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**Functional Series [600](#)**  
**Budget and Finance**

**INTERIM UPDATE 07-12**

**SUBJECT:** Guidance for Year-End Processing of Phoenix Financial Transactions

**NEW MATERIAL:** This Interim Update announces year-end Fiscal year annual operational guidance for Phoenix processing of financial transactions for fiscal year-end September 30, 2007.

**EFFECTIVE DATE:** September 11, 2007

**ATTACHMENTS:** [Section 511 Authority](#)  
[Conversion Table](#)  
[M/CFO/CAR Internal Procedure Document](#)  
[Lookup Table of Established Codes](#)  
[Memorandum](#)

POLICY

USAID/General Notice  
M/CFO/FPS - M/CFO/CAR  
09/11/2007

**Subject:** Guidance for Year-End Processing of Phoenix Financial Transactions

**Extended Year Period:**

**Background:** Historically, in years past USAID/W has operated the Fiscal Year (FY) end closing activity in a dual year processing mode, allowing certain Phoenix transactions to be processed for a brief period of time immediately after the close of the fiscal year for both the closing fiscal year and the new fiscal year. Because of certain limitations within Phoenix, M/CFO will not observe the dual year process at the close of FY-07. Phoenix will remain open for posting of Phoenix transactions for FY-07 Monday October 1, and Tuesday October 2 for the final accounting period 12 of 2007. New FY-08 obligations will not be able to be processed during this time period. However, exceptional obligations necessary because of a public exigency such as the protection of life and property may be incurred provided that they are recorded promptly once Phoenix is available for 2008 transactions and, provided that every effort is made to obtain assurance that a budget allowance is in place before incurring the obligation.

During the first two days of October, FY-07 obligations may be posted, provided that valid commitment have been recorded in Phoenix by midnight September 30, 2007, Washington D.C. time, and provided that obligation documents have been fully executed by midnight September 30, 2007 local time.

M/CFO will open the first accounting period for FY-08 (01/2008) October 3, 2007 and reverse all un-obligated commitments recorded during FY-07.

#### Payments:

Payment processing and disbursement in Phoenix will not be allowed during the first two days of October 2007 except for emergency situations, and must be approved by Cathy Collins, Chief M/CFO/CMP and David Ostermeyer M/ACFO. Paying offices must reschedule their payments that would have been paid out between September 26, 2007 and October 2, 2007 to the earlier date of Wednesday, September 26, 2007 in order to avoid paying late payment interest.

Carryover: (also see General Policy Notice 0850 - Modified Carryover Process)

For most multi-year appropriations, M/CFO/CAR will record FY-08 budget allowances in the existing fund account, e.g. the same account that was used to record FY-07 budget allowances. That account will be used throughout FY-08 to record new allowances as well as existing allowances that were carried over from and made available during FY-07 (also see General Policy Notice 0850 - Modified Carryover Process that lists the specific fund accounts that will be used over again in FY-08). All carryover FY-07 allowances must be apportioned by the Office of Management and Budget (OMB) before the carryovers are made available for commitments and obligations.

Operating Expense funds contained in budget allowances and allotments that are un-obligated will be withdrawn on October 3, 2007.

Program Funds budget allowances that are un-obligated will not be withdrawn. Allotments and apportionments will not be withdrawn. Un-obligated commitments in budget allowances will be reversed October 3, 2007.

OMB carryover apportionment approval is expected to occur by October 8, 2007. Bureaus and operating units may begin to distribute, commit, and obligate when OMB apportionment approval is obtained by M/CFO/CAR (also see General Policy Notice 0850 - Modified Carryover Process).

Un-obligated balances in annual and no year program and OE accounts with un-obligated balances will be carried out to the new FY-08 fund accounts October 7, 2007, and become available in the budgetary distribution for new obligations after OMB apportionment.

#### Recoveries

##### FY-2007 Deobligations:

De-obligations become a basis for recoveries. Recoveries are composed of de-obligations net of upward adjustments (also see General Policy Reminder Notice No. 1254 Upward Adjustment of Obligations - ADS 621). Recoveries posted during FY-07 in prior year fund accounts will be carried out of those fund accounts and moved to the corresponding FY-08 fund account by October 7, 2007.

Recovery balances are maintained at the agency wide appropriation level, therefore M/CFO/CAR will not produce reports for Bureaus or operating units on recovery balances.

**FY-2008 Deobligations:**

Deobligations made during FY-08 from prior years will remain at the operating units' allowance level. Operating units are authorized to record prior year upward adjustments without limit if the operating unit can generate sufficient offsetting de-obligations in the same fund account, and in the same month as the upward adjustment. Operating units may use those balances for valid upward adjustments (also see General Policy Reminder Notice No. 1254 Upward Adjustment of Obligations - ADS 621). Operating units may not use recovery balances for new obligations. All USAID staff with authority to commit funds in Phoenix must not use these de-obligated funds for new obligations. OMB has not re-apportioned these funds for new obligations. Recovery balances will be carried out at the end of FY-08, like they were at the end of FY-07.

**Section 511/517 Appropriations:**

Since Fiscal year 2002, Section 511 of the Foreign Operations Appropriations Act extends the availability of certain obligated funds for an additional four years (see Sect 511 Authority attached). Therefore, obligations recorded before the end of their original period of availability are available for an additional four years for re-obligation, e.g. 726/71021 for multi-year 2006 and 2007 which would normally expire at the close of FY-2007 may be carried forward four budget out-years to 2011. Attachment 1 shows the original appropriation accounts that were effective for transactions in FY-07 and the new 511 appropriation symbol that will be effective for FY-08 (see Conversion table for 511 appropriations); also see (FY 2008 LOOKUP Table).

Prior to FY-2002, Section 517 converted expiring accounts to "no-year" which remain available until expended.

Point of Contact: Any questions concerning this Notice may be directed to: Tom Clarkson, M/CFO/CAR, (202) 712-5951, or David Ostermeyer, M/ACFO, (202) 712-0988.

Notice 0925

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