ADS Chapter 621

Obligations

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Functional Series 600 – Budget and Finance
ADS 621 – Obligations
POC for ADS 621: See ADS 501maa, ADS Chapters and Point of Contact List

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ADS 621 – Obligations

621.1 OVERVIEW
Effective Date: 11/28/2016

This chapter provides the policy directives and required procedures for the obligation (including subobligations under valid Development Objective Agreements (see **ADS 201, Program Cycle Operational Policy**)) and management of funds that Congress appropriates to USAID and funds that are received through interagency agreements. It incorporates statutory requirements and federal guidelines to ensure that USAID obligations are valid and managed in accordance with sound financial management principles.

621.2 PRIMARY RESPONSIBILITIES
Effective Date: 02/20/2024

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

- Oversees all financial management activities relating to the programs and operations of the Agency worldwide;
- Develops and maintains an integrated agency accounting and financial management system, including financial reporting and internal controls;
- Directs, manages, and provides policy guidance and oversight of Agency financial management personnel, activities, and operations;
- Monitors the financial execution of the Agency's budget in relation to actual expenditures, and prepares and submits timely performance reports to the Administrator; and
- Provides an annual certification to the Department of the Treasury on the obligation balances in each appropriation account.

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

- Administers the funds control and reporting for the Agency, at the appropriation and account level, for all foreign assistance funds received for Agency program activities and operational expenses;
- Determines the availability of cancelled, prior-year funds for upward adjustment;
- Ensures consistency between General Ledger and Subsidiary Ledger (including obligation records);

- Establishes and maintains Phoenix's fund reference/maintenance tables; and

- Manages interagency agreements (632a and 632b) and the Agency's "Recoveries" process, including the submission of apportionment requests to the Office of Management and Budget (OMB).

c. 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 (B/IOs) in the deobligation of funds, including prior year Travel Authorization (TAs);

- Processes upward adjustments to obligations; and

- Initiates Agency-wide quarterly Accruals Query verification reviews by Contracting Officer's Representative/Agreement Officer's Representative (COR/AOR).

d. The **Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payments Division (M/CFO/CMP)** issues instructions for Letters of Credit (LOCs).

e. The **Office of U.S Foreign Assistance Resources (State/F):**

- Establishes budgetary controls for B/IO obligations in the annual operating year budget and monitors budget execution;

- Processes funding allocations in Phoenix;

- Monitors the Agency's pipeline levels in relation to budget planning;

- Approves and redistributes deobligated funds (recoveries) to B/IOs;

- Allots program funds to B/IOs consistent with established budgetary controls; and

- Reviews/clears apportionments for program funds prepared by M/CFO/CAR.

f. The **Bureau for Planning, Learning, and Resource Management, Office of Budget and Resource Management (PLR/BRM):**

- Recommends program budgets and resource allocations, including the use of USAID core accounts and clears on all reprogramming requests;

- Monitors the Agency's pipeline and expiring unobligated funds;

- Makes recommendations on the use of deobligated and unallocated funds; and

- Monitors the Agency's pipeline and provides reporting on program funded obligations.

g. The **Bureau for Management, Office of Acquisition and Assistance (M/OAA)** supports the Agency's Global Acquisition & Assistance System (GLAAS) that manages awards throughout the acquisition and assistance lifecycle and interfaces with Phoenix, the financial management system of record.

h. The **Bureau for Management, Office of Acquisition and Assistance, Cost, Audit and Support Division (M/OAA/CAS)** processes contract/award closeouts and ensures deobligation of residual balances for awards issued by M/OAA in Washington (USAID/W). (Note: Awards that do not arise from acquisition and assistance instruments are closed out and deobligated by their respective Obligation Managers).

i. Mission Directors (MD):

- Support the establishment and maintenance of sound financial management practices;

- Oversee Mission financial management operations;

- Ensure that obligation balances are needed in the activities for which they are obligated, ensure that excess funds are deobligated, and ensure that the amount of unexpended funding is consistent with Agency guidelines for forward funding;

- Monitor the Mission's pipeline levels in relation to budget planning and validity of available funds;

- Ensure the implementation of Agency-wide financial management policies and procedures, including the established standard accounting practices; and

- Provide annual certifications of the (1) Unexpended Obligated Balances and (2) Validity of Obligations.

j. Mission Controllers:

- Direct Mission financial management operations;

- Record Mission non-GLAAS and non-E2 commitments and obligations;
- Assist Mission offices in the deobligation of residual funds;
- Process Mission upward adjustments to obligations;
- Coordinate with Obligation Managers, authorized obligating personnel, and Program Offices to ensure proper monitoring of pipelines and compliance with forward funding guidance and policies; and
- Promote the establishment and maintenance of strong internal controls specifically including the validity of obligations.

k. **Mission Program Officers** monitor and report forward funding and pipelines for program funds to Mission leadership.

l. **Executive Officers (EXOs)** monitor pipelines of program and non-program funded obligations (e.g., credit card orders, leases, Miscellaneous Obligations, Travel Authorizations, training orders) for compliance with the Agency's forward funding policy (**ADS 602, Forward Funding**, and **ADS 603, Forward Funding, Non-Program Funds**).

m. **Obligating Officials** create obligations and are authorized to sign obligating documents. This includes, but is not limited to the authority to negotiate, execute, amend, deobligate, and manage close-out activities, maintain obligation files, record GLAAS obligations and administer agreements or awards obligating USAID funds. The Obligating Official may be a Contracting Officer (CO), Agreement Officer (AO), Executive Officer (EXO), Assistant Administrator (AA), Deputy Assistant Administrator (DAA), Mission Director (MD), or other authorized official. The obligating official is responsible for ensuring that projects are within Agency guidelines for forward funding and pipeline.

n. The **Obligation Manager** may be the COR/AOR (when designated by the CO/AO), activity manager, EXO, or other official. They are responsible for the technical and financial management of the award, including:

- Reviewing requests for payments and advances;
- Recommending disallowance of costs;
- Ensuring that funding actions comply with the Agency's forward funding guidelines (see **ADS 602** and **ADS 603**);
- Monitoring the financial status and technical progress of awards;

- Providing quarterly accruals; and
- Reviewing unliquidated obligation balance and recommending deobligations of excessive balances.

621.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

621.3.1 Financial Documentation Responsibilities

Effective Date: 11/28/2016

Financial documentation is any document that impacts 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. CORs, AORs, and Obligation Managers are responsible for retaining financial documentation and ensuring its availability for audit.

The following are the basic financial documentation retention rules:

- If an action will result in a financial transaction, it must be documented by the Obligating Official; and
- Source documentation must be readily available for audit (by either the Office of Inspector General (OIG) or a responsible audit entity).

For retention by document type, see **ADS 502, The USAID Records Management Program**.

Note: The COR/AOR must notify the Obligating Official of a pending COR/AOR reassignment and ensure that documentation associated with the obligation (active or expired) is transferred to the new Obligation Manager. It is important for COR/AOR fields in GLAAS to be correct/accurate because Phoenix uses a combination of the COR/AOR Name field and the COR/AOR Office (Phoenix Accrual Code) field to determine the office and the person responsible for Accruals. The Obligating Official should review and update these fields as necessary when a modification is being created to ensure the award includes the latest COR/AOR information (see **ADS 302, USAID Direct Contracting** and **ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations**).

Obligating Officials will maintain the official file for obligations, including supporting documentation. Obligating Officials are also responsible for maintaining files and related source documents in support of GLAAS obligations. In field Missions, the Mission Controller and EXO will maintain files and related documentation in support of Mission non-GLAAS and non-E2 obligations recorded in Phoenix.

621.3.2 Authority to Incur Obligations

Effective Date: 11/28/2016

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 **ADS 103, Delegations of Authority**, USAID Acquisition Regulations (AIDAR), Mission Orders, and other sources of authorities, as appropriate.

Obligating Officials can obligate and deobligate Agency funds and must ensure that obligations conform to the applicable regulatory requirements. The Bureau for Management, Office of Management Services, Travel and Transportation Division (M/MS/TTD) is the Obligating Official for USAID/W-issued TAs.

For overseas Missions, State (Embassy) warranted contracting officers' are authorized to obligate USAID funds upon receipt of funds availability.

When making an award in GLAAS that requires a COR/AOR, Obligating Officials will:

- Designate a COR/AOR by selecting a "COR/AOR Name" from the pick-list in consultation with the B/IO, and
- Issue a COR designation letter.

621.3.2.1 Operating Under a Continuing Resolution

Effective Date: 11/28/2016

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 new full year appropriations. A CR is passed by Congress and signed by the President. Agencies receive automatic apportionments for each account from OMB under a CR that provides minimal funding for the continuation of activities. Based on consultation with the Office of the General Counsel (GC), the CFO will provide specific guidance on the obligation of funds during a CR.

621.3.2.2 Extended Funds Availability under Section 7011 of USAID's Appropriations Act

Effective Date: 11/28/2016

Section 7011 (formerly Section 511) of USAID's annual appropriations acts has 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 before the end of the original period of availability.

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. FY 2014/2015 funds would become FY 2014/2019). At the end of the four years, the funds "expire" and are no longer available for new obligations or new scope (including additional goods and/or services). The funds are then subject to "M Account" legislation (**31 USC 1552**) which allows the funds to remain available for expenditure and valid upward adjustments for another five fiscal years at the end of which the account closes, and any remaining balances are canceled. For example, FY 2014/2015 funds subject to section 7011 and obligated within the original period of availability are then available for deobligation and reobligation for a new obligation or new scope until FY 2019, and for upward adjustments (for a difference in estimates) and expenditures until the end of FY 2024.

The unobligated FY 2014/2015 fund would be retained in the original appropriation account and be available for five years (until the end of FY2020) for upward adjustments and expenditures only.

Note: Funds that were appropriated in FY 2001 and prior years, before Section 511, were recharacterized as no year funds (available until expended) if they had been obligated within the original period of availability.

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 Development Objective Agreement (DOAG) or similar bilateral assistance agreement, in which case the funds go back to the agreement. Section 7011 funds must be apportioned and follow the regular funds control process prior to reobligation. The authority of section 7011 is specific to the year of appropriated funds and is provided annually in the appropriations act unless otherwise specified (see **ADS 621maa, Deobligation Guidebook**).

For information about other funds, see **ADS 602maa, Funding Guidance Millennium Challenge Account**.

621.3.3 Valid Obligations
Effective Date: 11/28/2016

A valid obligation is:

- Required to fill a bona fide need;
- Executed by an individual who is authorized to incur an obligation;
- For a purpose authorized by law;
- Executed during the period of availability of the funds; and
- Supported by written evidence.

The Obligating Official must determine the validity of an obligation at the time of its execution and at subsequent intervals (see **ADS 602** and **ADS 603**).

As stated in **31 USC 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 or entity (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.

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)**).

621.3.4 Types of Obligations and Documentary Evidence

Effective Date: 11/28/2016

The most common types of obligations and subobligations, and the minimum documentation required to establish each as a valid obligation, are outlined below. One or more Obligating 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 action should be recorded as an obligation, the official recording the obligation must consult with the Obligating Official immediately. Questions regarding obligating documents and the minimum documentation required to establish a valid obligation may also be directed to M/CFO or GC. Once the Obligating Official has signed the document, it is an obligation and must be recorded immediately.

a. **Grants to Foreign Governments:** A grant by USAID to a foreign government may take the form of a DOAG, Bilateral Assistance Agreement, Limited Scope Grant Agreement (LSGA), Commodity 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 form an obligation unless the document represents an amendment for incremental funding where the major purpose, funding, and terms and conditions are already settled in the initial obligation. In this case, only a USAID signature is required. (see **ADS 350, Grants to Foreign Governments** and **ADS 220, Use and Strengthening of Reliable Partner Government Systems for Implementation of Direct Assistance**).

b. **Assistance:** Assistance to Non-Governmental Organizations (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 the Obligating Official's signature is required for an assistance award to form 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 which must be recorded in GLAAS (see **ADS 303** 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 Orders (TO) issued under basic ordering agreements,
- Letter contracts,

- Fixed price contracts,
- Cost-reimbursable contracts,
- Purchase orders (POs), or
- 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 constitute the contract. All of these documents taken together must demonstrate a meeting of the minds through an offer and acceptance.

For POs and TOs under a Blanket Purchase Order, a copy of the PO or TO is the minimum documentation. POs are often signed only by a USAID CO and do not need the signature of the contractor if the contractor accepts the PO or TO by performing the services or delivering the goods. It may be necessary near the end of the fiscal year to get written acceptance if performance will not begin until after the end of the fiscal year (see **ADS 302** for more information on contracts).

For Mission POs issued through ARIBA (the State Department's procurement system), the following steps should be followed:

- The Embassy General Service Office (GSO) receives an appropriate request;
- The GSO records an unfunded PO in ARIBA and notifies the EXO;
- The EXO authorizes the purchase after confirming funds availability from the Controller (based on EXO authorization, along with unsigned PO or ARIBA unfunded requisition, a USAID accountant records a funded commitment in Phoenix and notifies the Embassy of the funds availability);
- The Embassy issues a PO, signed by an Embassy warranted Obligating Official (CO); and
- The Embassy records a funded PO in ARIBA and notifies USAID (based on Embassy notification, and the PO recorded in ARIBA, a USAID accountant records the obligation in Phoenix).

d. **Interagency Agreements (IAAs):** There are a number of authorities for IAAs. The most notable are **Sec. 632 (a) and (b) Authority of the Foreign Assistance Act of 1961** and **the Economy Act, 31 USC 1535** (see **ADS 306, Interagency Agreements**). Using IAAs, USAID may obligate funds to reimburse another federal agency for development work it does under the IAA. Most IAAs are expenditure transfers and USAID accounts for and reports on these agreements as it would on a contract (i.e., they are obligating documents). USAID does not report on the obligations against transfers; the reporting is done by the receiving agency. 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 **AID 306-1** (PAPA) form, **AID 306-2** form (PASA), or an interagency agreement signed by both parties (see **ADS 306** 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. 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 Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

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

f. **Travel Authorizations/Orders (TAs):** USAID obligates official travel and transportation expenses for the movement of effects either with the **AID 5-8, Request and Authorization of Official Travel form** or through the Agency Travel System (E2). The minimum documentation required for a valid obligation is the properly approved AID 5-8 form or an E2 issued TA. 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 (TDY) Travel** for more information).

g. **Training Orders:** Employee training through an external vendor is authorized on **Standard Form (SF) 182, Request, Authorization, Agreement, 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 bills 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 **SF-1103, U.S. Government Bill of Lading**.

i. Purchase Card Orders: USAID obligates purchases on the Government Purchase Authorization Card on the **AID 530-3, Credit Card Purchases Transaction Form** or by entry into GLAAS. The minimum documentation required for a valid obligation is the **AID 530-3** form (see **ADS 331, USAID Worldwide Purchase Card Program**).

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.[1] Application for Advance of Allowances and the TA are required in addition to the SF-1190 (see **ADS 477, Allowances and Differentials**).

- **HSTA:** USAID also uses the **SF-1190** to obligate this allowance.[2] An **AID Form 621-1** and TA are required in addition to an SF-1190.

l. Other Types of Foreign Allowances: USAID uses form SF-1190 for these types of allowances, such as Living Quarter Allowance, Post Allowance, and Separate Maintenance Allowance.[3]

m. Educational Travel: Is obligated through E2, with an attached signed SF-1190 form.

n. Miscellaneous Obligation: A miscellaneous obligation (MO) occurs when USAID acquires goods and services of a recurring or continuing nature (such as communication services or 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, credit programs subsidy costs, or other legal liabilities on a case-by-case basis.

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[1] Regardless of the nature or type of allowance, funds for allowance reimbursement on the SF-1190 (Foreign Allowances Application, Grant and Report) must be committed and obligated in the core financial accounting system ***in advance of expenses being incurred***. In addition, funds used to reimburse allowances must correspond with the fiscal year in which the expense is incurred (See 38 Comp. Gen. 81 (1958)).

[2] Ibid.

[3] ibid.

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. In USAID/W, MOs for communication services must be supported by an agreement signed by a warranted Contracting Officer and the vendor.

In Missions, MOs are used to record Foreign Service National (FSN) payroll using a Master Funding Document and Personal Service Contract signed by a warranted Obligating Official. FSN Payroll MOs are used to provide funding for PSC contracts, either incrementally or in full, following forward funding regulations (see **ADS 602** and **ADS 603**). Since FSN Payroll represents material amounts which are paid in foreign currency, Missions should pay attention to the potential change in exchange rates, in forward funding FSN payroll for subsequent years. The shorter the forward funding period is, the less risk incurred for exchange rate variances.

When MOs are based on binding agreements signed by a warranted Obligating Officer, these MOs are only used to record funding for authorized binding agreements and do not require a second signature of a warranted Obligating Official (see **ADS 103**).

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 an 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 created by USAID without a 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 are usually 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.

Form AID 7-7 or a journal voucher (JV) can be used to record a MO. A journal voucher is normally used to record obligations of a recurring or continuing nature. The JV should reference the underlying legal obligating instrument or be supported by other documentation, such as the primary written agreement or other projections of cost to be incurred. The Controller must clear the JV.

In all cases, MOs must not be used for holding (parking) money for undefined, unneeded, or unclear purposes, or for amounts not sufficiently supported by legal binding documents or clear bases of estimation.

For more information about obligations, see **ADS 621mag, Phoenix Accounting Procedure for Program-Funded USDH Salary & Benefits (S&B)**.

621.3.5 Commitment and Sub-Commitment of Funds

Effective Date: 11/28/2016

A COR/AOR or obligation manager must issue commitments or sub-commitments to set aside funds prior to obligation or subobligation. The commitment/sub-commitment of funds sets aside funds for anticipated needs to assure the availability of funds before entering into an obligation. All commitments and sub-commitments (whether unilateral or bilateral) must be made using the oldest available funds that are suitable for the purpose of anticipated obligation. Documentary evidence is required for commitments to be recorded in Phoenix.

Individuals designated the appropriate role in GLAAS, E-2 and Phoenix must record the commitment of funds in those systems. In the missions, the Controller or their designee must record the commitment and sub-commitment of funds for non-GLAAS and non-E-2 Mission obligations, and commitments for GLAAS OE Mission obligations (see **ADS 634, Administrative Control of Funds**).

For Missions' non-GLAAS actions, both program and OE funded, the Controller commits funds based on any of the following:

- Draft/unsigned obligation document,
- Draft/unsigned MO,
- Draft/unsigned JV,
- An action memorandum, or
- A documented request by an authorized COR/AOR.

For administrative procurement actions made by the State Department on behalf of USAID, sufficient documentary evidence for a Controller to create a commitment must be used. Sufficient documentary evidence might be a draft requisition printed out from ARIBA or an un-signed obligation document officially sent by State to USAID requesting a fund citation, such as for lease agreements (see details in **621.3.4.c**).

Staff in the Controller's Office, who have a Program Manager (PM) role in GLAAS, record commitments of GLAAS OE actions, which require similar documentary evidence as non-GLAAS actions. Authorized individuals who have a GLAAS PM role record commitments for program-funded actions. Documentary evidence for GLAAS administrative program funded actions could be any of the evidence examples listed under non-GLAAS actions. For GLAAS non-administrative program funded actions, a complete pre-award requirements package and a pre-solicitation checklist needs to be in place before a commitment (requisition) is recorded in GLAAS (see **ADS 300, Agency Acquisition and Assistance (A&A) Planning**).

For E2 Travel Authorizations, when the traveler is from the same Operating Unit providing the funding, both the commitment and obligation are simultaneously recorded in Phoenix. When the traveler is from a different Operating Unit than the one providing funding, the Controller of the funding Operating Unit records the commitment separately in Phoenix based upon a request from the traveler's Operating Unit. This must be supported by a draft E2 TA or estimated, detailed travel costs. The Traveler's Operating Unit then records the TA in E2, referencing the commitment created in Phoenix by the Controller of the Operating Unit providing the funding.

621.3.6 Obligations and Subobligations

Effective Date: 11/28/2016

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 Obligating Official (or obligation recorder for interagency agreements and certain grants) or the Mission Controller must ensure the immediate recording of obligations in the accounting system. All obligations and subobligations (whether unilateral or bilateral) must be made using the oldest available funds that are suitable for the purpose of the obligation. At a minimum, an obligation is expected to be posted in Phoenix before actual performance starts against the obligation. An obligation must also be posted in Phoenix in the same fiscal year during which the obligation was signed.

It is the responsibility of the individual approving the commitment and the obligation of funds to ensure the funding source used is correct and in accordance with Agency policy (see **ADS 601, Funding Source Policy, ADS 602, Forward Funding of Program Funds** and **ADS 603, Forward Funding, Non Program Funds**).

In field Missions, the Mission Controller will ensure the following for non-GLAAS obligations:

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

621.3.7 Obligation and Subobligation Management

Effective Date: 11/28/2016

The precise amount of the government's liability should be recorded when the amount is known. However, where the precise amount is not known at the time the obligation is incurred, the obligation must be recorded on the basis of the Agency's best estimate (e.g. periodic utility costs). Where an estimate is used, the basis for the estimate must be shown within the obligating document. As more precise data on the liability becomes available, the obligation must be adjusted.

Obligation Managers must develop budgets and/or other documentation to serve as the basis for the obligation of Agency funds.

621.3.7.1 Obligation Lead Times

Effective Date: 11/28/2016

In order to help maintain agency pipelines within acceptable levels, USAID has developed obligation lead times. Obligation lead times provide guidance on how long it should take to obligate and subobligate funds, under normal circumstances, once funds become available for obligation and/or subobligation. The lead times serve as general guidelines that can vary based on individual circumstances.

Obligation lead times are not the same as, and should not be confused with, procurement action lead times (PALTs), which is discussed in **ADS Chapter 300**. Acquisition and assistance procurement actions are subject to the PALT, which may or may not coincide with lead times for the obligation and/or subobligation of funds. The lead times below begin once all of the required pre-obligation steps have been taken and funds are available for commitment and obligation. Operating Units must begin planning activities in advance to ensure that requisitions are submitted with sufficient PALT to allow for obligation and/or subobligation within the timelines.

(1) Direct Obligations (not under a SOAG/DOAG):

- **a.** New Awards or modifications other than incremental funding – up to 12 months.
- **b.** Incremental Funding – up to three months.

(2) Bilateral Obligations into a SOAG/DOAG – up to six months.

(3) Subobligations (from a SOAG/DOAG):

- **a.** New Awards or modifications other than incremental funding – up to 12 months.
- **b.** Incremental Funding – up to three months.

Regardless of the obligation lead time, funds should always be obligated as soon as possible and within forward funding guidelines.

621.3.7.2 Forward Funding

Effective Date: 11/28/2016

Obligations must be consistent with Agency forward funding guidelines as outlined in **ADS 602** and **ADS 603**.

Obligation Managers must ensure, in coordination with the Administrative Management Services (AMS) Officer, 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 Mission Director approvals that deviate from the forward funding policy are documented and maintained in the official file along with the obligating documents (see **ADS 602**).

Program Offices must monitor pipelines of program-funded obligations for compliance with the Agency's forward-funding policy and report issues to Mission leadership. Obligating Officials in the EXO and in the USAID/W offices must also 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. Controllers in the missions have also the responsibility of co-monitoring pipeline and compliance with forward-funding policy for both program and OE-funded obligations.

621.3.7.3 Review of Unexpended Obligated Balances
Effective Date: 11/28/2016

The Review of Unexpended Obligated Balances is also referred to as a Section 1311 Review (Section 1311, Public Law 83-663, 31 USC 1501) of the Federal Managers Financial Integrity Act). This review must be conducted at least semi-annually (quarterly is a best practice) to determine whether all of the unexpended obligations and subobligations are valid, meet forward funding guidelines, and are not subject to deobligation. As part of this review, expired awards awaiting closeout must be reviewed and any excessive residual funds should be identified for deobligation (see **ADS 621maa**).

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 removing 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.

USAID may obtain summarized or detailed financial information to facilitate internal reporting through the following software applications and tools:

(1) Phoenix Viewer & Exec-Info: an Agency ad-hoc reporting tool accessible via the USAID intranet. It pulls data from the Phoenix reporting database (REPT) and is refreshed daily. Phoenix Viewer provides users with access to data such as budget status and funding summaries, document queries, accruals, general ledger balances, transaction-level detail, status by accounting dimension, and vendor information. Users do not need a Phoenix user ID and password to access this reporting tool.

(2) Business Objects Enterprise (BOE): a Web-based reporting tool used for different USAID reports. Several financial reports are available in BOE that provide operational, pipeline, payroll, and quarterly accruals status in formats that, in some cases, are not found in Phoenix Viewer. BOE pulls data from the Phoenix reporting database, which is refreshed daily.

(3) Phoenix System: reports are available from within the Phoenix application and include document status and general ledger reports, as well as real-time queries. Phoenix application reports pull data from the Phoenix production database on a real-time basis as well as from the Phoenix reporting database. Users must have a Phoenix user ID and password to access Phoenix application reports.

The detail of the financial information will depend on the tool and parameters chosen to compile the financial information.

621.3.7.4 Circumstances That May Result in Excess Funding

Effective Date: 11/28/2016

In conducting reviews of unexpended obligated balances to identify funds that may need to 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 nonimplementation 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. As these situations may also trigger potential contractual actions, close coordination with the CO/AO is necessary. Examples include:

(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;

(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 there is no evidence of receipt of services/goods during that same 12-month period;

(2) A TA has been outstanding for six months or longer 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.

621.3.7.5 Deobligation

Effective Date: 11/28/2016

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. This includes subobligations.

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

Absent a valid reason, it is improper to deobligate funds solely to "free them up" for new obligations. This would risk violating the Anti-deficiency Act (see **GAO Principles of Federal Appropriations Law, Third Edition, Volume 1, Chapter 5 - Obligation of Appropriations, Page 5-80**, and **ADS 634**).

Obligation Managers must continuously monitor unexpended obligated and subobligated 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 their approval, indicating that the necessary documentation is included in the contract files to support their conclusion that the funds are no longer needed, before deobligating residual funds. The **Deobligation Guidebook** describes the limited circumstances under which the Obligating Manager may only need to provide their approval, rather than issue a modification, to authorize the deobligation of residual funds in an obligation. In USAID/W, Obligating Officials deobligate excess balances at the request of the Obligation Manager and record deobligations in the procurement or accounting system. In the case of interagency agreements and certain grants, Obligating Officials ensure that deobligations are recorded (see **ADS 306**, **ADS 308**, and **ADS 621maa, Deobligation Guidebook** for roles and responsibilities in the deobligation process). In field Missions, Obligating Officials provide authorization documents to the Mission Controller for non-GLAAS obligations, to enter into the accounting system. For GLAAS obligations, Obligating Officers record the deobligation directly in GLAAS.

When deobligating residual fund balances in TAs, the properly designated staff in the Mission Controller's office, M/MS/TTD, or M/CFO/WFS may deobligate residual funds without a formal deobligation action by the Obligating Official, provided that, before doing so, they take the following steps:

- In field Missions: If the traveler has submitted a final 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 Obligating Official's clearance.

- In USAID/W: M/MS/TTD and M/CFO/WFS designated staff will deobligate residual funds in current-year and prior-year TAs, respectively, after review and concurrence by the B/IO. The designated staff is responsible for maintaining the deobligation request memo from B/IO.

621.3.7.6 Upward Adjustments of Obligations

Effective Date: 11/28/2016

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.

a. Current-Year Obligations

If additional (goods and services) are required, an increase to a current year obligation can only be made from current-year allotments. A change in scope to a current-year obligation requires an official amendment/modification and is authorized to the extent that a current year allotment is used, and:

(1) There is a lawful need for the increase,

(2) Funds for the purpose are available, and

(3) Appropriate approvals have been received.

An upward adjustment for a difference in estimate may or may not require an amendment to the original obligating document. Obligations, such as TAs, and MOs in some cases, 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, and additional stops). 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.

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 DOAG or bilateral agreement where there are insufficient funds in the DOAG or bilateral agreement may not be treated as an upward adjustment to a prior-year obligation, since the total amount set forth in the DOAG or agreement is the maximum monetary contribution the United States is obligated to make. Additional funding for services or materials required for completing the activities must be provided for in current-year funds.

In general, funding is provided from prior-year deobligations in the same prior fiscal year account (**31 USC 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 USC 1552**). At the end of the five years, the expired account formally “closes,” or “cancels.” No further transactions are possible.

Only in special circumstances may funding for upward adjustments to prior-year obligations be made from current-year funding. 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, current year funding can be used. The amount of available current-year funds used may not exceed one percent of the total appropriations for that account (**31 USC 1553**).

When sufficient deobligations have been recorded in the same budget allowance for which a valid upward adjustment needs to be recorded, the Mission Controllers must obtain approval from M/CFO/CAR to use such funds for upward adjustments.

621.3.7.7 Expired Awards

Effective Date: 11/28/2016

In USAID/W, for prior-year funding in expired awards, Obligation Managers will ensure that, after final vouchers have been submitted, these awards are marked for closure in the quarterly Accruals Query Module in Phoenix. 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, Obligating Officials must ensure timely administrative closeout of awards and deobligation of any residual balances.

Obligation Managers must inform the Obligating Official, or the individual in the Operating Unit who will carry out closeout responsibility (see **ADS 302sat, Guidance on Closeout Procedures for A&A Awards**, **ADS 306**, **ADS 308**, and **ADS 621maa, Deobligation Guidebook**).

621.3.8 Reobligation

Effective Date: 02/20/2024

After non-expired program funds obligated in prior years have been deobligated, re-apportioned by OMB, and made available in the accounting system for reprogramming, these funds can be reallocated. Missions and Bureaus can request the reallocation of deobligated funding to PLR/BRM and F's Coordinator for Resource and Appropriation. PLR/BRM and F can also make recommendations for the use 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), International Disaster and Famine Assistance (IDA), and Development Credit Authority (DCA)). Bureaus are then required to submit an allocation memorandum for any approved funds from F and provide a Congressional Notification, if required.

Operating Expense 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.

To request the reprogramming of program funds, Bureaus should follow the procedures in F's Reprogramming Guidance found **here**.

621.3.9 External Reporting Requirements

Effective Date: 11/28/2016

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 USC 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 USC 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.

621.3.9.1 Certification for Validity of Obligations

Effective Date: 11/28/2016

Assistant Administrators (AAs), Management Bureau Office Directors, Independent Office Directors, and Mission Directors 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 USC 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.**"

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 USC 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 along with 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 GLAAS or Phoenix systems.

AAs certify only those funds obligated in USAID/W, since Mission Directors certify Mission obligations. In addition, AAs certify only those funds obligated in their Bureau (e.g., travel obligations).

The certification must be addressed (not sent) to the CFO and sent to M/CFO/APC through USAID's Consolidated Audit and Compliance System (CACS). The CFO establishes the due date for the certification on an annual basis, 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 Office and AMS in USAID/W, and Mission Controllers and Obligating Officials 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.

621.3.9.2 Certification of Unexpended Obligated Balances
Effective Date: 11/28/2016

Obligation Managers must annually review all unexpended obligated balances for the certification. In reviewing these balances for potential deobligation, they must consider the circumstances that may result in excess funding and comply with the procedures outlined in **ADS 602**.

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 through USAID's Consolidated Audit and Compliance System (CACS). The CFO establishes the due date for the certification on an annual basis, 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 offices in USAID/W and Mission Controllers in field Missions must develop procedures for obligation 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.

621.4 MANDATORY REFERENCES

621.4.1 External Mandatory References

Effective Date: 11/28/2016

a. **31 USC 1108 – Preparation and Submission of Appropriations Requests to the President**

b. **31 USC 1301 – Application**

c. **31 USC 1341 – Limitations on Expending and Obligating Amounts**

d. **31 USC 1501(a) – Documentary Evidence Requirement for Government Obligations**

e. **31 USC 1502 – Balances Available**

f. **31 USC 1552 – Procedures for Appropriation Accounts Available for Definite Periods**

g. **31 USC 1554 – Audit, Control and Reporting**

h. **Chief Financial Officers Act of 1990**

i. **Department of State Standardized Regulations (DSSR)**

j. **GAO Principles of Federal Appropriations Law: Volume II, Chapter 7, Obligation of Appropriations**

k. **National Archives and Records Administration**

l. **OMB Circular A-11, Preparation, Submission, and Execution of the Budget, Part 1, General Information**

621.4.2 Internal Mandatory References
Effective Date: 02/20/2024

a. **ADS 103, Delegations of Authority**

b. ADS 220, Use and Strengthening of Reliable Partner Government Systems for Implementation of Direct Assistance

c. **ADS 300, Agency Acquisition and Assistance (A&A) Planning**

d. **ADS 302, Direct Contracting**

e. **ADS 302sat, Guidance on Closeout Procedures for A&A Awards**

f. **ADS 303, Grants and Cooperative Agreements**

g. **ADS 306, Interagency Agreements**

h. **ADS 308, Grants and cooperative Agreements with Public International Organizations**

i. **ADS 331, Simplified Acquisitions, Micro-Purchases, and Use of the USAID Worldwide Purchase Card**

j. **ADS 350, Grants to Foreign Governments**

k. **ADS 477, Allowances and Differentials**

l. **ADS 502, The USAID Records Management Program**

m. **ADS 519, Building Support Services**

n. **ADS 522, Performance of Temporary Duty Travel in the U.S. and Abroad**

o. **ADS 601, Funding Source Policy**

p. ADS 602, Forward Funding of Program Funds

q. ADS 603, Forward Funding, Non-Program Funds

r. ADS 610, Use of Entertainment Account, Representation Allowances, and Program and Operating Expense Funds for Entertainment

s. ADS 621maa, Deobligation Guidebook

t. ADS 621mag, Phoenix Accounting Procedure for Program-Funded USDH Salary & Benefits (S&B)

u. ADS 630, Payables Management

v. ADS 633, Financial Management Aspects of Temporary Duty Travel

w. ADS 634, Administrative Control of Funds

x. Guidebook for Managers and Contracting Officer's Representative on Acquisition and Assistance

621.4.3 Mandatory Forms
Effective Date: 11/28/2016

a. AID 5-8, Request and Authorization of Official Travel

b. AID 306-1, PAPA

c. AID 306-2, PASA

d. AID 530-3, Credit Card Purchases Transaction Form

e. AID 621-1, Application for Advance of Allowances

f. 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

k. SF-1190, Foreign Allowances Application, Grant and Report

621.5 ADDITIONAL HELP
Effective Date: 11/16/2022

a. CFO Bulletin 05-1001, Incremental Funding of Personal Service Contracts (PSC)

621.6 DEFINITIONS
Effective Date: 02/20/2024

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**)

accrual
The estimated cost of goods and/or services or other performance received but not yet paid for by the Agency. Accruals are calculated for specific instruments and agreements and help provide current information on the financial status of an activity, project, or DO. (**Chapter 201, 621**)

Activity Manager
An Activity Manager may be designated by the Mission or Washington OU to assist the COR/AOR in performing certain technical oversight duties of an awarded activity, but they are not authorized to provide technical direction to implementing partners or any other action that binds the government based on the COR/AOR designation letter. In the case of field support implementing mechanisms, the Activity Manager is often located in the Mission, while the COR/AOR is located in USAID/Washington. (**Chapter 201**, **306**, **621**)

Agreement Officer (see also Contracting Officer)
A person with the authority to (1) enter into, administer, terminate, and close out assistance agreements, and (2) make related determinations and findings on behalf of USAID. An Agreement Officer may only act within the scope of a duly authorized warrant or other valid delegation of authority. The term "Agreement Officer" includes persons warranted as "Grant Officers." It also includes certain authorized representatives of the Agreement Officer acting within the limits of their authority as delegated by the Agreement Officer. (**Chapters 300**, **303**, **304**, **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. (**Chapters 621** and **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 obligations and make payments out of the Treasury for specified purposes. (**Chapter 621**)

ARIBA
The Department of State procurement system. (**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. (**Chapter 621**)

commitment/sub-commitment
An administrative reservation of funds in anticipation of their obligation. (**Chapter 621**)

Continuing Resolution (CR)
An "appropriation" for an entire fiscal year, pending enactment of a standard appropriation, but subject to time limitations, usually a few days to a few months, on how long it remains in effect. The funding available under a CR usually is based on the prior-year appropriation level and the portion of the fiscal year during which the CR is in effect. (**Chapter 603**, **621**)

contract
A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301, et seq. For discussion of various types of contracts, see FAR Part 16. (**Chapter 300**, **304, 621**)

Contracting Officer (see also Agreement Officer)
A person representing the U.S. Government through the exercise of their delegated authority to enter into, administer, and 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. (**Chapter 300, 302**, **304**, **309**, **331**, **621**)

Contracting Officer's Representative/Agreement Officer's Representative (COR/AOR)

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. (**Chapter 621**)

de-obligation
The process of removing unneeded funds from an obligating instrument. This is typically done during the annual review process for certification of unliquidated balances and the separate certification of the validity of recorded obligations and upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for their original purpose. (**Chapters 201, 621** and **635**)

disbursement
The actual payments made by the Agency for goods and services or other performance under an agreement/instrument using cash, check, or electronic transfer. (**Chapter 201**, **621**)

E2
A web based system to record Travel Authorizations (TAs) and related travel advance and expense vouchers. TAs and advance/expense vouchers are transmitted to Phoenix through a batch based interface. (**Chapter 621**)

employee
Includes all USAID direct-hire personnel and personal service contractors. (**Chapter 110**, **331**, **621**)

expenditures
Estimates of the total costs incurred by the Agency for goods and services and other performance received under an activity, whether paid for or not. Accruals + disbursements = expenditures. Expenditures offer a valuable indicator of progress in monetary terms of an activity or project. (**Chapter 201**, **621**)

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. (**Chapter 621**)

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

Foreign Transfer Allowance (FTA)
See **DSSR 240**. (**Chapters 477** and **621**)

forward funding
Obligating, from funds in the final year of the period of availability, amounts to cover the cost of goods and services that will be received in a subsequent fiscal year. Rules for forward funding will vary somewhat depending on the goods and services under consideration. (**Chapter 602, 603, 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. (**Chapter 621**)

GLAAS
The Global Acquisition and Assistance System (GLAAS) is the Agency's world-wide web-based Acquisition & Assistance system. It is available only internally at **https://pages.usaid.gov/GLAAS**. It is used to process and record acquisition and assistance agreements and record commitments and obligations by obligation managers and AOs/COs respectively. Commitments and Obligations are transmitted from GLAAS to Phoenix through real time interface between the two systems. (**Chapter 331**, **621**)

Home Service Transfer Allowance (HSTA)
See **DSSR 250**, **3 FAM 3231**; **3 FAH-1 H-3230**. (**Chapters 477** and **621**)

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

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. (**Chapter 621**)

obligating official
USAID officials with the delegated authority to sign obligating documents. This includes, but is not limited to, the authority to negotiate, execute, amend, deobligate, manage close-out activities, maintain obligation files, record GLAAS obligations, and administer agreements or awards obligating USAID funds. The Obligating Official may be a Contracting/Agreement Officer, Executive Officer, Assistant Administrator, Deputy Assistant Administrator, Mission Director or other Agency official. (**Chapters 603**, **621**)

Obligation
A term of appropriations law that means some action that creates a definite commitment, which creates a legal liability of the government for the payment of funds for specific goods or services ordered or received. It includes a range of transactions, e.g., contracts, grants, loans, guarantees, wages, and travel. (**Chapter 603**, **621**)

Obligation Manager
An individual responsible for managing a specific obligation. The obligation manager may be the contracting officer's representative, agreement officer's representative, activity manager, assistance objective team leader, executive officer, or other Agency official. (**Chapter 603**, **621**)

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**)

outlays
Outlays (expenditures) generally are equal to cash disbursements, less advances, 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. (**Chapter 621**)

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

Phoenix
USAID’s single, Agency-wide, integrated, core financial system. Phoenix is a Webbased, COTS financial management system, which is CGI Federal's Momentum Financials configured for USAID. (**Chapter 621**, and **627**)

pipeline
The difference between the total amount that has been obligated in an award or agreement and the total expenditures against that award or agreement. (**Chapter 201**, **602**, **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 7011
A section of the annual Foreign Operation, Export Financing and Related Program Appropriations Act which provides that funds appropriated for the purposes identified in Section 7011 remain 7011remain 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** and **634**)

Travel Authorization
The Travel Authorization/Order is used to obligate funds for the purchase of goods and services associated with temporary duty travel, post assignment travel, retirement travel, Personal Services Contract travel, and donated travel. (**Chapter 621** and **633**)

unexpended appropriation 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 obligation authority less expenditures (disbursements and accruals). (**Chapter 621**)

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 621**)

unobligated balance
The portion of budget authority that has not yet been obligated. The unobligated balance for unexpired accounts is still available for new obligations. The unobligated balance for expired accounts is not available for new obligations. However, valid obligations may be adjusted, unrecorded obligations may be added, and payments may be made from expired accounts. (**Chapter 621** and **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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