

ARS □ CSREES □ ERS □ NASS

Policies and Procedures

Title: Review of Unpaid Obligations

Number: 323.7

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Originating Office: Financial Management Division, ARS/AFM

This Replaces: ARS 323.7, dated 09/11/98

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This P&P states policy responsibilities, and procedures to meet Federal requirements and guidelines to review and firm up all valid unpaid obligations recorded in all of the accounts of the Agency (both current and prior fiscal year accounts).

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1. Authorities

Office of Management and Budget (OMB) Circular A-34, Sec. 13 - Application of Obligations
Title 7, General Accounting Office (GAO) Manual - Chapter 3, Obligations
USDA Departmental Regulation Number 2230-001

2. Background

Pursuant to Departmental Regulation 2230-001, USDA agencies are required to reconcile unpaid obligations to supporting records for the current and prior fiscal years on a semiannual basis. The reconciliation process includes verifying that the obligations reported to the Department of Treasury and OMB on REE external reports agree with REE supporting records. Obligations must not be overstated on the external reports by inclusion of obligations that are not likely to require payment.

3. Policy

It is policy to:

- At least twice annually (ending with January 31 and June 30 periods), REE agencies will review the designated reports for their agency and validate active financial management, accounting, and procurement records which support transactions of genuine obligations for goods and services ordered. **Semiannually, after the January 31 period, all undelivered orders over two years old must be selected for review. Annually, after the June 30 period, all undelivered orders must be selected for review. Between July 1 and September 30, any obligations that are no longer valid should be deobligated.**
- **For this fiscal year, undelivered orders for budget fiscal years 1997 - 2000 for the January 31 period should be reviewed immediately. Undelivered orders for budget fiscal years 1998 - 2002 as of the June 30 period can be reviewed after month end closing. Since budget fiscal year 1997 is expiring, begin reviewing those undelivered orders one month earlier after the May 31 period closing.**
- Review obligations for goods received but not yet paid, expedite payments as required, return unacceptable goods, and adjust or deobligate the invalid (excessive) amounts obligated as appropriate.
- Cancel orders or contracts for goods and services that are no longer needed or orders that are not likely to be delivered and deobligate the excess amounts from the accounting records.

- Eliminate invalid obligations in the most cost-effective way to the maximum extent possible. For example, goods and services routinely needed and ordered but not yet received from 9 to 12 months after the order date should be canceled unless they still meet the bona fide need for delivery of a specific or unique finished end product.

4. Summary of Responsibilities

Economic Research Service (ERS)

Reports

- Document Referencing Report - MO/PV (DRRMOPV)
- Detail Transaction Register (DTR)
- Open Obligations Report (OOR)

ERS and AFM Staff responsible for conducting reviews

Unpaid/Open obligations at ERS consist of purchase orders, contracts, grants, cooperative agreements, and interagency agreements.

- ERS staff will review the contracts, grants, cooperative agreements, and interagency agreements obligations listed on the DRRMOPV for their assigned divisions.
- Administrative and Financial Management - Extramural Agreements Division (AFM-EAD) will also review grants and cooperative agreements.
- AFM-PPD is responsible for review of unpaid purchase orders and contracts listed on the OOR.

ERS staff responsible for conducting reviews for their portion of the organization are:

Office of the Administrator, Central Operations Staff, Director
Office of the Administrator (OA), Budget Analyst
Food and Rural Economics Division (FRED), Administrative Officer
Information Services Division (ISD), Administrative Officer
Market and Trade Economics Division (MTED), Administrative Officer
Resource Economics Division (RED), Administrative Officer

Appropriation Level Management Staff (ALMS) Accountant, FMD

The ALMS Accountant will monitor the progress of the semiannual reviews conducted at ERS and AFM. This includes notifying ERS and AFM staff after January 31 and June 30 to begin the reviews and following up with ERS and AFM staff until the reviews are complete. The ALMS Accountant will provide DRRMOPV listings to ERS and AFM staff to review. ERS and AFM should return the listings to the ALMS Accountant within 30 days notated with actions to be taken. The ALMS Accountant will notify the Assistant Director, Financial Management Division, upon completion of the semiannual reviews. Staff responsible for the reviews within ERS and AFM will provide supporting documentation (reports, documents, and FFIS print screens) to the ALMS Accountant upon completion of reviews. The ALMS Accountant will maintain a file of supporting documentation to substantiate the reviews.

National Agricultural Statistics Service (NASS)

Reports

- Open Obligations Report (OBL)
- Open Commitments Report (OCR)
- Document Referencing Report - MO/PV (DRRMOPV)

NASS and AFM Staff responsible for conducting reviews

Unpaid/Open obligations at NASS consist of purchase orders, contracts, agreements, and training greater than \$2,500.

- The NASS, Budget/Administrative Services Office, Financial Officer will review the contract, agreement, and training greater than \$2,500 obligations listed on the OBL, OCR, and DRRMOPV reports.
- AFM-PPD and EAD are responsible for review of unpaid purchase orders and contracts listed on the OBL and DRRMOPV reports.

Appropriation Level Management Staff (ALMS) Accountant, FMD

The ALMS Accountant will monitor the progress of the semiannual reviews conducted at NASS and AFM. This includes notifying NASS and AFM staff after January 31 and June 30 to begin the reviews and following up with NASS and AFM staff until the reviews are complete. The ALMS Accountant will provide or have the NASS Budget/Administrative Services Office provide OBL listings to NASS and AFM staff to review. NASS and AFM should return the listings to the ALMS Accountant within 30 days notated with actions to be taken. The ALMS

Accountant will notify the Assistant Director, Financial Management Division, upon completion of the semiannual reviews. Staff responsible for the reviews within NASS and AFM will provide supporting documentation (reports, documents, and FFIS print screens) to the ALMS Accountant upon completion of reviews. The ALMS Accountant will maintain a file of supporting documentation to substantiate the reviews.

Cooperative State Research, Education and Extension Service (CSREES)

Reports

- Open Obligations Listing (OOL)
- MO/PV Referencing Report (OBL/PAY)

CSREES and AFM Staff responsible for conducting reviews

Unpaid/Open obligations at CSREES consist of purchase orders, contracts, printing and binding requests, security clearances, reimbursable agreements, cooperative support agreements (CSAs), intergovernmental personnel act (IPAs) agreements, Health and Human Services (HHS) agreements (Letter of Credit) and training greater than \$2,500.

- The FMD, Fiscal Operations Branch, Operations Section 2 will review the administrative fund obligations listed on the OOL and OBL/PAY reports.
- CSREES, Funds Management Branch, Office of Extramural Programs staff will review the programmatic funds of the HHS agreements listed on the OOL and OBL/PAY reports.
- AFM-PPD is responsible for review of unpaid purchase orders and contracts listed on the OOL reports.

Appropriation Level Management Staff (ALMS) Accountant, FMD

The ALMS Accountant will monitor the progress of the semiannual reviews conducted at CSREES and AFM. This includes notifying CSREES and AFM staff after January 31 and June 30 to begin the reviews and following up with CSREES and AFM staff until the reviews are complete. The ALMS Accountant will provide OOL listings to CSREES and AFM staff to review. CSREES and AFM should return the listings to the ALMS Accountant within 30 days notated with actions to be taken. The ALMS Accountant will notify the Assistant Director, Financial Management Division, upon completion of the semiannual reviews. CSREES and AFM staff responsible for the reviews will provide supporting documentation (reports, documents, and FFIS print screens) to the ALMS Accountant upon completion of reviews. The ALMS Accountant will maintain a file of supporting documentation to substantiate the reviews.

Agricultural Research Service (ARS)

Reports

- Open Item Summary by Document ID (UOS)

ARS Staff responsible for conducting reviews

Unpaid/Open obligations at ARS consist of purchase orders, fedstrip orders, contracts, grants agreements, interagency agreements, HHS agreements (Letter of Credit), security clearances, printing and binding requests, and training greater than \$2,500.

- ARS Headquarters, ARS ABFOs, and NAL will review these obligations listed on the UOS report.
- AFM-PPD is responsible for review of unpaid purchase orders and contracts listed on the UOS report.
- AFM-Facilities Division (FD) is responsible for review of repair, maintenance, and construction contracts listed on the UOS report.
- AFM-EAD is responsible for review of grants and cooperative agreements.

Appropriation Level Management Staff (ALMS), FMD

The ALMS Accountant will monitor the progress of the semiannual reviews conducted at ARS. This includes notifying ARS staff after January 31 and June 30 to begin the reviews and following up with ARS staff until the reviews are complete. The ALMS Accountant will provide UOS listings to PPD and FD staff to review. ARS Headquarters, ARS Area ABFOs and NAL are responsible for producing their respective UOS listings. ARS staff should return the listings to the ALMS Accountant within 30 days notated with actions to be taken. The ALMS Accountant will notify the Assistant Director, Financial Management Division, upon completion of the semiannual reviews. ARS staff responsible for the reviews will provide supporting documentation (reports, documents, and FFIS print screens) to the ALMS Accountant upon completion of reviews. The ALMS Accountant will maintain a file of supporting documentation to substantiate the reviews.

Area Administrative Officer

Ensure that ARS guidance and firm up actions are followed by all responsible Area personnel to review unpaid obligations.

Area Budget and Fiscal Officer (ABFO) and/or Contracting Officer (CO)/Authorized Departmental Officer (ADO)

- Oversee and coordinate the review, reconciliation, and preparation of adjustments to supporting records, FFIS, and financial systems data to accurately and appropriately reflect unpaid obligations for ARS appropriations. Use the ARS FFIS Learner's Guide for assistance with FFIS.
- Report to the FMD, Appropriation Level Management Staff (ALMS) after completion of each semiannual review. To support the completed review, provide documents and reports to the ALMS contact.
- Manage all activities pertaining to the review of all unpaid transactions for the Area/locations listed on the Open Item Summary Report run from the ARS Financial Data Warehouse. Issue supplemental guidance and instructions as warranted. Coordinate the review with the respective procurement or accounting manager, as applicable. Use the BRIO reports, FFIS, and other reliable sources of information (i.e., CO/ADO records of payment approvals) to verify whether the transaction has been completed and paid.
- Deobligate from FFIS all excess obligation items no longer needed or not likely to be delivered.
- Work with the requisitioners to review and determine whether agreements, contracts, purchase orders, etc., have been completed, including the final payment, or determine whether valid unpaid obligations exist and the goods or services are still needed.

FFIS Operations and Reporting Branch, Section Number 1 (RS#1), NFC

Oversee, facilitate, and confirm the input and processing of ARS financial transactions into the FFIS, where applicable.

Accounting and Procurement Personnel

Work jointly, diligently, and appropriately to review and determine whether all unpaid obligations (both current and prior fiscal years) are valid and require payments or invoicing by vendor for respective locations, Areas, and Headquarters accounts.

For All Research, Education, and Economics Agencies (REE)

Director, Financial Management Division (FMD)

- Coordinate and interface financial management requirements and administrative actions to properly complete final adjustments of financial transactions and close out official accounting records.
- The REE Chief Financial Officer will submit an REE-wide certification to the Office of the Associate Chief Financial Officer - Financial Operations by November 30 each year, stating:

“I hereby certify that semiannual reviews of undelivered orders were performed in accordance with Departmental Regulation 2230-001, and that the undelivered orders existing at fiscal year end are valid based on the reviews.”

Assistant Director, FMD

- Oversees the ALMS accountants who will be the point of contact for their respective REE agency.
- Ensure that files are maintained of documents and reports as supporting documentation of completion of semiannual and annual reviews.

Director, Procurement and Property Division (PPD)

- Coordinate and interface procurement requirements and administrative actions to properly complete final adjustments of financial transactions and close out official accounting and procurement records.
- Review open items for REE with the respective fundholders.

Director, Extramural Agreements Division (EAD)

- Coordinate and interface agreement requirements and administrative actions to properly complete final adjustments of financial transactions and close out official accounting records.
- Review open items for ERS, NASS, and ARS. For purchase orders, prepare AD-700 based on instructions from NASS to accomplish deobligation and/or adjustment of the open obligated amounts. Based on ERS review of agreements, direct enter into FFIS deobligations and/or adjustments of the open obligated amounts. Based on EAD review of ARS Headquarters and International agreements, prepare AD-451 and send to NFC, RS#1 to accomplish deobligation and/or adjustment of the open obligated amounts.
- Coordinate between FMD and EAD for actions to be taken on extramural and associated reimbursable agreements.

Director, Facilities Division (FD)

Review open items with ARS budget and fiscal offices. Process contract modification forms to accomplish deobligation and/or adjustment of the open obligated amounts. Contract modifications for ARS budget and fiscal offices will be processed by FD in FFIS. Any other contract modifications will be sent to NFC, RS#1 to be processed in FFIS.

REE Fundholder/Requisitioner

Determine whether the goods or services ordered are still needed. For purchase orders and contracts, prepare AD-700 to accomplish deobligation and/or adjustment of the open obligated amounts.

5. Glossary

ABFO. Area Budget and Fiscal Officer.

Accounts Payable. The amount of goods and services received, but not yet paid.

ADO. Authorized Departmental Officer.

ALMS. Appropriation Level Management Staff, FMD.

CO. Contracting Officer.

Deobligation. Cancellation or downward adjustment of a previously recorded obligation that has been determined to be an excess obligation amount.

DTR. Detail Transaction Register - ERS.

Disbursement. A financial transaction that orders the payment of money to satisfy an account payable.

DRRMOPV. Document Referencing Report - MO/PV - ERS and NASS.

EAD. Extramural Agreements Division.

FD. Facilities Division.

FFIS. Foundation Financial Information System.

FMD. Financial Management Division.

FOB. Fiscal Operations Branch, FMD.

FRED. Food and Rural Economics Division, ERS.

GAO. General Accounting Office.

ISD. Information Services Division, ERS.

MTED. Market and Trade Economics Division, ERS.

NAL. National Agricultural Library.

NFC. National Finance Center.

OA. Office of the Administrator, ERS.

OBL. Open Obligations Report - NASS.

OBL/PAY. MO/PV Referencing Report - CSREES.

Obligations. Amounts of orders placed during a given period that will require payments during the same or a future period.

OCR. Open Commitments Report - NASS.

OMB. Office of Management and Budget.

OOL. Open Obligations Listing - CSREES.

OOR. Open Obligations Report - ERS.

Outlays. Payments made when checks are issued or cash is disbursed to liquidate obligations.

PPD. Procurement and Property Division.

RED. Resource Economics Division, ERS.

RS#1. FFIS Operations and Reporting Branch, Section Number 1, NFC.

TDL. Transaction Detail Listing.

Undelivered Orders. The amount of goods and services ordered but not yet received.

Unpaid Obligations. The amount of obligations for which disbursements have not yet been made such as undelivered orders and accounts payable.

UOS. Open Item Summary by Document ID - ARS.

JAMES H. BRADLEY
Deputy Administrator
Administrative and Financial Management