will speed the liquidation and closure of all remaining activities.

To ensure reliability of financial reporting and compliance with laws and regulations, Chapter 31 of the United States Code, section 1554 requires that:

“After the close of each fiscal year, the head of each agency shall submit to the President and the Secretary of the Treasury a report regarding the unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts of that agency during the completed fiscal year.”

USAID policy directives and procedures detailed in **ADS 621, Obligations**, helps ensure sound financial management practices within USAID and prescribes that:

- Agency Controllers and Program Offices initiate and coordinate reviews of all unliquidated obligations (*i.e.,* Section 1311 Review) at least twice a year to determine whether the obligation balances should be retained or deobligated.

- Assistant Administrators (AAs), Mission Directors, and Independent Office Directors provide an annual certification of unexpended balances to the Agency’s Chief Financial Officer (CFO).

The Deobligation Guidebook (hereafter referred to as Guidebook) provides mandatory guidance in meeting the requirements of **ADS 621** for deobligation of program and operating expense (OE) funds in USAID obligating documents. Review of unliquidated obligations are necessary to properly report accurate obligation balances, make funds available that otherwise would not be used, and improve management’s ability to forecast resources. The Automated Deobligation Process Application User’s Guide and Quick Start Guide aid in using the tool to process deobligation in Phoenix and the Global Acquisition and Assistance System (GLAAS). Specifically, the Guidebook operationalizes the processes necessary for Agency personnel to deobligate funds from the following types of obligating documents:

- Grants to foreign governments (Strategic/Development Objective Agreements, Limited Scope Agreements, Commodity Import Program Grants, or Cash Transfer Grants);

- Assistance Awards to Non-Governmental Organizations (NGOs);

- Agreements with Public International Organizations (PIOs);

- Contracts;

- Procurement Authorizations (PAs); and

- Other kinds of obligations, to include: Travel Authorizations (TAs), Training Orders (TR), Credit Card Orders (CZ), and Miscellaneous Obligations (MOs).

For deobligating funds from interagency agreements, refer to **ADS 306**.

Note: References to development objectives in this document can also be interpreted to mean single or multiple program areas.

II. PRIMARY RESPONSIBILITIES

Although there are various roles and responsibilities in the deobligation process, the following are the principal roles and responsibilities required to carry out the Overview Section of this Guidebook. Additionally, the quarterly deobligation process is executed using the Auto-Deobligation Application (the "Deobligation tool"). For more information, please see: Office of the Chief Financial Officer's website.

a. Obligation Managers in coordination with the Development Objective (DO) team plan and monitor the level of funding necessary for the execution of the activity. This includes periodically reviewing the status of all obligated funds and identifying obligations with:

  (1) Unneeded balances (funds remaining after all goods and services have been delivered or completed and paid for); and

  (2) Excessive balances (that are defined as no longer needed for the implementation of the remaining scope of the obligation).

The Mission Contracting Officer's Representatives/Agreement Officer's Representatives (CORs/AORs) and other Obligation Managers recommend and initiate the deobligation process and ensure that the deobligation process outlined in Section III is followed.

b. **The DO Team Leader** ensures that the team prudently plans, monitors, and manages the financial aspects of its program throughout the life of the DO. Specifically, the Team Leader ensures that the DO team (which includes the COR/AOR/Obligation Manager and Activity Manager), along with the Controller's Office or other cognizant financial management personnel, reviews the status of all obligated funds: unilaterally obligated but not expended, bilaterally obligated but not sub-obligated, and sub-obligated but not expended. The Team Leader also recommends any necessary adjustments to ensure that these funds are used in a timely manner or are deobligated if no longer needed or exceed forward funding policies.

c. **Mission Controllers and USAID/W Program Offices:** In order for the DO Team (specifically, the COR/AOR, in coordination with the Activity Manager) to conduct periodic reviews of the status of all program-funded obligations and identify excess/unneeded funds for deobligation, Mission Controllers and USAID/W Program Offices provide offices with comprehensive pipeline reports and analysis, including fund status whether active, expired, expiring, or cancelling. In addition, they provide guidance and arrange training, as needed, to ensure that CORs/AORs and Activity Managers are aware of their responsibilities related to the deobligation process. The Mission Controllers and USAID/W Program Managers initiate the 1311 review process at least twice a year, and follow-up with the Agreement Officers/Contracting Officers (AOs/COs) on deobligation and close-out actions as needed, and as recommended by the CORs/AORs.

d. **The Bureau for Management, Office of Acquisition and Assistance (M/OAA) Obligating Official:** In USAID/W, the M/OAA Obligating Official, is responsible for the initial obligation and subsequent deobligation of funds from active awards that are near completion and from completed awards prior to going for final closeout processing. Only Obligation Officials who have the authority to obligate, can make the final deobligation determination. For active or expired awards that have potential deobligations of excess or residual funds, the M/OAA Obligating Official may act on a request from the COR/AOR or other Obligation Manager for modification of the budget and request for deobligation of funds determined to be in excess of needs (per Section III, subsections A and B.2). M/OAA Obligating Officials are expected to deobligate excess funds under these conditions when deobligation is reasonable.

e. **The Bureau for Management, Office of Acquisition and Assistance, Cost, Audit and Support Division (M/OAA/CAS) Administrative Closeout Official:** In USAID/W, the M/OAA/CAS Administrative Closeout Official processes the closeout of M/OAA obligated awards and the subsequent deobligation of residual funds. For expired awards, the M/OAA/CAS Administrative Closeout Official closes the award and deobligates the remaining balance, once the M/OAA Obligating Official has sent the award for closeout processing. The M/OAA/CAS Administrative Closeout Official negotiates indirect cost rates (e.g., Negotiated Indirect Cost Rates Agreement (NICRA)). M/OAA/CAS also sends requests to the COR/AOR to ensure that all terms of the award were met prior to closeout and that the Unliquidated Obligations (ULO) are on the lines from which deobligations should be made or if reconciling adjusts (transfer of disbursement to other lines) need to be made before deobligating. It is important to note that the closeout process (waiting for final audit of NICRA, etc.) may take up to several years. However, partial deobligations may be made before the closeout is completed. Efforts must be made to limit the remaining award balances only to projected NICRA needs.

f. Mission Obligating Official: Program funds may be initially obligated in a bilateral agreement, signed by the Mission Director or their designee (such as a Development Objective Agreement (DOAG) between USAID and the cooperating country (see **ADS 201, Program Cycle Operational Policy**; **ADS 350, Grants to Foreign Governments**; and **ADS 621, Obligations**). Mission CO/AOs are primarily responsible for executing the non-administrative sub-obligation documents (grants, contracts, cooperative agreements, etc.), as well as, executing non-administrative unilateral obligations.

Before funds in a sub-obligation/unilateral obligation document can be de-sub-obligated/deobligated, a formal closeout process for contracts, grants, and cooperative agreements that has reached its completion date (as outlined in **ADS 302sat, Guidance on Closeout Procedures for A&A Awards**) is required. However, similar to Washington awards, partial deobligations may be made before the closeout is completed to limit the remaining award balances only to projected indirect cost rate adjustments. Since Missions are responsible for closing out their own actions, as well as M/OAA-issued procurement actions that have been transferred to the field for administration, it is the CO/AO's responsibility to take the lead role in ensuring that closeouts are accomplished in a timely and comprehensive manner to include an excess funds review.

g. USAID/W Bureau AAs or their Designees: In lieu of action by M/OAA, these individuals serve as the Agency Official or Agreement and Grant Officers responsible for obligating and deobligating funds in interagency agreements and certain grants, respectively (see **AIDAR 701.601**, **ADS 103, Delegations of Authority**; **ADS 306, Interagency Agreements**; **ADS 308, Grants and International Agreements with International Organizations**; and **ADS 350, Grants to Foreign Governments**).

h. Administrative Management Services (AMS) Officers in Bureaus and Independent Offices (B/IOs) that manage funding for operations and personnel: In coordination with the COR/AOR or other Obligation Managers, the designated Obligating Official in these USAID/W offices is responsible for the following:

- Conducting periodic reviews of the status of all funds under AMS management;

- Identifying excess/unneeded funds;

- Deobligating excess or unneeded funds directly obligated in the Phoenix accounting system; and

- Assisting with closing contracts, grants, or purchase orders in a timely manner issued by these B/IOs.

i. The Bureau for Management, Office of the Chief Financial Officer (M/CFO): M/CFO assists Missions and B/IOs in their efforts to deobligate funds that were obligated in the Phoenix accounting system when using the automated batch deobligation tool. The Auto-Deobligation Application User's Guide and Quick Start Guide are available here. M/CFO provides a quarterly ULO Scorecard to each Mission and B/IO that details the unliquidated balances by Bureau/Mission and Fund Account of expired awards and obligations for which no transactions have been made within the last three fiscal years. In addition, M/CFO is responsible, in coordination with the Bureau for Management, Office of Management Policy, Budget, and Performance (M/MPBP), Bureau for Planning, Learning, and Resource Management, Office of Budget and Resource Management (PLR/BRM), and the Office of Foreign Assistance at the Department of State (State/F), for the reapportionment of deobligated funds, and once funds have been reapportioned, for making them available in Phoenix for reprogramming. For more information on the re-obligation process, see **ADS 621**.

j. PLR/BRM and State/F: After non-expired program funds obligated in prior years have been deobligated, re-apportioned by the Office of Management and Budget (OMB), and made available in the accounting system for reprogramming, these funds can be reallocated by PLR/BRM and State/F's Coordinator for Resource and Appropriation. PLR/BRM and State/F's Coordinator for Resource and Appropriation can also make recommendations for the use of the funds to cover unbudgeted requirements, after taking out amounts necessary to fund upward adjustments, or approved reprogramming requests of the Bureau. This is true for all fund accounts, including those that are designated for specific regions or Bureaus (*i.e.,* Assistance for Eastern Europe and the Baltic (AEEB), FREEDOM Support Act (FSA), Office of Transition Initiatives (OTI), and International Disaster and Famine Assistance (IDA)). Bureaus are required to submit an allocation memorandum for any approved funds, seek approval from State/F, and provide Congressional Notification, if required (see **ADS 621**).

k. M/MPBP: Prior year OE funds are not available for return to Operating Units (OU) from which funds are deobligated, unless approved or reallocated by M/MPBP.

III. THE DEOBLIGATION PROCESS

This section explains the deobligation process for both active and expired obligating instruments. The end-to-end deobligation process produces some variations in expediting the timely execution and full utilization of funds before expiration. Those variations may include differences:

- Between field Missions and USAID/W responsibilities;
- Between active awards that are using funds still within the period of obligation availability and all other awards; and
- Within USAID/W, considering who executed the award (*i.e.,* M/OAA for contracts, grants, cooperative agreements, etc., or Bureau Assistant Administrators (AAs) (or designees) for interagency agreements and grants, loans, Memorandums of Understanding (MOUs), and other implementing and ancillary agreements and documents as authorized in **ADS 103**).

Additionally, those with deobligation responsibilities will need to ensure remaining open obligations are valid and liquidated before the cancellation of the appropriation. Taking such action will ensure that USAID does not incur award modification issues because of cancelled funds not liquidated before the date of cancellation. Obligated and sub-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.

The COR/AOR, in consultation with the CO/AO, M/CFO, or the Financial Management Office overseas, must review the status of obligations and sub-obligations for outstanding advances and unpaid vouchers in the accounting system to determine what funds are available for deobligation. An unliquidated obligation or sub-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), overestimation of shipping costs, and excess funds in the award).

Absent a valid reason, it is unacceptable to deobligate funds solely to "free them up" for new obligations. This would risk violating the Antideficiency Act (see **Principles of Federal Appropriations Law, 3rd ed., 2006, Volume 2, Chapter 7, Obligation of Appropriations, page 7-59**, and **ADS 634**).

Once the COR/AOR or other Obligation Manager has initiated a deobligation request, the Obligation Manager must follow-up to ensure that identified excess/unneeded funds are deobligated and files are maintained or disposed of in accordance with **ADS 502** (also see **ADS 302** and **ADS 303**).

A. Identifying Excess and Unneeded Funds

Excess and unneeded funds (operating expense and program accounts) may be identified for deobligation through various means such as:

1. **Performance monitoring** and ongoing management oversight through procurement planning, periodic portfolio reviews, and preparation of the Annual Performance Report (APR) and Annual Financial Report (AFR). Additionally, M/MPBP’s budget and policy reviews lend themselves to identifying funds that are excess or no longer needed and can be deobligated because of activity completion or changed circumstances.

2. **Accrual’s reporting** is required at the end of each quarter based on the best estimate of goods and services received, but not yet paid for.

3. **Section 1311 Reviews** of unexpended balances are also a good means of flagging activities with excess and unneeded funds for deobligation.

4. **Pipeline reports** and average monthly expenditure reports are excellent tools for identifying transactions for deobligation and inform planning and allocation of resources. Phoenix and associated reporting modules contain pipeline reports and other guides.

5. **The ULO Scorecard** provides details on ULOs for expired awards and obligations where no payments have been made within the last three fiscal years.

6. **The Deobligation tool** which will allow review of unliquidated obligations from Phoenix and GLAAS.

B. The Deobligation Requirements in USAID/W

The COR/AOR and other personnel with deobligation responsibilities will assess whether:

- The ULO is valid by determining (as applicable) whether the requirement is still valid and accurate;

- Future work will be conducted, or future disbursements will be required to liquidate a balance;

- There is sufficient and readily available supporting documentation to justify a remaining balance or that one is no longer needed;

- USAID/W OUs receives a Notice of Final Voucher memo from the LOC Team (in case of LOC funded awards), prior to any deobligation/de-sub-obligation of unneeded funds and to ensure reconciliation to Department of Health and

Human Services (DHHS) systems and USAID accounting records (see LOC process for USAID/W);

- All payments and disbursements are recorded in Phoenix; and
- Calculation of the accrued expenditure (in coordination with the CO/AO) for funds obligated but not yet disbursed has been completed.

1. Expired Awards (Physically Complete)

An acquisition and assistance instrument is referred to as an “award.” These awards are: Purchase Orders (POs), Blanket Purchase Agreements (BPAs), Fixed Priced Contracts and Individual Fixed Price Delivery Orders or Task Orders, Cost Type Contracts, Personal Services Contracts (PSCs), and Grants and Cooperative Agreements. Per **ADS 302sat**, an award is generally considered physically complete when:

Acquisition	Assistance
The contractor has completed the contractually required deliveries, and the government has inspected and accepted the supplies; or	The funding period, or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions, has expired; or
The contractor has performed all contractually required services, and the government has accepted these services; and	The total award amount has been expended; and
All option provisions, if any, have expired.	The recipient has complied with all applicable terms and conditions of the award, and the government has confirmed compliance.

Below are the key personnel and their core activities that help with reconciliation and reporting accurate ULOs. As a best practice, financial reconciliation may include the:

COR/AOR or Obligation Manager

- Performing a pipeline analysis at least 30 days before the award expires or as a part of the quarterly accrual process.
- Reviewing the most recent Phoenix Viewer Obligation By Accounting Line (OBAL) and Obligation Liquidation Record (OLR) reports to reconcile and verify that the ULOs are on the correct accounting lines (having disbursements transferred as needed) for deobligation.

- Initiating a request for deobligation of excess funds based on:
    - Marking the unliquidated obligation for closeout during the accrual process;
    - Administrative Closeout official receiving verification of awardee satisfactorily completing the award;
    - Awardee submitting a final payment request and disbursement has been made/posted in the accounting system;
    - COR/AOR working with appropriate OU staff to enter the deobligation requisition in GLAAS or Phoenix (as appropriate) and providing supporting documents to the Obligation Official for their approval before processing the deobligation; and
    - COR/AOR recommends if additional funds will be needed to closeout, contact the Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (M/CFO/CAR) for more information and use the upward adjustment form found here.

M/OAA/CAS Administrative Closeout Official

- Verifying awardee has satisfactorily completed the terms and conditions of the award by gathering documentation and communicating with the COR/AOR or Activity Manager.
- Determining the amount for deobligation (see **QUICK TIP** below), as either:
    - Ahead of closeout (OAA Obligation Official or Mission COs/AOs may deobligate pending final voucher of invoice), or
    - Already in closeout (assigned to CAS), but not deobligated by M/OAA Obligating Official.
- Determining whether additional funds are needed for closeout.
- Establishing the deobligation and closeout of PSCs without a follow-on contract. This occurs after the requesting office completed the checkout (see **ADS 451**) list and the Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payment Division (M/CFO/CMP) received certification that final payment has been processed and all taxes and fees have been paid.

CO/AO

- Determining if properly documented excessive residual funds can be deobligated ahead of the closeout process; and

- Ahead of closeout, verifying if an agreement is made to extend the financial status report due date so that deobligation of unneeded funds is performed.

M/CFO/CMP

- Determining if the awardee has submitted a final payment request and whether final disbursement is posted in the accounting system.

- Issuing a memo "notification of Final Voucher" to CAS upon receipt of final voucher for Letter of Credit (LOC) payment mechanisms.

- Authorizing payment of unused leave and final salary payment for PSCs (using a copy of the request from the requesting office to the CO) and confirming whether all fees and taxes have been paid.

For all awards under the LOC payment mechanism, M/CFO/CMP must verify any deobligation action to ensure that the proposed deobligation reconciles with the LOC records. In some cases, the final voucher may not have been submitted pending final NICRA. Provisions for these outstanding costs are provided in the CAS Administrative Closeout Official section.

M/OAA Obligating Official

Deobligating unneeded funds (minus expected closeout costs) pending a final invoice or voucher after the award completion date.

Information on how to deobligate can be found at: **Phoenix Guides and Procedures | USAID Pages** under Acquisitions. Operating procedures for GLAAS can be found at: **GLAAS Quick Reference Guides**.

QUICK TIP: How much should be deobligated to establish the closeout cushion?

The M/OAA/CAS Administrative Closeout Official (see **ADS 302sat**) makes a judgement call by taking into consideration many variables such as (not all inclusive):

- Confirmation that all terms and conditions have been met or supplies/services have been received and there is no objection by the COR/AOR to closeout.

- Reconciliation of financial documentation from the paying office and confirmation that the total obligation in the financial records matches the total obligation reported. Taking such action will ensure that USAID does not incur award modification issues because of cancelled funds not liquidated before the date of cancellation.

- Ensures all required reports are completed, as necessary.

- Assessing whether the amount the vendor has calculated for settlement of any indirect cost rates or provisional rates to be used are acceptable.

Continuous due diligence monitoring and deobligating excess funds throughout the life of the activity is key to determining the "cushion" and for good management internal control. The deobligation process results in determining the amount of "excessive" residual funds that can be safely deobligated ahead of the official closeout using the obligated amount less amounts disbursed, less the estimated amount to be disbursed and less "cushion" that may be required for closeout.

2. Active Awards

These are awards that have not fully met all the terms and conditions of the award but are still within the period of performance (see **ADS 621**).

Below are the key personnel and their core activities that help with reconciliation and reporting accurate obligation balances. As a best practice, financial reconciliation may include the:

COR/AOR or other Obligation Manager

- Ascertaining whether the ULOs are in excess of remaining activity requirements. This may include obtaining an updated activity budget from the Activity Manager and confirming remaining activity requirements and funding needs in writing with the awardee and working with M/CFO/CMP for awards under the LOC payment mechanism.

- Advising the CO/AO of the amount that is available for deobligation:

    - GLAAS deobligations will be entered in the system and supporting documentation will be provided to the Obligating Official.

    - The Obligating Official (authorized to execute the transaction) must approve Phoenix deobligations before being entered or processed.

A&A Obligations in GLAAS	Administrative Obligations in Phoenix
Examples: Delivery orders, grants, and purchase orders	Examples: Miscellaneous orders, travel authorizations, training requests, and allowances

C. The Deobligation Requirements in Field Missions

The COR/AOR or other Obligation Manager (in conjunction with the Mission Controller or designee) with deobligation responsibilities will assess:

- The validity of all obligating documents (program and OE funds) with an open balance by determining (as applicable) whether the requirement is still valid and accurate;

- Whether future work will be conducted, or future disbursements will be required to liquidate a balance;

- Sufficiency and availability of supporting documentation to justify a remaining balance or that one is no longer needed,

- Whether the Mission receives the Notice of Final Voucher memo from the LOC Team (in case of LOC funded awards), prior to any deobligation/de-sub-obligation of unneeded funds and to ensure reconciliation to DHHS systems and USAID accounting records (see LOC process for USAID/W);

- If all payments and disbursements are recorded in Phoenix;

- Calculation of the accrued expenditure (in coordination with the CO/AO) for funds obligated; and

- Whether specific deobligation/de-sub-oligation coordinating actions are needed for awards that are not managed directly by the funding Mission, such as Field Support which are managed and processed by the obligating/sub-obligating OU.

For obligations initiated through ARIBA (the Department of State procurement system), Missions will consult with the embassy before making deobligation decisions. Obligations may have unliquidated balances for a longer period if payments are made by the State and then charged to Missions.

1. **Bilateral Program-Funded Obligations with Expired Project Activity Completion Dates (PACDs)**

   a. For expired sub-obligations such as contracts and cooperative agreements, a formal closeout process (see **ADS 302sat, Guidance on Closeout Procedures for A&A Awards**) is required before funds can be de-sub-obligated. If the bilateral obligation PACD has expired, there should be no active sub-obligations (of any type) and the formal closeout process is required if all disbursements are recorded in Phoenix. Further, if a Mission enters into new sub-obligating instruments using DOAG funds after a DOAG completion date, the Mission must obtain clearance of their Controller and Regional Legal Officer (RLO). Additionally, the Mission must report its intention to the CFO and the General Counsel (GC) (see the **GC/CFO Obligating Guide**). The de-sub-obligation of residual funds will be made based on a request from the COR/AOR or Obligation Manager and a CO/AO modification/amendment of the sub-obligating document (contract, grant, cooperative agreement (CA), etc.).

b. For non-GLAAS sub-obligations, the Mission Controller or designee will de-sub-obligate the remaining funds that were sub-obligated under the contract, grant, CA, PO, etc. using a journal voucher (JV) cleared by the warranted Obligating Official. For an expired DOAG, the Mission Controller or designee will de-sub-commit open sub-commitments and will then bi-laterally deobligate any un-sub-committed funds. This may be cleared by the DO Team Leader, the Controller, the Program Officer, RLO and approved by the Mission Director. Obtaining the host government's agreement is not required.

2. Bilateral Program-Funded Obligations Before the PACD Expires

Funds cannot be deobligated from a DOAG, the obligating instrument, unless it is amended to reduce the amount bi-laterally obligated. However, funds may be de-sub-obligated from a sub-obligation document for Mission reuse under the same DOAG. If funds are obligated under a DOAG, and later sub-obligated for a contract, grant, etc., unliquidated funds from this contract, grant, etc., can be de-subobligated/de-sub-committed, kept under the same bilateral obligation, and re-sub-committed/re-sub-obligated for other activities within the same DOAG, and within the same DOAG scope. As a standard practice, this occurs frequently when Missions conduct a review of unexpended balances and unliquidated funds are de-sub-obligated/de-sub-committed and later sub-committed and sub-obligated under the same DOAG. This methodology also applies to expired non-cancelled funds under the same DOAG (see **ADS 621**).

3. OE-Funded and Administrative Program Funded Sub-obligations or Unilateral Obligations issued by Executive Officers (EXOs)

If there is sufficient evidence on hand to document that the remaining funds are no longer needed for the non-GLAAS obligations (TAs, USPSCs, Leases, Allowances, MOs, etc.) issued by the EXO, the Mission Controller or designee will deobligate any residual funds with a JV cleared by the EXO. However, the Mission Controller and the EXO may agree in writing that the EXO does not need to clear deobligations of residual funds in obligations issued by the EXO (who is the Obligating Official for these obligations) (see **ADS 621.3.9, Deobligation and Re-obligation**).

4. GLAAS Program-Funded Unilateral Obligations Issued by the CO/AO

The COR/AOR or other Obligation Manager recommends the amount that is available for deobligation, ensuring a possible cushion per discussion with the CO/AO, and submits a requisition in GLAAS for deobligation of the residual funds. Then the CO/AO must execute an amendment/modification in GLAAS to deobligate the funds in question.

IV. CLOSEOUT MISSIONS

Three to six months prior to the Mission's closeout date, programmatic activities normally cease to allow adequate time for closeout actions which may include deobligations.

For awards that are obligated and accounted for by USAID/W in Phoenix/GLAAS, the process outlined in **Section III.B** also applies to closeout Missions. It is critical that CORs/AORs closely monitor awards in closeout Missions and provide enough lead time to ensure timely deobligation of funds. Once the Mission is closed out, key personnel (such as the Activity Manager) may have departed and will not be able to provide the COR/AOR with needed deobligation information. CORs/AORs may use the closeout Mission's unliquidated pipeline reports to highlight all awards that may need immediate deobligation action based on expiration dates or a pipeline/burn-rate analysis.

As noted in **Section III.C**, for awards obligated and accounted for Field/Overseas Missions, the closeout Mission has responsibility for deobligation. The closeout Mission must always keep its deobligation actions and plans current to minimize excess pipeline and reduce deobligation needs at the Mission's final closeout. If all deobligation actions are not completed by the time the Mission closes, the remaining deobligation actions will be transferred to the gaining Mission for follow-up review and closeout actions. Therefore, it is critical for the gaining Mission to work closely with the closeout Mission to ensure that remaining deobligation actions are completed.

Transferring accounts between Phoenix Missions is much simpler because it is done by transferring the Security Organization (control over Phoenix accounts) from the closeout Mission to the gaining Mission. However, all other hand-over procedures, and those related to eliminating or reducing the pipelines to their minimum level before the transfer, remain in effect with Phoenix.

The time required for deobligation of certain procurement actions may be lengthy from the closeout Mission to the gaining Mission. For those Missions scheduled for closeout, partial deobligation may occur before the Mission closes. For this reason, the Bureau for Foreign Assistance /Resource and Appropriations Coordinator will provide instructions on funding available to closeout Missions. Missions should proceed with deobligations as outlined in **Sections III.B** and **III.C**. and must demonstrate that the funds for re-obligation will be used in accordance with the approved Mission closeout plan. Funds will not be provided for activities outside of the Mission closeout plan or for planned deobligations, if the Mission Controller has not certified that the funds are available for deobligation.

V. LONG STANDING ULOs

ULOs are obligations that have not been liquidated by payment (disbursement) or deobligation or have had no activity in the last three to five years. These ULOs have been kept on the books to address the rare possibility that a bill may be received in the future. In reviewing these balances for potential deobligation, Obligation Managers must consider the circumstances that may result in excess funding and comply with the procedures outlined in USAID's forward funding policy (see **ADS 602**).

Below are some scenarios that demonstrate the unlikely circumstance that a bill is received against a longstanding ULO. Usually, the amount is small and can be deobligated or a request for upward adjustment will be needed.

Scenarios:

1. A training (*e.g.,* FSI) obligation with no posted transactions in the last three years or more:

Status	Recommendation
A partial payment has been processed against the obligation and a contact person can be identified.	The OU will send a negative confirmation email stating, if a bill is not received within the next seven days (or more as convenient), then it is assumed that no further payments are due, and any remaining balance will be deobligated.
No payments have been processed against the obligation and the fund is cancelling by September 30 of the current fiscal year.	Follow up with the awardee to determine the current status and deobligate as needed.
No payments have processed against the obligation and: 1. Negative confirmation was sent to the vendor and no response was received. 2. The obligated balance is less than or equal to $2,000.	Deobligate

2. TAs with no payments in the last three years:

Status	Recommendation
Funds are cancelling by September 30 of the current fiscal year.	Deobligate
Funds are non-cancelling.	For household effects (HHE)/Shipping/Storage: Deobligate For non-HHE/Shipping/Storage: The OU should send a negative confirmation to the traveler stating that, “if no vouchers are received in the next seven days (or more convenient), this TA will be considered final, and the balance will be deobligated.”
***Tip**: If a paper TA has been issued, but the OU does not have the access to deobligate, then the OU should send an email to **cfo.fpsmaillistusaid.gov** (CFO/FPS mail list). Please include:* *1. Obligating Officer’s approval to deobligate and list of TAs for deobligation,* *2. Reason why the OU cannot deobligate the TA in Phoenix, and* *3. Phoenix TA number, TA line number, and TA line number amount.*	

3. MO with no transactions for the last three years (excluding FSI MOs):

Status	Recommendation
Unilateral MO with cancelling funds by September 30 of the current fiscal year.	Deobligate
MOs with non-cancelling funds that are: 1. Older than three years; or 2. Not received payments for the last three years; or 3. Received no payments at all.	Deobligate
Unilateral MOs with no-year program funds: 1. Older than 10 years with no disbursements in last 10	Deobligate

Status	Recommendation
years; or 2. No payments made at all.	

4. All awards pending final payment, final NICRA, or closeout. Closeout itself is not usually an indication that further billing is expected.

Expired Awards - No payment in last three years	
Status	**Recommendation**
Not kept pending final payments, finalization of the NICRA or closeout.	Request approval to deobligate from the Obligating Official. Please document the rationale in the spreadsheet, keeping in mind NICRA finalization can take more than three years.
Are kept pending closeout.	Coordinate with the Obligating Official to deobligate partially (anticipated future payment) or completely (no anticipation of future payment).
Expired Awards (Cancelling Funds before September 30 of the current fiscal year) - No payment in the last three year	
Award ended five years ago or more.	Balances < $2,000, deobligate Balances > or = $2,000, send a negative confirmation to the awardee informing them that if the final NICRA or final payment has not been submitted, the balance will be deobligated. Also, coordinate with the Obligating Official to estimate the needed amount for final payment and deobligate the rest. Make sure to deobligate these cancelling balances before September 30 of the current fiscal year. As noted above, taking such action will ensure that USAID does not incur award modification issues as a result of cancelled funds not liquidated before the date of cancellation.
Expired Awards (Non-cancelling Funds) - No payment in the last five years	

Award ended (five years ago or more or during the last five years).	Coordinate with the Obligating Official to estimate the needed amount for deobligation. A negative confirmation will be sent to the awardee.

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