



USAID
FROM THE AMERICAN PEOPLE

Recap on Deobligations, Reobligations, and Upward Adjustments

An Additional Help Reference for
ADS Chapter 621

Revision Date: 09/28/2007
Responsible Office: M/CFO/APC
File Name: 621sac_092807_cd49

Recap on Deobligations, Reobligations, and Upward Adjustments

The following recap clarifies how deobligated funds may be used for a new obligation or for an upward adjustment to an old obligation. It also provides insight into the length of time (three to six months or longer) it takes for the Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (**M/CFO/CAR**) to make deobligated amounts available for reobligation.

- Section 511 of USAID's appropriations acts states that, for most of USAID's appropriations once USAID obligates funds, they can be used for new obligations beyond the expiration period of the original appropriation. In order to be used for a new obligation, the funds must first be deobligated from the original obligation. (See ADS 621.3.11)
- USAID can also use these deobligated funds for upward adjustments of the prior year's obligations (**old obligations**).
- If USAID wants to use these deobligated funds for new obligations, the Office of Management and Budget (**OMB**) has to apportion them to USAID first. (Every quarter, the CFO/CAR compiles a "Recoveries" report that adds up deobligations, subtracts amounts used for upward adjustments, and requests OMB to apportion the remainder. It takes three months after the end of the quarter in which the deobligation occurred to complete the Recoveries Report. It takes two to three more weeks for the CFO/CAR to obtain apportionment approval from OMB and post it to the accounting system.)
- If USAID wants to use these deobligated funds for upward adjustments to old obligations, OMB does not require USAID to obtain reapportionment.
- When a Mission deobligate funds, the Mission can't use them for a new obligation unless it gets them back from the Office of the Director of Foreign Assistance, Coordinator for Resources and Appropriations (DFA/CRA) via the Bureau in the form of a new current-year budget allowance.
- When a Mission deobligate funds, the Mission can use them for an upward adjustment to an old obligation only if
 - The Mission makes the upward adjustment before the CFO/CAR withdraws the unobligated amounts from the lower levels of the Phoenix Budget Module. The upward adjustment can not be more than the deobligation (there is no limit to the

size of the upward adjustment as long as it is an offset, as just described); or

- If the Mission needs to make an upward adjustment after the CFO/CAR has withdrawn the unobligated amounts, the Mission must ask for and receive a budget allowance from the CFO/CAR.

621sac_092807_w101607_cd49