

ARS □ CSREES □ ERS □ NASS

Policies and Procedures

Title: Use of Prior Fiscal Year Appropriations

Number: 323.8-ARS

Date: 9/16/1999

Originating Office: Systems, Analysis and Policy Branch, Financial Management
Division, AFM/ARS

This Replaces: P&P 323.8 dated 3/16/90; Financial Management Manual Section
2380, dated 3/90; and FM Bulletin 91-1, dated 12/27/90

Distribution: ARS Offices in Headquarters, Areas, and Locations

This P&P states policy, responsibilities, and criteria for the use of unobligated balances of prior fiscal year appropriations.

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1. Authorities

- Title 31, United States Code (U.S.C.), Section 1553
- Title 31, U.S.C., Section 1341
- Public Law (P.L.) 101-510, Section 1405(a)
- Title 7, General Accounting Office (GAO), Sections 15 and 25.1
- Office of Management and Budget (OMB) Circular A-34
- Comptroller General (CG) Decision B-197344, August 21, 1980

2. Policy

It is ARS Policy to:

- Pay valid unpaid claims/orders according to prescribed Federal regulations governing current year (CY), prior year (PY), and closed appropriations.
- Comply with Title 31 of the U.S.C. which limits the use of unobligated balances remaining at the end of the year in expired appropriations, and pay valid obligations according to prescribed Federal regulations.

Criteria. As appropriate, use PY appropriations for the following types of PY transactions:

- Contract modification(s) for completion of work within the scope of the original contract.
- Replacement contract or purchase order that is substantially identical in scope and purpose to the original contract which was terminated for default.
- Other valid unpaid obligations arising from an event that occurred in a PY for which an obligation was not recorded in the Central Accounting System and requires payment in a subsequent fiscal year. Examples are unpaid invoices, retroactive salary entitlements/payments, etc.
- Small obligation increases of \$1,000 or less due to imprecise estimating, small price adjustments, and shipping charges on purchase orders, travel vouchers, Research Support Agreements, and period end estimates which were recorded prior to expiration of the fiscal year. *The PY charges included in this bullet do not require the approval process contained in this P&P.*

No charge to a PY appropriation may be made unless the transaction would have been an appropriate charge to that appropriation while it was current.

For facilities contracts, PY funds may be used to cover conditions related to the site or existing structure, which were unknown at the time the original contract was signed and when conditions

must be corrected or addressed in order to complete the work as originally described in the contract.

Examples of unknown conditions related to the existing structure are:

- The presence of asbestos or other unhealthy materials.
- Faulty wiring or plumbing.
- Structural differences from existing facility blueprints.
- Failure to incorporate certain building code requirements in the original contract.

Examples of unknown conditions related to the site are:

- Subsurface or latent conditions differing materially from those in the contract; physical conditions, of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work provided in the contract (e.g., the presence of an unusual amount of rock, water, or other materials which increases the cost of foundation work).
- Other unforeseeable environmental conditions.

For other contracts, purchase orders or agreements, PY funds may generally be used to cover only those items which relate to a clearly defined deliverable. Examples of allowable PY charges are as follows:

- Large equipment procurements which increase in cost while the nature of the deliverable remains within the original scope of the contract or agreement.
- IT systems development projects where the system deliverable is well defined in advance and the scope of the system to be delivered does not change.

3. Procedures

All prior year funds requests must meet the criteria identified in Section 2, “**Policy.**”

Category 1: Requests of \$1,000 or under -- A Certification of Funds Availability **is not required** from the National Finance Center, Reporting Section Number 4 (NFC-RS#4). No special approval is necessary. Automatically (or routinely) prepare and process PY payment

transactions without initiating the approval request documentation identified below under Categories 2, 3, and 4.

Category 2: Requests from \$1,001 to \$10,000 -- Area or Headquarters request and approval action must be supported by administrative documentation. **Approving Officials must send informational copies of approved PY fund requests to NFC-RS#4, via E-mail.** A Certification of Funds Availability is **not** required from NFC-RS#4. Approval from the Director, Financial Management Division (FMD) is **not** required. The following **procedures** apply for Category 2 PY fund requests and approvals:

Responsible Person(s)	Procedure
<p>Requesting Official -- Fundholder, Contracting Officer (CO), Authorized Departmental Officer (ADO), or Procurement and Assistance Officer (PAO)</p>	<p>1. Sends a Request for Use of Prior Fiscal Year Funds to the Area Administrative Officer (AAO)/Division Director/or designee (e.g., Servicing Budget and Fiscal Officer (SBFO)), via E-mail. (See Exhibit 1) The following information must be included:</p> <ul style="list-style-type: none"> • Date • Organization Unit • Amount (Round up to the nearest \$100) • Type of Obligation: (e.g.) <ul style="list-style-type: none"> - Contract Modification - Purchase Order Amendment - Replacement Contract - Replacement Grant - Other (Explain) • Contractor/Vendor (include complete address) • Contract/Document Number • Accounting Code • Justification Statement and Legal Citation, if any (state fully and clearly why PY funds are needed.)

Responsible Person(s)	Procedure
<p>Approving Official -- AAO/Division Director/or Designee (e.g., SBFO)</p>	<p>2. Approves/Disapproves request using the criteria listed in Section 2, “Policy”, and replies back to the Requesting Official via E-mail, with an appropriate notation of the reason for any disapproval. Includes the original message from the Requesting Official in the body of the reply. (See Exhibit 2)</p> <p>3. Sends approved requests for PY funds to NFC-RS#4, via E-mail.</p> <p>4. Retains a hard copy of the E-mail message approving the use of PY funds in the official file.</p> <p>5. If documentation is held at the Approving Official level, sends the vendor/contractor claim (including invoices) or order/modification to the applicable payment office for processing, with a copy of the approved request for use of PY funds. (NOTE: If the above documentation is held at the Requesting Official level, that office should submit it to the payment office, after approval.)</p>

Category 3. Requests from \$10,001 to \$25,000 (or if an appropriation (funds) restriction notice has been issued by FMD) : Area or Headquarters request and approval action must be supported by administrative documentation. **Prior to approval, Approving Officials must send copies of PY fund requests to NFC-RS#4, via E-mail, and request a Certification of Funds Availability.** Approval from the Director, FMD is **not** required. The following **procedures** apply for Category 3 PY fund requests and approvals:

Responsible Person(s)	Procedure
<p>Requesting Official--Fundholder, Contracting Officer (CO), Authorized Departmental Officer (ADO), or Procurement and Assistance Officer (PAO)</p>	<p>1. Sends an E-mail, Request for Use of Prior Fiscal Year Funds, to the AAO/Division Director/or Designee (e.g., SBFO) for approval. Includes the information identified in Category 2, Step 1, above. (See Exhibit 1)</p>

Responsible Person(s)	Procedure
<p>Approving Official--AAO/Division Director/ or Designee (e.g., SBFO)</p>	<ol style="list-style-type: none"> 2. Reviews the Request for Use of Prior Year Funds using the criteria listed in Section 2, “Policy.” 3. If the request does not meet the policy criteria, sends the request back to the Requesting Official, via E-mail, with an appropriate notation of the reason for disapproval. 4. If the request meets the policy criteria, submits the request, via E-mail, to NFC-RS#4, and asks for a Certification of Fund Availability. 5. Upon receipt of the Certification of Fund Availability, returns the request, with approval, to the Requesting Official, via E-mail. (See Exhibit 2) 6. Sends approved and disapproved requests for PY funds to NFC-RS#4, via E-mail. 7. Retains a hard copy of the E-mail message approving the use of PY funds and the Certification of Fund Availability in the official file, along with other documentation of the PY fund approval. 8. If documentation is held at the Approving Official level, sends the vendor/contractor claim (including invoices) or order/modification to the applicable payment office for processing, with a copy of the approved request for use of PY funds. (NOTE: If the above documentation is held at the Requesting Official level, that office should submit it to the payment office, after approval.)
<p>Head, NFC-RS#4</p>	<ol style="list-style-type: none"> 9. Receives a request for Certification of Fund Availability; affirms or denies the Certification of Fund Availability, and forwards the response to the Approving Official, via E-mail.

Category 4. Requests of over \$25,000: Area or Headquarters request and approval action must be supported by administrative documentation. **Reviewing Officials must send copies of PY fund requests to the NFC-RS#4, via E-mail, and request a Certification of Fund Availability before requests are sent to FMD, for final approval.** Final approval from the

Director, FMD **is required**. The following procedures apply for Category 4 PY fund requests and approvals:

Responsible Person(s)	Procedure
Requesting Official--Fundholder, Contracting Officer (CO), Authorized Departmental Officer (ADO), or Procurement and Assistance Officer (PAO)	1. Sends an E-mail, Request for Use of Prior Fiscal Year Funds, to the AAO/Division Director/or designee (e.g., SBFO) for approval. Includes the information identified in Category 2, Step 1, above. (See Exhibit 1)

Responsible Person(s)	Procedure
<p>Reviewing Official--AAO/Division Director or Designee (e.g., SBFO).</p>	<p>2. Reviews the Request for Use of Prior Year Funds using the criteria listed in Section 2, “Policy.”</p> <p>3. If the request does not meet the policy criteria, sends the request back to the Requesting Official, via E-mail, with an appropriate notation of the reason for disapproval.</p> <p>4. If the request meets the policy criteria, submits the request, via E-mail, to NFC-RS#4, and asks for a Certification of Fund Availability.</p> <p>5. Upon receipt of the Certification of Fund Availability, annotates the PY fund request with a statement of concurrence/approval on the appropriateness of the request.</p> <p>6. E-mails the PY fund request to the Director, FMD, with the Certification of Fund Availability, to ask for approval to use PY funds.</p> <p>7. Upon receipt of the approval from the Director, FMD, retains a copy of the authorization and the Certification of Fund Availability in the official file with other documentation of the FY fund approval.</p> <p>8. If documentation is held at the Reviewing Official level, sends the vendor/contractor claim (including invoices) or order/modification to the applicable payment office for processing, with a copy of the approved request for use of PY funds. (NOTE: If the above documentation is held at the Requesting Official level, that office should submit it to the payment office, after approval.)</p>
<p>Approving Official -- Director, FMD</p>	<p>9. Receives and approves/denies a request for Use of PY Funds over \$25,000; determines the appropriateness of the PY funds request, and forwards the approval/denial of the request (See Exhibit 2) to the Requesting Official, the Reviewing Official, and to the Head, NFC-RS#4, via E-mail.</p>

Responsible Person(s)	Procedure
Head, NFC-RS#4	10. Receives a request for Certification of Fund Availability; affirms or denies the Certification of Fund Availability, and forwards the response to the Reviewing Official, via E-mail.

4. Summary of Responsibilities and Delegation of Authority

Director, FMD (or designee)

- Provides Agency guidelines and administrative processes and support systems to manage and monitor the approval and use of PY funds.
- Notifies Agency managers of any appropriation (funds) restriction notices on availability of prior year(s) funds.
- Approves/denies all PY fund requests exceeding \$25,000.

Directors, Facilities Division (FD), Procurement and Property Division (PPD), Human Resources Division (HRD), FMD; and AAO's

- Are responsible for the proper **use**, and **approval** or **disapproval** of the use of PY funds in Categories 2 and 3 above (\$1,001 through \$25,000) by employees under their supervision and within the scope of their responsibility.
- Assign responsibilities to Division Branch Chiefs or Section Heads, PAO's, CO's, or SBFO's, as appropriate, to request, approve, disapprove, or obtain FMD approval of the use of PY funds. In order to maintain separation of duties, a Requesting Official may not also be the Approving Official on the same PY fund transaction. It is recommended, for example, that a procurement official be designated as the Requesting Official for PY funded contracts and modifications, and that the AAO, or the Area Budget and Fiscal Officer, if designated, be the Approving Official.

CO's/ADO's or Appropriate Managers

- Determine when needed change orders (or contract modifications) are within the scope of the original contract or agreement, according to the criteria listed in this P&P under Section 2, Policy.

Appropriations Level Management Staff (ALMS), FMD

- Monitors the status of PY Treasury Symbols and prepare and issue an appropriation (funds) restriction notice to the appropriate managers and support personnel, and to NFC-RS#4, when a Treasury Symbol balance available is about \$500,000.
- Furnishes monthly reports of the balance of PY funds to the Director, FMD.
- Monitors and coordinate periodic reviews of approved transactions to use prior year funds.

Head, NFC-RS#4

- Monitors the availability of PY funds when an appropriation (funds) limitation or restriction notice has been issued by FMD.
- Reviews justification documentation on the E-mail, Request for Use of Prior Fiscal Year Funds (Exhibit 1), for adherence to the PY fund usage criteria.
- Certifies PY fund availability for all transactions over \$10,000 via E-mail.

Fundholders, Research Leaders, and Other Managers (or others acting on their behalf)

- Discuss funding needs and issues, and seek guidance from the appropriate Area or Headquarters contracting, procurement and/or budget and fiscal person(s) on the procedures for use of PY funds.

5. Glossary

AAO. Area Administrative Officer.

ABFO. Area Budget and Fiscal Officer.

ADO. Authorized Departmental Officer.

ALMS. Appropriation Level Management Staff, FMD.

Annual Appropriation. An appropriation of funds by the Congress for a fixed period of time. Annual appropriations remain available for the current fiscal year and an additional five fiscal years to make payments to liquidate liabilities arising from obligations made within the fiscal year for which the funds were appropriated.

CG. Comptroller General.

Closed Appropriation. An appropriation that has gone past the additional 5 fiscal years for which the funds were appropriated.

CO. Contracting Officer.

CY. Current (Fiscal) Year.

Expired Appropriation. An appropriation whose annual authority has lapsed, but which remains available for five fiscal years to liquidate valid obligations incurred during the unexpired period, and for prior year fund transactions.

FMD. Financial Management Division.

FOB. Fiscal Operations Branch, FMD.

GAO. General Accounting Office.

NFC. National Finance Center.

OMB. Office of Management and Budget.

PAO. Procurement and Assistance Officer.

PY. Prior (Fiscal) Year.

RS#4. Reporting Section Number 4, NFC.

SBFO. Servicing Budget and Fiscal Officer (ABFO and Chief, FOB).

U.S.C. United States Code.

-Sd-

W. G. HORNER
Deputy Administrator
Administrative and Financial Management
2 Exhibits

Sample Request for Prior Year Funds

From: Oak C. Wood (owood@ars.usda.gov)
To: DIRECTOR, FD
Subject: Request for Prior Year Funds

Date: 5/1/98

Unit: ARS, FD
13 Main Street
Laurel, MD 13676

Contractor: Spruce & Evergreen Corp
10203 Causeway Street
Boston, MA 02003

CONTRACT MODIFICATION

Contract: 50-1JA4-8-1211
Accounting Code: 601XXXXXXXXX
Amount: \$1,400

Justification:

During the renovation of the headhouse in Marblehead, MA, it was suspected that asbestos was present. To confirm this, samples must be taken and analyzed before the renovation can be completed. The modification to the contract will provide for a 14 bulk sample test to determine the presence of asbestos.

The change is within the scope of the original contract. The presence of asbestos was an unknown condition at the time the parties signed the contract. The condition must be addressed in order for the contractor to complete the renovation of the headhouse.

The legal citation for the change is FAR 52.236-2, Differing Site Conditions.

Reply from Director, FD, to Requestor

From: DIRECTOR, FD
To: OWOOD
Date: 4/10/98 1:41pm
Subject: Request for prior year Funds -Reply
>>> Oak C. Wood 03/31/98 01:33pm >>>
Date: 5/1/98

Unit: ARS, FD
13 Main Street
Laurel, MD 13676

Contractor: Spruce & Evergreen Corp
10203 Causeway Street
Boston, MA 02003

CONTRACT MODIFICATION

Contract: 50-1JA4-8-1211
Accounting Code: 601XXXXXXXXX
Amount: \$1,400

Justification:

During the renovation of the headhouse in Marblehead, MA, it was suspected that asbestos was present. To confirm this, samples must be taken and analyzed before the renovation can be completed. The modification to the contract will provide for a 14 bulk sample test to determine the presence of asbestos.

The change is within the scope of the original contract. The presence of asbestos was an unknown condition at the time the parties signed the contract. The condition must be addressed in order for the contractor to complete the renovation of the headhouse.

The legal citation for the change is FAR 52.236-2, Differing Site Conditions.

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APPROVED
/s/
DIRECTOR, FD

CC: Contracting/Procurement
SBFO
NFC-RS#4 (erobertson@usda.gov)